

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

Board of Directors

April 5, 2007

The Regular Meeting of the South Orange County Wastewater Authority (SOCWA) Board of Directors was held on Thursday, April 5, 2007 at 8:30 a.m. at their Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Board of Directors were present:

DOUG REINHART, Irvine Ranch Water District	Chairman
JOHN SCHATZ, Santa Margarita Water District	Vice Chairman
LARRY LIZOTTE, Moulton Niguel Water District	Director
ROBERT W. MOORE, South Coast Water District	Director
NORM DOLBY, Emerald Bay Service District	Director
TED MARTIN, El Toro Water District	Director
BILL CAMERON, City of San Clemente	Director
TOM HRIBAR, City of San Juan Capistrano	Director
ELIZABETH SCHNEIDER, City of Laguna Beach	Alternate Director

Absent:

TONI ISEMAN, City of Laguna Beach	Director
MATT DISSTON, Trabuco Canyon Water District	Director

Staff present:

TOM ROSALES	General Manager/Secretary
TERI NOSON	Executive Assistant/Assistant Secretary
JEFF HOSKINSON	Bowie, Arneson, Wiles & Giannone
MIKE WILSON	Assistant General Manager/Director of Operations
BRIAN PECK	Director of Engineering
MIKE DEMAREE	Director of Finance
ANN HARLEY	Laboratory Manager
BRENNON FLAHIVE	Environmental Compliance Administrator
PAUL SCHMIDTBAUER	Industrial Waste Administrator

Guests:

JIM REED	Irvine Ranch Water District
ED LABAHN	Public – Dana Point
LARRY DEES	Moulton Niguel Water District
ZIAD MAZBOUDI	City of San Juan Capistrano
NOAH SANCHEZ	Irvine Ranch Water District
R. GARDNER	South Coast Water District
R. DIETMEIER	South Coast Water District
JASON GIANQUINTO	GHD, Inc.
BOB GUMERMAN	Moulton Niguel Water District
KARL SECKEL	Municipal Water District of Orange County
MIKE DUNBAR	South Coast Water District

Chairman Reinhart called the meeting to order at 8:30 a.m. and welcomed everyone present. Chairman Reinhart 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 of Directors 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

Chairman 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 Managers Report

Appointment of Nominating Committee for Selection of Officers for the Board of Directors – Fiscal Year 2007/2008

Mr. Rosales reported that the Election of Officers for SOCWA Fiscal Year 2007/2008 is scheduled for the Regular board of Directors meeting in June 2007. The board will be requested to select a Chairperson, Vice-Chairperson, Secretary/Treasurer and Assistant Secretary. Mr. Rosales stated it was staff's recommendation that the SOCWA Chairperson appoint a Nominating Committee, of two members, to suggest names for the positions of Chairperson and Vice-Chairperson for Fiscal Year 2007/2008. Mr. Rosales noted that the position of Secretary/Treasurer and Assistant Secretary has been traditionally held by the General Manager and Executive Assistant respectively.

ACTION TAKEN:

There being no objection, Chairperson Reinhart appointed Director Martin and Director Moore to the SOCWA Nominating Committee for selection of the slate of officers for Fiscal Year 2006/2007.

Summary of Annual Compliance Reports – 2006

Mr. Flahive provided a brief summary of the Annual Compliance Report as outlined on pages 21-25 of the agenda book, and noted that permits require annual compliance reports to

be filed with the USEPA Regional Water Quality Control Board and/or other regulatory agencies. Mr. Flahive welcomed questions from the Board.

Mr. Ed Labahn inquired as to the procedure of allocating the Regional Board fines amongst the SOCWA member agencies and fine allocation challenges. Mr. Rosales stated that fines are allocated by Project Committee and there has not been a history of allocation challenges. The allocation is based on the terms of capacity and ownership of the Project Committee member agency. In the case of the current Regional Board fine for the San Juan Creek Ocean Outfall, Project Committee 5 will be responsible for fine compensation.

Mr. Dick Dietmeier requested clarity on the sources and occurrences of the dioxin violations. Mr. Flahive reported that dioxins are found coming in and going out of treatment plants. The additional permit violations during 2006 for an isomer of dioxin were unusual considering predictable low levels of the compound are found with low toxicity equivalent. The violations indicated an unhistorical very high result with a particular compound that had a higher toxicity equivalent. Mr. Flahive stated that although the unhistorical findings were believed to be laboratory err, SOCWA can not invalidate the test results reported by the sub-contractor laboratory for dioxin. An aggressive protocol will be implemented should future test results identify the reported compound regardless of the concentration.

Director Moore inquired as to the percentage of biosolids going to landfills. Mr. Flahive reported that 18-20 percent of biosolids go to landfills.

Director Martin inquired what percentage went to Kern County. Mr. Rosales reported that in 2006, 82 percent of the biosolids went to Corona or Arizona Soils (in Arizona). None of the biosolids went to Kern County.

Chairman Reinhart stated that an in-depth report on composting sites will be presented at the June board meeting.

ACTION TAKEN:

There being no objection, Chairman Reinhart directed the Annual Compliance Reports to be received and filed.

Approval of Indemnification Agreement with WEROC

Mr. Rosales provided a brief summary of the Water Emergency Response of Orange County (WEROC) program. Mr. Rosales reported that all program participants are asked to have their respective Boards approve an Indemnity Agreement, which serves to allocate potential liability among the participants. The Indemnity Agreement has been reviewed by SOCWA's insurance agent and legal counsel. Mr. Hoskinson stated that confirmation was obtained with CSRMA that the contractual liability created by the Indemnity Agreement was

covered by SOCWA insurance. Mr. Rosales stated that Mr. Karl Seckel, Assistant General Manager of MWDOC, was in attendance to answer any questions.

Director Moore inquired as to WEROC's sponsorship and whether VEPO executed the same Indemnity Agreement or sample agreement. Mr. Seckel stated that WEROC staffing was provided by MWDOC and financially supported by MWDOC, OCWD, Anaheim, Fullerton, Santa Ana, SOCWA, and OCSD. The submitted Indemnity Agreement and VEPO Indemnity Agreement are one in the same; the organizational name change from VEPO to WEROC was a functional change and did not alter the agreement.

ACTION TAKEN:

Motion was made by Director Hribar and seconded by Director Martin to approve the execution of the VEPO/WEROC Indemnification Agreement by the South Orange County Wastewater Authority. Motion carried unanimously, with all Directors voting aye.

Status Report – Biosolids Management Activities

Mr. Rosales reported that the Engineering Committee reviewed the biosolids contingency planning document and there will be a workshop to review the document coinciding with the June Board meeting.

Regarding contract and management issues, Mr. Rosales reported that EnterTech, a firm developing a facility in Rialto that dries biosolids into a form for use as fuel ("E-Fuel"), provided a presentation to the Engineering Committee in March. EnterTech has recently started construction on the Rialto project with a projected operational date of late 2009. There are no known facilities in the United States with this biosolids capability, but there is one believed to be located in Japan.

Director Dolby inquired where the facilities were located. Mr. Rosales stated that facility was located in the general geographic area; next-door to the energy producing operation.

ACTION TAKEN:

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

General Manager's Status Report

Mr. Rosales provided a brief overview of items 2) SOCWA Laboratory Assists SCCWRP, 6) AQMD Rule and Energy Policy, and item 10) Chlorine Gas Legislation. Mr. Rosales updated item three (3) reporting that staff recently received a message from the Regional Board indicating that the initial study application for the Epi Study project has been reevaluated and approved. Mr. Rosales welcomed questions from the Board.

Director Hribar referenced item six (6) and encouraged staff to move forward in preparing an energy policy for the Board to consider (noting that Director Iseman would be interested as well), and inquired whether the cogeneration gas can be cleaned up with capital improvement. Mr. Rosales stated that staff would move forward to provide the Board with direction/information regarding an energy policy at a future Board meeting. Mr. Rosales continued his comments stating that substantial capital improvements could provide cogeneration gas clean up; although, consideration should be given to the unproven effectiveness of the technology and the significant investment to meet the new AQMD Rule. An open discussion ensued.

Director Moore inquired as to the status of the Memorandum of Understanding with Orange County Sanitation District regarding hauling wastes to Fountain Valley. Mr. Rosales reported that legal counsel was preparing a draft for consideration at the June Board meeting.

Director Moore further inquired whether staff had contacted CASA regarding analysis of biosolids issues at the State level. Mr. Rosales stated new information has not been received from CASA regarding biosolids issues. Mr. Dunbar, CASA President, reported that CASA will be developing a State wide policy on biosolids. An open discussion ensued.

Chairman Reinhart inquired as to the progress of the revised Aliso Creek Diversion application. Mr. Rosales reported that with in the next few weeks he and Larry McKinney would be meeting with John Robertus of the Regional Board to further discuss the application process and subsequent meetings with the County were to follow regarding the use of the outfall.

ACTION TAKEN:

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

Financial Matters

Fiscal Year 2005/2006 Annual Financial Statements

Mr. Rosales reported that the Fiscal Year 2005/2006 Annual Financial Statements ("Audit") were reviewed by the Finance Committee in March. The Finance Committee recommended that the Board receive and file the "Audit". Mr. Rosales welcomed questions from the Board.

Director Moore inquired as to the recommended analysis of the GASB and whether there would be further information presented at the next Finance Committee meeting. An open discussion ensued.

ACTION TAKEN:

There being no objection, Chairman Reinhart directed that the Fiscal Year 2005/2006 Annual Financial Statements to be received and filed.

Project Committee No. 5 Fiscal Year 2006/2007 Budget Revisions

Mr. Rosales stated that the next item on the Agenda for consideration, the budget revisions for Project Committee No. 5 Fiscal Year 2006/2007, was reviewed and recommended for approval by the Finance Committee. Mr. Rosales reported that the revisions were due to 1) the fine associated with violations on the outfall which were not sufficiently budgeted for in the current fiscal year, and 2) the San Juan Creek Ocean Outfall Junction Structure needs to be reinforced. The amount of the budget revisions were \$110,000.00 and shall be allocated as outlined on page 52 of the Agenda Book. Mr. Rosales noted that a call for motion and approval was required by Project Committee No. 5 Board members. Mr. Rosales welcomed questions from the Board. There were none.

ACTION TAKEN:

Motion was made by Director Hribar and seconded by Director Moore to approve the Project Committee No. 5 Budget Revision as submitted. Motion carried unanimously, with all Directors voting aye.

Review of Proposed General Fund, Pretreatment, and PC 2SO (Recycled Water Permits) Budgets for FY 2007/08 and FY 2008/09

Mr. Rosales stated that the General Fund, Pretreatment and Project Committee 2SO budgets were submitted for Board review. Both the General Fund and the Project 2SO budgets show a decline of 0.5 percent for the General Fund and 2 percent for Project Committee 2SO respectively. The Pretreatment budget increased 8.5 percent due to the FOG Disposal Feasibility Study. Mr. Rosales welcomed questions from the Board. There were none.

ACTION TAKEN:

No action required.

Engineering Matters

SOCWA Ten-Year Capital Improvement Plan

Mr. Peck provided a brief summary of the updated Capital Improvement Plan (CIP) stating that the main focus was to align the Asset Management Plan with the Capital Improvement Plan. This focus did not have a significant change on the CIP. The net capital investment over a 10 year period covered by the CIP is approximately \$88 million. The current proposed 10 year plan has been reviewed and approved by the Engineering Committee. Mr. Peck welcomed questions from the Board. There were none.

Director Moore praised the efforts of staff, the Engineering Committee, and member agencies for their effort in preparing the CIP. Mr. Rosales concurred with Director Moore's commendation stating that the amount of time and effort by staff and the Engineering Committee has not gone unnoticed.

ACTION TAKEN:

Motion was made by Director Moore and seconded by Director Martin to adopt the updated SOCWA Ten-Year Capital Improvement Plan as submitted. Motion carried unanimously, with all Directors voting aye.

Operations Reports

Mr. Wilson reviewed the new maps detailing the Aliso Creek and San Juan Creek outfalls on pages 73 and 92 respectively, and referenced the new Compliance Summary Report on pages 112 and 113 stating that the compliance reports would be updated monthly with violations from SOCWA or member agency treatment plants and/or the reclamation permit.

Mr. Wilson referenced page 58, Regional Treatment Plant Monthly Operations and Maintenance Report, V. Odor and Noise Complains, and reported that the six (6) odor complaints were from a lone area resident who took nightly walks along the road above the treatment plant. The odor complaints were received during the "cold-snap" in January when temperatures dipped below 20 degrees and the PVC pipes to the chemical feed system on the odor control equipment cracked/burst. We are evaluating insulating the pipes to prevent future problems. An open discussion ensued.

Director Moore referenced page 56 and requested clarity regarding section III. Recycled Water, 15 days. Mr. Wilson stated the 15 days were due to the need for water and the initiation of the rehabilitation of the AWT Facility.

ACTION TAKEN:

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

Other Matters

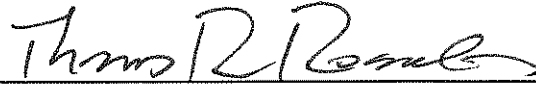
Chairman Reinhart asked if there were any more questions or comments from the Board. There were none.

Adjournment

There being no further business, Chairman Reinhart adjourned the meeting at 9:31 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 of

April 5, 2007, and approved by the Board of Directors of the South Orange County Wastewater Authority.



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

**SUMMARY OF BOARD ACTIONS
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY**

April 5, 2007

<u>DESCRIPTION</u>	<u>MOTION MADE BY</u>	<u>ACTION</u>
Consent Calendar	Martin	Approved
Approval of Indemnification Agreement with WEROC	Hribar	Approved
Approval of Project Committee No. 5 Budgets for FY 2007/08 and FY 2008/09	Hribar	Approved
Adoption of the updated SOCWA Ten-Year Capital Improvement Plan	Moore	Approved