

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

June 1, 2006

The Regular Meeting of the Board of Directors of the South Orange County Wastewater Authority (SOCWA) was held on Thursday, June 1, 2006 at 8:30 a.m. at their Administrative Office located at 34156 Del Obispo Street, Dana Point, California. The following Directors or Alternate Directors were present:

ROBERT MOORE, South Coast Water District	Chairperson
DOUG REINHART, Irvine Ranch Water District	Vice-Chairperson
LARRY LIZOTTE, Moulton Niguel Water District	Director
TED MARTIN, El Toro Water District	Director
TONI ISEMAN, City of Laguna Beach	Director
NORM DOLBY, Emerald Bay Service District	Director
MATT DISSTON, Trabuco Canyon Water District	Director
JOHN SCHATZ, Santa Margarita Water District	Director

Absent:

DIANE BATHGATE, City of San Juan Capistrano	Director
BILL CAMERON, City of San Clemente	Director

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 Resources Manager
PAUL SCHMIDTBAUER	Industrial Waste Administrator
ANN HARLEY	Laboratory Supervisor
BRENNON FLAHIVE	Laboratory Supervisor

Guests:

JIM REED	Irvine Ranch Water District
LARRY DEES	Moulton Niguel Water District
SAM JOHNSON	Santa Margarita Water District
ZIAD MAZBOUDI	City of San Juan Capistrano
R. DIETMEIER	Public – Dana Point
ED LABAHN	Public – Dana Point

ITEMS ONE (1) AND TWO (2)

Chairperson Moore called the meeting to order at 8:31 a.m. and Director Lizotte led the Pledge of Allegiance to the Flag of the United States of America.

ITEM THREE (3) ORAL COMMUNICATIONS

Chairperson Moore 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 was required.

ITEM FOUR (4) CONSENT CALENDAR

Chairperson Moore 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 Iseman to approve the Items under the Consent Calendar. Motion carried unanimously, with all Directors voting aye.

ITEM FIVE (5) GENERAL MANAGER'S REPORT

ITEM FIVE (5)-A STATUS REPORT – ORANGE COAST WATERSHED AND ENVIRONMENTAL CENTER

Mr. Rosales welcomed all those present and referred to the provided Orange Coast Watershed and Environmental Center brochure. Mr. Rosales stated that the first item of the General Manager's Report was a brief presentation on the status of the Orange Coast Watershed and Environmental Center project. Mr. Rosales introduced Mr. Jerry McCloskey, Founding Director, of the Orange Coast Watershed and Environmental Center (OCWEC).

Mr. McCloskey stated that OCWEC was a non-profit organization in the process of locating grants to fund the construction of a \$3/3.5 million facility to be located on property allocated by the City of Laguna Niguel in the Crown Valley Park next to the YMCA. OCWEC is incorporated (Articles of Incorporation are complete), has applied for 501c3 designation and recently hired a fundraising consultant and grant writer. Currently, OCWEC has been in contribution conversations with large corporations and the State.

Mr. McCloskey reported that positive support has been received from environmental entities and there is ongoing collaboration with Soki University and Saddleback College to develop environmental programs for the Center. The Center will include laboratory facilities as

well as accommodate a large auditorium as a meeting space for education and training to encourage environmentally-protective behavior by the community.

In closing, Mr. McCloskey stated that the project was progressing satisfactory and invited the SOCWA Board of Directors to the June 26th OCWEC event at the Montage resort.

Chairperson Moore welcomed questions from the Board. There was inquiry as to the speaker at the event on June 26th. Mr. McCloskey indicated that Mr. Tom Wilson would be providing a presentation.

ACTION TAKEN:

No action needed.

ITEM FIVE (5)-B ANNUAL ELECTION OF OFFICERS – REPORT OF NOMINATING COMMITTEE

Mr. Rosales stated that Chairperson Moore had appointed Director Dolby and Director Cameron as the Nominating Committee for the 2006/2007 term. Mr. Rosales deferred to Director Dolby for further comments.

Director Dolby reported that after careful consideration the Nominating Committee recommended Director Reinhart for Chairperson and Director Schatz for Vice-Chairperson. As is customary, Mr. Rosales and Ms. Noson would fill the posts of Secretary and Assistant Secretary of the Board.

ACTION TAKEN:

Motion was made by Chairperson Moore to elect Director Reinhart as Chairman for the 2006/07 term. Motion carried unanimously, with all Directors voting aye.

Motion was made by Chairperson Moore to elect Director Schatz as Vice-Chairman for the 2006/07 term. Motion carried unanimously, with all Directors voting aye.

Motion was made by Chairperson Reinhart to elect Mr. Rosales as Secretary and Ms. Noson as Assistant Secretary for the 2006/07 term. Motion carried unanimously, with all Directors voting aye.

ITEM FIVE (5)-C APPOINTMENTS TO FINANCE AND EXECUTIVE COMMITTEE

Mr. Rosales stated that the first order of business for the new Chairperson is the appointment of Directors to serve on the Finance and Executive Committees.

Chairperson Reinhart expressed an interest to retain the current appointed Directors to serve on the Finance and Executive Committees for the 2006/07 term and asked if there were any comments or objections. There were none.

ACTION TAKEN:

Motion was made by Chairperson Reinhart to retain the current appointed Directors to serve on the Finance and Executive Committee for the 2006/07 term. Motion carried unanimously, with all Directors voting aye.

ITEM FIVE (5)-D APPROVAL OF RESOLUTION FORMALLY ADOPTING REVISED/UPDATED AUTHORITY POLICY

Mr. Rosales stated that the revised Procurement Policy for Board consideration has been reviewed by legal counsel and the Finance Committee. The resolution was revised to clarify budget processes, approval levels and authorizations. Mr. Rosales reported that it was the Finance Committee's recommendation that the Board approve Resolution No. 2006-01 adopting revisions to the Procurement Policy.

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

ACTION TAKEN:

Motion was made by Director Moore and seconded by Director Martin to approve Resolution No. 2006-01 adopting revised Procurement Policy. Motion carried unanimously, with all Directors voting aye.

ITEM FIVE (5)-E AWARD OF LABORATORY SERVICES CONTRACT

Mr. Rosales reported that the laboratory services proposals have been reviewed by internal staff and the Finance Committee. It was the Finance Committees recommendation to award the two-year laboratory services contract to Sierra Analytical Labs, Inc. Mr. Rosales welcomed questions from the Board.

Director Disston inquired if feedback was provided to the surplus bidders. Mr. Rosales indicated that feedback was provided to all contract proposals in writing and well as a phone call.

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

ACTION TAKEN:

Motion was made by Director Disston and seconded by Director Dolby to approve the award of contract for a two-year laboratory services contract to Sierra Analytical Labs, Inc. Motion carried unanimously, with all Directors voting aye.

ITEM FIVE (5)-F REPORT - BIOSOLIDS MANAGEMENT ACTIVITIES UPDATE

Mr. Rosales reported on the status of the Synagro contract. Mr. Rosales stated that the Technical Advisory Committee had reviewed and forwarded the draft contract to legal counsel

with recommended revisions and final review. The contract will be on the August agenda for Board consideration.

Mr. Rosales referred the Board to page 111 of the staff report. Mr. Rosales stated a recent study completed at John Hopkins University found chemical compounds that survive the wastewater treatment process may end up in sludge. The chemical "of interest" to the EPA is Triclocarban which is one of the chemicals widely used in antibacterial products. EPA could not determine the significance of the issue at this time, although, Mr. Rosales stated that status updates would be forthcoming as available. An open discussion ensued.

There was inquiry as to the difference of the between the Engineering Committee and the Technical advisory Committee. Mr. Rosales reported that although the members of each committee were essentially the same, the Engineering Committee deals with capital and related projects where as the Technical Advisory Committee undertakes contracts, technical issues or Engineering issues as needed.

Director Moore inquired as to the contract approve process. Ms. Giannone indicated that legal counsel reviews and approves biosolids and treatment process contracts, most service contracts and the more significant contracts as well as contracts specifically requested by staff for review. Chairperson Reinhart stated, and Mr. Rosales concurred, that indemnity and insurance clauses require legal counsel review as well.

ACTION TAKEN:

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

ITEM FIVE (5)-G GENERAL MANAGER'S STATUS REPORT

Mr. Rosales reported on the progress of the Proposition 50 grant. The due date for the Step 2 application is June 8, 2006, with project funding confirmation expected by November. If successful, the South County group would be eligible for \$25 million to fund approximately eight of the priority projects. SOCWA is involved in the JB Latham Treatment Plant, AWT Project and the Aliso Creek Water Quality, Stabilization, Utility Protection and Ecosystem Project (Aliso Creek SUPER Project). PC 2 members will be hearing more about the JB Latham AWT Project as the project develops.

Mr. Rosales reported that the tentative NPDES permits for the San Juan Creek and Aliso Creek Ocean Outfalls were received on May 8, 2006. To adequately address and negotiate the terms of the final permits, SOCWA requested a continuance on the review and comment period. The Regional Board staff granted the request extending the review period until August.

Mr. Rosales attended the April Orange County Coastal Coalition meeting hosted by Supervisor Wilson. Mr. Rosales stated that Mr. Larry Honeybourne provided a presentation on the annual water quality report of Orange County's 112 miles of ocean and bay water and noted several of the findings as indicated on page 114 of the staff report. Mr. Rosales welcomed questions from the Board.

Director Lizotte inquired on the progress of a request submitted to the County of Orange by former General Manager David Caretto regarding beach signage changes to clarify the reason for beach closures. Director Lizotte stated that public assumption of a beach closure is due to a sewage spill rather than creek contaminates. Director Lizotte recalled Mr. Caretto speaking to the county, but was unable to recall the results of the request. Mr. Rosales stated that he would follow up with the County and present a report of findings at the August Board Meeting.

Mr. Rosales advised the Board of his upcoming vacation stating that he would be out of the country from June 22nd through July 9th with limited contact availability. In Mr. Rosales' absence Mr. Wilson will be designated as Acting General Manager. Mr. Rosales concluded the General Manager's report and introduced Mr. Mike Wilson for comment on the recent award received by the Regional Treatment Plant.

Mr. Wilson presented the Board with the Regional Treatment Plant (RTP) certificate of award from CWEA for runner up Medium Plant of the Year for the State of California. The award was based on the overall treatment plant and included a six-hour visit/interview process of the Regional Treatment Plant. The Board commended the employees from RTP for their hard work and continued commitment to SOCWA. Director Reinhart asked if there were anymore questions from the Board. An open discussion ensued.

Director Martin inquired as to the inclusion of the sludge force main and sewer replacement project to the Proposition 50 IRWM Implementation Grant. Mr. Rosales stated that different previously identified/considered smaller projects were added under the super project. Mr. Gumerman further commented that for this grant program it was advantageous to submit completed plans and specs for a group of smaller projects rather than a single project.

Director Moore inquired as to the effort to separate roots and grease from the evaluation process. Mr. Rosales stated that occasionally the evaluations are submitted separately, although, most times they are not.

Chairperson Reinhart inquired on the status of the Great Park and biosolids. Mr. Rosales stated that in recollection of a conversation with Orange County Sanitation District a year ago, the project had been shelved with no further information on the project forthcoming.

Chairperson Reinhart asked if there were anymore questions from the Board. There were none.

ACTION TAKEN:

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

ITEM SIX (6) FINANCIAL MATTERS

ITEM SIX (6)-A RESOLUTION NO. 2006-03 – REVISED INVESTMENT POLICY

Mr. Rosales stated that the revised Investment Policy for Board consideration has been reviewed by the Finance Committee. Mr. Rosales reported that it was the Finance Committee's recommendation that the Board approve Resolution No. 2006-03 adopting revisions to the Investment Policy.

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

ACTION TAKEN:

Motion was made by Director Lizotte and seconded by Director Martin to approve Resolution No. 2006-03 adopting revised Investment Policy. Motion carried unanimously, with all Directors voting aye.

ITEM SIX (6)-B AUDIT PROPOSALS – F/Y 2005/06, 2006/07 AND 2007/08

Mr. Rosales reported that three submitted audit proposals had been reviewed by the Finance Committee at their May 16, 2006 meeting. The Finance Committee recommended the award of contract to the current audit firm of Teaman, Ramirez & Smith.

Chairperson Reinhart asked if there were any questions or comments from the Board. Director Disston requested clarity on the terms of the contract. Mr. Demaree stated that the contract was for three years with the first year reflecting a budget decrease and the consecutive year budgets, 2007-2008-2009, will reflect the contract pricing.

ACTION TAKEN:

Motion was made by Director Lizotte and seconded by Director Disston to authorize the General Manager to enter into an agreement with the firm of Teaman, Ramirez and Smith, Inc. to perform SOCWA's Annual Audit for the periods ending June 30, 2006, 2007 & 2008 for an amount not to exceed \$21,800.00 \$22,400.00 and \$23,000.00 for each respective fiscal year. Motion carried unanimously, with all Directors voting aye.

ITEM SEVEN (7) ENGINEERING MATTERS

ITEM SEVEN (7)-A ENGINEERING CONTRACT FOR CAROLLO ENGINEERS

Mr. Peck reported that Carollo Engineers was selected to perform the preliminary design through a competitive process for the Regional Treatment Plant Main Switchgear and Co-Generation Control System Upgrade. The selection process and Board approval were based on SOCWA staff having the latitude to negotiate with the selected firm for final design services. After receiving direction from the Engineering Committee, SOCWA staff began negotiation for final design services from Carollo Engineers in March. Mr. Peck referred to the Fiscal Impact noted on page 125 of the staff report. Mr. Peck stated that it was the Engineering Committee recommendation to proceed with the final design as part of the existing budget. Adjustments of the budget will be discussed further when a final cost estimate is provided at the completion of design.

Chairperson Reinhart asked if there were any comments or questions from the Board regarding the contract for Carollo Engineering. There were none.

ACTION TAKEN:

Motion was made by Director Lizotte and seconded by Director Iseman to approve the award of contract to Carollo Engineers for the Regional Treatment Plant Main Switchgear and Co-Generation Control System Upgrade Final Design for a cost of \$151,010.00. Motion carried unanimously, with all Directors voting aye.

ITEM EIGHT (8)

OPERATIONS REPORTS

Mr. Rosales deferred this item to Mr. Wilson. Mr. Wilson stated that there were no additional operations reports and welcomed questions from the Board.

Director Iseman referred to the April 2006 Coastal Treatment Plant report on page 128 of the staff report and requested clarification as to the difference in the influent and effluent numbers under the Data Flow section of the report for South Coast Water District. Mr. Wilson indicated the number difference is due to the reclaimed/recycled water. Director Iseman inquired as to the health concerns of inhaling unpleasant odors from treatment plants. Mr. Wilson stated that health concerns would be determined by the type of gas(es) inhaled. In general, unpleasant odor inhalation is not a health concern. Mr. Wilson reported that SOCWA pump stations and treatment plants have the proper equipment to ensure health safety from gas/unpleasant odor inhalation.

Director Moore referred to page 134 of the staff report referencing the Design Capacity section of the Regional Treatment Plant Solids Loading report and requested clarification of the noted 118.22 percent of design capacity. Mr. Wilson stated that due to the daily pumping average at 88.806 gallons/day from the Coastal Treatment Plant, which should be at 39.00 or less gallons/day, more water is being added for thinning purposes. This number has increased

significantly from three years ago. Mr. Wilson stated that this was a minimal concern at this point noting that the Regional Plant has four excellent digesters. Chairperson Reinhart inquired if this was a continuing "trend". Mr. Wilson stated that the trend would continue without the replacement of the sludge force main pipes or moving the project forward, and can not continue for an extended prolonged period of time.

Chairperson Reinhart asked if there were anymore questions or comments on the Operations Reports. There were none.

ACTION TAKEN:

There being no objection, the Chairperson directed the Operation Reports be received and filed.

ITEM NINE (9)

OTHER MATTERS

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

ITEM TEN (10)

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned by Chairperson Reinhart at 9:17 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 of June 1, 2006 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**

June 1, 2006

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>MOTION MADE BY</u>	<u>ACTION</u>
FOUR (4)	Consent Calendar	Reinhart	Approved
FIVE (5) B	Annual Election of Officers	Moore	Approved
FIVE (5) C	Appointments to Finance and Executive Committees	Reinhart	Approved
FIVE (5) D	Approval of Resolution No. 2006-01 – Revised Procurement Policy	Moore	Approved
FIVE (5) E	Award of Laboratory Services Contract	Disston	Approved
FIVE (5) F	Receive and File Biosolids Management Activities Status Report	Reinhart	Approved
FIVE (5) G	Receive and File General Manager's Status Report	Reinhart	Approved
SIX (6) A	Approval of Resolution No. 2006-03 – Revised Investment Policy	Lizotte	Approved
SIX (6) B	Approval of Audit Proposals – F/Y 2205/06, 2006/07 and 2007/08	Lizotte	Approved
SEVEN (7) A	Approval of Engineering Contract for Carollo Engineers	Lizotte	Approved
EIGHT (8) A	Receive and File Operations Report	Moore	Approved