

im City Manager?

Subject: Interim City Manager?

From: Matthew Reid <matt.reid@landanddesign.com>

Date: Mon, 5 Jan 2015 15:29:30 -0800

To: Greg Blodgett <Greg1@ci.garden-grove.ca.us>

Who is the new Interim City Manager?

Matthew Reid

Land & Design, Inc.

3755 Avocado Blvd | #516 | LaMesa, CA 91942

619.567.2447 x101 **office**

858.735.1858 **cell**

619.489.3669 **efax**

Skype - [matthew.reid.ca](https://www.skype.com/user/matthew.reid.ca)

matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

Here is my contact info

Subject: Here is my contact info
From: "matt.reid@landanddesign.com" <no-reply@evernote.com>
Date: Fri, 16 Jan 2015 23:00:12 +0000 (GMT)
To: allanr@ci.garden-grove.ca.us

It was nice meeting you. Here is my contact info.

Matt Reid

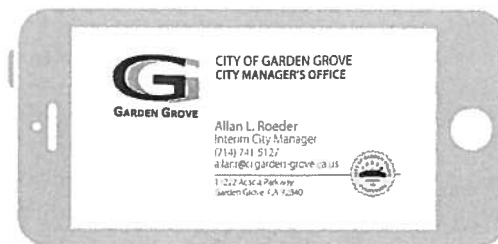
Phone
(858) 735-1858

Email
matthew.reid.ca@gmail.com

Address
2365 Fire Mountain Dr
Oceanside CA 92054
United States

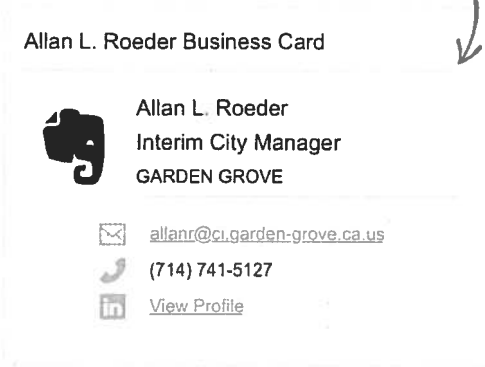
Make your business cards searchable with Evernote.

Turn physical business cards into searchable notes enhanced with LinkedIn information.



Here is my contact info

Allan L. Roeder Business Card



Allan L. Roeder
Interim City Manager
GARDEN GROVE

allanr@ci.garden-grove.ca.us
(714) 741-5127
[View Profile](#)

[Download Evernote](#)

Evernote helps you remember everything and get organized effortlessly. [Download Evernote.](#)

Matt Reid.vcf

```
BEGIN:VCARD
VERSION:3.0
N:Reid;Matt;;;
FN:Matt Reid
ORG:;
TITLE:
EMAIL;type=INTERNET;type=HOME:matthew.reid.ca@gmail.com
TEL;type=HOME:(858) 735-1858
item1.ADR;type=;;;2365 Fire Mountain Dr;Oceanside;CA;92054;United States
item1.X-ABADR:
END:VCARD
```

Matt Reid.vcf	Content-Type: text/vcard Content-Encoding: quoted-printable
----------------------	--

Thank you

Subject: Thank you
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Fri, 16 Jan 2015 15:04:31 -0800
To: "Allan L. Roeder" <allanr@ci.garden-grove.ca.us>
CC: Dave Rose <drose3@charter.net>

Allan,

Thank you for meeting with us today. We are in a very exciting time in our development and was good hear from you today.

We hope to be able to share more news in the near future.

Thank you.

Matthew Reid

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matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

Re: Today's meeting

Subject: Re: Today's meeting
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Fri, 16 Jan 2015 16:18:49 -0800
To: Allan Roeder <allanr@ci.garden-grove.ca.us>

Thank you!!

Sent from my iPhone
Matthew Reid
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3755 Avocado Blvd | #516 | LaMesa, CA 91942
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On Jan 16, 2015, at 4:06 PM, Allan Roeder <allanr@ci.garden-grove.ca.us> wrote:

Matt,

I appreciated the opportunity to meet today and the briefing on the project. Undoubtedly, its got to be a little unsettling for you and Dave to have worked so many years to put this together, be right on the brink of a major announced success - and then have a change in who your working with? I absolutely get it but honestly do not believe there is anything to be concerned about on our end. I know Matt's been integral to the process to date and with what is left to be done, his help would be valuable. That is not an option from my perspective but I do have confidence in the team we have in place to see this through. If and when my skill set is needed, I will be involved and we'll be closely monitoring progress just as we are with our other major partners.

Allan

Subject: Email address change notice
From: "Florida T. Booth, MAI" <FBooth@HTLhospitalityadvisors.com>
Date: Fri, 23 Jan 2015 11:22:55 -0800
To: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>
CC: <gracel@ci.garden-grove.ca.us>, <gbrown@ci.garden-grove.ca.us>, <matt.reid@landanddesign.com>, "Paul Guerro" <paulg@postrat.ci.garden-grove.ca.us>, <TCLARK@SYCR.com>, <traer@mcwhinney.com>

Greg - Just wanted to remind you that my email address has changed to FBooth@HTLHospitalityAdvisors.com effective immediately. So if you send anything to my Horwath email address from today onward, it will get bumped back. We thought we could use it until next August, but Horwath had to drop the server they were using because of all the hacking.

----- Original Message ----- From: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>
To: "Florida Booth" <fbooth@horwathhtl.com>
Sent: Wednesday, January 21, 2015 2:11 PM
Subject: Fwd: ALIS is Starting NOW!

----- Forwarded Message -----
From: "ALIS Registration Team" <info@alis.emsreg.com>
To: greg1@ci.garden-grove.ca.us
Sent: Wednesday, January 21, 2015 12:16:49 PM
Subject: ALIS is Starting NOW!

Dear Greg ,

We are looking forward to seeing you in beautiful Los Angeles next week, for the 14th annual ALIS conference.

As you might have heard, we've videotaped "The Numbers" session, which you can watch now by clicking the links below. It's a great way to get a head start on what is going to be a busy and productive time in LA.

Jan Freitag, SVP, STR -- The Hotel Industry in 2014 and Beyond -
<http://video.ahla.com/ALIS/ALIS15STR/ALIS15STR.html>

Suzanne Mellen, Senior Managing Director, HVS -- The Hotel Industry Outlook -
<http://video.ahla.com/ALIS/ALIS15HVS/ALIS15HVS.html>

Mark Woodworth, President Hospitality Research, PKF Hospitality Research -- U.S. Lodging Industry Update -
<http://video.ahla.com/ALIS/ALIS15PKF/ALIS15PKF.html>

Don't miss the second part of this presentation on-site at ALIS; Monday, January 26 from 1:30pm - 2:00pm in Platinum Ballroom D & E. The presenters will briefly summarize their presentation and focus specifically on what to expect in 2015 in an interactive and live question and answer session.

Thanks and see you soon!

The ALIS Team

ES-REF#:50193:42:13649 (1.1.5.0)

Email address change notice

No virus found in this message.

Checked by AVG - www.avg.com

Version: 2015.0.5645 / Virus Database: 4260/8972 - Release Date: 01/21/15

Re: Status of Other Taxing Entities

Subject: Re: Status of Other Taxing Entities
From: Greg Blodgett <greg1@zimbra.ci.garden-grove.ca.us>
Date: Fri, 23 Jan 2015 22:23:01 -0800 (PST)
To: Matthew Reid <matt.reid@landanddesign.com>

Ok

Sent from my iPhone

On Jan 23, 2015, at 9:33 PM, Matthew Reid <matt.reid@landanddesign.com> wrote:

Greg,

Please provide me a written update as to the status of the City obtaining all approvals required from the other taxing entities. Need for our Chinese Group due diligence and their board approval.

Need asap please.

Thank you.

Sent from my iPhone

Matthew Reid

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matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

Subject: Meet

From: Matthew Reid <matt.reid@landanddesign.com>

Date: Tue, 27 Jan 2015 06:48:24 -0800

To: "Allan L. Roeder" <allanr@ci.garden-grove.ca.us>

CC: Dave Rose <drose3@charter.net>

Allan,

Would you be sure to connect with me and or my partner Dave Rose either before or after the State of the City on Wednesday?

We have sponsored a table for the event.

Thanks!

Sent from my iPhone

Matthew Reid

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matt.reid@landanddesign.com

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Subject: GG Demographics and crime stats
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Tue, 27 Jan 2015 07:49:49 -0800
To: Greg Blodgett <Greg1@ci.garden-grove.ca.us>

Greg,

Do you have any information on demographics of GG and crime statistics? We have an interested group, however hasn't been to GG in 15 years and remembers the OLD GG....need to paint a better picture for him.

Thanks

Matthew Reid

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matt.reid@landanddesign.com

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Re: PKF Great Wolf

Subject: Re: PKF Great Wolf
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Tue, 27 Jan 2015 07:50:20 -0800
To: Greg Blodgett <greg1@garden-grove.org>

Reminder I still need this.
Thanks

Matthew Reid
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matt.reid@landanddesign.com

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On Jan 23, 2015, at 4:13 AM, Matthew Reid <matt.reid@landanddesign.com> wrote:

Do you have a copy of the PKF report for them? Please forward.

Sent from my iPhone

Matthew Reid
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matt.reid@landanddesign.com

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Re: Substantiation of \$16 million spent on land assembly

Subject: Re: Substantiation of \$16 million spent on land assembly
From: Greg Blodgett <greg1@zimbra.ci.garden-grove.ca.us>
Date: Tue, 27 Jan 2015 09:30:52 -0800 (PST)
To: Matthew Reid <matt.reid@landanddesign.com>

Ok

Sent from my iPhone

On Jan 27, 2015, at 7:50 AM, Matthew Reid <matt.reid@landanddesign.com> wrote:

Reminder, need this too.

Matthew Reid

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matt.reid@landanddesign.com

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On Jan 21, 2015, at 10:35 PM, Matthew Reid <matt.reid@landanddesign.com> wrote:

Greg,

Can you send me some sort of ledger or expense summary of the City and/or Redevelopment funds used to assemble the property at Site C?

Need for financing.

Thanks

Matthew Reid

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matt.reid@landanddesign.com

Re: Meet

Subject: Re: Meet
From: Allan Roeder <allanr@ci.garden-grove.ca.us>
Date: Tue, 27 Jan 2015 15:00:58 -0800 (PST)
To: Matthew Reid <matt.reid@landanddesign.com>

Got it - see you then.

Allan

----- Original Message -----
From: "Matthew Reid" <matt.reid@landanddesign.com>
To: "Allan Roeder" <allanr@ci.garden-grove.ca.us>
Sent: Tuesday, January 27, 2015 2:02:18 PM
Subject: Re: Meet

We'll meet you at City Hall at 3pm.

Sent from my iPhone

Matthew Reid
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On Jan 27, 2015, at 11:35 AM, Allan Roeder <allanr@ci.garden-grove.ca.us> wrote:

Matt,

I have a tour of the Great Wolf site at 9 am with the Mayor that morning and a meeting with our consultant on the City Manager recruitment at 2 pm. I could probably squeeze in a 1:30 pm or something at 3 pm or after if that works for either you and/or Dave?

Allan

----- Original Message -----
From: "Matthew Reid" <matt.reid@landanddesign.com>
To: "Allan L. Roeder" <allanr@ci.garden-grove.ca.us>
Cc: "Dave Rose" <drose3@charter.net>
Sent: Tuesday, January 27, 2015 6:48:24 AM
Subject: Meet

Allan,

Would you be sure to connect with me and or my partner Dave Rose either before or after the State of the City on Wednesday?

Re: Meet

We have sponsored a table for the event.

Thanks!

Sent from my iPhone

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Re: Special guest attending today

Subject: Re: Special guest attending today
From: Allan Roeder <allanr@ci.garden-grove.ca.us>
Date: Wed, 28 Jan 2015 08:48:18 -0800 (PST)
To: Matthew Reid <matt.reid@landanddesign.com>

Matt,

I recognize the name even though I don't follow the NBA all that closely - very well regarded player as I recall? Look forward to meeting him.

Allan

----- Original Message -----

From: "Matthew Reid" <matt.reid@landanddesign.com>
To: "Allan L. Roeder" <allanr@ci.garden-grove.ca.us>
Cc: "Greg Blodgett" <Greg1@ci.garden-grove.ca.us>, "Dave Rose" <drose3@charter.net>
Sent: Wednesday, January 28, 2015 8:07:15 AM
Subject: Special guest attending today

Allan,

Dave and I have a special guest attending the State of the City today. He is the front-runner investment/partner with us on our deal. His name is Jamal Mashburn. Played for the Mavericks for 13 seasons and has assembled a real estate empire since. He and his partners have significant resources to help us get Hard Rock done. Looking forward to introducing him to you!

Sent from my iPhone

Matthew Reid
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Re: Special guest attending today

Subject: Re: Special guest attending today
From: Greg Blodgett <greg1@ci.garden-grove.ca.us>
Date: Sat, 31 Jan 2015 09:38:43 -0800 (PST)
To: Matthew Reid <matt.reid@landanddesign.com>

We are meeting next thurs with City Manager at 10 to discuss your project to allocate city resources

could you draft a tentative time line for the project i have attached a schedule from brookhust project as an example

good news
Yesterday, the County approved the Compensation Agreement. Once signed, OCTA will sign their agreement as well.

Only GGUSD (2/3/15), OC Sanitation District (2/25/15), and the OC Water District (2/4/15) are left. Will keep you in the loop

----- Original Message -----
From: "Matthew Reid" <matt.reid@landanddesign.com>
To: "Allan L. Roeder" <allanr@ci.garden-grove.ca.us>
Cc: "Greg Blodgett" <Greg1@ci.garden-grove.ca.us>, "Dave Rose" <drose3@charter.net>
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Completion Timeline-2.docx	Content-Type: application/vnd.openxmlformats-officedocument.wordprocessingml.document Content-Encoding: base64
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COMPLETION SCHEDULE

ITEM OF PERFORMANCE	COMPLETE/DATE
Record a "Notice of Agreement With Conditions of Approval and Discretionary Permit" Condition #1.	To be Completed
Submit signed letters acknowledging receipts of decision approving TTM No. TT-17702. Condition #4.	To be Completed
Submit Fire Access Road plan on 2006 Auto CAD. Condition #7	Complete: from Architect to City
Submit Geotechnical Study. Condition #11.	Completed October 17, 2013.
Obtain street permit. Condition #12.	Completed.
Developer presents Site Plan and Tentative Tract Map to the Planning Commission.	Completed.
Submit Grading and Street Improvement Plans. Condition #13	January 31, 2015
Submit Water Quality Management Plan. Condition #14	Preliminary Plan Completed November 2013
Submit Hydrological Analysis. Condition #16	Completed November 12, 2013
Submit record information of boundary tie to Horizontal Control System on Auto Cad. Condition #18	Complete with drawings
Submit record information of digital graphics on Auto Cad. Condition #19.	Complete
Post Subdivision Bonds. Condition #21	Pending
Developer completes and submits Construction Documents.	Completed (garage and podium).
Developer Completes and submits CCR's to the city for approval. Condition #41	February 15, 2015
Developer to provide Agency evidence of Financing for Phase I Improvements.	No later than March 30, 2015.
Developer presents Final Tract Map for Phase I Improvements to the City Council and Agency Board.	February 25-March 15, 2015.
Developer to provide evidence of insurance prior to the Close of Escrow.	Prior to the Close of Escrow.
Loan Closing	March 30, 2015.
Developer commences Construction on Phase I Improvements.	April 15, 2015.

Re: Special guest attending today

Subject: Re: Special guest attending today
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Sat, 31 Jan 2015 11:15:06 -0800
To: Greg Blodgett <greg1@ci.garden-grove.ca.us>

Thanks!!

Sent from my iPhone

Matthew Reid

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On Jan 31, 2015, at 9:38 AM, Greg Blodgett <greg1@ci.garden-grove.ca.us> wrote:

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agreement as well.

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Will keep you in the loop

----- Original Message -----

From: "Matthew Reid" <matt.reid@landanddesign.com>

To: "Allan L. Roeder" <allanr@ci.garden-grove.ca.us>

Cc: "Greg Blodgett" <Greg1@ci.garden-grove.ca.us>, "Dave Rose" <drose3@charter.net>

Sent: Wednesday, January 28, 2015 8:07:15 AM

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Re: Special guest attending today

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matt.reid@landanddesign.com

Check out our new website www.landanddesign.com
<Completion Timeline-2.docx>

Subject: OC Water District
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Tue, 3 Feb 2015 07:50:09 -0800
To: Greg Blodgett <Greg1@ci.garden-grove.ca.us>
CC: "Allan L. Roeder" <allanr@ci.garden-grove.ca.us>

I've been told the compensation agreement it is NOT on the Agenda for OC Water District tomorrow.
Can you confirm?

Matthew Reid

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matt.reid@landanddesign.com

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Re: OC Water District Approval

Subject: Re: OC Water District Approval
From: Allan Roeder <allanr@ci.garden-grove.ca.us>
Date: Wed, 4 Feb 2015 15:43:10 -0800 (PST)
To: Matthew Reid <matt.reid@landanddesign.com>

Matt,

In kind of an important meeting right now and Mayor due in 15 minutes...is there a number I can call you at when I get a break in between?

Allan

----- Original Message -----

From: "Matthew Reid" <matt.reid@landanddesign.com>
To: "Allan Roeder" <allanr@ci.garden-grove.ca.us>
Sent: Wednesday, February 4, 2015 3:12:47 PM
Subject: Re: OC Water District Approval

I'm in GG. Can I stop by and talk to you?

Sent from my iPhone

Matthew Reid
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On Feb 4, 2015, at 2:58 PM, Allan Roeder <allanr@ci.garden-grove.ca.us> wrote:

Matt,

I am not opposed to doing this although I'd like to personally speak with the GM of the OC Water District first to see if this can be cleared up.

Allan

----- Original Message -----

From: "Matthew Reid" <matt.reid@landanddesign.com>
To: "Allan L. Roeder" <allanr@ci.garden-grove.ca.us>
Sent: Wednesday, February 4, 2015 2:43:02 PM
Subject: OC Water District Approval

Allan,

I'd like to setup a meeting with my attorney, City attorney you and I to understand why Mr Sheldon cannot recuse himself for the OC Water District vote.

Re: OC Water District Approval

With so much momentum happening, if we don't do something quickly and resolve this, it could kill the deal entirely.

Please let me know your availability.

Sent from my iPhone

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matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

Subject:

From: Greg Blodgett <greg1@ci.garden-grove.ca.us>

Date: Fri, 6 Feb 2015 08:57:28 -0800 (PST)

To: "Reid, Matthew" <matt.reid@landanddesign.com>

Disney is in the no fly zone. I will check and see if we are also in the zone

Greg Blodgett
SR Project Manager
City of Garden Grove
Economic Development

Re: Substantiation of \$16 million spent on land assembly

Subject: Re: Substantiation of \$16 million spent on land assembly
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Mon, 9 Feb 2015 16:57:35 -0800
To: Greg Blodgett <greg1@zimbra.ci.garden-grove.ca.us>
CC: Kingsley Okereke <kingsley@ci.garden-grove.ca.us>

Can you send me this please?

Matthew Reid

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619.489.3669 **efax**
Skype - [matthew.reid.ca](https://www.skype.com/user/matthew.reid.ca)
matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

On Jan 27, 2015, at 9:30 AM, Greg Blodgett <greg1@zimbra.ci.garden-grove.ca.us> wrote:

Ok

Sent from my iPhone

On Jan 27, 2015, at 7:50 AM, Matthew Reid <matt.reid@landanddesign.com> wrote:

Reminder, need this too.

Matthew Reid

Land & Design, Inc.
3755 Avocado Blvd | #516 | LaMesa, CA 91942
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On Jan 21, 2015, at 10:35 PM, Matthew Reid <matt.reid@landanddesign.com> wrote:

Greg,

Can you send me some sort of ledger or expense summary of the City and/or Redevelopment funds used to assemble the property at Site C?

Need for financing.

Thanks

Matthew Reid

Land & Design, Inc.

3755 Avocado Blvd | #516 | LaMesa, CA 91942

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matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

Fwd: Message from "ricoh106"

Subject: Fwd: Message from "ricoh106"
From: Greg Blodgett <greg1@ci.garden-grove.ca.us>
Date: Mon, 9 Feb 2015 17:41:13 -0800 (PST)
To: "Reid, Matthew" <matt.reid@landanddesign.com>

Matt

Attached is a summary of all cost incurred for site c acquisition, relocation, demolition and entitlements \$15.779 Million.

----- Forwarded Message -----

From: katrenas@ci.garden-grove.ca.us
To: "Greg Blodgett" <greg1@ci.garden-grove.ca.us>
Sent: Monday, February 9, 2015 5:20:24 PM
Subject: Message from "ricoh106"

This E-mail was sent from "ricoh106" (Aficio MP 6001).

Scan Date: 02.09.2015 17:20:24 (-0800)
Queries to: katrenas@ci.garden-grove.ca.us

20150209172024585.pdf	Content-Type: application/pdf
	Content-Encoding: base64

Task: HOTEL COSTS - SITE C - HARBOR BOULEVARD - ACQUISITION

revised: 02.05.15

	Name of Property Owner	Address	APN	Appraisal		Utility		Total
				Service	Acquisition	Relocation	Demolition	
1	Jen & Hong Lin	12222 Harbor	231-491-21	\$3,700	\$2,154,320	\$0	\$0	\$2,158,020
2	Jerry & Tom Bowen	12252 Harbor	231-521-01	\$0	\$0	\$0	\$1,020	\$1,020
3	Jerry & Tom Bowen	12252 Harbor	231-521-02	\$3,700	\$2,856,420	\$0	\$23,069	\$2,883,189
4	Richard & Hui Yong Kil	12262 Harbor	231-521-03	\$0	\$0	\$0	\$0	\$0
5	Richard & Hui Yong Kil	12272 Harbor	231-521-04	\$0	\$0	\$0	\$0	\$0
6	Richard & Hui Yong Kil	12292 Harbor	231-521-05	\$3,700	\$5,240,000	\$500,000	\$60,000	\$5,803,700
7	Nida Neff	12302 Harbor	231-521-06	\$3,700	\$1,200,000	\$0	\$30,000	\$1,233,700
8	Nida Neff	12511 Twintree	231-521-07	\$3,700	\$400,000	\$0	\$25,000	\$428,700
9	Nida Neff	12531 Twintree	231-521-08	\$3,700	\$400,000	\$0	\$25,000	\$428,700
10	Robert Donovan	12551 Twintree Ln	231-521-09	\$3,700	\$390,000	\$0	\$25,000	\$418,700
11	Arlene Kenning	12571 Twintree Ln	231-521-10	\$3,700	\$393,377	\$0	\$25,000	\$422,077
12	Wayne and Lynn Lohse	12237 Choisser Rd	231-491-18	\$3,700	\$444,955	\$0	\$25,000	\$473,655
13	James & Sharon Weishaar	12239 Choisser Rd	231-491-19	\$3,700	\$445,000	\$0	\$25,000	\$473,700
TOTAL ACQUISITION COSTS				\$37,000	\$13,924,072	\$500,000	\$264,089	\$14,725,161

Task: HOTEL COSTS - SITE C - HARBOR BOULEVARD - OTHER COSTS

	Organization	Activity	Dollar Amount
1	Joe's Italian Ice	Relocation	\$ 240,000
2	Joe's Italian Ice	Waiver of Rents Agreements	\$ 154,000
3	EDAW	Entitlements	\$ 45,000
4	SOMAS Engineering	Water Report	\$ 60,000
5	Soil Company	Soils Report	\$ -
6	RK Engineering	Traffic Study	\$ 20,000
7	Lidgard and Associates	Appraisal Study	\$ 10,000
8	Horwath	Economics	\$ 25,000
9	Demoliton Company	Clear Site	\$ 250,000
10	Environmental	Comtamination	\$ 250,000
TOTAL OTHER COSTS			\$ 1,054,000

TOTAL COST \$15,779,161 (Includes Total Acquisition and Other Costs)

Re: Water Control Board and Steve Sheldon

Subject: Re: Water Control Board and Steve Sheldon
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Mon, 16 Feb 2015 14:58:31 -0800
To: Allan Roeder <allanr@ci.garden-grove.ca.us>

Thanks!!

Sent from my iPhone

Matthew Reid

Land & Design, Inc.

3755 Avocado Blvd | #516 | LaMesa, CA 91942

619.567.2447 x101 **office**

858.735.1858 **cell**

619.489.3669 **efax**

Skype - mattthew.reid.ca

matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

On Feb 16, 2015, at 2:14 PM, Allan Roeder <allanr@ci.garden-grove.ca.us> wrote:

Matt,

They continue to be non-responsive to my telephones messages (left only because no one is seemingly around to answer the telephone in the GM's office). In light of this, Kingsley and I met last week and believe we have come up with a "work around" subject to a read from the City Attorney. The Water District's "share" is approximately \$50,000 so we are proposing that we place this amount with a third party in a trust account and notify OCWD. As soon as that is done, we will notify DOF so we can proceed.

Allan

----- Original Message -----

From: "Matthew Reid" <matt.reid@landanddesign.com>

To: "Allan Roeder" <allanr@ci.garden-grove.ca.us>

Cc: "Greg Blodgett" <greg1@zimbra.ci.garden-grove.ca.us>

Sent: Monday, February 16, 2015 12:58:40 PM

Subject: Water Control Board and Steve Sheldon

Any update?

Matthew Reid

Re: Water Control Board and Steve Sheldon

Land & Design, Inc.
3755 Avocado Blvd | #516 | LaMesa, CA 91942
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matt.reid@landanddesign.com

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Re: Water Control Board and Steve Sheldon

Subject: Re: Water Control Board and Steve Sheldon
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Mon, 16 Feb 2015 15:59:09 -0800
To: "Allan L. Roeder" <allanr@ci.garden-grove.ca.us>

Thanks Allan,

There is a OCWD meeting this Wednesday 2/18 and, once again, is not on the agenda.

Matthew Reid

Land & Design, Inc.
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Allan

----- Original Message -----

From: "Matthew Reid" <matt.reid@landanddesign.com>
To: "Allan Roeder" <allanr@ci.garden-grove.ca.us>
Cc: "Greg Blodgett" <greg1@zimbra.ci.garden-grove.ca.us>
Sent: Monday, February 16, 2015 12:58:40 PM
Subject: Water Control Board and Steve Sheldon

Any update?

Matthew Reid
Land & Design, Inc.
3755 Avocado Blvd | #516 | LaMesa, CA 91942
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matt.reid@landanddesign.com

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Re:

Subject: Re:
From: Matthew Reid <matt.reid@landanddesign.com>
Date: Thu, 19 Feb 2015 13:03:49 -0800
To: Greg Blodgett <greg1@zimbra.ci.garden-grove.ca.us>

Yes

Sent from my iPhone
Matthew Reid
Land & Design, Inc.
3755 Avocado Blvd | #516 | LaMesa, CA 91942
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matt.reid@landanddesign.com

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On Feb 19, 2015, at 12:00 PM, Greg Blodgett <greg1@zimbra.ci.garden-grove.ca.us> wrote:

| Are you sending a follow up to us on Sheldon

| Sent from my iPhone

Re: Steve Sheldon

Subject: Re: Steve Sheldon

From: Matthew Reid <matt.reid@landanddesign.com>

Date: Thu, 19 Feb 2015 18:40:49 -0800

To: Allan Roeder <allanr@ci.garden-grove.ca.us>

CC: Tom Clark <tclark@sycr.com>, David Rose <drose3@charter.net>, "jimd@garden-grove.org" <jimd@garden-grove.org>, Paul Guerrero <paulg@garden-grove.org>, Greg Blodgett <gregl@zimbra.ci.garden-grove.ca.us>

Please do. Thanks!

Sent from my iPhone

Matthew Reid

Land & Design, Inc.

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matt.reid@landanddesign.com

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On Feb 19, 2015, at 6:36 PM, Allan Roeder <allanr@ci.garden-grove.ca.us> wrote:

Matt,

Do you have any concerns with my sharing the contents of your email with the City Council or appropriate City staff?

Allan

Sent from my iPad

On Feb 19, 2015, at 5:40 PM, Matthew Reid <matt.reid@landanddesign.com> wrote:

Allan,

I just got off a very strange phone call with Steve Sheldon. Based upon this conversation, It is now abundantly clear that Steve Sheldon is planning to (if not already has) make contact with either City Staff and/or City Council members to make inquiries, suggestions, gather information, etc... regarding our project and/or agreement with the City of Garden Grove. He would be doing this under the false pretenses that he is authorized to do so and acting on our behalf. No authorization has been granted to Mr. Sheldon in any capacity to allow him to be doing so.

I WOULD APPRECIATE IF YOU PLEASE IMMEDIATELY INFORM ALL STAFF THAT STEVE SHELDON DOES NOT HAVE ANY AUTHORITY, RIGHTS, PRIVILEGES (OR RECEIVED ANY INSTRUCTION) WHAT-SO-EVER TO BE ACTING OR SEEKING INFORMATION ON/ABOUT SITE C, OUR AGREEMENT WITH THE CITY OR ANY OTHER DEALINGS ON BEHALF OF LAND & DESIGN, INC OTHER THAN WHAT IS CONTAINED

WITHIN THE PUBLIC DOMAIN.

Thank you for your immediate action in this regard.

Matthew Reid

Land & Design, Inc.

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matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

Re: Steve Sheldon

Subject: Re: Steve Sheldon

From: David Rose <drose3@charter.net>

Date: Thu, 19 Feb 2015 18:42:22 -0800

To: Allan Roeder <allanr@ci.garden-grove.ca.us>

CC: Matthew Reid <matt.reid@landanddesign.com>, Tom Clark <tclark@sycr.com>, "jimd@garden-grove.org" <jimd@garden-grove.org>, Paul Guerrero <paulg@garden-grove.org>, Greg Blodgett <greg1@zimbra.ci.garden-grove.ca.us>

We sincerely appreciate your assistance on this and other matters.

Thanks much.

Dave

Sent from my iPhone

Please forgive any errors. ☺

On Feb 19, 2015, at 6:36 PM, Allan Roeder <allanr@ci.garden-grove.ca.us> wrote:

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Allan

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Thank you for your immediate action in this regard.

Re: Steve Sheldon

Matthew Reid

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Re: San District

Subject: Re: San District
From: Jim Dellalonga <jimde@ci.garden-grove.ca.us>
Date: Fri, 20 Feb 2015 11:21:58 -0800 (PST)
To: Matthew Reid <matt.reid@landanddesign.com>
CC: Greg Blodgett <greg1@zimbra.ci.garden-grove.ca.us>

Matt,

It is Item 9 on the Consent Calendar under Steering Committee. See attached.

Jim DellaLonga
Senior Project Manager
City of Garden Grove
714.741.5788



GARDEN GROVE

From: "Matthew Reid" <matt.reid@landanddesign.com>
To: "Jim Dellalonga" <jimde@ci.garden-grove.ca.us>, "Greg Blodgett" <greg1@zimbra.ci.garden-grove.ca.us>
Sent: Thursday, February 19, 2015 8:43:32 PM
Subject: San District

Jim,
Would you verify the compensation agreements are on the agenda for the OC San District for 25th?

Sent from my iPhone
Matthew Reid
Land & Design, Inc.
3755 Avocado Blvd | #516 | LaMesa, CA 91942
619.567.2447 x101 office
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02-25-2015 Board Meeting Agenda.pdf

Content-Type: application/pdf
Content-Encoding: base64

RE: Steve Sheldon

Subject: RE: Steve Sheldon

From: "Clark, Thomas P. Jr." <TClark@sycr.com>

Date: Fri, 20 Feb 2015 19:23:46 -0500

To: "David Rose" <drose3@charter.net>, Allan Roeder <allanr@ci.garden-grove.ca.us>

CC: Matthew Reid <matt.reid@landanddesign.com>, "jimd@garden-grove.org" <jimd@garden-grove.org>, Paul Guerrero <paulg@garden-grove.org>, Greg Blodgett <greg1@zimbra.ci.garden-grove.ca.us>

David, where are you with Mr Shelton? Have you reached an agreement that allow the OCWD to approve the taxing entity agreements? Should we proceed with the taxing entity agreements?

Thomas P. Clark, Jr.

Stradling

Attorneys at Law

Stradling Yocca Carlson & Rauth, P.C.

660 Newport Center Drive, Suite 1600 | Newport Beach, CA 92660

(o) 949.725.4140 | (f) 949.823.5140 | (c) 949.584.7640

TClark@SYCR.com | sycr.com

[Website Profile](#) | [vCard](#)

CONFIDENTIALITY NOTICE

This message is intended only for the use of the individual or entity to which it is addressed, and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately. Thank you.

From: David Rose [mailto:drose3@charter.net]

Sent: Thursday, February 19, 2015 6:42 PM

To: Allan Roeder

Cc: Matthew Reid; Clark, Thomas P. Jr.; jimd@garden-grove.org; Paul Guerrero; Greg Blodgett

Subject: Re: Steve Sheldon

We sincerely appreciate your assistance on this and other matters.

Thanks much.

Dave

Sent from my iPhone

Please forgive any errors. ☺

On Feb 19, 2015, at 6:36 PM, Allan Roeder <allanr@ci.garden-grove.ca.us> wrote:

Matt,

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Sent from my iPad

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matt.reid@landanddesign.com

Check out our new website www.landanddesign.com

Orange County Sanitation District
Regular Meeting of the
Board of Directors



Wednesday, February 25, 2015
6:00 P.M.
Board Room
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

San District
Fri. 80 Feb
11:21:58-0800

AGENDA

INVOCATION AND PLEDGE OF ALLEGIANCE: (Mariellen Yarc, City of Cypress)

DECLARATION OF QUORUM:

ROLL CALL:

1. Receive and file Minute Excerpts of member agencies relating to appointments to the Orange County Sanitation District Board, as follows:

<u>City / Agency</u>	<u>Active Director</u>	<u>Alternate Director</u>
Buena Park	Fred Smith	Steve Berry
Fullerton	Greg Sebourn	Doug Chaffee
OC Board of Supervisors	Lisa Bartlett	Michelle Steel

PUBLIC COMMENTS: *If you wish to speak, please complete a Speaker's Form (located at the table outside of the Board Room) and give it to the Clerk of the Board. Speakers are requested to limit comments to three minutes.*

SPECIAL PRESENTATIONS:

- Employee Service Awards

REPORTS: *The Chair and the General Manager may present verbal reports on miscellaneous matters of general interest to the Directors. These reports are for information only and require no action by the Directors.*

CONSENT CALENDAR: *Consent Calendar Items are considered to be routine and will be enacted, by the Board of Directors, after one motion, without discussion. Any items withdrawn from the Consent Calendar for separate discussion will be considered in the regular order of business.*

2. Approve minutes for the Regular Board Meeting held on January 28, 2015.

OPERATIONS COMMITTEE:

3. Approve minutes of the February 4, 2015 meeting of the Operations Committee.
4. A. Approve a Professional Design Services Agreement with Brown & Caldwell to provide engineering design services for the Ocean Outfall System, Project No. J-117, for an amount not to exceed \$6,778,015; and
B. Approve a contingency of \$677,801 (10%).

ADMINISTRATION COMMITTEE:

5. Approve minutes of the February 11, 2015 meeting of the Administration Committee.
6. Receive and file Orange County Sanitation District Second Quarter Financial Report for the period ended December 31, 2014.
7. Approve the FY 2015-16 budget assumptions and direct staff to incorporate these parameters in preparing the FY 2015-16 budget update.

STEERING COMMITTEE:

8. Approve minutes for the Steering Committee Meeting held on January 28, 2015.
9. Approve and authorize the execution of the compensation agreement with the City of Garden Grove and other taxing entities within the meaning of Health and Safety Code Section 34180(f), as required by the California Department of Finance.
10. A. Adopt Resolution No. OCSD 15-04 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving the Memoranda of Understanding between the Orange County Sanitation District and the Orange County Employees Association (OCEA), for Fiscal Years 2014/2015 & 2015/2016."
B. Direct staff to finalize and sign the Memoranda of Understanding (MOUs) between Orange County Sanitation District and the three (3) OCEA bargaining units.

11. Adopt Resolution No. OCSD 15-05, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving Salary and Benefit Adjustments for Unrepresented Non-exempt Confidential Employees for Fiscal Years 2014/2015 & 2015/2016."
12. Adopt Resolution No. OCSD 15-06, entitled, A Resolution of the Board of Directors of the Orange County Sanitation District Adopting a Revised Policy Regarding Board of Directors' Expense Reimbursement and Meeting Attendance and Compensation and Repealing Resolution No. OCSD 14-04.

LEGISLATIVE AND PUBLIC AFFAIRS SPECIAL COMMITTEE:

13. Receive and file the minutes of the February 9, 2015 meeting of the Legislative and Public Affairs Special Committee.

NON-CONSENT:

14. A. Consider, receive, and file the Initial Study/Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for the MacArthur Pump Station Rehabilitation, Project No. 7-63, prepared by JACOBS; and
- B. Adopt Resolution No. OCSD 15-07 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District adopting the Mitigated Negative Declaration for the MacArthur Pump Station Rehabilitation Project No. 7-63; Adopting a Mitigation Monitoring and Reporting Program; and approving the MacArthur Pump Station Rehabilitation Project No. 7-63."

AB 1234 REPORTS:

INFORMATION ITEMS:

None.

CLOSED SESSION:

During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chair may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government Code Sections 54956.8, 54956.9, 54957 or 54957.6, as noted.

Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; (c) employment actions or negotiations with employee representatives; or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time as the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information.

Convene in closed session.

- (1) CONFER WITH LABOR NEGOTIATORS
(Government Code Section 54957.6)

Agency Designated Representatives: Steve Filarsky, James Herberg, Robert Ghirelli, and Richard Spencer.

Employee Organizations: 1

- International Union of Operating Engineers, Local 501

- (2) CONFERENCE WITH LEGAL COUNSEL RE. EXISTING LITIGATION
(Government Code Section 54956.9(d)(1))

Name of Case: City of Los Angeles, et al. v. County of Kern, Kern County Superior Court, Case No. S-1500-CV-284100-KCT.

- (3) CONFERENCE WITH LEGAL COUNSEL RE ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(4))

Initiation of Litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9

Number of Potential Cases: 1

Recovery of sales tax paid to the State Board of Equalization on the purchase of chemicals used to treat wastewater.

Reconvene in regular session.

Consideration of action, if any, on matters considered in closed session.

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:

ADJOURNMENT:

Adjourn the Board meeting until the next Regular Board Meeting on March 25, 2015, at 6:00 p.m.

Accommodations for the Disabled: Meeting Rooms are wheelchair accessible. If you require any special disability related accommodations, please contact the Orange County Sanitation District Clerk of the Board's office at (714) 593-7433 at least 72 hours prior to the scheduled meeting. Requests must specify the nature of the disability and the type of accommodation requested.

Agenda Posting: In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted outside the main gate of the Sanitation District's Administration Building located at 10844 Ellis Avenue, Fountain Valley, California, not less than 72 hours prior to the meeting date and time above. All public records relating to each agenda item, including any public records distributed less than 72 hours prior to the meeting to all, or a majority of the Board of Directors, are available for public inspection in the office of the Clerk of the Board.

NOTICE TO DIRECTORS: To place items on the agenda for the Committee Meeting, items must be submitted to the Clerk of the Board 14 days before the meeting.

Kelly A. Lore
Acting Clerk of the Board
(714) 593-7433
kllore@ocsd.com

For any questions on the agenda, Committee members may contact staff at:

General Manager	Jim Herberg	(714) 593-7300	jherberg@ocsd.com
Assistant General Manager	Bob Ghirelli	(714) 593-7400	rghirelli@ocsd.com
Director of Engineering	Rob Thompson	(714) 593-7310	rthompson@ocsd.com
Director of Facility Support Services	Nick Arhontes	(714) 593-7210	narhontes@ocsd.com
Director of Finance and Administrative Services	Lorenzo Tyner	(714) 593-7550	ltynes@ocsd.com
Director of Operations & Maintenance	Ed Torres	(714) 593-7080	etorres@ocsd.com

Orange County Sanitation District
MINUTES
BOARD MEETING
January 28, 2015



Administration Building
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 January 28, 2015, at 6:00 p.m., in the Administration Building. Director Fred Smith delivered the invocation and led the Pledge of Allegiance.

The Clerk of the Board declared a quorum present as follows:

ACTIVE DIRECTORS

ALTERNATE DIRECTORS

X	Tom Beamish, Chair		Rose Espinoza
X	John Nielsen, Vice-Chair		Allan Bernstein
X	David Benavides		Sal Tinajero
X	Steven Choi		Lynn Schott
X	Keith Curry		Scott Peotter
X	Ellery Deaton		Sandra Massa-Lavitt
X	Tyler Diep		Joy Neugebauer
X	James M. Ferryman		Bob Ooten
X	Steven Jones		Kris Beard
X	Jim Katapodis		Erik Peterson
X	Robert Kiley		Michael Beverage
X	Peter Kim		Michele Steggell
X	Lucille Kring		Jordan Brandman
X	Greg Mills		Robert Collacott
X	Richard Murphy		Shelley Hasselbrink
X	Steve Nagel		Michael Vo
	VACANT – OC Board of Supervisors	A	Shawn Nelson
X	Glenn Parker		Cecilia Hupp
X	Gregory Sebourn		Jan Flory
X	David Shawver		Carol Warren
X	Fred Smith		Steve Berry
	Teresa Smith	X	Mark Murphy
X	Chad Wanke		Constance Underhill
X	John Withers		Douglas Reinhart
	Mariellen Yarc	X	Stacy Berry

STAFF MEMBERS PRESENT: Jim Herberg, General Manager; Bob Ghirelli, Assistant General Manager; Rob Thompson, Director of Engineering; Jeff Reed, Director of Human Resources; Lorenzo Tyner, Director of Finance & Administrative Services; Maria Ayala, Clerk of the Board; Eddie Baker; Jennifer Cabral; Ron Coss; Mark Esquer; Norbert Gaia; Al Garcia; Stephanie Good; Kelly Lore; Mark Mutz; Andrew Nau; Michael Puccio; and Rich Spencer; Paula Zeller.

OTHERS PRESENT: Brad Hogin (General Counsel); Steve Filarsky (Consultant); Sandra Massa-Lavitt (Alternate Director, Seal Beach); Robert Ooten (Alternate Director, CMSD); and Jim Ruth (Consultant)

PUBLIC COMMENTS:

Mark Mutz and Eddie Baker (OCSD employees) each spoke on the many contributions their labor group (bargaining unit Local 501) provides to the District, and the importance of a new fair labor agreement.

SPECIAL PRESENTATIONS:

General Manager, Jim Herberg, introduced Jeff Reed, Director of Human Resources and recognized him for his retirement after his 27 years of service to the District. Mr. Reed said a few words, thanking the OCSD Board and staff, and speaking to the importance of the District's mission and future.

REPORTS:

Chair Beamish reported on the recent Board Orientation. He took a quick survey of those who would be interested in attending a potential second session. He announced that additional information to come on a second session.

He also announced that the Groundwater Replenishment System (GWRS) Steering Committee Chair position rotates from year to year, and this year he will be Chairing this committee.

Mr. Herberg announced that Clerk of the Board, Maria Ayala would also be leaving the District for other employment. Mr. Herberg thanked Ms. Ayala for her service to the District. Ms. Ayala thanked the District and the Board.

General Manager, Jim Herberg, gave a brief report from his Monthly Update, which included: Update on the General Manager's Workplan; internal reorganization of facilities engineering division; HR partnership with CMSD; etc.

- 1. **MOVED, SECONDED, AND DULY CARRIED TO:** Receive and file Minute Excerpts of member agencies relating to appointments to the Orange County Sanitation District Board, as follows:

<u>City / Agency</u>	<u>Active Director</u>	<u>Alternate Director</u>
Anaheim	Lucille Kring	Jordan Brandman
Costa Mesa Sanitary District	James Ferryman	Robert Ooten
Fountain Valley	Steve Nagel	Michael Vo
Garden Grove	Steve Jones	Kris Beard
Irvine	Steven Choi	Lynn Schott
Irvine Ranch Water District	John Withers	Douglas Reinhart
Newport Beach	Keith Curry	Scott Peotter
Seal Beach	Ellery Deaton	Sandra Massa-Lavitt
Stanton	David Shawver	Carol Warren
Yorba Linda Water District	Robert R. Kiley	Michael J. Beverage
Anaheim	Lucille Kring	Jordan Brandman

CONSENT CALENDAR:

2. **MOVED, SECONDED, AND DULY CARRIED TO:** Approve minutes for the Regular Board Meeting held on December 17, 2014.

AYES: Beamish; Benavides; Choi; Curry; Diep; Ferryman; Jones; Kim; Kring; Mills; R. Murphy; Nagel; Nielsen; Sebourn; Shawver; F. Smith; Wanke; and Withers

NOES: None

ABSTENTIONS: Berry (Alternate); Deaton; Katapodis; Kiley; M. Murphy (Alternate); and Parker

ABSENT: Nelson (Alternate)

3. **MOVED, SECONDED, AND DULY CARRIED TO:** Approve minutes for the Special Board Meeting held on January 14, 2015.

AYES: Beamish; Benavides; Choi; Curry; Diep; Ferryman; Jones; Katapodis; Kim; Kring; Mills; R. Murphy; Nagel; Nielsen; Sebourn; Shawver; F. Smith; Wanke; and Withers

NOES: None

ABSTENTIONS: Berry (Alternate); Deaton; Kiley; M. Murphy (Alternate); and Parker

ABSENT: Nelson (Alternate)

4. **MOVED, SECONDED, AND DULY CARRIED TO:** Approve Amendment No. 1 to the Professional Consultant Services Agreement with Brown & Caldwell to provide construction support services for Newport Force Main Rehabilitation, Project No. 5-60, for \$251,610 increasing the total amount not to exceed \$2,483,535.

AYES: Beamish; Benavides; Berry (Alternate); Choi; Curry; Deaton; Diep; Ferryman; Jones; Katapodis; Kiley; Kim; Kring; Mills; M. Murphy (Alternate); R. Murphy; Nagel; Nielsen; Parker; Sebourn; Shawver; F. Smith; Wanke; and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Nelson (Alternate)

5. **MOVED, SECONDED, AND DULY CARRIED TO:**

- A. Approve an increase in the budget for Final Effluent Sampler and Building Area Upgrades, Project No. J-110, by \$1,203,000 for a total project budget of \$15,973,000;
- B. Approve a decrease in the budget for Site and Security Improvements at Plant No. 2, Project No. P2-96, by \$1,203,000 for a total project budget of \$252,000;
- C. Receive and file bid tabulation and recommendation;
- D. Award a construction contract to Shimmick Construction for Final Effluent Sampler and Building Area Upgrades, Project No. J-110, and Site and Security Improvements at Plant No. 2, Project No. P2-96, for a total amount not to exceed \$9,716,000; and
- E. Approve a contingency of \$485,800 (5%) for the combined projects Final Effluent Sampler and Building Area Upgrades, Project No. J-110, and Site and Security Improvements at Plant No. 2, Project No. P2-96.

AYES: Beamish; Benavides; Berry (Alternate); Choi; Curry; Deaton; Diep; Ferryman; Jones; Katapodis; Kiley; Kim; Kring; Mills; M. Murphy (Alternate); R. Murphy; Nagel; Nielsen; Parker; Sebourn; Shawver; F. Smith; Wanke; and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Nelson (Alternate)

STEERING COMMITTEE:

6. **MOVED, SECONDED, AND DULY CARRIED TO:** Approve minutes for the Steering Committee Meeting held on December 17, 2014.

AYES: Beamish; Benavides; Berry (Alternate); Choi; Curry; Deaton; Diep; Ferryman; Jones; Katapodis; Kiley; Kim; Kring; Mills; M. Murphy (Alternate); R. Murphy; Nagel; Nielsen; Parker; Sebourn; Shawver; F. Smith; Wanke; and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Nelson (Alternate)

7. **MOVED, SECONDED, AND DULY CARRIED TO:** Adopt Resolution No. OCSD 15-01, entitled, "A Resolution of the Board of Directors of Orange County Sanitation District Fixing and Establishing Rules of procedure for the Conduct of Business of the District, and Repealing Resolution No. OCSD 10-06."

AYES: Beamish; Benavides; Berry (Alternate); Choi; Curry; Deaton; Diep; Ferryman; Jones; Katapodis; Kiley; Kim; Kring; Mills; M. Murphy (Alternate); R. Murphy; Nagel; Nielsen; Parker; Sebourn; Shawver; F. Smith; Wanke; and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Nelson (Alternate)

8. **MOVED, SECONDED, AND DULY CARRIED TO:** Approve the Orange County Sanitation District 2015 Legislative Plan.

AYES: Beamish; Benavides; Berry (Alternate); Choi; Curry; Deaton; Diep; Ferryman; Jones; Katapodis; Kiley; Kim; Kring; Mills; M. Murphy (Alternate); R. Murphy; Nagel; Nielsen; Parker; Sebourn; Shawver; F. Smith; Wanke; and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Nelson (Alternate)

LEGISLATIVE AND PUBLIC AFFAIRS SPECIAL COMMITTEE:

9. **MOVED, SECONDED, AND DULY CARRIED TO:** Receive and file the minutes of the January 12, 2015 meeting of the Legislative and Public Affairs Special Committee.

AYES: Beamish; Benavides; Berry (Alternate); Choi; Curry; Deaton; Diep; Ferryman; Jones; Katapodis; Kiley; Kim; Kring; Mills; M. Murphy (Alternate); R. Murphy; Nagel; Nielsen; Parker; Sebourn; Shawver; F. Smith; Wanke; and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Nelson (Alternate)

GWRS STEERING COMMITTEE:

10. **MOVED, SECONDED, AND DULY CARRIED TO:** Receive and file the minutes of the October 13, 2014 meeting of the GWRS Steering Committee.

AYES: Beamish; Benavides; Berry (Alternate); Choi; Curry; Deaton; Diep; Ferryman; Jones; Katapodis; Kiley; Kim; Kring; Mills; M. Murphy (Alternate); R. Murphy; Nagel; Nielsen; Parker; Sebourn; Shawver; F. Smith; Wanke; and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Nelson (Alternate)

Directors Curry, Diep, and Jones departing the meeting at about 6:30 p.m.

NON-CONSENT:

Jim Ruth, District Consultant on Labor Negotiations, introduced Item No. 11. Mr. Ruth reported on the negotiations process and timeline, and coming to the agreement with the labor unit on the proposed MOU tonight.

11. **MOVED, SECONDED, AND DULY CARRIED TO:** Adopt Resolution No. OCSD 15-02, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving the Memoranda of Understanding between the Orange County Sanitation District and the Supervisory and Professional Management Group, for Fiscal Years 2013/2014, 2014/2015 & 2015/2016."

Clerk of the Board conducted a roll call vote as follows:

AYES: Beamish; Benavides; Choi; Deaton; Ferryman; Kring; M. Murphy (Alternate); R. Murphy; Nagel; Nielsen; Sebourn; Shawver; F. Smith; Wanke; and Withers

NOES: Kim and Mills

ABSTENTIONS: Berry (Alternate); Katapodis; Kiley; and Parker

ABSENT: Curry; Diep; Jones; and Nelson (Alternate)

General Manager, Jim Herberg, introduced Item No. 12. Mr. Herberg explained the status of the following unrepresented employees, and the process for providing these employees with the same proposal (terms) as to those employees in Agenda Item No. 11.

12. MOVED, SECONDED, AND DULY CARRIED TO: Adopt Resolution No. OCSD 15-03, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving Salary and Benefit Adjustments for Unrepresented Exempt Confidential Employees for Fiscal Years 2013/2014, 2014/2015 & 2015/2016."

Clerk of the Board conducted a roll call vote as follows:

AYES: Beamish; Benavides; Choi; Deaton; Ferryman; Kring; M. Murphy (Alternate); R. Murphy; Nagel; Nielsen; Sebourn; Shawver; F. Smith; Wanke; and Withers

NOES: Kim and Mills

ABSTENTIONS: Berry (Alternate); Katapodis; Kiley; and Parker

ABSENT: Curry; Diep; Jones; and Nelson (Alternate)

AB1234 REPORTS:

Vice-Chair Nielsen reported on having attended the recent CASA Conference in Palm Springs. He briefly reported on the various sessions regarding renewable energy and resources.

Director Ferryman reported on the following from the respective committees he is a member of:

- SARFPA, the potential budget amount SARFPA is scheduled to receive; and, taking a tour in the near future of the Southern Oaks Dam
- OCCOG, the Committee selected Bert Hack as the new Chairman. The following were also elected: Barbara Kogerman to District 13; Steve Nagel to District 15; and Marty Simonoff to District 32.
- Borders Committee, attended an informational session recently (as there was not a quorum)
- GWRS, attended the meeting recently and congratulated Chair Beamish on his new appointment as GWRS Chair.

INFORMATION ITEMS:

None.

CONVENED IN CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS: 54956.9(d)(2); 54956.9(d)(4) and 54957.6

The Board convened in closed session at 6:49 p.m. to discuss three items. Confidential minutes of the Closed Session have been prepared in accordance with the above Government Code Sections and are maintained by the Clerk of the Board in the Official Book of Confidential Minutes of Board and Committee Closed Meetings.

RECONVENED IN REGULAR SESSION: The Board reconvened in regular session at 7:09 p.m.

CONSIDERATION OF ACTION, IF ANY, ON MATTERS CONSIDERED IN CLOSED SESSION:

None.

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:

Chair Beamish announced the recent appointments of Director Greg Sebourn (Fullerton) as Operations Committee Chair and Director Dave Shawver (Stanton) as Operations Committee Vice-Chair. Director Shawver was also appointed as a Member-at-Large to the Steering Committee.

ADJOURNMENT:

The Chair adjourned the meeting at 7:10 p.m. until the Regular Board Meeting on February 25, 2015 at 6:00 p.m.

Maria E. Ayala
Clerk of the Board

**MINUTES OF THE
OPERATIONS COMMITTEE
Engineering, Operations & Maintenance, and Facilities Support Services**

Orange County Sanitation District

A regular meeting of the Operations Committee of the Orange County Sanitation District was held on February 4, 2015, at 5:04 p.m. at the District's Administrative Office. Committee Chair Sebourn called the meeting to order and led the Flag Salute.

A quorum was declared present, as follows:

Operations Directors Present:

Greg Sebourn, Chair
David Shawver, Vice-Chair
Ellery Deaton
Robert Kiley
Lucille Kring
Richard Murphy
Steve Nagel
Fred Smith
Chad Wanke
Mariellen Yarc
John Nielsen, Board Vice-Chair

Operations Directors Absent:

Steve Jones
Lisa Bartlett
Tom Beamish, Board Chair

Staff Present:

Jim Herberg, General Manager
Rob Thompson, Director of Engineering
Nick Arhontes, Director of Facilities Support
Services
Jeff Reed, Director of Human Resources
Lorenzo Tyner, Director of Finance &
Administrative Services
Maria Ayala, Clerk of the Board
Cindi Ambrose
Dean Fisher
Norbert Gaia
Al Garcia
Rebecca Long
Kathy Millea
Victoria Pilko
Mike Puccio

Others Present:

Brad Hogin, General Counsel
Bob Ooten (Alternate Director)

PUBLIC COMMENTS:

No public comments.

REPORT OF COMMITTEE CHAIR:

Committee Chair Sebourn did not provide a report.

REPORT OF GENERAL MANAGER

General Manager, Jim Herberg, announced that staff would be sending a Poll to the Board on new tentative dates for a second Board Orientation. The new tentative dates are: March 4, 11, and 12.

Mr. Herberg also announced that plans for Directors to attend a tour on the Nerissa (OCSD's ocean monitoring vessel) are being worked out. More information will be coming soon on potential date(s) for this event.

CONSENT CALENDAR:

Clerk of the Board announced that agenda item No. 3 will be PULLED.

1. **MOVED, SECONDED, and DULY CARRIED TO:** Approve Minutes of December 3, 2014, Operations Committee meeting.

AYES: Kiley, Murphy, Nagel, Nielsen, Sebourn, Shawver, Smith, F., and Yarc

NOES: None

ABSTENTIONS: None

ABSENT: Bartlett, Beamish, Deaton, Jones, Kring, and Wanke

2. **MOVED, SECONDED, and DULY CARRIED TO:**

A. Award a purchase order to Superior Electric Motor Services for the replacement of ten (10) Toshiba HVK 12Kv circuit breakers, Specification No. E-2014-641BD, for the Plant No. 1 Central Generation Facility for a total amount not to exceed \$176,000 and;

B. Approve a contingency of \$8,800 (5%)

AYES: Kiley, Murphy, Nagel, Nielsen, Sebourn, Shawver, Smith, F., and Yarc

NOES: None

ABSTENTIONS: None

ABSENT: Bartlett, Beamish, Deaton, Jones, Kring, and Wanke

Item No. 3 PULLED from the agenda.

~~3. Recommend to the Board of Directors to:~~

~~A. Approve a three year real property lease, and subterranean license agreement with an option to renew for an additional three 1 year renewal periods, with Pacific Quality Packaging Corp to allow mobilization of a chemical dosing station and injection of chemicals at 1355 West Imperial Highway in Brea for a total cost of \$1,250 per month, in a form approved~~

by General Counsel; and

- B. ~~Approve a contingency of 15% for each renewal period.~~

NON-CONSENT:

Michael Puccio, Engineering Manager, provided a brief *PowerPoint* presentation with information on the scope of the project, and the design services needed.

Director Kring arrived at the meeting at 5:09 p.m.

- 4. MOVED, SECONDED, and DULY CARRIED TO: Recommend to the Board of Directors to:
 - A. Approve a Professional Design Services Agreement with Brown & Caldwell to provide engineering design services for the Ocean Outfall System, Project No. J-117, for an amount not to exceed \$6,778,015; and
 - B. Approve a contingency of \$677,801 (10%).

AYES: Kiley, Kring, Murphy, Nagel, Nielsen, Sebourn, Shawver, Smith, F., and Yarc

NOES: None

ABSTENTIONS: None

ABSENT: Bartlett, Beamish, Deaton, Jones, and Wanke

INFORMATION ITEMS:

- 5. Quarterly Odor Complaint Report

Director of Operations and Maintenance, Ed Torres provided a brief summary of the odor complaints. During the 2nd quarter, there was only one complaint at Plant No. , six complaints at Plant No. 2 and eleven complaints were attributed to the collections system. A table providing complaint history was attached to the agenda report.

Director Wanke arrived at the meeting at 5:19 p.m.

- 6. CIP Overview

Director of Engineering, Rob Thompson, gave an information PowerPoint presentation on the Capital Improvement Program.

Vice-Chair Nielsen departed the meeting at 5:45 p.m.

Director Deaton arrived at the meeting at 5:50 p.m.

DEPARTMENT HEAD REPORT:

Director of Engineering Rob Thompson provided an update to the committee on Project 5-60 concerning the work being completed on Pacific Coast Highway; stating there have been a few setbacks with the contractor but staff is constantly working with the contractor to solve the issues.

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:

Chair Sebourn introduced himself as the new Operations Committee Chair and stated that there were several new members to this committee; he asked everyone to introduce themselves.

ADJOURNMENT

At 6:03 p.m., Committee Chair Sebourn declared the meeting adjourned to the next scheduled meeting of Wednesday, March 4, 2015 at 5:00 p.m.

Submitted by,

Maria E. Ayala
Clerk of the Board

OPERATIONS COMMITTEE

Meeting Date 02/04/15	To Bd. of Dir. 02/25/15
Item Number 4	Item Number 4

AGENDA REPORT

Orange County Sanitation District

FROM: James D. Herberg, General Manager
Originator: Rob Thompson, Director of Engineering

SUBJECT: OCEAN OUTFALL SYSTEM, PROJECT NO. J-117

GENERAL MANAGER'S RECOMMENDATION

- A. Approve a Professional Design Services Agreement with Brown & Caldwell to provide engineering design services for the Ocean Outfall System, Project No. J-117, for an amount not to exceed \$6,778,015; and
- B. Approve a contingency of \$677,801 (10%).

SUMMARY

The Orange County Sanitation District (Sanitation District) has two effluent pump stations located at Plant No. 2 to pump the treated effluent out to sea: Ocean Outfall Booster Station (OOBS) and Effluent Pump Station Annex (EPSA). Under normal conditions, the long outfall is used to pump the effluent five miles out to sea. Under emergency conditions, the one-mile short outfall is used.

The OOBS constructed in 1988, is the older and larger of the two stations and has a capacity of 600 MGD. The EPSA completed in 2007, has a capacity of 360 MGD.

Declining plant influent flow from water conservation and reduction in effluent flows due to the Sanitation District's agreement to provide secondary treated water to the Orange County Water District (OCWD) for the Groundwater Replenishment System (GWRS), have reduced outfall flows lower than previously projected. The existing OOBS and EPSA pumps are frequently operating below their minimum design capacities. This causes inefficient pumping and has detrimental effects on the pumps and piping, creating higher maintenance costs and shorter equipment life.

Additionally, OCWD is projecting the need for even more secondary treated water with their final expansion. This will result in lower dry weather effluent flows which would potentially be only non-reclaimable flows including OCWD brine and centrate from the future Plant Nos. 1 and 2 centrifuges.

Several studies have been conducted by consultants to evaluate the existing equipment and condition at OOBS. The conclusions were that the mechanical and electrical equipment and systems are nearing the end of their useful lives.

The Sanitation District advertised a Request for Proposal on September 23, 2014, and two proposals were received on November 25, 2014. Based on the overall qualifications and expertise, staff recommends awarding a Professional Design Services Agreement to Brown & Caldwell.

The evaluation and selection process is based on procedures pursuant to the California Government Code requiring the Sanitation District to select "the best qualified firm" for architectural and engineering services and to negotiate a "fair and reasonable" fee with that firm.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

General

This project will assess and rehabilitate deteriorating and/or obsolete electrical, mechanical, structural, instrumentation, control systems, break room, and restrooms at OOBs; assess and redesign the EPSA motor cooling system; modify the EPSA Standby Power Facility switchgear controls for interface with the new OOBs 12.47-kV switchgear; perform hydraulic analyses for flow scenarios for gravity and outfall pumping, and determine the size of a new low flow outfall pump station; construct a new low flow outfall pump station to more efficiently pump the current and future low flow conditions; develop new operating philosophies for the outfall pump stations and outfall system; rehabilitate interplant pipelines (84 inch and 120 inch), junction boxes, and overflow structures; install a new fiber optic cable between Plant No. 1 Central Generation Facilities and Plant No. 2 OOBs; and revising the conduits within the plants to accommodate the routing revisions. The Scope of Work also includes replacement of portions of the pumping systems and other major pieces of equipment that are at the end of their useful lives, becoming obsolete and difficult to service.

Request for Proposal:

A Request for Proposal which describes the Consultant's Scope of Work required for this project was advertised on September 23, 2014.

As a result, proposals were received from Black & Veatch and Brown & Caldwell on November 25, 2014. A Staff Evaluation Committee consisting of six representatives from Engineering, and Operations and Maintenance Departments reviewed and ranked each of the proposals in accordance with the evaluation process set forth in Sanitation District Board of Directors' Ordinance No. OCSD-44. A representative from the Contracts Administration Division participated in the evaluation process as a non-voting member. The proposals were evaluated according to the following criteria: (1) project understanding and approach; (2) understanding of project risks and risk mitigation plan; (3) applicable related project experience; (4) project team and staff qualifications; and (5) estimated level of effort.

After reviewing and scoring the proposals, the two Consultant firms were ranked according to the score achieved. The Evaluation Committee interviewed both proposing firms to meet the proposed key team members and further evaluate the firms' proposals. Pursuant to the results of the interview, the Evaluation Committee selected Brown & Caldwell as the top-ranked firm as shown in Table 1.

**TABLE 1
PROPOSAL EVALUATION***

Consultant Evaluator	Brown & Caldwell	Black & Veatch
Reviewer A	1	2
Reviewer B	1	2
Reviewer C	1	2
Reviewer D	1	2
Reviewer E	1	2
Reviewer F	1	2
Overall Ranking	1	2
Proposal Fee	\$6,926,047	NA
Negotiated Fee Proposal	\$6,778,015	NA

* Based on scores after interview

Brown & Caldwell was unanimously ranked highest by the Evaluation Committee based on their understanding of the challenges of the project, a clear and efficient approach for risk management that addresses Sanitation District's goals, and a highly-qualified project team with previous experience with similar projects.

Both proposals were accompanied by a sealed fee proposal estimate. The fee proposal of the highest ranked firm was not opened until the proposals were evaluated and a top-ranked firm was selected in accordance with Sanitation District Ordinance No. OCSD-44. Staff conducted negotiations with Brown & Caldwell to clarify the requirements of the Scope of Work and their proposed work effort. During the negotiation meetings, the project Scope of Work, level of effort, and assumptions were discussed and clarified as required for the completion of the Scope of Work for the project. As a result of these negotiations, Brown & Caldwell submitted a revised fee proposal.

Based on the above, staff determined the final cost proposal to be fair and reasonable for the Scope of Work and recommends awarding the Professional Design Services Agreement to Brown & Caldwell.

CEQA

Notice of Exemption was filed on April 30, 2014.

BUDGET/PURCHASING ORDINANCE COMPLIANCE

This request complies with the authority levels in the Sanitation District's Purchasing Ordinance. This item has been budgeted (Line item: FY 2014-15, Section 8, Page 86) and the project budget is sufficient for the recommended action.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Professional Design Services Agreement

VP:dm:gc

PROFESSIONAL DESIGN SERVICES AGREEMENT

THIS AGREEMENT, is made and entered into to be effective the 25th day of February, 2015 by and between the ORANGE COUNTY SANITATION DISTRICT, hereinafter referred to as "SANITATION DISTRICT", and **BROWN AND CALDWELL**, for purposes of this Agreement hereinafter referred to as "CONSULTANT".

WITNESSETH:

WHEREAS, the SANITATION DISTRICT desires to engage a CONSULTANT for **Ocean Outfall System Rehabilitation, Project No. J-117**; and to provide Design services for the assessment and rehabilitation of the deteriorating and/or obsoleted electrical, mechanical, structural, instrumentation and control systems at the OOBs; evaluate space utilization at the OOBs; assess and redesign certain mechanical and instrumentation and control systems at EPSA and EPSA Standby Power Facility; perform hydraulic analyses to design and construct a new outfall pumping facility; rehabilitate interplant pipelines, junction boxes and overflow structures, and install a new fiber optic cable between the plants.

WHEREAS, CONSULTANT is qualified to provide the necessary services in connection with these requirements and has agreed to provide the necessary professional services; and,

WHEREAS, the SANITATION DISTRICT has adopted procedures for the selection of professional services and has proceeded in accordance with said procedures to select a CONSULTANT to perform this work; and,

WHEREAS, at its regular meeting on February 25, 2015 the Board of Directors, by Minute Order, accepted the recommendation of the Operations Committee pursuant to SANITATION DISTRICT Board of Directors' Ordinance No. OCSD-44 to approve this Agreement between the SANITATION DISTRICT and CONSULTANT.

NOW, THEREFORE, in consideration of the promises and mutual benefits, which will result to the parties in carrying out the terms of this Agreement, it is mutually agreed as follows:

1. SCOPE OF WORK

CONSULTANT agrees to furnish necessary professional and technical services to accomplish those project elements outlined in the Scope of Work attached hereto as Attachment "A", and by this reference made a part of this Agreement.

- A. The CONSULTANT shall be responsible for the professional quality, technical accuracy, completeness, and coordination of all design, drawings, specifications, and other services furnished by the CONSULTANT under this Agreement, including the work performed by its Subconsultants. Where approval by the SANITATION DISTRICT is indicated, it is understood to be conceptual approval only and does not relieve the CONSULTANT of responsibility for complying with all laws, codes, industry standards and liability for damages caused by errors, omissions, noncompliance with industry standards, and/or negligence on the part of the CONSULTANT or its Subconsultants.

- B. CONSULTANT is responsible for the quality of work prepared under this Agreement and shall perform its work in accordance with engineering standards in effect for clarity, uniformity, and completeness. CONSULTANT shall respond to all comments, suggestions, and recommendations on the SANITATION DISTRICT's review comment sheets (i.e. DS1, DS2 and DS3). All comments shall be incorporated into the design prior to the next submittal deadline or addressed, in writing, as to why the comment has not been incorporated. CONSULTANT shall ensure that each submittal is 100% accurate for the level of work submitted (i.e. correct references, terms, capitalization or equal status, spelling, punctuation, etc.)
- C. In the event that work is not performed to the satisfaction of the SANITATION DISTRICT and does not conform to the requirements of this Agreement or any applicable industry standards, the CONSULTANT shall, without additional compensation, promptly correct or revise any errors or deficiencies in its designs, drawings, specifications, or other services within the timeframe specified by the Project Engineer/Project Manager. The SANITATION DISTRICT may charge to CONSULTANT all costs, expenses and damages associated with any such corrections or revisions.
- D. All CAD drawings, figures, and other work shall be produced by CONSULTANTS and Subconsultants using the SANITATION DISTRICT CAD Manual. Conversion of CAD work from any other non-standard CAD format to the SANITATION DISTRICT format shall not be acceptable in lieu of this requirement.

Electronic files shall conform to the SANITATION DISTRICT specifications. Any changes to these specifications by the CONSULTANT are subject to review and approval of the SANITATION DISTRICT.

Electronic files shall be subject to an acceptance period of thirty (30) calendar days during which the SANITATION DISTRICT shall perform appropriate reviews and including CAD Manual compliance. CONSULTANT shall correct any discrepancies or errors detected and reported within the acceptance period at no additional cost to the SANITATION DISTRICT.

- E. The CONSULTANT shall ensure that all plans and specifications prepared, or recommended under this Agreement allow for competitive bidding. The CONSULTANT shall design such plans or specifications so that procurement of services, labor or materials are not available from only one source, and shall not design plans and specifications around a single or specific product, piece of major equipment or machinery, a specific patented design or a proprietary process, unless required by principles of sound engineering practice and supported by a written justification that has been approved in writing by the SANITATION DISTRICT. The CONSULTANT shall submit this written justification to the SANITATION DISTRICT prior to beginning work on such plans and specifications. Whenever the CONSULTANT recommends a specific product or equipment for competitive procurement, such recommendation shall include at least two brand names of products that are capable of meeting the functional requirements applicable to the project.

- F. All professional services performed by the CONSULTANT, including but not limited to all drafts, data, correspondence, proposals, reports, and estimates compiled or composed by the CONSULTANT, pursuant to this Agreement, are for the sole use of the SANITATION DISTRICT, its agents and employees. Neither the documents nor their contents shall be released to any third party without the prior written consent of the SANITATION DISTRICT. This provision does not apply to information that (a) was publicly known, or otherwise known to the CONSULTANT, at the time that it was disclosed to the CONSULTANT by the SANITATION DISTRICT, (b) subsequently becomes publicly known to the CONSULTANT other than through disclosure by the SANITATION DISTRICT.

2. COMPENSATION

Total compensation shall be paid to CONSULTANT for services in accordance with the following provisions:

A. Total Compensation

Total compensation shall be in an amount not to exceed **Six Million Seven Hundred Seventy Eight Thousand and Fifteen Dollars (\$6,778,015)**. Total compensation to CONSULTANT including burdened labor (salaries plus benefits), overhead, profit, direct costs, and Subconsultant(s) fees and costs shall not exceed the sum set forth in Attachment "E" - Fee Proposal.

B. Labor

As a portion of the total compensation to be paid to CONSULTANT, the SANITATION DISTRICT shall pay to CONSULTANT a sum equal to the burdened salaries (salaries plus benefits) actually paid by CONSULTANT charged on an hourly-rate basis to this project and paid to the personnel of CONSULTANT. Upon request of the SANITATION DISTRICT, CONSULTANT shall provide the SANITATION DISTRICT with certified payroll records of all employees' work that is charged to this project.

C. Overhead

As a portion of the total compensation to be paid to CONSULTANT, the SANITATION DISTRICT shall compensate CONSULTANT and Subconsultants for overhead at the rate equal to the percentage of burdened labor as specified in Attachment "E" - Fee Proposal.

D. Profit

Profit for CONSULTANT and Subconsultants shall be a percentage of consulting services fees (Burdened Labor and Overhead). When the consulting or subconsulting services amount is \$250,000 or less, the maximum Profit shall be 10%. Between \$250,000 and \$2,500,000, the maximum Profit shall be limited by a straight declining percentage between 10% and 5%. For consulting or subconsulting services fees with a value greater than \$2,500,000, the maximum Profit shall be 5%. Addenda shall be governed by the same maximum Profit percentage after adding consulting services fees.

As a portion of the total compensation to be paid to CONSULTANT and Subconsultants, the SANITATION DISTRICT shall pay profit for all services rendered by CONSULTANT and Subconsultants for this project according to Attachment "E" - Fee Proposal.

E. Subconsultants

For any Subconsultant whose fees for services are greater than or equal to \$100,000 (excluding out-of-pocket costs), CONSULTANT shall pay to Subconsultant total compensation in accordance with the Subconsultant amount specified in Attachment "E" - Fee Proposal.

For any Subconsultant whose fees for services are less than \$100,000, CONSULTANT may pay to Subconsultant total compensation on an hourly-rate basis per the attached hourly rate Schedule and as specified in the Scope of Work. The SANITATION DISTRICT shall pay to CONSULTANT the actual costs of Subconsultant fees and charges in an amount not to exceed the sum set forth in Attachment "E" - Fee Proposal.

F. Direct Costs

The SANITATION DISTRICT shall pay to CONSULTANT and Subconsultants the actual costs of permits and associated fees, travel and licenses for an amount not to exceed the sum set forth in Attachment "E" - Fee Proposal. The SANITATION DISTRICT shall also pay to CONSULTANT actual costs for equipment rentals, leases or purchases with prior approval of the SANITATION DISTRICT. Upon request, CONSULTANT shall provide to the SANITATION DISTRICT receipts and other documentary records to support CONSULTANT's request for reimbursement of these amounts, see Attachment "D" - Allowable Direct Costs. All incidental expenses shall be included in overhead pursuant to Section 2 - COMPENSATION above.

G. Reimbursable Direct Costs

The SANITATION DISTRICT will reimburse the CONSULTANT for reasonable travel and business expenses as described in this section and further described in Attachment "D" - Allowable Direct Costs to this Agreement. The reimbursement of the above mentioned expenses will be based on an "accountable plan" as considered by Internal Revenue Service (IRS). The plan includes a combination of reimbursements based upon receipts and a "per diem" component approved by IRS. The most recent schedule of the per diem rates utilized by the SANITATION DISTRICT can be found on the U.S. General Service Administration website at <http://www.gsa.gov/portal/category/104711#>.

The CONSULTANT shall be responsible for the most economical and practical means or management of reimbursable costs inclusive but not limited to travel, lodging and meals arrangements. The SANITATION DISTRICT shall apply the most economic and practical method of reimbursement which may include reimbursements based upon receipts and/or "per diem" as deemed the most practical.

CONSULTANT shall be responsible for returning to the SANITATION DISTRICT any excess reimbursements after the reimbursement has been paid by the SANITATION DISTRICT.

Travel and travel arrangements – Any travel involving airfare, overnight stays or multiple day attendance must be approved by the SANITATION DISTRICT in advance.

Local Travel is considered travel by the CONSULTANT within the SANITATION DISTRICT geographical area which includes Orange, Los Angeles, Ventura, San Bernardino, Riverside, San Diego, Imperial and Kern Counties. Automobile mileage is reimbursable if CONSULTANT is required to utilize personal vehicle for local travel.

Lodging – Overnight stays will not be approved by the SANITATION DISTRICT for local travel. However, under certain circumstances overnight stay may be allowed at the discretion of the SANITATION DISTRICT based on reasonableness of meeting schedules and the amount of time required for travel by the CONSULTANT. Such determination will be made on a case-by-case basis and at the discretion of the SANITATION DISTRICT.

Travel Meals – Per-diem rates as approved by IRS shall be utilized for travel meals reimbursements. Per diem rates shall be applied to meals that are appropriate for travel times. Receipts are not required for the approved meals.

Additional details related to the reimbursement of the allowable direct costs are provided in the Attachment "D" - Allowable Direct Costs of this Agreement.

H. Limitation of Costs

[REVISED PER ADDENDUM NO. 1, ISSUED OCTOBER 24, 2014]

If, at any time, CONSULTANT estimates the cost of performing the services described in CONSULTANT's Proposal will exceed **seventy-five percent (75%)** of the not-to-exceed amount of the Agreement, including approved additional compensation, CONSULTANT shall notify the SANITATION DISTRICT immediately, and in writing. This written notice shall indicate the additional amount necessary to complete the services. Any cost incurred in excess of the approved not-to-exceed amount, without the express written consent of the SANITATION DISTRICT's authorized representative shall be at CONSULTANT's own risk. This written notice shall be provided separately from, and in addition to any notification requirements contained in the CONSULTANT's invoice and monthly progress report. Failure to notify the SANITATION DISTRICT that the services cannot be completed within the authorized not-to-exceed amount is a material breach of this Agreement.

3. REALLOCATION OF TOTAL COMPENSATION

The SANITATION DISTRICT, by its Director of Engineering, shall have the right to approve a reallocation of the incremental amounts constituting the total compensation, provided that the total compensation is not increased.

4. PAYMENT

A. Monthly Invoice: CONSULTANT shall include in its monthly invoice, a detailed breakdown of costs associated with the performance of any corrections or revisions of the work for that invoicing period. CONSULTANT shall allocate costs in the same manner as it would for payment requests as described in this Section of the Agreement. CONSULTANT shall warrant and certify the accuracy of these costs and understand that submitted costs are subject to Section 11 - AUDIT PROVISIONS.

B. CONSULTANT may submit monthly or periodic statements requesting payment for those items included in Section 2 - COMPENSATION hereof in the format as required by the SANITATION DISTRICT. Such requests shall be based upon the amount and value of the work and services performed by CONSULTANT under this Agreement and shall be prepared by CONSULTANT and accompanied by such supporting data, including a detailed breakdown of all costs incurred and project element work performed during the period covered by the statement, as may be required by the SANITATION DISTRICT.

Upon approval of such payment request by the SANITATION DISTRICT, payment shall be made to CONSULTANT as soon as practicable of one hundred percent (100%) of the invoiced amount on a per-project-element basis.

If the SANITATION DISTRICT determines that the work under this Agreement or any specified project element hereunder, is incomplete and that the amount of payment is in excess of:

- i. The amount considered by the SANITATION DISTRICT's Director of Engineering to be adequate for the protection of the SANITATION DISTRICT; or
- ii. The percentage of the work accomplished for each project element.

He may, at his discretion, retain an amount equal to that which insures that the total amount paid to that date does not exceed the percentage of the completed work for each project element or the project in its entirety.

C. CONSULTANT may submit periodic payment requests for each 30-day period of this Agreement for the profit as set forth in Section 2 - COMPENSATION above. Said profit payment request shall be proportionate to the work actually accomplished to date on a per-project-element basis. In the event the SANITATION DISTRICT's Director of Engineering determines that no satisfactory progress has been made since the prior payment, or in the event of a delay in the

work progress for any reason, the SANITATION DISTRICT shall have the right to withhold any scheduled proportionate profit payment.

- D. Upon satisfactory completion by CONSULTANT of the work called for under the terms of this Agreement, and upon acceptance of such work by the SANITATION DISTRICT, CONSULTANT will be paid the unpaid balance of any money due for such work, including any retained percentages relating to this portion of the work.
- E. Upon satisfactory completion of the work performed hereunder and prior to final payment under this Agreement for such work, or prior settlement upon termination of this Agreement, and as a condition precedent thereto, CONSULTANT shall execute and deliver to the SANITATION DISTRICT a release of all claims against the SANITATION DISTRICT arising under or by virtue of this Agreement other than such claims, if any, as may be specifically exempted by CONSULTANT from the operation of the release in stated amounts to be set forth therein.
- F. Pursuant to the California False Claims Act (Government Code Sections 12650-12655), any CONSULTANT that knowingly submits a false claim to the SANITATION DISTRICT for compensation under the terms of this Agreement may be held liable for treble damages and up to a ten thousand dollars (\$10,000) civil penalty for each false claim submitted. This Section shall also be binding on all Subconsultants.

A CONSULTANT or Subconsultant shall be deemed to have submitted a false claim when the CONSULTANT or Subconsultant: a) knowingly presents or causes to be presented to an officer or employee of the SANITATION DISTRICT a false claim or request for payment or approval; b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the SANITATION DISTRICT; c) conspires to defraud the SANITATION DISTRICT by getting a false claim allowed or paid by the SANITATION DISTRICT; d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to the SANITATION DISTRICT; or e) is a beneficiary of an inadvertent submission of a false claim to the SANITATION DISTRICT, and fails to disclose the false claim to the SANITATION DISTRICT within a reasonable time after discovery of the false claim.

5. PREVAILING WAGES

To the extent CONSULTANT intends to employ employees who will perform work during the design and preconstruction phases of a construction contract, as more specifically defined under Labor Code Section 1720, CONSULTANT shall be subject to prevailing wage requirements with respect to such employees.

6. DOCUMENT OWNERSHIP – SUBSEQUENT CHANGES TO PLANS AND SPECIFICATIONS

A. Ownership of Documents for the Professional Services performed.

All documents, including but not limited to, original plans, studies, sketches, drawings, computer printouts and disk files, and specifications prepared in connection with or related to the Scope of Work or Professional Services, shall be the property of the SANITATION DISTRICT. The SANITATION DISTRICT's ownership of these documents includes use of, reproduction or reuse of and all incidental rights, whether or not the work for which they were prepared has been performed. The SANITATION DISTRICT ownership entitlement arises upon payment or any partial payment for work performed and includes ownership of any and all work product completed prior to that payment. This Section shall apply whether the CONSULTANT's Professional Services are terminated: a) by the completion of the Agreement, or b) in accordance with other provisions of this Agreement. Notwithstanding any other provision of this paragraph or Agreement, the CONSULTANT shall have the right to make copies of all such plans, studies, sketches, drawings, computer printouts and disk files, and specifications.

B. CONSULTANT shall not be responsible for damage caused by subsequent changes to or uses of the plans or specifications, where the subsequent changes or uses are not authorized or approved by CONSULTANT, provided that the service rendered by CONSULTANT was not a proximate cause of the damage.

7. INSURANCE

A. General

- i. Insurance shall be issued and underwritten by insurance companies acceptable to the SANITATION DISTRICT.
- ii. Insurers must have an "A-" Policyholder's Rating, or better, and Financial Rating of at least Class VIII, or better, in accordance with the most current A.M. Best's Guide Rating. However, the SANITATION DISTRICT will accept State Compensation Insurance Fund, for the required policy of Worker's Compensation Insurance subject to the SANITATION DISTRICT's option to require a change in insurer in the event the State Fund financial rating is decreased below "B". Further, the SANITATION DISTRICT will require CONSULTANT to substitute any insurer whose rating drops below the levels herein specified. Said substitution shall occur within twenty (20) days of written notice to CONSULTANT, by the SANITATION DISTRICT or its agent.
- iii. Coverage shall be in effect prior to the commencement of any work under this Agreement.

B. General Liability

The CONSULTANT shall maintain during the life of this Agreement, including the period of warranty, Commercial General Liability Insurance written on an occurrence basis providing the following minimum limits of liability coverage: Two Million Dollars (\$2,000,000) per occurrence with Two Million Dollars (\$2,000,000) aggregate. Said insurance shall include coverage for the following hazards: Premises-Operations, blanket contractual liability (for this Agreement), products liability/completed operations (including any product manufactured or assembled), broad form property damage, blanket contractual liability, independent contractors liability, personal and advertising injury, mobile equipment, owners and contractors protective liability, and cross liability and severability of interest clauses. A statement on an insurance certificate will not be accepted in lieu of the actual additional insured endorsement(s). If requested by SANITATION DISTRICT and applicable, XCU coverage (Explosion, Collapse and Underground) and Riggers/On Hook Liability must be included in the General Liability policy and coverage must be reflected on the submitted Certificate of Insurance.

C. Umbrella Excess Liability

The minimum limits of general liability and Automotive Liability Insurance required, as set forth herein, shall be provided for through either a single policy of primary insurance or a combination of policies of primary and umbrella excess coverage. Umbrella excess liability coverage shall be issued with limits of liability which, when combined with the primary insurance, will equal the minimum limits for general liability and automotive liability.

D. Automotive/Vehicle liability Insurance

The CONSULTANT shall maintain a policy of Automotive Liability Insurance on a comprehensive form covering all owned, non-owned, and hired automobiles, trucks, and other vehicles providing the following minimum limits of liability coverage: Combined single limit of One Million Dollars (\$1,000,000) or alternatively, One Million Dollars (\$1,000,000) per person for bodily injury and One Million Dollars (\$1,000,000) per accident for property damage. A statement on an insurance certificate will not be accepted in lieu of the actual additional insured endorsement.

E. Worker's Compensation Insurance

The CONSULTANT shall provide such Workers' Compensation Insurance as required by the Labor Code of the State of California in the amount of the statutory limit, including Employer's Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000) per occurrence. Such Worker's Compensation Insurance shall be endorsed to provide for a waiver of subrogation in favor of the SANITATION DISTRICT. A statement on an insurance certificate will not be accepted in lieu of the actual endorsements unless the insurance carrier is State of California Insurance Fund and the identifier "SCIF" and endorsement numbers 2570 and 2065 are referenced on the certificate of insurance. If an exposure to

Jones Act liability may exist, the insurance required herein shall include coverage for Jones Act claims.

F. Errors and Omissions/Professional Liability

CONSULTANT shall maintain in full force and effect, throughout the term of this Agreement, standard industry form professional negligence errors and omissions insurance coverage in an amount of not less than Five Million Dollars (\$5,000,000) with limits in accordance with the provisions of this Paragraph. If the policy of insurance is written on a "claims made" basis, said policy shall be continued in full force and effect at all times during the term of this Agreement, and for a period of five (5) years from the date of the completion of the services hereunder.

In the event of termination of said policy during this period, CONSULTANT shall obtain continuing insurance coverage for the prior acts or omissions of CONSULTANT during the course of performing services under the term of this Agreement. Said coverage shall be evidenced by either a new policy evidencing no gap in coverage or by separate extended "tail" coverage with the present or new carrier.

In the event the present policy of insurance is written on an "occurrence" basis, said policy shall be continued in full force and effect during the term of this Agreement or until completion of the services provided for in this Agreement, whichever is later. In the event of termination of said policy during this period, new coverage shall be obtained for the required period to insure for the prior acts of CONSULTANT during the course of performing services under the term of this Agreement.

CONSULTANT shall provide to the SANITATION DISTRICT a certificate of insurance in a form acceptable to the SANITATION DISTRICT indicating the deductible or self-retention amounts and the expiration date of said policy, and shall provide renewal certificates not less than ten (10) days prior to the expiration of each policy term.

G. Proof of Coverage

The CONSULTANT shall furnish the SANITATION DISTRICT with original certificates and amendatory endorsements effecting coverage. Said policies and endorsements shall conform to the requirements herein stated. All certificates and endorsements are to be received and approved by the SANITATION DISTRICT before work commences. The SANITATION DISTRICT reserves the right to require complete, certified copies of all required insurance policies, including endorsements, effecting the coverage required, at any time. The following are approved forms that must be submitted as proof of coverage:

- Certificate of Insurance ACORD Form 25 (5/2010) or equivalent.
- Additional Insurance (General Liability) (ISO Form) CG2010 11 85 or
The combination of (ISO Forms)
CG 2010 10 01 and CG 2037 10 01

All other Additional Insured endorsements must be submitted for approval by the SANITATION DISTRICT, and the SANITATION DISTRICT may reject alternatives that provide different or less coverage to the SANITATION DISTRICT.
- Additional Insured (Auto Liability) Submit endorsement provided by carrier for the SANITATION DISTRICT approval.
- Waiver of Subrogation State Compensation Insurance Fund Endorsement No. 2570 or equivalent.
- Cancellation Notice State Compensation Insurance Fund Endorsement No. 2065 or equivalent.

H. Cancellation Notice

Each insurance policy required herein shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days' prior written notice. The Cancellation Section of ACORD Form 25 (5/2010) shall state the required thirty (30) days' written notification. The policy shall not terminate, nor shall it be cancelled, nor the coverage reduced until thirty (30) days after written notice is given to the SANITATION DISTRICT except for nonpayment of premium, which shall require not less than ten (10) days written notice to the SANITATION DISTRICT. Should there be changes in coverage or an increase in deductible or SIR amounts, the CONSULTANT and its insurance broker/agent shall send to the SANITATION DISTRICT a certified letter which includes a description of the changes in coverage and/or any increase in deductible or SIR amounts. The certified letter must be sent to the attention of Risk Management, Div. 260, and shall be received by the SANITATION DISTRICT not less than thirty (30) days prior to the effective date of the change(s) if the change would reduce coverage or increase deductibles or SIR amounts or otherwise reduce or limit the scope of insurance coverage provided to the SANITATION DISTRICT.

I. Primary Insurance

All liability policies shall contain a Primary and Non Contributory Clause. Any other insurance maintained by the SANITATION DISTRICT shall be excess and not contributing with the insurance provided by CONSULTANT.

J. Separation of Insured

All liability policies shall contain a "Separation of Insureds" clause.

K. Non-Limiting (if applicable)

Nothing in this document shall be construed as limiting in any way, nor shall it limit the indemnification provision contained in this Agreement, or the extent to which CONSULTANT may be held responsible for payment of damages to persons or property.

L. Deductibles and Self-Insured Retentions

Any deductible and/or self-insured retention must be declared to the SANITATION DISTRICT on the Certificate of Insurance. All deductibles and/or self-insured retentions require approval by the SANITATION DISTRICT. At the option of the SANITATION DISTRICT, either: the insurer shall reduce or eliminate such deductible or self-insured retention as respects the SANITATION DISTRICT; or the CONSULTANT shall provide a financial guarantee satisfactory to the SANITATION DISTRICT guaranteeing payment of losses and related investigations, claim administration and defense expenses.

M. Defense Costs

Liability policies except for Errors & Omissions/Professional Liability shall have a provision that defense costs for all insureds and additional insureds are paid in addition to and do not deplete any policy limits.

N. Subconsultants

The CONSULTANT shall be responsible to establish insurance requirements for any Subconsultant hired by the CONSULTANT. The insurance shall be in amounts and types reasonably sufficient to deal with the risk of loss involving the Subconsultant's operations and work.

O. Limits Are Minimums

If the CONSULTANT maintains higher limits than any minimums shown above, then SANITATION DISTRICT requires and shall be entitled to coverage for the higher limits maintained by CONSULTANT. Nothing in this paragraph, however, requires CONSULTANT in the absence of litigation to reveal its Errors & Omissions/Professional Liability limits beyond that required above in other paragraphs.

8. SCOPE CHANGES

In the event of a change in the Scope of Work, requested by SANITATION DISTRICT, the parties hereto shall execute an amendment to this Agreement setting forth with particularity all terms of the new Agreement, including but not limited to any additional CONSULTANT's fees.

9. PROJECT TEAM AND SUBCONSULTANTS

CONSULTANT shall provide to SANITATION DISTRICT, prior to execution of this Agreement, the names and full description of all Subconsultants and CONSULTANT's project team members anticipated to be used on this project by CONSULTANT. CONSULTANT shall include a description of the scope of work to be done by each Subconsultant and each CONSULTANT's project team member. CONSULTANT shall include the respective compensation amounts for CONSULTANT and each Subconsultant on a per-project-element basis, broken down as indicated in Section 2 - COMPENSATION.

There shall be no substitution of the listed Subconsultants and CONSULTANT's project team members without prior written approval by the SANITATION DISTRICT.

10. ENGINEERING REGISTRATION

The CONSULTANT's personnel are comprised of registered engineers and a staff of specialists and draftsmen in each department. The firm itself is not a registered engineer but represents and agrees that wherever in the performance of this Agreement requires the services of a registered engineer. Such services hereunder will be performed under the direct supervision of registered engineers.

11. AUDIT PROVISIONS

- A. SANITATION DISTRICT retains the reasonable right to access, review, examine, and audit, any and all books, records, documents and any other evidence of procedures and practices that the SANITATION DISTRICT determines are necessary to discover and verify that the CONSULTANT is in compliance with all requirements under this Agreement. The CONSULTANT shall include the SANITATION DISTRICT's right as described above, in any and all of their subcontracts, and shall ensure that these rights are binding upon all Subconsultants.
- B. SANITATION DISTRICT retains the right to examine CONSULTANT's books, records, documents and any other evidence of procedures and practices that the SANITATION DISTRICT determines are necessary to discover and verify all direct and indirect costs, of whatever nature, which are claimed to have been incurred, or anticipated to be incurred or to ensure CONSULTANT's compliance with all requirements under this Agreement during the term of this Agreement and for a period of three (3) years after its termination.
- C. CONSULTANT shall maintain complete and accurate records in accordance with generally accepted industry standard practices and the SANITATION DISTRICT's policy. The CONSULTANT shall make available to the SANITATION DISTRICT for review and audit, all project related accounting records and documents, and any other financial data within 15 days after receipt of notice from the SANITATION DISTRICT. Upon SANITATION DISTRICT's request, the CONSULTANT shall submit exact duplicates of originals of all requested records to the SANITATION DISTRICT. If an audit is performed, CONSULTANT shall ensure that a qualified employee of the CONSULTANT will

be available to assist SANITATION DISTRICT's auditor in obtaining all project related accounting records and documents, and any other financial data.

12. LEGAL RELATIONSHIP BETWEEN PARTIES

The legal relationship between the parties hereto is that of an independent contractor and nothing herein shall be deemed to make CONSULTANT an employee of the SANITATION DISTRICT.

13. NOTICES

All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of said notices in person or by depositing said notices in the U.S. mail, registered or certified mail, return receipt requested, postage prepaid.

Notices shall be mailed to the SANITATION DISTRICT at:

ORANGE COUNTY SANITATION DISTRICT
10844 Ellis Avenue
Fountain Valley, CA 92708-7018
Attention: Natasha Dubrovski, Principal Contracts Administrator
Copy: Victoria Pilko, Project Manager

Notices shall be mailed to CONSULTANT at:

BROWN AND CALDWELL
18200 Von Karman Avenue
Suite 400
Irvine, CA 92612
Attention: Dan Bunce, P.E., PMP

All communication regarding the Scope of Work, will be addressed to the Project Manager. Direction from other SANITATION DISTRICT's staff must be approved in writing by the SANITATION DISTRICT's Project Manager prior to action from the CONSULTANT.

14. TERMINATION

The SANITATION DISTRICT may terminate this Agreement at any time, without cause, upon giving thirty (30) days written notice to CONSULTANT. In the event of such termination, CONSULTANT shall be entitled to compensation for work performed on a prorated basis through and including the effective date of termination.

CONSULTANT shall be permitted to terminate this Agreement upon thirty (30) days written notice only if CONSULTANT is not compensated for billed amounts in accordance with the provisions of this Agreement, when the same are due.

Notice of termination shall be mailed to the SANITATION DISTRICT and/or CONSULTANT in accordance with Section 13 - NOTICES.

15. DOCUMENTS AND STUDY MATERIALS

The documents and study materials for this project shall become the property of the SANITATION DISTRICT upon the termination or completion of the work. CONSULTANT agrees to furnish to the SANITATION DISTRICT copies of all memoranda, correspondence, computation and study materials in its files pertaining to the work described in this Agreement, which is requested in writing by the SANITATION DISTRICT.

16. COMPLIANCE

CONSULTANT certifies by the execution of this Agreement that it pays employees not less than the minimum wage as defined by law, and that it does not discriminate in its employment with regard to race, color, religion, sex or national origin; that it is in compliance with all federal, state and local directives and executive orders regarding non-discrimination in employment; and that it agrees to demonstrate positively and aggressively the principle of equal opportunity in employment.

17. AGREEMENT EXECUTION AUTHORIZATION

Both the SANITATION DISTRICT and CONSULTANT do covenant that each individual executing this document by and on behalf of each party is a person duly authorized to execute agreements for that party.

18. DISPUTE RESOLUTION

In the event of a dispute arising between the parties regarding performance or interpretation of this Agreement, the dispute shall be resolved by binding arbitration under the auspices of the Judicial Arbitration and Mediation Service ("JAMS"), or similar organization or entity conducting alternate dispute resolution services.

19. ATTORNEY'S FEES, COSTS AND NECESSARY DISBURSEMENTS

If any action at law or in equity or if any proceeding in the form of an Alternative Dispute Resolution (ADR) is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which it may be entitled.

20. PROGRESS REPORTS

Monthly progress reports shall be submitted for review by the tenth day of the following month and must include as a minimum: 1) current activities, 2) future activities, 3) potential items that are not included in the Scope of Work, 4) concerns and possible delays, 5) percentage of completion, and 6) budget status.

21. WARRANTY

CONSULTANT shall perform its services in accordance with generally accepted industry and professional standards. If, within the 12-month period following completion of its services, the SANITATION DISTRICT informs CONSULTANT that any part of the services fails to meet those standards, CONSULTANT shall, within the time prescribed by the SANITATION DISTRICT, take all such actions as are necessary to correct or complete the noted deficiency(ies).

22. INDEMNIFICATION

To the fullest extent permitted by law, CONSULTANT shall indemnify, defend (at CONSULTANT's sole cost and expense and with legal counsel approved by the SANITATION DISTRICT, which approval shall not be unreasonably withheld), protect and hold harmless the SANITATION DISTRICT and all of SANITATION DISTRICT's officers, directors, employees, CONSULTANT's, and agents (collectively the "Indemnified Parties"), from and against any and all claims, damages, liabilities, causes of action, suits, arbitration awards, losses, judgments, fines, penalties, costs and expenses (including, without limitation, attorneys' fees, disbursements and court costs, and all other professional, expert or CONSULTANT's fees and costs and the SANITATION DISTRICT's general and administrative expenses; individually, a "Claim"; collectively, "Claims") which may arise from or are in any manner related, directly or indirectly, to any work performed, or any operations, activities, or services provided by CONSULTANT in carrying out its obligations under this Agreement to the extent of the negligent, recklessness and/or willful misconduct of CONSULTANT, its principals, officers, agents, employees, CONSULTANT's suppliers, CONSULTANT, Subconsultants, subcontractors, and/or anyone employed directly or indirectly by any of them, regardless of any contributing negligence or strict liability of an Indemnified Party. Notwithstanding the foregoing, nothing herein shall be construed to require CONSULTANT to indemnify the Indemnified Parties from any Claim arising solely from:

- (A) the active negligence or willful misconduct of the Indemnified Parties; or
- (B) a natural disaster or other act of God, such as an earthquake; or
- (C) the independent action of a third party who is neither one of the Indemnified Parties nor the CONSULTANT, nor its principal, officer, agent, employee, nor CONSULTANT's supplier, CONSULTANT, Subconsultant, subcontractor, nor anyone employed directly or indirectly by any of them.

Exceptions (A) through (B) above shall not apply, and CONSULTANT shall, to the fullest extent permitted by law, indemnify the Indemnified Parties, from Claims arising from more than one cause if any such cause taken alone would otherwise result in the obligation to indemnify hereunder.

CONSULTANT's liability for indemnification hereunder is in addition to any liability CONSULTANT may have to the SANITATION DISTRICT for a breach by CONSULTANT of any of the provisions of this Agreement. Under no circumstances shall the insurance requirements and limits set forth in this Agreement be construed to limit CONSULTANT's indemnification obligation or other liability hereunder. The terms

of this Agreement are contractual and the result of negotiation between the parties hereto. Accordingly, any rule of construction of contracts (including, without limitation, California Civil Code Section 1654) that ambiguities are to be construed against the drafting party, shall not be employed in the interpretation of this Agreement.

23. DUTY TO DEFEND

The duty to defend hereunder is wholly independent of and separate from the duty to indemnify and such duty to defend shall exist regardless of any ultimate liability of CONSULTANT and shall be consistent with Civil Code Section 2782.8. Such defense obligation shall arise immediately upon presentation of a Claim by any person if, without regard to the merit of the Claim, such Claim could potentially result in an obligation to indemnify one or more Indemnified Parties, and upon written notice of such Claim being provided to CONSULTANT. Payment to CONSULTANT by any Indemnified Party or the payment or advance of defense costs by any Indemnified Party shall not be a condition precedent to enforcing such Indemnified Party's rights to indemnification hereunder. In the event a final judgment, arbitration, award, order, settlement, or other final resolution expressly determines that the claim did not arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the CONSULTANT, to any extent, then the DISTRICT will reimburse CONSULTANT for the reasonable costs of defending the Indemnified Parties against such claims.

CONSULTANT's indemnification obligation hereunder shall survive the expiration or earlier termination of this Agreement until such time as action against the Indemnified Parties for such matter indemnified hereunder is fully and finally barred by the applicable statute of limitations.

24. CONSULTANT PERFORMANCE

The CONSULTANT's performance shall be evaluated by the SANITATION DISTRICT. A copy of the evaluation shall be sent to the CONSULTANT for comment. The evaluation, together with the comments, shall be retained by the SANITATION DISTRICT and may be considered in future CONSULTANT selection processes.

[REVISED PER ADDENDUM NO. 1, ISSUED OCTOBER 24, 2014]

25. COMPLIANCE WITH SANITATION DISTRICT POLICIES AND PROCEDURES

CONSULTANT shall be required to comply with all SANITATION DISTRICT policies and procedures including the Safety Manual, as applicable, all of which may be amended from time to time.

26. CLOSEOUT

When the SANITATION DISTRICT determines that all Work authorized under the Agreement is fully complete and that the SANITATION DISTRICT requires no further work from CONSULTANT, or the Agreement is otherwise terminated or expires in accordance with the terms of the Agreement, the SANITATION DISTRICT shall give the Consultant written notice that the Agreement will be closed out. CONSULTANT shall submit all outstanding billings, work submittals, deliverables, reports or similarly related

documents as required under the Agreement within thirty (30) days of receipt of notice of Agreement closeout.

Upon receipt of CONSULTANT's submittals, the SANITATION DISTRICT shall commence a closeout audit of the Agreement and will either:

- i. Give the CONSULTANT a final Agreement Acceptance: or
- ii. Advise the CONSULTANT in writing of any outstanding item or items which must be furnished, completed, or corrected at the CONSULTANT's cost.

CONSULTANT shall be required to provide adequate resources to fully support any administrative closeout efforts identified in this Agreement. Such support must be provided within the timeframe requested by the SANITATION DISTRICT.

Notwithstanding the final Agreement Acceptance the CONSULTANT will not be relieved of its obligations hereunder, nor will the CONSULTANT be relieved of its obligations to complete any portions of the work, the non-completion of which were not disclosed to the SANITATION DISTRICT (regardless of whether such nondisclosures were fraudulent, negligent, or otherwise); and the CONSULTANT shall remain obligated under all those provisions of the Agreement which expressly or by their nature extend beyond and survive final Agreement Acceptance.

Any failure by the SANITATION DISTRICT to reject the work or to reject the CONSULTANT's request for final Agreement Acceptance as set forth above shall not be deemed to be acceptance of the work by the SANITATION DISTRICT for any purpose nor imply acceptance of, or agreement with, the CONSULTANT's request for final Agreement Acceptance.

27. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding and agreement between the Parties and supersedes all previous negotiations between them pertaining to the subject matter thereof.

IN WITNESS WHEREOF, this Agreement has been executed in the name of the SANITATION DISTRICT, by its officers thereunto duly authorized, and CONSULTANT as of the day and year first above written.

CONSULTANT: BROWN AND CALDWELL

By _____
Date _____

Printed Name & Title

ORANGE COUNTY SANITATION DISTRICT

By _____
Chair, Board of Directors Date _____

By _____
Clerk of the Board Date _____

By _____
Marc Dubois Date _____
Contracts, Purchasing and Materials
Management Division Manager

- Attachments: Attachment "A" – Scope of Work
Attachment "B" – Labor Hour Matrix
Attachment "C" – Not Attached
Attachment "D" – Allowable Direct Costs
Attachment "E" – Fee Proposal
Attachment "F" – Not Attached
Attachment "G" – Not Attached
Attachment "H" – Not Attached
Attachment "I" – Cost Matrix and Summary
Attachment "J" – Not Attached
Attachment "K" – Hourly Rate Schedule for Minor Subconsultant
[REVISED PER ADDENDUM NO. 1, ISSUED OCTOBER 24, 2014]
Attachment "L" – OCSD Safety Standards

NKD:yp

MINUTES OF THE REGULAR MEETING OF
THE ADMINISTRATION COMMITTEE

Orange County Sanitation District
Wednesday, February 11, 2015, at 5:30 P.M.

A regular meeting of the Administration Committee of the Orange County Sanitation District was held on February 11, 2015, at 5:34 p.m., in the Sanitation District's Administration Building.

Director Jim Ferryman led the Flag Salute.

A quorum was declared present, as follows:

COMMITTEE MEMBERS PRESENT:

John Withers, Chair
Keith Curry, Vice-Chair
David Benavides
Steven Choi
Tyler Diep
James Ferryman
Jim Katapodis
Peter Kim
Greg Mills
Glenn Parker
Tom Beamish, Board Chair
John Nielsen, Board Vice-Chair

COMMITTEE MEMBERS ABSENT:

Teresa Smith

STAFF PRESENT:

Jim Herberg, General Manager
Bob Ghirelli, Assistant General Manager
Lorenzo Tyner, Director of Finance
& Administrative Services
Rob Thompson, Director of Engineering
Kelly Lore, Acting Clerk of the Board
Mike White
Jennifer Cabral
Norbert Gaia
Al Garcia

OTHERS PRESENT:

Brad Hogin, General Counsel

PUBLIC COMMENTS:

None.

REPORT OF COMMITTEE CHAIR:

Committee Chair Withers did not provide a report.

REPORT OF GENERAL MANAGER:

General Manager, Jim Herberg, announced the informational presentations to the Committees this month will focus on the CIP and next month will be Workforce

Planning. He also announced the date of the next New Board Orientation will be held on March 12, 2015 at 3:00 p.m. and that there will be two Special Director Cruises on the Nerissa on March 17 & March 19 from 8:00 a.m. to noon.

REPORT OF DIRECTOR OF FINANCE AND ADMINISTRATIVE SERVICES:

Director of Finance and Administrative Services, Lorenzo Tyner, did not provide a report.

CONSENT CALENDAR:

1. **MOVED, SECONDED and DULY CARRIED TO:** Approve Minutes of the December 10, 2014, Administration Committee Meeting.

AYES: Beamish, Choi, Curry, Diep, Ferryman, Katapodis, Kim, Nielsen, and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Benavides, Mills, Parker and Smith

2. **MOVED, SECONDED and DULY CARRIED TO:** Recommend to the Board of Directors to: Receive and file Orange County Sanitation District Second Quarter Financial Report for the period ended December 31, 2014.

AYES: Beamish, Choi, Curry, Diep, Ferryman, Katapodis, Nielsen, and Withers

NOES: None

ABSTENTIONS: Kim

ABSENT: Benavides, Mills, Parker and Smith

Director Parker arrived at the meeting at 5:35 p.m.

Director Benavides arrived at the meeting at 5:42 p.m

Director Mills arrived at the meeting at 5:45 p.m.

NON-CONSENT CALENDAR

Mike White provided an informative PowerPoint presentation regarding the FY 2015-16 budget assumptions.

3. **MOVED, SECONDED and DULY CARRIED TO:** Recommend to the Board of Directors to: Approve the FY 2015-16 budget assumptions and direct staff to incorporate these parameters in preparing the FY 2015-16 budget update.

AYES: Beamish, Benavides, Choi, Curry, Diep, Ferryman, Katapodis, Kim, Mills, Nielsen, Parker, and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Smith

Director Diep left the meeting at 5:53 p.m.

Director Benavides left the meeting at 6:05 p.m.

INFORMATION ITEMS:

4. Capital Improvement Projects Overview

Director of Engineering, Rob Thompson, provided an informational PowerPoint presentation on the Capital Improvement Program.

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:

ADJOURNMENT:

Committee Chair Withers declared the meeting adjourned at 6:09 p.m., to the next regularly scheduled meeting of March 11, 2015 at 5:30 p.m.

Submitted by:

Kelly A. Lore
Acting Clerk of the Board

ADMINISTRATION COMMITTEE

AGENDA REPORT

Meeting Date 02/11/15	To Bd. of Dir. 02/25/15
Item Number 2	Item Number 6

Orange County Sanitation District

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Director of Finance and Administrative Services

SUBJECT: CONSOLIDATED FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED DECEMBER 31, 2014

GENERAL MANAGER'S RECOMMENDATION

Receive and file Orange County Sanitation District Second Quarter Financial Report for the period ended December 31, 2014.

SUMMARY

Included in this consolidated report are the following quarterly financial reports for the period ended December 31, 2014:

- **First Quarter Budget Review**
The Budget Review Summary provides the Directors, staff, and the general public with a comprehensive overview of the financial results of the Sanitation District through the second quarter ended December 31, 2014.
- **Quarterly Treasurer's Report**
This section reports on financial portfolio performance with respect to the Sanitation District's funds. Both Long-Term and Liquid Operating Monies Portfolios are summarized. A performance summary table can be found on page 2 of this section. The report also contains information on the U.S. and global economic outlook from the Sanitation District's investment manager, Chandler Asset Management.
- **Certificates of Participation Quarterly Report**
The report includes a summary of each outstanding debt issuance and a comparative chart illustrating the COP rate history.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

N/A

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Consolidated Financial Reports for the Second Quarter Ended December 31, 2014 **(FILE SEPARATE)**

NOTE: The Executive Summary from the Comprehensive Quarterly Financial Report for the second quarter ended December 31, 2014 is included in hard copy; the entire report is available on-line at the OCSD website (www.ocsd.com) with the complete agenda package.

Executive Summary

Consolidated Financial Reports For the Second Quarter Ended December 31, 2014

Included in this consolidated report are the following quarterly financial reports for the period ended December 31, 2014:

- **Second Quarter Budget Review:**

The Budget Review Summary provides the Directors, staff, and the general public with a comprehensive overview of the financial results of the Sanitation District through the second quarter ended December 31, 2014.

Contained within this Budget Review is the budget-to-actual status of the Collections, Treatment & Disposal Operations, the Capital Improvement Program, the Self-Insurance Program, and Debt Service Outlays. Also included is a Capital Assets Schedule as of December 31, 2014.

Various detail information can be found in this report. In summary:

- a) Most major expense categories are anticipated to be at or below budget.
- b) Total revenues are at 104.5 percent mainly due to the receipts of \$232.2 million from the issuance of Wastewater Refunding Revenue Obligations, Series 2014A, and Revenue Refunding Certificate Anticipation Notes, Series 2014B, during the first and second quarter of the fiscal year. The 2014A Obligations were used to refund a portion of Certificate of Participation Series 2007B and the 2014B Notes were used to refund the Revenue Refunding Certificate Anticipation Notes, Series 2013A. Excluding debt financing proceeds, total revenues are at 49.6 percent of the budget. Except for Permit Fees, Capital Assessments, and Interest Earnings, all other major revenue sources are currently tracking close to or exceeding revenue estimates. Overall, total revenues are projected to exceed budget at year-end. More detailed information on District revenues is provided within Section 1 – Pages 3 through 5.
- c) **Collection, Treatment and Disposal Costs:**
As indicated within the Budget Review Summary of this report, the net operating requirements through the second quarter of \$73.0 million is currently tracking at 47.9 percent of the \$152.5 million budget. In addition, net operating expenses have increased \$1.5 million or 2.0 percent in comparison with the same period last year. Overall, staff expects the total operating costs to remain at or below budget throughout the remainder of the year. More detailed information on District operating expenses is provided within Section 1- Pages 1 through 3.

2014-15 Second Quarter Review

The total cost per million gallons is approximately \$2,076 based on flows of 191.1 million gallons per day. This is \$13 per million gallons, or 0.6 percent lower than the budgeted cost per million gallon per day. A further description of these costs and benchmarking with other agencies is contained within Section 1 – Pages 6 through 8.

- d) The total projected capital outlay cash flow of the Capital Improvement Program (CIP) for FY 2014-15 has been revised to \$152.0 million, or 89.8 percent of the board approved cash outlay of \$169.2 million. The actual cash outlay spending through the second quarter is \$52.7 million, or 31.2 percent of the total budgeted outlay. More detailed information on the CIP budget review can be found in Section 3.

- **Quarterly Treasurer’s Report;**

This section reports on financial portfolio performance with respect to the Sanitation District’s funds. Both Long-Term and Liquid Operating Monies Portfolios are summarized. A performance summary table can be found on page 2 of this section. The report also contains information on the national economic outlook from the Sanitation District’s money manager, Chandler Asset Management (Chandler).

Chandler reported that the Long-Term Portfolio returned 0.55 percent over the quarter, outperforming the Merrill Lynch 1-5 year AAA U.S. Corporate and Government Index by 7 basis points, while the Liquid Operating Monies Portfolio returned 0.01 percent over the quarter, outperforming its benchmark, the three-month Treasury Bill index, by one basis points.

Chandler further notes that the manufacturing sector continues to show strength and consumer confidence was high heading into 2015. They believe low gas prices should provide an ongoing tailwind for consumer spending. Meanwhile, housing data remains volatile in spite of ongoing low mortgage rates. Overall, they believe the economy continues to grow at a modest pace and the labor market continues to expand. However, weakness in wages and the labor participation rate in December leaves the door open for the Fed to be patient with policy rate changes.

The Federal Open Market Committee (FOMC) left policy rates unchanged at its final meeting of 2014. The FOMC indicated that it will take a “patient” approach toward normalizing monetary policy, and implied that the first rate hike is likely to be in (or around) mid-2015 based on the Fed’s economic forecasts. Overall, the FOMC’s guidance on policy action was consistent with its previous guidance, but the Committee is moving away from its “considerable time” language and emphasizing that policy changes will be data-dependent. During her post-meeting press conference, Fed Chair Yellen indicated that policy rates would likely remain unchanged for at least the next couple of FOMC meetings. This suggests that a rate hike is unlikely to happen any sooner than April, unless there is an

Executive Summary

unexpected change in economic data. The Committee also expects the fed funds rate to approach a more normalized level by the end of 2017, which suggests that any rate increases are likely to be gradual over the next few years. We expect FOMC members will continue to debate the appropriate timing of the first fed funds rate hike when they meet again on January 27-28, 2015.

During the past three months, the yield curve flattened. Concerns about weak global economic growth kept downward pressure on longer US Treasury yields, even as the Fed signaled the possibility of a fed funds rate hike this year.

Economic Outlook

Chandler expects GDP growth between 2.5-3.0% in 2015, a slight uptick from growth in 2014. The drop in commodity prices, particularly oil, will in the long-run prove to be a stimulus to the US economy. Long-run inflation expectations have come down and the Federal Reserve will be challenged to start the rate normalization process in the first half of 2015. Recently markets have been volatile and one of the contributing factors is global central banks surprising markets; Chandler expects the surprise element emanating from central banks to remain high throughout the year.

Outside of the US several large central banks are engaging in unconventional policies to depreciate currency valuations in an attempt to stimulate export growth. On the other hand, the Federal Reserve ceased Quantitative Easing in October 2014 and is trying to determine the appropriate timing to begin the process of normalizing monetary policy. The potential tightening of policy by the Federal Reserve is adding to the strength of the dollar and will continue to support current valuations of longer -term Treasury yields in the short-term.

- **Quarterly Certificates of Participation (COP) Report**

The report includes a summary of each outstanding debt issuance and a comparative chart illustrating the COP rate history.

ADMINISTRATION COMMITTEE

Meeting Date 02/11/15	To Bd. of Dir. 02/25/15
Item Number 3	Item Number 7

AGENDA REPORT

Orange County Sanitation District

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Director of Finance & Administrative Services

SUBJECT: CONSIDERATION OF BUDGET ASSUMPTIONS AND BUDGET
CALENDAR FOR PREPARATION OF THE FY 2015-16 BUDGET
UPDATE.

GENERAL MANAGER'S RECOMMENDATION

Approve the FY 2015-16 budget assumptions and direct staff to incorporate these parameters in preparing the FY 2015-16 budget update.

SUMMARY

For the budget update process, the Administration Committee establishes the Budget Assumptions and approves the Budget Calendar.

Staff will make a brief presentation at the Committee meeting.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

Currently, there are no proposed changes to the District Fiscal Policy. The Fiscal Policy is published in the FY 2014-15 and 2015-16 Budget document (Section 3, Pages 1-8), and is available on the Sanitation District's website.

BUDGET / PURCHASING ORDINANCE COMPLIANCE

N/A

ATTACHMENTS

The following attachment(s) are attached in hard copy and may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Preliminary Budget Assumptions Highlights (Pages 2-6)
- Budget Update Calendar (Pages 7-10)

JH:LT:MW:te

FY 2015-16 Preliminary Budget Assumptions

Economic Assumptions

- Inflation for Orange County in FY 2015-16 is projected to be 2.4 percent based on the 2015 projected percentage change in consumer price index obtained from the December 2014 Economic and Business Review report prepared by Chapman University. This approximates the 2.3 percent inflation factor that was used in the FY 2015-16 budget.

Revenue Assumptions

- Based upon the five-year Sewer Service Fee Rate Schedule approved by the Board in March 2013, the single-family residence (SFR) rate will increase by 2.2 percent (\$7) to \$323 in FY 2015-16.
- Each \$1 increase in the SFR rate generates approximately \$900,000 per year.
- The capital facilities capacity charge (CFCC) fee captures only those infrastructure costs that relate to additional capacity. Other infrastructure costs such as improved treatment, rehabilitation, refurbishment, and replacement, will be supported through user fees.
- Given the Facilities Master Plan adopted in December 2009, a rate study was completed in January 2013 to ensure that the CFCC fee methodology remains equitable and to confirm that an appropriate share of system costs would be recovered from new development.
- Revenues will be budgeted to reflect little growth in Equivalent Dwelling Unit (EDU) connections that have remained flat over the past five years.
- Permit user rates for flow, Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS) will follow the most recent Rate Study.
- Annexation fees capture both the net current assets and the equivalent property tax allocations totaling \$4,235 per acre.
- Annexable property in the District's service area sphere is minimal; consequently, no FY 2015-16 income from annexation fees is anticipated.
- Property tax revenues are preliminarily estimated to increase by approximately five percent from FY 2014-15 to \$81,620,000.

A two percent annual increase in Assessed Value is authorized by the state constitution and is included in the increases noted above. The additional increase in assessed value is from authorized increases to market value when property is sold at a higher value.

FY 2015-16 Preliminary Budget Assumptions

- Earnings on the investment of the District's operating cash and reserves will be budgeted at 1.0 percent of the average cash and investment balance projected for the fiscal year.
- No additional debt issuance is scheduled for FY 2015-16.

Operating Assumptions

- Operating expenses are expected to be \$9.4 million lower than the adopted FY 2015-16 budget of \$155,004,500 as a result of paying down the OCERS Unfunded Actuarial Accrued Liability (UAAL) by \$125 million.
- All secondary treatment facilities are completed and fully operational.
- Average daily flows are projected at 190 mgd for FY 2015-16. This projection reflects an expectation that increased economic activity and urban runoff will be more than offset by effects of conservation and minimal rainfall, resulting in an overall decrease in the average daily flow. The FY 2015-16 flow projection of 190 mgd is 2 mgd below the actual for the first 5 months of the current year and 8 mgd below the final actual flow for FY 2013-14.

Employee/Staffing Assumptions

- Staffing level is expected to remain flat. The total FY 2015-16 authorized staffing level is 626.00 FTEs.
- Vacant positions as of 12/31/14 are budgeted at 50 percent of step 1 for the remainder of FY 2014-15 and at 100 percent of step 2 for FY 2015-16.
- New positions will be projected at 100 percent of step 1 for FY 2015-16.
- A 5.0 percent vacancy factor on authorized positions has been budgeted for FY 2015-16. The actual vacancy factor for 2013-14 was 6.9 percent. This vacancy factor accounts for time spent for recruitment and turnover.
- The Memorandum of Understanding (MOU) for the Supervisor and Professional (SPMT) group expired June 30, 2013. Pending the completion of the negotiation process, no salary adjustments will be included in the budget for COLA for periods beyond the expiration of the current MOU.
- The MOUs for both OCEA and Local 501 expired June 30, 2014. Pending the completion of the negotiation process, no salary adjustments will be included in the budget for COLA for periods beyond the expiration of the current MOU's.
- OCERS rates for FY 2015-16 will decrease as a result of paying down the UAAL by \$125 million in FY 2014-15. Retirement costs for employees enrolled in OCERS

FY 2015-16 Preliminary Budget Assumptions

Plans G and H are estimated at a rate of 24.25 percent of the employee's base salary for FY 2015-16, down from 40.07 percent in FY 2014-15. The rates for Plans G and H include the District's pickup of 3.5 percent of employees' required contributions. Employees enrolled in OCERS Plan B are estimated at a rate of 18.39 percent of the employee's base salary for FY 2015-16, down from 34.87 percent in FY 2014-15. All employees hired on or after January 1, 2013 are enrolled in OCERS Plan U and are estimated at a rate of 17.52 percent for FY 2015-16, down from 33.52 percent in FY 2014-15. Interns are not enrolled in OCERS so their retirement benefits are calculated at 6.2 percent (FICA rate).

- Other employee benefits and insurances will be budgeted to increase in FY 2015-16 by moderate but yet to be determined amounts.

Materials, Supplies, & Services Assumptions

- The proposed operating budget will continue to reflect an emphasis on safety, security, and maintenance of plant assets and infrastructure.
- An amount equal to half of one percent of the Operating materials and services budget will be a contingency for prior year re-appropriations. Since the current year's budget lapses on June 30, a contingency is needed in the succeeding budget year for goods or services ordered at the end of one budget year but not delivered until the following year.
- An amount equal to 0.85 percent of the Operating materials and services budget will be the General Manager's contingency budget. These funds will be allocated to appropriate line items during the year after requests and justifications for unanticipated needs are approved by the General Manager.
- Resource needs for strategic initiatives will be included in the budget.

Capital Improvement Program Assumptions

- The FY 2015-16 cash flow budget, based on the most current Validated Capital Improvement Program (CIP), is the target.
- The baseline CIP cash flow for FY 2015-16 is \$180 million.
- Continual evaluation of the CIP by the Asset Management Team may result in deferral or reduction of some projects and a resultant increase in O&M repair costs for materials and services, if the net cash flow impact is a decrease.
- The FY 2015-16 CIP budget will only increase for critical projects which were not previously identified in the Strategic Plan Update.
- For the first five months of FY 2014-15, \$42.5 million of the \$169.2 million CIP budget, approximately 25.1 percent, was expended.

FY 2015-16 Preliminary Budget Assumptions

Debt Financing

- The District will issue new debt in the form of Certificates of Participation (COP) as needed to fund the CIP and to maintain reserves.
- No additional debt issuance is scheduled for FY 2015-16.
- Debt will only be used for CIP and capital expenses, not for operating expenses.
- Capital financing plans which include fewer future borrowings and higher user fees after FY 2015-16 will be considered.
- Borrowing is proposed only for facilities which do not add capacity and that are funded by all users for replacement, rehabilitation, and improved treatment.

Reserve Assumptions

- The current reserve policy was reviewed by Public Resources Advisory Group and the Board during FY 2003-04. No changes were proposed and direction was given to continue to maintain reserve levels at a level that is adequate to offset exposure to variable rate COPs due to interest rate increases.
- The current reserve policy is summarized as follows:
 - ▶ A cash flow reserve will be established to fund operations, maintenance and certificates of participation expenses for the first half of the fiscal year, prior to receipt of the first installment of the property tax allocation and sewer service user fees which are collected as a separate line item on the property tax bill. The level of this reserve will be established as the sum of an amount equal to six months operations and maintenance expenses and the total of the annual debt (COP) service payments due in August each year.
 - ▶ An operating contingency reserve will be established to provide for non-recurring expenditures that were not anticipated when the annual budget and sewer service fees were considered and adopted. The level of this reserve will be established at an amount equal to ten percent of the annual operating budget.
 - ▶ A capital improvement reserve will be maintained to fund annual increments of the capital improvement program. The long-term target is for one half of the capital improvement program to be funded from borrowing and for one half to be funded from current revenues and reserves. With this program in mind, the target level of this reserve has been established at one-half of the average annual capital improvement program through the year 2024.

FY 2015-16 Preliminary Budget Assumptions

- ▶ Catastrophic loss, or self-insurance, reserves will be maintained for property damage including fire, flood and earthquake, for general liability and for workers' compensation. These reserves are intended to work with purchased insurance policies, FEMA disaster reimbursements and State disaster reimbursements. The potential infrastructure loss from a major earthquake, of which the District currently has no outside insurance coverage, has been estimated to be as high as \$1.3 billion. The level of this reserve has been set at \$57 million should such a catastrophic event occur. This reserve amount will assist the District with any short-term funding needs until Federal and State assistance becomes available.
- ▶ Accumulated capital funds will be set aside for certain specific, short-term capital improvements as the need and availability arise.
- ▶ A capital replacement/renewal reserve policy has been established to provide thirty percent of the funding to replace or refurbish the current collection, treatment and disposal facilities at the end of their useful economic lives.

Based on the FY 2011-12 Asset Management Plan, the current replacement value of these facilities is estimated to be \$3.14 billion for the collection facilities and \$3.12 billion for the treatment and disposal facilities. The initial reserve level has been established at \$50 million, which will be augmented by interest earnings and a small portion of the annual sewer user fee, in order to meet projected needs through the year 2030.

- ▶ Provisions of the various certificates of participation (COP) issues require debt service reserves to be under the control of the Trustee for that issue. These reserve funds are not available for the general needs of the District and must be maintained at specified levels. The current level of required COP service reserves is projected to be \$2.12 million.
- ▶ Accumulated funds exceeding the levels specified by District policy will be maintained in a rate stabilization fund. These funds will be applied to future years' needs in order to maintain rates or to moderate annual fluctuations. There is no established target for this reserve.

Budget Calendar

Tasks	Responsibility	Event/Due Date
<u>PHASE I – BUDGET PREPARATION</u>		
Preliminary Budget Assumptions Identified	Financial Planning	12/12/14
Capital Improvement Program (CIP) – Future Project Attributes Reviewed and Updated	Engineering Planning	1/9/15
Preliminary Budget Assumptions Presented to Executive Management Team (EMT)	Financial Management	1/12/15
Draft Budget Calendar Presented to EMT	Financial Management	1/12/15
Preparation for Budget Kickoff / Training Session: <ul style="list-style-type: none"> • Salary and benefits downloaded to Excel worksheets • Develop line item worksheets with mid-year actual expense • Prepare/update budget instruction manual 	Financial Planning	1/13/15
Budget Kickoff / Training Session: <ul style="list-style-type: none"> • Distribute budget instruction manual update • Conduct budget training session • Review submission deadlines 	Financial Planning	1/20/15
CIP – Engineering Validation Inputs Complete	Engineering Project Managers	1/23/15
CIP – New Project Numbers Assigned	Engineering Project Management Office (PMO)	1/30/15
Operating Divisional Budgets: New Position and Change to Existing Position Decision Packages Due to Human Resources (Richard Spencer, Ext. 7164) with copies to John Ralston	Divisional Budget Coordinators	2/5/15
Operating Budget: Promotional Items Request Forms Due to Dr. Robert Ghirelli (Division 110)	Divisional Budget Coordinators	2/5/15
Capital Equipment Budget: Vehicle Capital Equipment Decision Packages Due to Fleet Services (Jim Tintle, Ext. 7214)	Divisional Budget Coordinators	2/5/15

Budget Calendar

Tasks	Responsibility	Event/Due Date
Capital Equipment Budget: Computer Capital Equipment Decision Packages Due to Information Technology (Rich Castillon, Ext. 7283)	Divisional Budget Coordinators	2/5/15
Budget Assumptions Presented to Administration Committee	Financial Management	2/11/15
Mid-Year Financial Report to Administration Committee	Financial Management	2/11/15
<p><i>Division Budget Packages Due to Financial Planning:</i></p> <ul style="list-style-type: none"> • <i>Projection of current year actual operating costs</i> • Proposed operating costs for 2015-16 • Operating Budget Expense Detail • Meetings, Memberships and Training Requests • Capital Equipment Decision Packages (other than computer and vehicle decision packages which were due on 2/5/15) • New program decision packages <p><i>(Financial Planning will collate and bind these items – along with salary information - into the Preliminary Division Budget Document for use during the budget review process.)</i></p>	Divisional Budget Coordinators	2/19/15
CIP – Non-engineering CIP project validation forms completed & approved	Non-engineering Project Managers	2/22/15
CIP – Preliminary capital equipment request estimates delivered to PMO	Financial Planning	2/23/15
<i>Mid-Year Financial Report to Board</i>	Financial Management	2/25/15
Complete the Compilation of the Preliminary Division Budget Update Packages	Financial Planning	2/25/15
CIP – Unified Preliminary CIP Budgets & Equipment Request Reports and Analysis Created	Engineering PMO	3/5/15
CIP – Validated CIP budgets delivered to IT/Finance	Engineering PMO	3/12/15

Budget Calendar

Department Budgets – Update the department text from the FY 2014-15 & 2015-16 Budget Executive Summary	Department Budget Coordinator	3/19/15
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PHASE II - BUDGET REVIEW

Divisional Budgets - Distribution of Preliminary Line Item Requested Budgets to Department Heads and Managers along with Analysis/Questions for Review	Financial Planning	2/27/15
Tasks	Responsibility	Event/Due Date
Operating Budget – Information on New Positions, Position Upgrades & Reclassifications Submitted to the General Manager	Human Resources	3/2/15
Operating Budget – Division Budget Review Meetings with Finance and Division Representatives	Financial Planning & Division Representatives	3/2/15 – 3/6/15
CIP – Review/Adjust Preliminary CIP Budget	Engineering Management	3/9/15
CIP – Preliminary Engineering/Finance Budget Review Workshop	Engineering/Financial Management	3/12/15
Operating Budget - Completion of Preliminary Divisional Budgets and Compilation into Departmental Budgets	Financial Planning	3/12/15
Operating Budget – Recommendations to General Manager	Financial Planning	3/12/15
CIP – Final Adjustments/Confirm 20 Year Cash Flow Schedules/Final capital equipment requests delivered to PMO	Engineering/Financial Management	3/19/15
Final Operating Budget – General Manager Review of Budget Recommendations	Financial Planning, General Manager, & Department Heads	3/16/15 – 3/19/15
Capital Equipment Budget – Requests Reviewed & Approved	Financial Planning, General Manager, & Department Heads	3/16/15 – 3/19/15
Operating Budget – Report of General Manager's Decisions on New Positions, Position Upgrades & Reclassifications Submitted to the Financial Planning	Human Resources	3/23/15
CIP – Approve Proposed CIP Budget	EMT	3/23/15

Budget Calendar

CIP - Operations Committee Review	Engineering	4/1/15
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PHASE III - BUDGET PRESENTATION

Operating Budget – Presentation of Preliminary Budget Update by Division/Department to EMT	Financial Management	4/6/15
Operating Budget Update – Overview to Administration Committee	Financial Management	4/8/15
CIP - Final CIP Budget Document Preparation and Incorporation into Final Budget Document	Financial Planning	4/9/15
Tasks	Responsibility	Event/Due Date
CIP – Review draft of Final Budget Document pages with Engineering Planning & PMO	Financial Planning	4/9/15
Initial - Proposed Budget finalized	Financial Planning	4/27/15
Initial - Proposed 2015-16 Budget Update Presented to Committees	Financial Management	Ops – 5/6/15 Admin – 5/13/15
General Manager’s Budget Message Completed	General Manager/ Financial Management	5/8/15
Approval of General Manager’s Budget Message	General Manager	5/13/15
Final - Proposed Budget to Printer	Financial Planning	5/20/15

PHASE IV - BUDGET DELIBERATIONS

Final Draft - Proposed 2015-16 Budget Update Presented to Committees	Financial Management	Ops – 6/3/15 Admin – 6/10/15
Public Hearing & Board Adoption	Board of Directors	6/24/15

PHASE V – DISTRIBUTION OF BUDGET

Final line item budget and equipment budgets posted in H:\ntglobal	Financial Planning	7/10/15
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MINUTES

STEERING COMMITTEE MEETING

Orange County Sanitation District

The Steering Committee meeting convened on Wednesday, January 28, 2015 at 5:00 p.m. in the Administration Building of the Orange County Sanitation District.

A quorum was declared present, as follows:

COMMITTEE MEMBERS PRESENT:

Tom Beamish, Chair
John Nielsen, Vice-Chair
Greg Sebourn, Operations
Committee Chair
John Withers, Administration
Committee Chair
Keith Curry, Member-At-Large
Steve Jones, Member-At-Large
David Shawver, Member-At-Large

COMMITTEE MEMBERS ABSENT:

None.

STAFF PRESENT

Jim Herberg, General Manager
Bob Ghirelli, Assistant General
Manager
Jeff Reed, Director of Human
Resources
Rob Thompson, Director of
Engineering
Lorenzo Tyner, Director of Finance &
Administrative Services
Maria E. Ayala, Clerk of the Board
Jennifer Cabral
Jim Colston
Ron Coss
Mark Esquer
Norbert Gaia
Al Garcia
Stephanie Good
Rebecca Long
Kelly Lore
Andrew Nau
Rich Spencer

OTHERS PRESENT:

Brad Hogin, General Counsel
Steve Filarsky, Consultant
Kathy Jensen
Matthew Kaplan
Jim Ruth, Consultant
Melissa Thorne

PUBLIC COMMENTS:

None.

REPORTS:

Chair Beamish briefly reported on the recent LaPA Committee meeting. LaPA is being presented tonight to the Board on the *Rules of Procedure* resolution to be acknowledged as a standing committee. He also announced that the GWRS Chair position rotates by agency, and this year he will be the GWRS Chair.

General Manager Herberg did not provide a report.

CONSENT CALENDAR:

1. MOVED, SECONDED, AND DULY CARRIED TO: Approve Minutes of the December 17, 2014 Steering Committee Meeting.

AYES: Beamish, Curry, Jones; Nielsen, Shawver, and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Sebourn

NON-CONSENT CALENDAR:

Assistant General Manager, Bob Ghirelli, introduced Item No. 2. He briefly highlighted some of the items on the proposed plan.

2. MOVED, SECONDED, AND DULY CARRIED TO: Recommend to the Board of Directors to:

Approve the Orange County Sanitation District 2015 Legislative Plan.

AYES: Beamish, Curry, Jones; Nielsen, Shawver, and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Sebourn

Assistant General Manager, Bob Ghirelli, introduced Item No. 3. He briefly highlighted the areas of change: LaPA into a standing committee and change in meeting start times.

3. **MOVED, SECONDED, AND DULY CARRIED TO:** Recommend to the Board of Directors to:

Adopt Resolution No. OCSD 15-01, entitled, "A Resolution of the Board of Directors of Orange County Sanitation District Fixing and Establishing Rules of procedure for the Conduct of Business of the District, and Repealing Resolution No. OCSD 10-06."

AYES: Beamish, Curry, Jones; Nielsen, Shawver, and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Sebourn

Jim Ruth, District Consultant on Labor Negotiations, introduced Item No. 4. Mr. Ruth reported on the negotiations process and timeline, and coming to the agreement with the labor unit on the proposed MOU tonight.

4. **MOVED, SECONDED, AND DULY CARRIED TO:** Recommend to the Board of Directors to:

Adopt Resolution No. OCSD 15-02, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving the Memoranda of Understanding between the Orange County Sanitation District and the Supervisory and Professional Management Group, for Fiscal Years 2013/2014, 2014/2015 & 2015/2016."

AYES: Beamish, Curry, Jones; Nielsen, Shawver, and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Sebourn

General Manager, Jim Herberg, introduced Item No. 5. Mr. Herberg explained the status of the following unrepresented employees, and the process for providing these employees with the same proposal (terms) as to those employees in Agenda Item No. 4.

5. **MOVED, SECONDED, AND DULY CARRIED TO:** Recommend to the Board of Directors to:

Adopt Resolution No. OCSD 15-03, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving Salary and Benefit Adjustments for Unrepresented Exempt Confidential Employees for Fiscal Years 2013/2014, 2014/2015 & 2015/2016."

AYES: Beamish, Curry, Jones; Nielsen, Shawver, and Withers

NOES: None

ABSTENTIONS: None

ABSENT: Sebourn

General Counsel, Brad Hogin, announced that although he represented the District in the legal proceedings with this matter, he is the primary legal advisor for the Steering Committee, and as such will recuse himself from this matter. He announced the District has hired two attorneys to handle this matter moving forward.

Dr. Ghirelli introduced Kathy Jenson who will now be the legal advisor to the Steering Committee in this matter beginning with tonight's meeting and through the hearing process. The District has also hired outside counsel, Melissa Thorne, to prosecute the case before the Steering Committee. Dr. Ghirelli also introduced Matthew Kaplan (attorney representing Klean Waters) who was in the audience.

Dr. Ghirelli explained the action that was being sought tonight are in three parts: (1) granting the request for a hearing; (2) set a date and time for the hearing; and (3) determine the procedures for the hearing.

Ms. Jenson made the following recommendations on the hearing procedures to the

Steering Committee:

- A maximum of 2 hours per side (for a total of 4 hours); and
- Based on her analysis and to ensure due process to both sides of the appeal, that this be considered a *de novo* review; and
- Limit the evidence to what has been submitted before the Hearing Officer with one caveat, there are some additional documents that have been submitted with the appeal. Ms. Jenson recommends that these documents be accepted with a justification as to why they were not originally submitted to the Hearing body, and then the Steering Committee can decide whether or not to hear this evidence. That way they are given an opportunity to present their full case before the Steering Committee; and
- There will be no calling of live witnesses during each party's two-hour time; it will basically be argument of counsel based upon documents and briefings that they have submitted; and
- There has been some additional briefings submitted by the appellants; and to be fair she recommends allowing the submittal if anybody else wants to submit additional briefings with the cutoff for receipt of submittals of at least 5 days before the hearing date. No more than 20 pages per party.

Ms. Jenson also explained that the Steering Committee is the final determination in this matter, any action beyond this to challenge with the determination of the Steering Committee is, would be going to court. She informed the Steering Committee that they do have flexibility to modify all or any part of the findings as part of the *de novo* hearing process.

A decision by the Steering Committee has to be made within 65 days of the hearing date. The Steering Committee may either go straight into deliberations, request for a written opinion, and/or reconvene to consider the written opinion, or reconvene at a later date to render the decision of the Steering Committee. Ms. Jenson also informed the Steering Committee that there must be a quorum of the Steering Committee in order to proceed with the hearing, and that the same members that are present in the beginning must be in attendance through the hearing process (or at least a quorum consisting of those individuals).

Director Sebourn arrived at the meeting at 5:25 p.m.

6. MOVED, SECONDED, AND DULY CARRIED AS FOLLOWS in the matter of Klean Waters, Inc., Tim Miller and Shaun Miller (Industrial Wastewater Discharge Permit No. 52-1-841):
 - (A) The Steering Committee granted the request for a hearing; and
 - (B) Set the following date and time for the hearing in this matter as: Wednesday, February 25, 2015 commencing at 10 a.m. to 12 p.m. (for one side), 12-12:30 p.m. for lunch break, and 12:30 p.m. to 2:30 p.m.

(for the other side); and

(C) Determine hearing procedures as follows:

1. A maximum of 2 hours per side (for a total of 4 hours); and
2. Based on her analysis and to ensure due process to both sides of the appeal, that this be considered a *de novo* review; and
3. Limit the evidence to what has been submitted before the Hearing Officer with one caveat, there are some additional documents that have been submitted with the appeal. Ms. Jenson recommends that these documents be accepted with a justification as to why they were not originally submitted to the Hearing Officer, and then the Steering Committee can decide whether or not to hear this evidence. That way they are given an opportunity to present their full case before the Steering Committee; and
4. There will be no calling of live witnesses during each party's two-hour time; it will basically be argument of counsel based upon documents and briefings that they have submitted; and
5. There has been some additional briefings submitted by the appellants; she recommends allowing the submittal of additional briefings with the cutoff for receipt of submittals of at least 5 days before the hearing date (no more than 20 pages per side.)

AYES: Beamish, Curry, Jones; Nielsen, Sebourn, Shawver,
and Withers

NOES: None

ABSTENTIONS: None

ABSENT: None

CLOSED SESSION

CONVENED IN CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS: 54956.9(d)(2); 54956.9(d)(4); 54957(b)(1) and 54957.6

The Committee convened in closed session at 5:27 p.m. to discuss four items. Confidential minutes of the Closed Session have been prepared in accordance with the above Government Code Sections and are maintained by the Clerk of the Board in the Official Book of Confidential Minutes of Board and Committee Closed Meetings.

RECONVENED IN REGULAR SESSION: The Committee reconvened in regular session at 5:55 p.m.

CONSIDERATION OF ACTION, IF ANY, ON MATTERS CONSIDERED IN CLOSED SESSION:

None.

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:

Chair Beamish welcomed Director Shawver as the newest member of the Steering Committee. He also announced that the District, as a new cost cutting measure, has changed the meals that are provided for all committee meetings beginning with tonight's Steering Committee meeting.

ADJOURNMENT:

The Chair declared the meeting adjourned at 5:55 to the next Steering Committee meeting to be held on Wednesday, February 25, 2015 at 5:00 p.m.

Submitted by:

Maria E. Ayala
Clerk of the Board

STEERING COMMITTEE

AGENDA REPORT

Meeting Date 02/25/15	To Bd. of Dir. 02/25/15
Item Number 2	Item Number 9

Orange County Sanitation District

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Director of Finance and Administrative Services

SUBJECT: LONG RANGE PROPERTY MANAGEMENT PLAN COMPENSATION
AGREEMENT WITH THE CITY OF GARDEN GROVE

GENERAL MANAGER'S RECOMMENDATION

Approve and authorize the execution of the compensation agreement with the City of Garden Grove and other taxing entities within the meaning of Health and Safety Code Section 34180(f), as required by the California Department of Finance

SUMMARY

The City of Garden Grove (City) is the successor agency to the Garden Grove Agency for Community Development. Pursuant to the long range management plan approved by the California Department of Finance, the City as Successor Agency is required to enter into compensation agreements with other taxing entities in order to transfer two properties to the City. One property is for future development and the second is to market for sale.

Staff has worked directly with the City to complete the compensation agreement. Approval of the recommended actions allows the City to move forward with the development and sale of the two properties, respectively.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

N/A

BUDGET/PURCHASING ORDINANCE COMPLIANCE

N/A

ATTACHMENT

The following attachment(s) are attached in hard copy and may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Compensation Agreement