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## **CALL TO ORDER**

A regular meeting of the Administration Committee was called to order by Committee Chair Chad Wanke on Wednesday, June 10, 2020 at 5:02 p.m. in the Administration Building of the Orange County Sanitation District. Chair Wanke stated that the meeting was being held telephonically and via audio/video teleconferencing in accordance with the Governor's Executive Order No. N-29-20, due to the Coronavirus Pandemic (COVID-19). Alternate Director Penalosa led the Flag Salute.

The Clerk of the Board announced the teleconference meeting guidelines and stated that votes will be taken by roll call.

## **ROLL CALL & DECLARATION OF QUORUM:**

Roll call was taken and a quorum was declared present, as follows:

- PRESENT:** Chad Wanke, Richard Murphy, James Ferryman, Peter Kim, Mark Murphy, Andrew Nguyen, Glenn Parker, Christina Shea, David Shawver and John Withers
- ABSENT:** Steve Nagel and Erik Peterson

**STAFF PRESENT:** Jim Herberg, General Manager; Kelly Lore, Clerk of the Board; and Brian Engeln were present in the Board Room. Rob Thompson, Assistant General Manager; Lorenzo Tyner, Assistant General Manager; Celia Chandler, Director of Human Resources; Kathy Millea, Director of Engineering; Lan Wiborg, Director of Environmental Services; Jennifer Cabral; Thys Devries; Brad Hamilton; Tina Knapp; Laura Maravilla; Rob Michaels; John Preston; and Wally Ritchie were in attendance telephonically.

**OTHERS PRESENT:** Brad Hogin, General Counsel was present in the Board Room; Dennis Mulqueeney (Alliant Insurance); Mitch Barker and Hoody Fritz (PARS) were in attendance telephonically.

## **PUBLIC COMMENTS:**

There were no public comments received.

The Clerk of the Board stated that she received Late Communication from Assistant General Manager Lorenzo Tyner regarding a change to the proposed dollar amount of the recommendation in Item No. 7 which was forwarded to the Committee and made available to the public.

**REPORTS:**

Chair Wanke did not provide a report.

General Manager Jim Herberg provided a brief COVID-19 update and indicated his weekly written update to the Board of Directors would be emailed by the end of the week.

**CONSENT CALENDAR:**

**1. APPROVAL OF MINUTES**

[2020-1019](#)

**Originator:** Kelly Lore

MOVED, SECONDED, AND DULY CARRIED TO:

Approve Minutes of the Regular Meeting of the Administration Committee held May 13, 2020.

**AYES:** Chad Wanke, Peter Kim, Mark Murphy, Andrew Nguyen, Glenn Parker, David Shawver and John Withers

**NOES:** None

**ABSENT:** Richard Murphy, James Ferryman, Steve Nagel, Erik Peterson and Christina Shea

**ABSTENTIONS:** None

**RECUSED:** David Penaloza (Alternate)

**2. ENVIRONMENTAL REGULATORY REPORTS**

[2020-1006](#)

**Originator:** Lan Wiborg

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

Receive and file environmental regulatory reports: Biosolids Management Compliance Report 2019; Annual Pretreatment Program Report Fiscal Year 2018-2019; Semi-Annual Pretreatment Program Report Fiscal Year 2019-2020 (July-December); Annual Greenhouse Gas Emissions Report 2019; Annual Emission Report 2019; and Marine Monitoring Annual Report 2018/2019.

**AYES:** Chad Wanke, Peter Kim, Mark Murphy, Andrew Nguyen, Glenn Parker, David Penaloza (Alternate), David Shawver and John Withers

**NOES:** None

**ABSENT:** Richard Murphy, James Ferryman, Steve Nagel, Erik Peterson and Christina Shea

**ABSTENTIONS:** None



**3. COMPLETE FIELD INSTRUMENT CALIBRATION SOLUTION**

**2020-1048**

**Originator:** Lorenzo Tyner

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

- A. Award a Professional Services Agreement to Beamex, Inc. to provide Instrumentation Data Management Services, Specification No. CS-2020-1102, for a total amount not to exceed \$257,714;
- B. Award a sole source purchase order for the purchase of instrumentation hardware in an amount not to exceed \$259,124; and
- C. Approve a contingency in the amount of \$77,525 (15%) for both procurements.

**AYES:** Chad Wanke, Peter Kim, Mark Murphy, Andrew Nguyen, Glenn Parker, David Penaloza (Alternate), David Shawver and John Withers

**NOES:** None

**ABSENT:** Richard Murphy, James Ferryman, Steve Nagel, Erik Peterson and Christina Shea

**ABSTENTIONS:** None

**4. GANN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2020-21**

**2020-1061**

**Originator:** Lorenzo Tyner

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

Adopt Resolution No. OCSD 20-XX, entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District Establishing the Annual Appropriations Limit for Fiscal Year 2020-21 for the District in accordance with the Provisions of Division 9 of Title 1 of the California Government Code".

**AYES:** Chad Wanke, Peter Kim, Mark Murphy, Andrew Nguyen, Glenn Parker, David Penaloza (Alternate), David Shawver and John Withers

**NOES:** None

**ABSENT:** Richard Murphy, James Ferryman, Steve Nagel, Erik Peterson and Christina Shea

**ABSTENTIONS:** None

**5. FY 2020-21 USE CHARGES FOR SANTA ANA WATERSHED PROJECT AUTHORITY**

**2020-1085**

**Originator:** Lorenzo Tyner

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

Adopt Resolution No. OCSD 20-XX, entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District Establishing Use Charges for the 2020-21 Fiscal Year Pursuant to the Wastewater Treatment and Disposal Agreement with the Santa Ana Watershed Project Authority ("SAWPA")."

**AYES:** Chad Wanke, Peter Kim, Mark Murphy, Andrew Nguyen, Glenn Parker, David Penaloza (Alternate), David Shawver and John Withers

**NOES:** None

**ABSENT:** Richard Murphy, James Ferryman, Steve Nagel, Erik Peterson and Christina Shea

**ABSTENTIONS:** None

**6. TRIPLE QUADRUPOLE MASS SPECTROMETER (TQMS)**

[2020-1087](#)

**Originator:** Lan Wiborg

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

Approve a purchase order to VWR for a Triple Quadrupole Mass Spectrometer (TQMS) System in the amount of \$277,228.34 (including the TQMS system, freight, sales tax, and two (2) year extended warranty) in accordance with Ordinance No. OCSD-52, Section 2.03(B): Cooperative Procurement; (NASPO Value Point Master Agreement No. MA16000234-2 created by the State of Idaho which California (CA) agencies may utilize (CA Participating Addendum No. 7-16-99-26-01)).

**AYES:** Chad Wanke, Peter Kim, Mark Murphy, Andrew Nguyen, Glenn Parker, David Penaloza (Alternate), David Shawver and John Withers

**NOES:** None

**ABSENT:** Richard Murphy, James Ferryman, Steve Nagel, Erik Peterson and Christina Shea

**ABSTENTIONS:** None

*Directors Jim Ferryman and Christina Shea arrived at the meeting at approximately 5:20 p.m.*

**NON-CONSENT:**

**7. 2020-21 PROPERTY - LIABILITY INSURANCE RENEWALS**

[2020-1091](#)

**Originator:** Lorenzo Tyner

Mr. Tyner provided the updated information included in the Late Communication memo stating that some of the numbers have increased due to recent economics, COVID-19, and natural disasters. Mr. Tyner also provided an in-depth explanation of the process of purchasing coverage and the changes to the dollar amounts and responded to questions from the Committee. Director Parker thanked staff for the analysis.



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

Approve the Orange County Sanitation District FY 2020-21 Property-Liability Insurance Renewals for the not-to-exceed amounts specified below as amended:

Property and Boiler & Machinery - Not to Exceed	\$ 1,151,935
Excess General Liability Insurance - Not to Exceed	\$ 745,336
Excess Workers' Compensation Insurance - Not to Exceed	\$ 207,000
Earthquake Insurance - Not to Exceed	\$ 100,000
<b>TOTAL</b>	<b>\$ 2,204,271</b>

**AYES:** Chad Wanke, James Ferryman, Peter Kim, Mark Murphy, Andrew Nguyen, Glenn Parker, David Penalzoza (Alternate), Christina Shea, David Shawver and John Withers

**NOES:** None

**ABSENT:** Richard Murphy, Steve Nagel and Erik Peterson

**ABSTENTIONS:** None

8. **PROPOSED FY 2020-21 AND FY 2021-22 BUDGET**

[2020-1068](#)

**Originator:** Lorenzo Tyner

Mr. Tyner stated that over the last six months the Committee has received information regarding the budget. He requested that, prior to voting on this item, the Committee hear Item No. 9 regarding a User Fee Rate Adjustment requested by Board Chairman Shawver. Mr. Tyner then introduced Controller Wally Ritchie who provided an informative PowerPoint presentation on the Proposed Budget Summary for FY 2020-21 and 2021-22.

Mr. Tyner proceeded to present Item No. 9 which was requested by the Board Chair due to the financial pressure and impacts of COVID-19 on the County. He stated that foregoing the FY 2020-21 rate adjustment, that is scheduled to begin on July 1, 2020, would result in a \$71 million loss in revenue that could be mitigated by adjustments in the OCSD Debt Program.

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

Approve and amend the 2020-21 proposed budget below; foregoing the scheduled FY 2020-21 rate increase adjustment that is scheduled to begin on July 1, 2020.

Approve the proposed Operating, Capital, Debt Service, and Self-Insurance Budgets for FY 2020-21 and FY 2021-22 as follows:

	<b>FY 2020-21</b>	<b>FY 2021-22</b>
Net Operating	\$ 173,910,516	\$ 174,065,159
Self-Insurance - Workers' Comp	\$ 780,000	\$ 800,000
Self-Insurance - Property & Gen. Liability	\$ 1,630,000	\$ 1,680,000
Net Capital Improvement Program	\$ 147,562,000	\$ 240,846,000
Debt/COP Service(1)	\$ 72,838,369	\$ 240,591,869
Intra-District Joint Equity Purchase/Sale(2)	\$ 3,500,000	\$ 3,500,000
<b>Total</b>	<b>\$ 400,220,885</b>	<b>\$ 661,483,028</b>

(1)Includes \$173,855,000 in maturing and callable debt

(2)Cash to/from Revenue Area 14 (RA14) in exchange for capital assets to/from Consolidated Revenue Area 15 (RA15)

**AYES:** Chad Wanke, James Ferryman, Peter Kim, Mark Murphy, Andrew Nguyen, David Shawver and John Withers

**NOES:** Glenn Parker

**ABSENT:** Richard Murphy, Steve Nagel, David Penaloza (Alternate), Erik Peterson and Christina Shea

**ABSTENTIONS:** None

*Committee Vice-Chair Richard Murphy arrived at the meeting at 5:42 p.m.*

**INFORMATION ITEMS:**

**9. FY 2020-21 USER FEE RATE ADJUSTMENT**

[2020-1093](#)

**Originator:** Lorenzo Tyner

ITEM RECEIVED AS AN:

Information Item.

**10. INTERNAL REVENUE CODE SECTION 115 TRUST PENSION ACCOUNT**

[2020-1096](#)

**Originator:** Lorenzo Tyner

Mr. Tyner provided a brief explanation of an Internal Revenue Code Section 115 Trust Pension Account and described OCSD's retirement program and other post-employment benefits. He suggested that if the Committee wanted to pursue this matter, the rate of return information for the previous five years of data could be provided for analysis.



Chair Wanke stated that he requested that this information item be brought to the Committee. At his request, representatives from PARS were in attendance at the meeting for questions. Mr. Mitch Barkers and Mr. Hoody Fritz (PARS), and Mr. Tyner responded to questions from the Committee regarding PARS fee structures and the differences between PARS and OCERS investments.

The consensus of the Committee was to direct staff to complete additional research and bring back information. It was suggested to focus on the importance of a business case that would lead to concluding that opening a 115 Trust Pension Account is in OCSD's best interest.

ITEM RECEIVED AS AN:

Information Item.

**DEPARTMENT HEAD REPORTS:**

None.

**CLOSED SESSION:**

None.

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

None.

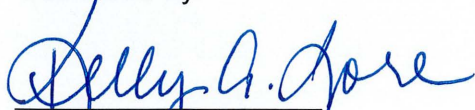
**BOARD OF DIRECTORS INITIATED ITEMS FOR A FUTURE MEETING:**

None.

**ADJOURNMENT:**

Chair Wanke declared the meeting adjourned at 6:48 p.m. to the Regular meeting to be held on Wednesday, July 8, 2020 at 5:00 p.m.

Submitted by:



Kelly A. Lope, MMC  
Clerk of the Board