

**NOTICE OF REGULAR MEETING  
OF THE  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY  
FINANCE COMMITTEE**

**Tuesday, August 30, 2016**

**10:30 a.m.**

NOTICE IS HEREBY GIVEN that a Regular Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee has been scheduled to be held on **Tuesday, August 30, 2016 at 10:30 a.m.** at the SOCWA Administrative Office located at 34156 Del Obispo Street, Dana Point, California.

*THE SOCWA MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS (I.E., ACCESS TO AN AMPLIFIED SOUND SYSTEM, ETC.) PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5421 AT LEAST SEVENTY-TWO (72) HOURS PRIOR TO THE SCHEDULED MEETING. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON WRITTEN REQUEST TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY'S SECRETARY AT LEAST SEVENTY-TWO (72) HOURS PRIOR TO THE SCHEDULED MEETING.*

*AGENDA EXHIBITS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY FINANCE COMMITTEE IN CONNECTION WITH A MATTER SUBJECT TO DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE FINANCE COMMITTEE ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY OFFICE, 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE"). IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE FINANCE COMMITTEE LESS THAN 72 HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE FINANCE COMMITTEE MEMBERS, EXCEPT THAT, IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE FINANCE COMMITTEE MEETING ROOM.*

**AGENDA**

- 1. Call Meeting to Order**
- 2. Public Comments**

*PERSONS WISHING TO ADDRESS THE FINANCE COMMITTEE ON MATTERS NOT LISTED ON THE AGENDA MAY DO SO AT THIS TIME. "REQUEST TO BE HEARD" FORMS ARE AVAILABLE AT THE ENTRANCE TO THE BOARD ROOM. COMMENTS ARE LIMITED TO THREE (3) MINUTES UNLESS FURTHER TIME IS GRANTED BY THE PRESIDING OFFICER. SUBMIT FROM TO THE CLERK OF THE BOARD PRIOR TO THE BEGINNING OF THE MEETING.*

*THOSE WISHING TO ADDRESS THE FINANCE COMMITTEE ON ANY ITEM LISTED ON THE AGENDA SHOULD SUBMIT A "REQUEST TO BE HEARD" FORM TO THE CLERK OF THE BOARD BEFORE THE PRESIDING OFFICER ANNOUNCES THAT AGENDA ITEM. YOUR NAME WILL BE CALLED TO SPEAK AT THAT TIME.*

# NOTICE OF FINANCE COMMITTEE MEETING

August 30, 2016

Page 2 of 2

## 3. Approval of Minutes

Finance Committee Meeting Minutes for May 17, 2016, and June 21, 2016.

## 4. Old Business

None

## 5. Approval of Financial Matters

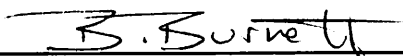
A. Staff recommends that the Finance Committee recommend to the Board of Directors:

1. Ratify Summary of Disbursements in the amount of \$6,936,827 for the period June 1, 2016 through June 30, 2016.
2. Receive and file the following as information items:
  - a. June 30, 2016 Financial Reports (Preliminary)
    - Summary of Disbursements
    - Statement of Net Position-Balance Sheet
    - Statement of Revenues, Expenses and Changes in Net Position
    - Schedule of Funds Available for Reinvestment
    - Schedule of Cash and Investments
    - Capital Expenditures vs. Budget
    - Budget vs. Actual Expenditures by Department
      - a) O&M including Environmental and Safety
      - b) Engineering
      - c) Administration
      - d) IT
3. Review Management Discussion and Analysis of FY 2015-16 Year End
4. Review a Report from the General Manager re: Selection of Asset Valuation Firm
5. Review a Report from the General Manager re: Recommendation for Selection of an Audit Firm for the FY 2015-16 SOCWA Audit

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the SOCWA Finance Committee at least 72 hours prior to the scheduled time of the Regular Meeting referred to above.

I hereby certify that the foregoing Notice was posted at least 72 hours prior to the time of the above-referenced Finance Committee at the usual agenda posting location of the South Orange County Wastewater Authority and at [www.socwa.com](http://www.socwa.com).

Dated this 23rd day of August 2016.



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Betty C. Burnett, General Manager/Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

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

**Finance Committee**

**May 17, 2016**

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on Tuesday, May 17, 2016 at 10:30 a.m. at their Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Executive Committee were present:

MATT COLLINGS	Moulton Niguel Water District
TONI ISEMAN	City of Laguna Beach
FRED ADJARIAN	El Toro Water District
DENNIS ERDMAN	South Coast Water District
DAN FERONS	Santa Margarita Water District
RAY MILLER	City of San Juan Capistrano

Staff Present:

MARY CAREY	Finance Controller
JIM BURROR	Director of Operations

Also Present:

NEELY SHAHBAKHI	El Toro Water District
RICHARD GARDNER	Public

Chairman Iseman called the meeting to order at 10:31 a.m. and welcomed everyone present. Chairman Iseman announced that Director Erdman was appointed as the new Chair of the Finance Committee to become effective immediately. Following the announcement Director Erdman assumed the position of Chair.

**Approval of Minutes**

**ACTION TAKEN**

The April 19, 2016 minutes were tabled to the June 21, 2016 meeting.

**Approval of Financial Matters**

**ACTION TAKEN**

Motion was made by Director Ferons and seconded by Director Adjarian to approve the Summary of Disbursements in the amount of \$3,436,521 for the period of March 1, 2016 through March 31, 2016, and to receive and file the March 31, 2016 Financial Reports sans the Exhibit E-4 *Budget vs. Actual Comparison (IT)* Report.

Motion carried:

Aye 6; Nay 0; Abstain 0; Absent 0

Director Collings      Aye

Director Erdman      Aye

Director Miller      Aye

Director Ferons      Aye

Director Iseman      Aye

Director Adjarian      Aye

**FY 2016-17 Budget Status Report**

ACTION TAKEN

No action taken.

**FY 2014-15 Audit Report**

ACTION TAKEN

No action taken.

**Adjournment**

There being no further business, Chairman Erdman adjourned the meeting at 12:15 p.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of Special Meeting of the South Orange County Wastewater Authority Executive Committee of May 17, 2016, and approved and ratified by the Board of Directors of the South Orange County Wastewater Authority.

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Betty Burnett, General Manager/Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

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

**Finance Committee**

**June 21, 2016**

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on Tuesday, June 21, 2016 at 10:30 a.m. at their Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Executive Committee were present:

MATT COLLINGS	Moulton Niguel Water District
TONI ISEMAN	City of Laguna Beach [arrival 10:45 a.m.]
DENNIS ERDMAN	South Coast Water District
RAY MILLER	City of San Juan Capistrano
DON BUNTS	Santa Margarita Water District [arrival 11:00 a.m. / exit 11:40 a.m.]

**Absent:**

DAN FERONS	Santa Margarita Water District
FRED ADJARIAN	El Toro Water District

**Staff Present:**

BETTY BURNETT	General Manager
MARY CAREY	Finance Controller
JIM BURROR	Director of Operations

**Also Present:**

NEELY SHAHBAKHI	El Toro Water District
TREVOR AGRELIUS	Moulton Niguel Water District
ERICA CASTILLO	Santa Margarita Water District
MATT COLLINGS	Moulton Niguel Water District
JENNIFER FERR	Davis Farr

Chairman Erdman called the meeting to order at 10:37 a.m. and welcomed everyone present.

**Approval of Minutes**

**ACTION TAKEN**

Motion was made by Director Collings and seconded by Director Erdman to approve the April 19, 2016 meeting minutes.

Motion carried:	Aye 3; Nay 0; Abstain 1; Absent 2
	Director Collings      Aye
	Director Erdman      Aye
	Director Miller      Abstain
	Director Ferons      Absent
	Director Iseman      Aye
	Director Adjarian      Absent

**Approval of Financial Matters**

**ACTION TAKEN**

Motion was made by Director Miller and seconded by Director Collings to approve the Summary of Disbursements in the amount of \$2,599,447 for the period of May 1, 2016 through May 31, 2016, and to receive and file the May 31, 2016 Financial Report.

Motion carried:	Aye 4; Nay 0; Abstain 0; Absent 2
Director Collings	Aye
Director Erdman	Aye
Director Miller	Aye
Director Ferons	Absent
Director Iseman	Aye
Director Adjarian	Absent

**FY 2014-15 Audit Report**

**ACTION TAKEN**

Motion was made by Director Erdman and seconded by Director Miller to approve the Audit Report for submittal to the Board of Directors for consideration and approval.

Motion carried:	Aye 4; Nay 0; Abstain 0; Absent 2
Director Collings	Aye
Director Erdman	Aye
Director Miller	Aye
Director Ferons	Absent
Director Iseman	Aye
Director Adjarian	Absent

**Adjournment**

There being no further business, Chairman Erdman adjourned the meeting at 12:05 p.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of Special Meeting of the South Orange County Wastewater Authority Executive Committee of June 21, 2016, and approved and ratified by the Board of Directors of the South Orange County Wastewater Authority.

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Betty Burnett, General Manager/Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

# Agenda Item

Legal Counsel Review: N/A

Meeting Date: August 30, 2016

**TO:** Finance Committee  
**FROM:** Betty Burnett, General Manager  
**STAFF CONTACT:** Mary Carey, Finance Controller  
**SUBJECT:** Approval of Financial Matters – June 30, 2016

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## Summary/Discussion

The following selected financial reports are routinely provided to the Finance Committee and monthly to the Board of Directors. This information is presented, including the Monthly Financial Report, to the Finance Committee and could include a request for the Board to approve recommendations of the Finance Committee. The reports included are as follows:

- a) Summary of Disbursements (Exhibit A)
- b) Schedule of Funds Available for Reinvestment (Exhibit B)
- c) Schedule of Cash and Investments (Exhibit C)
- d) Capital Schedule (Exhibit D)
  - -Capital Projects – Graph (Exhibit D-1)
- e) Budget vs. Actual Expenses:
  - -Operations and Environmental Summary (Exhibit E-1)
  - -Residual Engineering, after transfer to Capital (Exhibit E-2)
  - -Administration and Other Consolidated Expenses (Exhibit E-3)
  - -Information Technology (IT) (Exhibit E-4)

## Fiscal impact

During the month of June 2016, disbursements totaled \$6,936,827 and are summarized in the attached Exhibit A. The attached Exhibits B, C, F, and G are informational reports only.

## Recommendation

Staff recommends that the Finance Committee recommend to the Board of Directors:

- 1) Ratify the Summary of Disbursements for the period from June 1, 2016 through June 30, 2016 (attached as Exhibit A).
- 2) Receive and file the following as information items:
  - f) Schedule of Funds Available for Reinvestment (Exhibit B)
  - g) Schedule of Cash and Investments (Exhibit C)
  - h) Capital Schedule (Exhibit D)
    - Capital Projects Graph (Exhibit D-1)
  - i) Budget vs. Actual Expenses:
    - -Operations and Environmental Summary (Exhibit E-1)
    - -Residual Engineering, after transfer to Capital (Exhibit E-2)
    - -Administration and Other Consolidated Expenses (Exhibit E-3)
    - -Information Technology (IT) (Exhibit E-4)

Exhibit A

**South Orange County Wastewater Authority**  
**Summary of Disbursements for Month of June 2016**  
Staff Recommendation of Fiscal Matters  
(Preliminary)

	<u>Actual</u>
*General Fund	(463,689)
PC 2 - Jay B. Latham Plant	(1,948,448)
PC 3 - SOCWA Plant/PCA AWT	(260,362)
PC 5 - San Juan Creek Ocean Outfall	(417,409)
PC 8 - Pretreatment Proram	(24,900)
PC 12 SO - Water Reclamation Permits	(20,985)
PC 15 - Coastal Treatment Plant/AWT	(1,542,256)
PC 17 - Joint Regional Wastewater Reclamation	(2,015,663)
PC 21 - Effluent Transmission Main	(75,864)
PC 24 - Aliso Creek Ocean Outfall	(167,252)
Total	<u><u>(6,936,827)</u></u>

\*Includes Administration, IT, Residual Engineering and Consolidated Expenses.



**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY  
SCHEDULE OF FUNDS AVAILABLE FOR REINVESTMENT  
as of June 30, 2016**

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CASH IN BANK: (BEGINNING BALANCE)	1,451,262.59
L.A.I.F. FUNDS: (BEGINNING BALANCE)	7,793,177.49
VOIDS & ADJUSTMENTS	(\$154)
RECEIPTS:	\$3,470,932
FUND REQUIREMENTS:	
BILLS FOR CONSIDERATION	(\$6,936,827)
<b>FUNDS AVAILABLE FOR REINVESTMENT</b>	<b>\$5,778,391</b>

In accordance with Government Code 53646(c), since all funds are placed in the State LAIF, staff has included in the Financial Packet, the most current statement from the State LAIF, in lieu of the report required by Government Code 53646(b)(1).

In accordance with requirements of the Government Code and the "SOCWA Investment Policy", I hereby certify that:

- 1). All investment actions executed since the last report have been made in full compliance with the Investment Policy.
- 2). SOCWA does not have sufficient funds currently on hand to meet its expenditure obligations for the next six months (see note) due to the fact that SOCWA bills and receives operational funds on a quarterly basis only.

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**Betty Burnett**  
*General Manager*

Note: Operational funds are collected on a quarterly basis at the beginning of the quarter. Capital funds are collected on a quarterly basis in connection with projected needs. Member agencies have pledged to have funds available to meet all obligations.

**South Orange County Wastewater Authority**  
**Schedule of Cash And Investments**  
**as of June 30, 2016**  
**(Preliminary)**

	(A)	(B)	(C)	(D)	(E)		(F)	
	MVA	A/P	P/R	Petty	LAIF	Subtotal	OPEB	TOTAL
	1010	1020	1030	Cash	1040		Trust	
				1000			1050	
General Fund	\$500	\$800	\$115,907	\$400	\$594,088	\$711,696	\$3,260,174	\$3,971,870
PC 2 - Jay B. Latham Plant	\$500	\$800	\$500	\$400	\$1,065,767	\$1,067,967	\$0	\$1,067,967
PC 3 - SOCWA Plant/PCA AWT	\$300	\$800	\$500	\$0	\$784,739	\$786,339	\$0	\$786,339
PC 5 - San Juan Creek Ocean Outfall	\$358,612	\$800	\$500	\$0	\$17,760	\$377,671	\$0	\$377,671
PC 8 - Pretreatment Program	\$4,360	\$785	\$500	\$0	\$14,344	\$19,989	\$0	\$19,989
PC 12 SO - Water Reclamation Permits	\$6,434	\$800	\$500	\$0	\$48,161	\$55,895	\$0	\$55,895
PC 15 - Coastal Treatment Plant/AWT	\$15,572	\$800	\$500	\$400	\$1,445,832	\$1,463,104	\$0	\$1,463,104
PC 17 - Joint Regional Wastewater Reclamation	\$416,977	\$800	\$500	\$400	\$247,122	\$665,799	\$0	\$665,799
PC 21 - Effluent Transmission Main	\$10,612	\$800	\$500	\$0	\$346,307	\$358,219	\$0	\$358,219
PC 24 - Aliso Creek Ocean Outfall	\$41,355	\$800	\$500	\$0	\$229,058	\$271,713	\$0	\$271,713
Total	\$855,221	\$7,985	\$120,407	\$1,600	\$4,793,177	\$5,778,391	\$3,260,174	\$9,038,565

## Notes:

- (A) Interest bearing account; all cash receipts are deposited in this account.
- (B) Accounts Payable Checks are drawn against this account; money is transferred to this account from the MVA account or LAIF.
- (C) Payroll including payroll taxes and related liabilities are drawn against this account; money is transferred to this account from MVA account or LAIF.
- (D) Cash on hand with GM's office and held by Chief Operators at each Treatment facility.
- (E) LAIF deposits.
- (F) OPEB Trust Fund; these funds can only be used for Retiree health benefits.
- (H) As a customary practice, contingency balances are evenly distributed in P/R, A/P and MVA accounts,

**South Orange County Wastewater Authority**  
**Capital Projects Summaries**  
 as of  
**June 30, 2016**  
 (Preliminary)

<b>Total Open Capital Projects - All Years</b>						
	<b>Projects Budget</b>	<b>Prior Years Spending</b>	<b>FY 2015-16 Spending</b>	<b>Total Spending</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>
PC 2-JB Latham	26,874,021	5,691,783	11,908,396	17,600,179	9,273,843	65.5%
PC 3A	2,435,854	312,179	1,385,419	1,697,598	738,256	69.7%
PC 5-San Juan Creek Outfall	325,000	118,018	24,908	142,926	182,074	44.0%
PC 15-Coastal	14,718,851	1,177,975	832,557	2,010,532	12,708,319	13.7%
PC 17-Regional	20,645,402	3,145,630	7,912,632	11,058,262	9,587,140	53.6%
PC 21 Effluent Transmission	425,000		307	307	424,693	0.1%
PC 24 Aliso Creek Outfall	50,000		177	177	49,823	0.4%
<b>Total Large Capital</b>	<b>65,474,128</b>	<b>10,445,585</b>	<b>22,064,396</b>	<b>32,509,981</b>	<b>32,964,147</b>	<b>49.7%</b>
Small Internal Capital	1,279,850		759,065	759,065	520,785	59.3%
<b>Total Capital</b>	<b>66,753,978</b>	<b>10,445,585</b>	<b>22,823,461</b>	<b>33,269,046</b>	<b>33,484,932</b>	<b>49.8%</b>

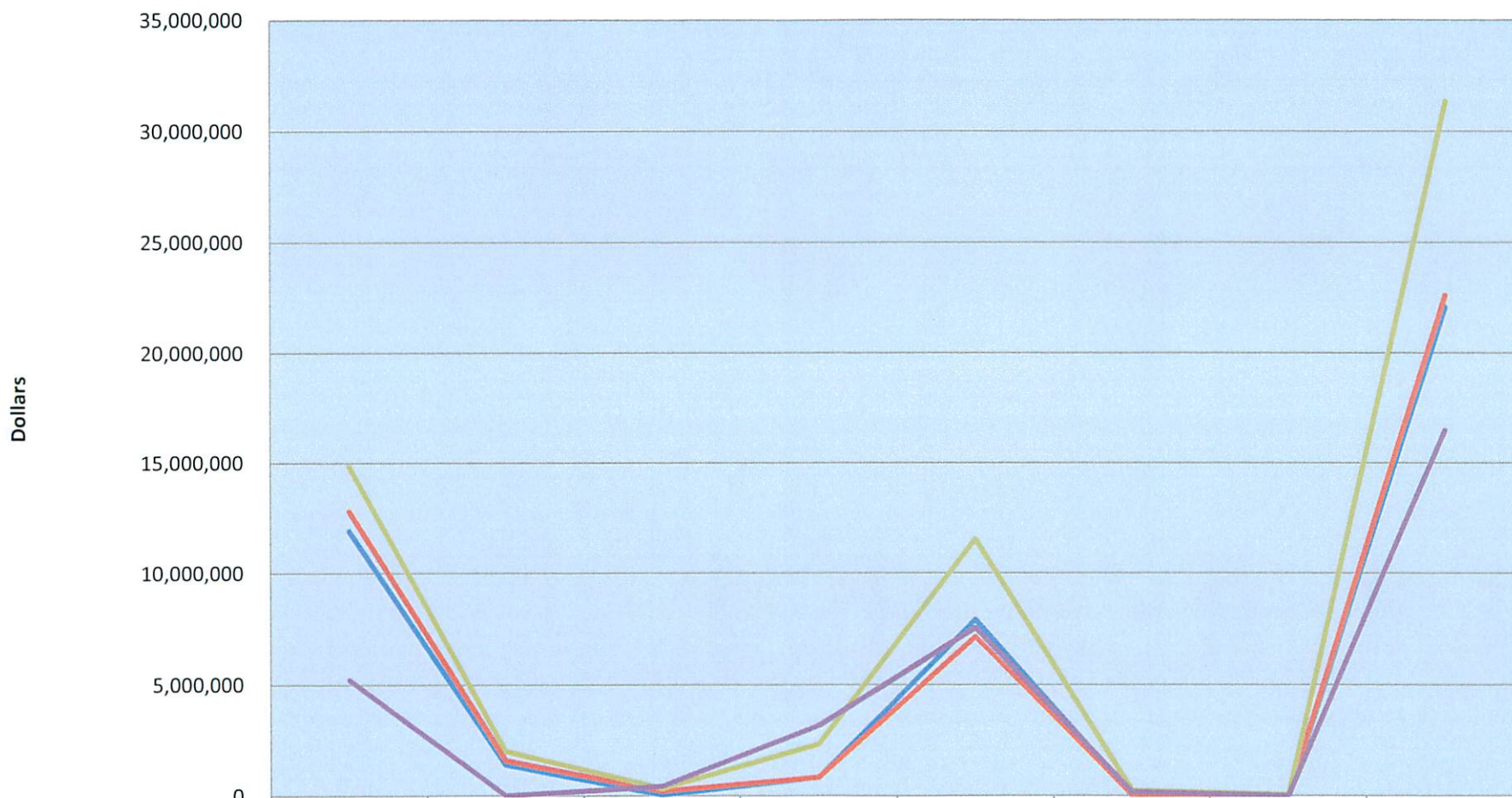
<b>FY 2015-16 Budget vs. Actual Spending</b>							
<b>Description</b>	<b>Capital Budget</b>	<b>Fiscal Year Spending</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>	<b>Member Agency Billed</b>	<b>Member Agency Collected</b>	<b>Cash on Hand</b>
PC 2-JB Latham	14,835,110	11,908,396	2,926,714	80.3%	12,812,187	12,812,187	405,889
PC 3A	2,008,310	1,385,419	622,891	69.0%	1,577,721	1,577,721	423,973
PC 5-San Juan Creek Outfall	330,095	24,908	305,187	7.5%	200,000	200,000	57,074
PC 15-Coastal	2,329,487	832,557	1,496,930	35.7%	829,997	829,997	(46,011)
PC 17-Regional	11,525,005	7,912,632	3,612,373	68.7%	7,140,908	7,140,908	199,261
PC 21 Effluent Transmission	228,527	307	228,220	0.1%	25,000	25,000	24,693
PC 24 Aliso Creek Outfall	50,784	177	50,607	0.3%	25,000	25,000	24,823
<b>Total Large Capital</b>	<b>31,307,318</b>	<b>22,064,396</b>	<b>9,242,922</b>	<b>70.5%</b>	<b>22,610,813</b>	<b>22,610,813</b>	<b>1,089,701</b>
Small Internal Capital	1,279,850	759,065	520,785	59.3%	1,229,852	1,229,852	470,787
<b>Total Capital</b>	<b>32,587,168</b>	<b>22,823,461</b>	<b>9,763,707</b>	<b>70.0%</b>	<b>23,840,665</b>	<b>23,840,665</b>	<b>1,560,488</b>

Notes:

(1) Cash on Hand is as of 6/30/2016 and includes carryovers from prior fiscal years. As projects are completed, all residual Cash is refunded to the Member Agencies.



### Capital Projects FY 2015-16 & FY 2016-17 Budget, Midyear Forecast and Year-to-Date Spending 06/30/2016



	PC 2-JB Latham	PC 3A	PC 5-San Juan Creek Outfall	PC 15-Coastal	PC 17-Regional	PC 21 Effluent Transmission	PC 24 Aliso Creek Outfall	Total Large Capital (1)
Spent - YTD	11,908,396	1,385,419	24,908	832,557	7,912,632	307	177	22,064,396
FY 2015-16 Forecast	12,812,187	1,577,721	200,000	829,997	7,140,908	25,000	25,000	22,610,813
Capital Budget 15-16	14,835,110	2,008,310	330,095	2,329,487	11,525,005	228,527	50,784	31,307,319
Capital Budget 16-17	5,211,980	0	414,437	3,149,813	7,551,480	159,719	0	16,487,429

(1) Total Large Capital for "FY 2015-16 Forecast" reflects actual invoiced amount, a change from prior amounts that displayed estimates.

**South Orange County Wastewater Authority**  
**O & M & Environmental Safety Costs Summary**  
**YTD - As of June 30, 2016**  
**(Preliminary)**

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	FY 2015-16 Original Budget	Midyear 2015-16 Forecast	June YTD Actual	June (Over)/Under Midyear	% Expended June YTD vs. Midyear	
<b>Salaries &amp; Fringe</b>						
Regular Salaries - O&M	\$4,129,220	\$4,017,148	\$4,013,626	\$3,522	99.9%	
Scheduled Holiday Work	\$0	\$0	\$0	\$0		
Overtime Salaries-O&M	\$88,324	\$128,654	\$116,410	\$12,244	90.5%	
Fringe Benefits	\$2,931,744	\$2,849,884	\$3,130,629	(\$280,745)	109.9%	(P)
Standby Pay	\$0	\$21,076	\$44,525	(\$23,449)	211.3%	(E)
<b>Total Salaries &amp; Fringe</b>	<b>\$7,149,288</b>	<b>\$7,016,762</b>	<b>\$7,305,190</b>	<b>(\$288,428)</b>	<b>104.1%</b>	
<b>Other Expenses</b>						
Electricity	\$1,981,700	\$1,360,005	\$1,235,341	\$124,664	90.8%	(Q)
Co-Generation Power Credit	(\$500,000)	(\$620,000)	(\$489,013)	(\$130,987)	78.9%	(I)
Co-Generation Power Credit-Offset	\$0	\$620,000	\$489,013	\$130,987	78.9%	(I)
Natural Gas	\$143,000	\$112,502	\$108,610	\$3,892	96.5%	
Potable & Reclaimed Water	\$58,300	\$80,301	\$67,013	\$13,288	83.5%	
Electricity - 10-EPS - PC 5	\$31,500	\$31,500	\$2,534	\$28,966	8.0%	
Natural Gas - 11-EPS - PC 5	\$400	\$400	\$0	\$400	0.0%	
Biosolids Disposal - 21 B	\$1,632,900	\$1,482,902	\$1,477,697	\$5,205	99.6%	
Grit Hauling - 21A	\$110,600	\$123,000	\$141,376	(\$18,376)	114.9%	(J)
Polymer Products	\$678,800	\$645,001	\$684,250	(\$39,249)	106.1%	(K)
Chlorine/Sodium Hypochlorite	\$576,500	\$538,199	\$351,871	\$186,328	65.4%	
Ferric Chloride	\$238,900	\$244,299	\$245,172	(\$873)	100.4%	
Odor Control Chemicals	\$144,400	\$161,399	\$154,277	\$7,122	95.6%	
Other Chemicals - Misc.	\$3,900	\$4,780	\$1,995	\$2,785	41.7%	
Petroleum Products	\$56,500	\$56,500	\$49,608	\$6,892	87.8%	
Maintenance E & F - Solids - 41A	\$301,900	\$335,202	\$386,885	(\$51,683)	115.4%	(L)
Maintenance Equip. & Facilities (Liquids) 41-B	\$514,000	\$529,562	\$529,461	\$101	100.0%	
Maintenance Equip. & Facilities (Common) 41-C	\$50,300	\$58,519	\$57,891	\$628	98.9%	
Maintenance Equip. & Facilities (Co-Gen) 41-D	\$153,700	\$153,700	\$212,984	(\$59,284)	138.6%	(A)
Maintenance Equip. & Facilities (AWT) 41-E	\$67,100	\$67,100	\$63,713	\$3,387	95.0%	
Contract Services Misc. - 29	\$266,000	\$259,208	\$286,173	(\$26,965)	110.4%	(E)
Contract Services Generators - 29A	\$19,000	\$19,001	\$19,763	(\$762)	104.0%	(B)
Contract Serv - Digester Cleaning - 29E	\$60,000	\$60,000	\$34,641	\$25,359	57.7%	
Contract Services - 29-EPS - PC 5	\$4,000	\$4,000	\$0	\$4,000	0.0%	
Engineering - Misc.	\$295,000	\$344,409	\$305,456	\$38,953	88.7%	
Non-Capital Engineering	\$0	\$0	\$18,851	(\$18,851)		
Misc-Capital-Dilution & Metering Study	\$125,000	\$125,001	\$0	\$125,001	0.0%	
Uniforms	\$33,300	\$33,299	\$31,370	\$1,929	94.2%	
Small Vehicle Expense - 31A	\$16,200	\$25,703	\$19,557	\$6,146	76.1%	
Small Vehicle Fuel - 37A	\$32,500	\$32,498	\$17,185	\$15,313	52.9%	
Diesel Truck Maint - 31B	\$0	\$50,001	\$56,054	(\$6,053)	112.1%	(C)
Diesel Truck Fuel - 37B	\$0	\$12,000	\$9,899	\$2,101	82.5%	
Operating Leases	\$0	\$3,996	\$4,515	(\$519)	113.0%	
Equipment Rental	\$7,200	\$7,200	\$3,664	\$3,536	50.9%	
Permits	\$494,900	\$494,899	\$407,209	\$87,690	82.3%	
Public Notices/ Public Relations	\$500	\$500	\$0	\$500	0.0%	
Outfall Inspection & Port Cleaning	\$190,000	\$190,000	\$8,100	\$181,900	4.3%	
Offshore Monitoring - 20A	\$40,000	\$40,002	\$24,784	\$15,218	62.0%	
Offshore Biochemistry - 20B	\$0	\$4,189	\$4,190	(\$1)	100.0%	
Effluent Chemistry - 20C	\$54,000	\$53,999	\$44,773	\$9,226	82.9%	
Access Road Expenses	\$44,000	\$44,000	\$84,538	(\$40,538)	192.1%	(H)
Storm Damage	\$18,000	\$18,002	\$0	\$18,002	0.0%	
Laboratory Services	\$33,250	\$33,036	\$36,243	(\$3,207)	109.7%	(F)
Laboratory Supplies	\$73,000	\$73,002	\$61,458	\$11,544	84.2%	
MNWD Lab Services and Supplies	\$22,000	\$0	\$16,284	(\$16,284)		(D)
Safety Supplies	\$71,700	\$71,579	\$100,311	(\$28,732)	140.1%	(M)
Audit - Environmental	\$500	\$500	\$0	\$500	0.0%	
Insurance - Property/Liability	\$900	\$100,370	\$193,049	(\$92,679)	192.3%	(E)
Legal Fees	\$5,000	\$12,605	\$133,933	(\$121,328)	1062.5%	(R)
Management Support Services	\$105,860	\$121,938	\$98,630	\$23,308	80.9%	
Travel Expense/Tech. Conferences	\$15,609	\$20,741	\$22,525	(\$1,784)	108.6%	
Membership Dues/Fees	\$5,900	\$12,870	\$8,403	\$4,467	65.3%	



**South Orange County Wastewater Authority**  
**O & M & Environmental Safety Costs Summary**  
**YTD - As of June 30, 2016**  
**(Preliminary)**

8/5/2016 3:43:01 PM

	FY 2015-16 Original Budget	Midyear 2015-16 Forecast	June YTD Actual	June (Over)/Under Midyear	% Expended June YTD vs. Midyear	
Training Expense	\$39,800	\$44,842	\$48,269	(\$3,427)	107.6%	(E)
Landscaping	\$206,200	\$230,400	\$172,662	\$57,738	74.9%	(G)
Trash Disposal	\$4,650	\$4,652	\$3,498	\$1,154	75.2%	
Janitorial Services	\$40,800	\$40,832	\$32,597	\$8,235	79.8%	
Small Tools & Supplies	\$60,400	\$61,306	\$66,146	(\$4,840)	107.9%	(N)
Office Equipment	\$16,500	\$21,201	\$22,513	(\$1,312)	106.2%	
Office Supplies - All	\$21,700	\$33,201	\$41,568	(\$8,367)	125.2%	(E)
Monthly Car Allowance	\$0	\$31,981	\$33,053	(\$1,072)	103.4%	(O)
Recruitment	\$0	\$0	\$3,111	(\$3,111)		(D)
Vehicle Pay	\$0	\$0	\$0	(\$0)		
Mileage	\$0	\$4,217	\$4,718	(\$501)	111.9%	(E)
Medicare Tax - Reimbursement	\$0	\$0	\$6,680	(\$6,680)		(D)
Group Insurance Waiver	\$0	\$0	\$5,463	(\$5,463)		(D)
Miscellaneous Expense	\$16,300	\$16,301	\$12,048	\$4,253	73.9%	
Shipping/Freight	\$0	\$0	\$162	(\$162)		(D)
Postage Expense	\$0	\$0	\$4	(\$4)		(D)
Sales Tax	\$0	\$0	\$47	(\$47)		(D)
IT Direct	\$0	\$294,730	\$274,869	\$19,861	93.3%	(G)
IT Allocations IN to PC's & Depts.	\$512,397	\$545,434	\$565,179	(\$19,745)	103.6%	(S)
<b>Total Other Expenses</b>	<b>\$9,196,466</b>	<b>\$9,582,516</b>	<b>\$9,114,821</b>	<b>\$467,695</b>	<b>95.1%</b>	
<b>Total Expenses</b>	<b>\$16,345,754</b>	<b>\$16,599,278</b>	<b>\$16,420,011</b>	<b>\$179,267</b>	<b>98.9%</b>	

\* Includes budget approvals, \$39,000 for CTP landscaping and \$24,000 for State Revolving Loan inquiry.

(A) Ongoing hot waterline repair at RTP.

(B) There will be no more remaining costs for this line item for this fiscal year.

(C) Boom truck repair.

(D) Inadvertently not included in midyear update

(E) Midyear Budget Forecast used figures through December 2015 before posting of reclass adjustments resulting from software implementation, therefore midyear was understated.

(F) New permit requirements for full priority pollutant testing of recycled water.

(G) As discussed at Board Meeting, any residual funds in this line item will be carried over to next fiscal year.

(H) Security Patrols at AWMA Bridge. Costs were subtracted from the bridge transfer payments to the County by the Member Agencies.

(I) Less wastewater sludge was received from ETWD this FY. This was due to sewer diversions from ETWD to IRWD and it reduced the amount of power produced at RTP.

(J) Lower flows and higher loading to plants caused several equipment failures leading to wetter material going to the landfill.

(K) Operations was able to accept an additional delivery this fiscal year. Next fiscal year's costs will be reduced by an equivalent amount.

(L) Several emergency water line repairs on corroded and buried hot water loop pipes at RTP.

(M) Operations staff purchased additional equipment to implement the confined space and confined space rescue programs.

(N) O&M staff added 8 new employees this fiscal year. The employees need to be outfitted with additional tools and supplies.

(O) Additional vehicle allowances provided.

(P) Yearend accrual of leave balances earned but not used.

(Q) The capital projects to replace the engines at JBL and RTP were delayed into FY16-17. This reduced the need to purchase electricity in FY15-16.

(R) Meetings

(S) System improvements for Tabware and Financial Edge

**South Orange County Wastewater Authority**  
**Budget vs. Actual Comparison - Engineering**  
**For the Period Ended June 30, 2016**  
**(Premilinary)**

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	FY 2015-16 Original Budget	Midyear 2015-16 Forecast	June YTD Actual	June (Over)/Under Midyear	% Expended June YTD vs. Midyear
<b>Salary and Fringe</b>					
01-5000-03-00-00 Regular Salaries-O&M	\$398,348	\$75,403	\$43,715	\$31,688	58.0%
01-5401-03-00-00 Fringe Benefits IN to PC's & Depts.	\$282,827	\$53,536	\$34,097	\$19,439	63.7%
01-8999-03-00-00 Labor and Fringe to Capital Projects	(\$483,243)	\$0	\$0	\$0	
<b>Total Payroll Costs</b>	<b>\$197,932</b>	<b>\$128,939</b>	<b>\$77,812</b>	<b>\$51,127</b>	<b>60.3%</b>
<b>Other Expenses</b>					
01-5015-03-00-00 Management Support Services	\$0	\$36,004	\$16,004	\$20,000	44.4%
01-5022-03-00-00 Miscellaneous Expense	\$0	\$10,408	\$7,438	\$2,971	71.5%
01-5023-03-00-00 Office Supplies - All	\$0	\$0	\$37	(\$37)	
01-5034-03-00-00 Travel Expense/Tech. Conferences	\$0	\$0	\$974	(\$974)	
01-5035-03-00-00 Training Expense	\$0	\$0	\$594	(\$594)	
01-5039-03-00-00 Membership Dues/Fees	\$0	\$451	\$862	(\$411)	191.1%
01-5061-03-00-00 Mileage	\$0	\$218	\$98	\$120	44.8%
01-5075-03-00-00 Recruitment	\$0	\$7,642	\$29,815	(\$22,173)	390.1%
01-5309-03-00-00 Operating Leases	\$9,600	\$14,788	\$15,348	(\$560)	103.8%
01-5705-03-00-00 Monthly Car Allowance	\$0	\$0	\$1,938	(\$1,938)	
01-5802-03-00-00 Shipping/Freight	\$0	\$299	\$0	\$299	0.0%
01-6500-03-00-00 IT Allocations in to PC's & Depts.	\$39,081	\$41,601	\$43,107	(\$1,506)	103.6%
<b>Total Other Expenses</b>	<b>\$48,681</b>	<b>\$111,411</b>	<b>\$116,214</b>	<b>(\$4,803)</b>	<b>104.3%</b>
<b>Total Expenses</b>	<b>\$246,613</b>	<b>\$240,350</b>	<b>\$194,026</b>	<b>\$46,324</b>	<b>80.7%</b>

- (A) Recruitment costs for Senior Engineer Position. Budget was included in Administration Budget at midyear.  
(B) Inadvertently not included in midyear update  
(C) Midyear Budget Forecast used figures through December 2015 before posting of reclass adjustments resulting from software implementation, therefore midyear was understated.  
(D) System improvements for Tabware and Financial Edge

**South Orange County Wastewater Authority**  
**Budget vs. Actual Comparison- Administration**  
**For the Period Ended June 30, 2016**  
**(Preliminary)**

8/5/2016 03:26:45 PM

		FY 2015-16 Original Budget	Midyear 2015-16 Forecast	June YTD Actual	June (Over)/Under Midyear	% Expended June YTD vs. Midyear	
<b>Salary and Fringe</b>							
01-5401-04-00-00	Fringe Benefits IN to PC's & Depts.	\$466,739	\$466,739	\$520,442	(\$53,703)	111.5%	(E)
01-6000-04-00-00	Regular Salaries-Admin & IT	\$657,379	\$657,379	\$667,234	(\$9,855)	101.5%	(I)
01-6001-04-00-00	Overtime Salaries-Admin & IT	\$18,566	\$18,566	\$21,816	(\$3,250)	117.5%	(F)
	<b>Total Payroll Costs</b>	<b>\$1,142,684</b>	<b>\$1,142,684</b>	<b>\$1,209,491</b>	<b>(\$66,807)</b>	<b>105.8%</b>	
<b>Other Expenses</b>							
01-5018-04-00-00	Public Notices/ Public Relations	\$0	\$15,350	\$1,350	\$14,000	8.8%	
01-5023-04-00-00	Office Supplies - All	\$0	\$3,143	\$2,810	\$333	89.4%	
01-5027-04-00-00	Insurance - Property/Liability	\$0	\$9,918	\$74	\$9,844	0.7%	
01-5037-04-00-00	Office Equipment	\$0	\$6,733	\$7,814	(\$1,081)	116.1%	(J)
01-5207-04-00-00	Accrued Vacation	\$123,808	\$0	\$0	\$0		
01-5208-04-00-00	Accrued Sick Pay	\$123,808	\$0	\$0	\$0		
01-5304-04-00-00	Earned Benefit	\$0	\$0	\$2,211	(\$2,211)		
01-6101-04-00-00	Recruitment & Employee Relations	\$0	\$46,190	\$22,310	\$23,880	48.3%	
01-6200-04-00-00	Management Support Services	\$292,000	\$170,000	\$176,582	(\$6,582)	103.9%	
01-6201-04-00-00	Audit	\$30,000	\$35,000	\$22,900	\$12,100	65.4%	
01-6202-04-00-00	Legal	\$62,000	\$62,000	\$75,447	(\$13,447)	121.7%	(G)
01-6204-04-00-00	Postage	\$0	\$1,118	\$3,512	(\$2,394)	314.2%	(A)
01-6220-04-00-00	Board of Directors - Fees	\$15,000	\$15,000	\$10,854	\$4,146	72.4%	
01-6234-04-00-00	Memberships & Trainings	\$112,560	\$105,848	\$56,335	\$49,513	53.2%	
01-6239-04-00-00	Travel & Conference	\$57,600	\$57,600	\$24,734	\$32,866	42.9%	
01-6240-04-00-00	Scholarship Sponsorship	\$0	\$0	\$1,000	(\$1,000)		(B)
01-6310-04-00-00	Miscellaneous	\$43,800	\$8,871	\$18,236	(\$9,365)	205.6%	(H)
01-6311-04-00-00	Mileage	\$0	\$175	\$328	(\$153)	187.6%	(A)
01-6317-04-00-00	Contract Services Misc	\$0	\$1,787	\$3,900	(\$2,113)	218.2%	
01-6500-04-00-00	IT Allocations in to PC's & Depts.	\$68,857	\$77,573	\$75,950	\$1,623		
01-6601-04-00-00	Shipping/Freight	\$0	\$0	\$1,067	(\$1,067)		(C)
01-6705-04-00-00	Monthly Car Allowance	\$0	\$11,216	\$11,608	(\$392)	103.5%	
	<b>Total Other Expenses</b>	<b>\$929,433</b>	<b>\$627,522</b>	<b>\$519,023</b>	<b>\$108,499</b>	<b>82.7%</b>	
	<b>Total Expenses</b>	<b>\$2,072,117</b>	<b>\$1,770,206</b>	<b>\$1,728,514</b>	<b>\$41,692</b>	<b>97.6%</b>	

(A) Midyear Budget Forecast used figures through December 2015 before posting of reclass adjustments resulting from software implementation, therefore midyear was understated.

(B) Participation in CASA Scholarship Program as Requested by Board.

(C) Inadvertently not included in midyear update

(D) Off-site records storage.

(E) Yearend accrual of leave balances earned but not used.

(F) System improvements for Tabware and Financial Edge

(G) Increased Meetings

(H) CFO Matters

(I) Payrate correction and less leave time taken

(J) Equipment for New Hires



**South Orange County Wastewater Authority  
Budget vs. Actual Comparison-IT  
For the Period Ended June 30, 2016  
(Preliminary)**

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		FY 2015-16 Original Budget	Midyear 2015-16 Forecast	June YTD Actual	June (Over)/Under Midyear	% Expended June YTD vs. Midyear
<b>Salary &amp; Fringe</b>						
01-5401-05-00-00	Fringe Benefits IN to PC's & Depts.	\$49,575	\$49,576	\$52,159	(\$2,583)	105.2%
01-6000-05-00-00	Regular Salaries-Admin & IT	\$69,825	\$69,825	\$66,870	\$2,955	95.8%
01-6001-05-00-00	Overtime Salaries-Admin & IT	\$1,910	\$1,910	\$1,275	\$635	66.7%
	<b>Total Salary &amp; Fringe</b>	<b>\$121,310</b>	<b>\$121,311</b>	<b>\$120,304</b>	<b>\$1,007</b>	<b>99.2%</b>
<b>Other Expenses</b>						
01-5023-05-00-00	Office Supplies - All	\$0	\$191	\$91	\$100	47.6%
01-5028-05-00-00	Small Tools & Supplies	\$0	\$958	\$458	\$500	47.8%
01-5035-05-00-00	Training Expense	\$0	\$0	\$99	(\$99)	
01-5037-05-00-00	Office Equipment	\$0	\$7,626	\$3,626	\$4,000	47.5%
01-5061-05-00-00	Mileage	\$0	\$124	\$83	\$41	66.9%
01-6102-05-00-00	Subscriptions	\$0	\$0	\$168	(\$168)	(A)
01-6200-05-00-00	Management Support Services	\$0	\$0	\$5,021	(\$5,021)	(D)
01-6234-05-00-00	Memberships & Trainings	\$0	\$0	\$5,201	(\$5,201)	(A)
01-6239-05-00-00	Travel & Conference	\$0	\$3,586	\$1,586	\$2,000	44.2%
01-6300-05-00-00	Software Maintenance Agreements	\$75,138	\$51,419	\$45,525	\$5,894	88.5%
01-6301-05-00-00	Hardware Maintenance Agreements	\$136,429	\$136,594	\$150,043	(\$13,449)	109.8%
01-6302-05-00-00	Cloud Subscriptions (Internet)	\$16,076	\$14,336	\$21,049	(\$6,713)	146.8% (B)
01-6303-05-00-00	Telecommunications	\$106,941	\$106,941	\$116,136	(\$9,195)	108.6% (B)
01-6304-05-00-00	SCADA Hardware and Software Support Contracts	\$29,353	\$0	\$0	\$0	
01-6305-05-00-00	IT Professional Services	\$61,888	\$139,388	\$158,000	(\$18,612)	113.4% (C)
01-6306-05-00-00	Small Hardware Purchases (< \$5k)	\$6,000	\$25,064	\$4,692	\$20,372	18.7%
01-6307-05-00-00	Small Software Purchases (<\$5k)	\$12,000	\$13,364	\$13,469	(\$105)	100.8% (B)
01-6308-05-00-00	IT Memberships	\$1,200	\$1,200	\$0	\$1,200	0.0%
01-6309-05-00-00	Operating Leases	\$54,000	\$37,779	\$38,686	(\$907)	102.4% (B)
01-6310-05-00-00	Miscellaneous	\$0	\$455	\$0	\$455	0.0%
	<b>Total Other Expenses</b>	<b>\$499,025</b>	<b>\$539,025</b>	<b>\$563,932</b>	<b>(\$24,907)</b>	<b>104.6%</b>
	<b>Total Expenses before Allocation</b>	<b>\$620,335</b>	<b>\$660,336</b>	<b>\$684,236</b>	<b>(\$23,900)</b>	<b>103.6%</b>
<b>IT Allocations (Out) to PC's &amp; Depts</b>						
01-6400-05-00-00	IT Allocations (OUT) to PC's & Depts.	(\$620,335)	(\$660,336)	(\$684,236)	\$23,900	103.6%
	<b>Total IT Allocations (Out) to PC's &amp; Depts</b>	<b>(\$620,335)</b>	<b>(\$660,336)</b>	<b>(\$684,236)</b>	<b>\$23,900</b>	<b>103.6%</b>
	<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>

- (A) Expense Recorded After Midyear Budget Revisions
- (B) Midyear Budget Forecast used figures through December 2015 before posting of reclass adjustments resulting from software implementation, therefore midyear was understated.
- (C) Assetpoint consultant for on-site Tabware training, consulting and development. Blackbaud consulting.
- (D) SOCWA Website

# Agenda Item

**Budgeted:** N/A

**Budget amount:** N/A

**Line Item:** N/A

**Legal Counsel Review:** N/A

**Meeting Date:** August 31, 2016

**TO:** Board of Directors

**FROM:** Betty Burnett, General Manager

**STAFF CONTACT:** Mary Carey, Finance Controller

**SUBJECT:** SOCWA's Management Discussion and Analysis of FY 2015-16

## Summary

This agenda item is Management's Discussion and Analysis of FY 2015-16 O&M and Capital Expenditures compared to Budget.

A summary of O&M follows:

O&M Budget vs. Actual				
	FY 2015-16 Budget	FY 2015-16 Actual	** <b>(Over)/Under Budget</b>	% Expended
*O&M, Operations and Environmental Compliance, Safety	16,345,754	16,420,011	<b>(74,257)</b>	100.5%
Residual Engineering	246,613	194,026	52,587	78.7%
Administration	2,072,117	1,728,514	343,603	83.4%
IT	620,335	684,236	<b>(63,901)</b>	110.3%
IT transferred to PC's and Departments	<b>(620,335)</b>	<b>(684,236)</b>	63,901	110.3%
<b>Total SOCWA</b>	<b>18,664,484</b>	<b>18,342,551</b>	<b>321,933</b>	<b>98.3%</b>

\* Includes subsequent budget approvals, \$39k for CTP landscaping and \$24k for State Revolving Loan inquiry

\*\* FY 2014-15 USE AUDIT Refund was **\$1,517,965**.

The Authority met its objective to improve Budget Accuracy and not request and hold Member Agency Funds until the completion of year end USE AUDIT reporting.

The O&M Budget variance is \$322k under budget which is a \$1.2MM or 79% improvement over the previous year budget variance.

### Budget Carryovers to FY 2016-17

- Landscaping, \$57,738

### Midyear Forecast Approval Carryover to FY 2016-17

- PC 17, RTP, IT Direct costs for SCADA, \$19,861



<b>O&amp;M (Operations and Environmental Compliance, Safety) by Project Committee</b>									
PC 02	PC 12	PC 03	PC 05	PC 15	PC 17	PC 21	PC 24	PC 08	SOCWA
5,530,338	203,229	43,957	398,679	2,807,421	6,906,438	602	333,548	195,799	16,420,011
33.7%	1.2%	0.3%	2.4%	17.1%	42.1%	0.0%	2.0%	1.2%	100.0%

**Significant projects not included in original Budget**

1. IT Direct costs for RTP SCADA system, \$275k
2. Legal Fees Budget was \$67,000 between Admin. and O&M, with only \$5k budgeted to O&M purposes; however, the Authority incurred significant legal expenses allocable to O&M, and it was \$121k over budget primarily due to:
  - PC2, JB Latham, \$40k, primarily due to an agreement with Zephyr Company, the successor to Makar. The costs of negotiation of the agreement were not estimated for the FY legal budget. The successful negotiation included:
    - Agreement to raise the height of the wall along the property line.
    - Agreement to pay for the costs of treatment of the water discharged to the JB Latham Plant.
    - Costs of permitting, insurance and maintenance related to the use of the Storm Water Pump Station.
    - Agreement by the Developer to comply with the requirements to be permitted for discharge of water into the Plant consistent with the permitting requirements for diverted water.
    - The negotiations resulted in Board approval of an agreement acceptable to Zephyr.
  - Also, for PC 15, Coastal Treatment Plant, \$89k, primarily due to the AWMA Bridge matter. The original cost estimate for the Bridge transfer was in the neighborhood of \$1 million. The resolution at the lower cost offset the legal expenses incurred.

**Other costs not included in Budget**

Property and Liability Insurance, \$193k

<b>FY 2015-16 Capital Budget vs. Actual</b>						
	Capital Budget	Fiscal Year Spending	(Over)/Under Budget	% Expended	Member Agency Billed	*Cash on Hand
Large Capital	31,307,318	22,064,396	9,242,922	70.5%	22,610,813	1,089,701
Small Internal Capital	1,279,850	759,065	520,785	59.3%	1,229,852	470,787
<b>Total Capital</b>	<b>32,587,168</b>	<b>22,823,461</b>	<b>9,763,707</b>	<b>70.0%</b>	<b>23,840,665</b>	<b>1,560,488</b>

\* Cash on Hand is as of 6/30/2016 and includes carryovers from prior fiscal years. As projects are completed, all residual Cash is refunded to the Member Agencies.

The Authority had a very successful and aggressive year in making progress on Large Capital Projects, expending over 70% of the budget; and invoicing less than 3% of what was needed for Capital Outlays.

**Recommendation**

Staff recommends the Finance Committee recommend to the Board of Directors to receive and file the above as information items only.

# Agenda Item

**Budgeted:** Yes

**Budget amount:** \$40,000

**Line Item:** Included in Admin Management Support

**Legal Counsel Review:** No

**Meeting Date:** August 30, 2016

**TO:** Finance Committee

**FROM:** Betty Burnett, General Manager

**STAFF CONTACT:** Mary Carey, Finance Controller

**SUBJECT:** Selection of Real Estate Valuation Firm to Provide Appraisal Services for SOCWA's Real Properties, Land and Buildings

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## Summary

This agenda item is to inform the Finance Committee that based on our previous discussions regarding "Real Property Assets" not recorded in SOCWA's financial records and the approved budget which includes the hiring of a Real Estate Valuation Firm to inventory and value land and buildings; the General Manager will move forward to enter into an agreement with **Sycamore Valuation** in the amount of \$34,089, to provide historical Use Value for 45 buildings and 13 land parcels.

The contract amount is within the General Manager's spending authority.

## Discussion/Analysis

### Requests for Proposals

Two firms were asked to submit proposals for the Valuation Project:

<b>Real Estate Valuation Firms</b>	<b>Hours</b>	<b>Quote</b>	<b>Firms Selected based on:</b>
Sycamore Valuation	107	34,089	Recommended by SMWD previous CFO
Overland Pacific Cutler, Inc.	315	73,325	SOCWA's GM has worked with OPC in the past.

## Background

The following real properties became the properties of SOCWA when the listed Predecessors were combined to form SOCWA:

**South Orange County Wastewater Authority  
Property Listings and Valuations  
In Dollars**

Orange County Assessor's Secured Assessment Roll							
Parcel	Title Owner	1/1/2016 Land Value	Land Base Year	Land Base Year Assessment	1/1/2016 Improvements/Buildings	Improvements Base Year	*Improvements Base Year Assessment
668-251-05	South East Regional Reclamation Authority	658,692	1975 (1981-82 used)	358,146	11,915,685	1975 (1981-82 used)	6,478,819
668-251-07	South East Regional Reclamation Authority	98,956	1987	60,000	830,638	1995	489,995
120-191-66	Aliso Water Management Agency	4,928	1980	2,692			0
120-191-79	Aliso Water Management Agency	17,835	1983	10,000		1983	0
654-083-05	Aliso Water Management Agency	5,387	1982	0		1982	0
654-381-02	Aliso Water Management Agency	168	1980 (1984-85 used)	107			0
654-381-09	Aliso Water Management Agency	2,771,915	1998	2,055,000	57,758,540	1998	42,820,099
654-381-15	Aliso Water Management Agency	3,217	1988	2,000		1988	0
654-381-18	Aliso Water Management Agency	45,257	1988	27,998		1987	0
654-381-20	Aliso Water Management Agency	0	1989	0		1989	0
641-241-13	Aliso Water Management Agency	57,533	1975 (1978-79 used)	7,370			0
644-213-14	Aliso Water Management Agency	44,062	1975 (1978-79 used)	5,650			0
120-191-81		49,969	1983	28,000		1983	0

\* Orange County Assessor's Office does not have Record of Improvements Content/what makes it up. The Buildings will require a complete inventory and appraised value for each unit.

**Scheduled Completion Date**

The work is scheduled for completion by the end of September and the results will be used To update the Authority's Financial Records for Fiscal Year 2015-16.

**Financial Impact**

There will be a Significant Improvement/Increase in the Authority's Net Position.



# Agenda Item

**Budgeted:** Yes

**Budget amount:** \$35,000

**Line Item:** Included in Admin Budget

**Legal Counsel Review:** No

**Meeting Date:** August 30, 2016

**TO:** Finance Committee

**FROM:** Betty Burnett, General Manager

**STAFF CONTACT:** Mary Carey, Finance Controller

**SUBJECT:** SOCWA's RFP for Auditors and Select Committee Recommendation

## Summary

This agenda item is to inform the Finance Committee that SOCWA issued an RFP (Request for Proposal) via Planet Bids to solicit proposals from CPA firms to conduct the Authority's Annual Financial Audit.

A summary of the respondents' proposals and approach follows:

## SOCWA - CPA Firms Proposals

	Badawi & Associates	Davis Farr	Eadie & Payne	Sotomayor & Associates
Proposed Costs	\$26,980	\$29,800	\$23,225	\$36,675
Proposed Hours	327	300	180	350
Hourly Rate Discount	34.3% Average	22.5% Average	21.6% Average	None
Additional Hours maybe Needed	Yes	No	Yes	No
Full Rates for Additional Hours	Yes	N/A	Not Provided	N/A
Office Location	Oakland, CA	Irvine, CA	Redlands, CA	Pasadena, CA
Travel costs & Out of Pocket Expenses	None	None	\$1,000	\$10,121
Firm Size	12 Employees	44 Employees	31 Employees	Not Provided
So. Orange Co. Water Districts Experience	None	Yes	None	None

## SOCWA – Financial Auditors Approach Comparison

	Badawi & Associates	Davis Farr	Eadie & Payne	Sotomayor & Associates
Planning & Administration	X	X	X	X
Internal Control Evaluation	X	X	X	X
Other Tasks	X	X	X	X
Final Field Work	X	X	X	X
Audit Reports	X	X	X	X

SOCWA staff recommends awarding the Audit Services to Davis Farr LLP for the following reasons:

- The Firm's knowledge of SOCWA and the associated Member Agencies
- The significant write-up of the Authority's Real Properties, Land and Buildings, as recommended by Davis Farr
- The Authority's first year with Internal Financial Statements
- Ability to complete the Audit in a timely manner
- The Firm's adequate work force size which is conducive to changing staff assignments
- A Firm Fixed Price for the Audit without an exposure for Increasing Costs

Additionally, an independent review of the proposals received was provided at the courtesy of South Coast Water District, Carolyn Rathbone of their staff, and by El Toro Water District, by Neely Shanbakhti of their staff. These Member Agency staff representatives concur in the recommendation of Davis Farr LLP.

#### **Audit Manager Change**

Davis Farr will assign a different Audit Manager to SOCWA, Erik Martin, who has extensive Special District Experience.

#### **Proposed Cost of Audit**

\$29,800.00

#### **Scheduled Completion Date**

The work is scheduled for completion by the end of the Calendar Year 2016.

#### **Recommended Action**

Finance Committee recommends to the Board of Directors selection of Davis Farr LLP as the SOCWA Auditor for an up to a three (3) year audit period based on performance each year as evaluated by the SOCWA Finance Committee; and authorizes the General Manager to enter into a contract with Davis Farr LLC for the FY 2015-16 Audit on terms acceptable to SOCWA.