

**NOTICE OF SPECIAL MEETING
OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
FINANCE COMMITTEE
May 16, 2018
1:30 p.m.**

NOTICE IS HEREBY GIVEN that a Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee has been called by the Chairman to be held on **May 16, 2018** at **1:30 p.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 TWENTY-FOUR (24) 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 TWENTY-FOUR (24) 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 TWENTY-FOUR (24) 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. Pledge of Allegiance**
- 3. Public Comments**

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 SPECIAL MEETING – FINANCE COMMITTEE

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4. Approval of Minutes

- i. Finance Committee Meeting Minutes of February 26, 2018
- ii. Finance Committee Unofficial Minutes of March 7, 2018
- iii. Finance Committee Meeting Minutes of March 21, 2018

Recommendation: Finance Committee approval of minutes as submitted.

5. Financial Matters for Month of March 2018

- i. Summary of Disbursements for March 2018 – Exhibit A
- ii. Schedule of Funds Available for Reinvestment – Exhibit B
- iii. Schedule of Cash and Investments – Exhibit C
- iv. Capital Schedule – Exhibit D
- v. Capital Projects Budget vs. Actual Graph – Exhibit D1
- vi. Operations/Maintenance & Environmental Safety Costs – Exhibit E1
- vii. Engineering Budget vs. Actual Comparison – Exhibit E2
- viii. Administration Budget vs. Actual Comparison – Exhibit E3
- ix. Information Technology (IT) Budget vs. Actual Comparison – Exhibit E

Recommendation: Finance Committee to review and recommend to the Board of Directors to approve the Summary of Disbursements and receive and file the remaining reports at the June 7, 2018 Board meeting.

6. 2016-17 Cash Roll Forward

Recommendation: Discussion and Direction to Staff

7. PARS OPEB Investment Program

- i. Update of Performance as of February 28, 2018

Recommendation: Discussion and Direction to Staff

8. PERS UAL Methods to Address Cost Distribution RA

Recommendation: Discussion and Direction to Staff

9. UAL Distribution by Member Agency – Method Update

Recommendation: Information Item

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10. SOCWA 457b Plan Improvements

- i. Purpose and Overview of Fiduciary Requirements
- ii. Documentation
- iii. Current Market Assessment & Updated Approach
- iv. Formation of 457 Committee (Board Member and Staff)
- v. Schedule

Recommendation: Discussion and Direction to Staff

11. GENERAL MANAGER'S REPORT

A. Proposed SOCWA FY 2018/19 Total Operating Budget

Discussion of Open Items from April Budget Workshop & May Board of Directors Meeting

Open Items

- i. General Fund – Selection of Expenses & Percentage
- ii. Administration – Staffing Current and Historical 10yr Review
- iii. Budget Assumptions

Recommendation:

Approval of a FY 2017-18 Budget Adjustment to the Administration Budget for:

- i. Salaries, \$30,000 addition
- ii. Management Services, \$30,000 addition

12. Budget Assumptions to FY 2017-18 Administration Budget

- i. General Fund – Selection of Expenses & Percentage
- ii. Administration – Staffing Current and Historical 10yr Review
- iii. Budget Assumptions

13. Adjournment

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the SOCWA Finance Committee at least 24 hours prior to the scheduled time of the Special Meeting referred to above.

I hereby certify that the foregoing Notice was posted at least 24 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.

Dated this 10th day of May 2018.



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

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

Finance Committee

February 26, 2018

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on February 26, 2018 at 8:30 a.m. at their Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Finance Committee were present:

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

Absent:

MATT COLLINGS	Moulton Niguel Water District
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Staff Present:

BETTY BURNETT	General Manager
DANITA HIRSH	Executive Assistant
MARY CAREY	Finance Controller
JIM BURROR	Director of Operations
AMBER BAYLOR	Director of Environmental Compliance
DINA ASH	HR Administrator

Also Present:

ERICA CASTILLO	Santa Margarita Water District
DENNIS CAFFERTY	El Toro Water District
TREVOR AGRELIUS	Moulton Niguel Water District
NEELY SHAHBAKHTI	El Toro Water District
MATT PEREA	South Coast Water District
ROBB GRANTHAM	Santa Margarita Water District

1. Call Meeting to Order

Chairperson Erdman called the meeting to order at 8:30 a.m.

2. Pledge of Allegiance – Dan Ferons

3. Public Comments

None

4. Financial Matters Year to Date December 31, 2017

Chairman Erdman stated the agenda item was recommended for the Board as receive and file. He acknowledged there were several Exhibits attached to the agenda item and asked if the Committee had any questions or comments. An open discussion ensued.

Ms. Burnett stated she had received a list of questions via email from Mr. Collings of Moulton Niguel Water District who was unable to attend the meeting. Ms. Burnett asked the Chairman whether to address the questions as presented or if the Committee preferred, to respond in writing. She went on to state should the questions be answered today, the responses would also go to the Board of Directors meeting that was scheduled for March 1, 2018. Chairman Erdman responded to proceed with addressing each question as presented. Copies of the email was distributed to the Committee Members. Ms. Burnett proceeded to read each question as presented from the email as staff provided answers to each question. An open discussion ensued.

ACTION TAKEN

Motion was made by Director Ferons and seconded by Director Adjarian that the Finance Committee recommend to the Board of Directors to receive and file the Financial Matters for Year to Date December 31, 2017.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1
	Director Erdman Aye
	Director Collings Absent
	Director Ferons Aye
	Director Adjarian Aye
	Director Iseman Aye

5. Financial Matters for Month of January 2018

Ms. Burnett specified the conclusion of reviewing the year to date December 31, 2017 Financials that we were now reviewing the Financials for January 2018. She stated some of the questions previously asked would most likely apply to the January 2018 Financials and that the items were recommended as receive and file. She also stated, staff was open to any new questions the Committee might have. An open discussion ensued.

ACTION TAKEN

Motion was made by Director Ferons and seconded by Ray Miller that the Finance Committee recommend to the Board of Directors to receive and file the Financial Matters for Month of January 2018.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1
	Director Erdman Aye
	Director Collings Absent
	Director Ferons Aye
	Director Adjarian Aye
	Director Iseman Aye

In preparation of the FY 2018/19 budget, Mr. Burror provided a PowerPoint presentation to the Committee on the FY2018/19 Operations Department Staffing Review. This was an information only item.

Adjournment

There being no further business, Chairman Erdman adjourned the meeting at 9:40 a.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 Finance Committee of February 26, 2017 as approved by the Finance Committee.

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

Responses Underlined Below

From: Matt Collings [<mailto:MCollings@mnwd.com>]

Sent: Wednesday, February 21, 2018 1:26 PM

To: Betty Burnett <bburnett@socwa.com>; Mary Carey <mcarey@socwa.com>

Cc: Dennis Erdman (derdman@scwd.org) <derdman@scwd.org>; Dan Ferons (danf@smwd.com) <danf@smwd.com>; Trevor Agrelius <TAgrelius@mnwd.com>

Subject: MNWD Questions re: SOCWA Monthly Financials Report

Betty and Mary,

Here are the questions that MNWD had regarding the latest monthly financials that were provided at the last Finance Committee Meeting. I'm sorry I didn't get these to you sooner. Unfortunately, I won't be able to attend the Finance Committee Meeting next week. However, Trevor will be there to hear the discussion on these items.

1. Can you please provide copies of the transaction detail (check register and wire transfers) for the 6 months from August 2017 – January 2018 (period of the monthly financials that are being reported)?
2. Exhibit D identifies a Past Due Amount for the FY 17-18 that is higher than invoices that SOCWA has sent to MNWD for FY 17-18. While we disagree that these amounts are "Past Due", we would expect that the dollar amounts would match the invoice totals for FY 17-18. Of course the FY 17-18 amounts includes the past due amount from June 30, 2017:
15-1120-00-00-22 Accounts Receivable 0.00 \$755
3. Exhibit D also shows a significant amount of Non-Capital Engineering above the budget. Can you please summarize what caused this overage? Also, can you please explain the difference between Non-Capital Engineering and Residual Engineering? Residual Engineering are payroll costs and other expenses for the Engineering Department, Net of Labor and Fringe costs charged to Capital projects. See Budget Book for examples of Non-capital engineering projects that are non-capitalizable. The overage is due to slippage of projects from the prior year into the current year.
 1. On Exhibit E-1, Footnote 1 notes overtime costs due to nighttime bypass and construction activities for capital projects. Why wouldn't these expenses be charged against the capital project instead of the operations budget? Only Engineering Costs are charged to Capital Projects.
We talked about developing a way to do this, but it does not exist yet.
 2. On the same exhibit, we noticed expenses associated with the Engineering trailer caused a couple of line items to exceed the budget? Why the unexpected expenses with the Engineering trailer? Is the trailer leased? Why is it charged to PC2 and not as a General Fund expense, since it is my understanding that the Engineering staff service all of SOCWA?
Engineering does service PC's not all of SOCWA and bulk is captured in expenditures to capital projects; historically office configuration effects the physical assets in each PC which is why they are booked there. We do not move the physical configuration to other plants. The facilities costs are charged to the site where located.
 3. The budget-to-actual report for PC17 identified overtime expenses for lab work due to leave scheduled. Why wouldn't the overtime be spread among other Project Committees and not just

PC 17. Same question regarding office configuration to support the Lab. It's my understanding that the lab supports PC2, PC5, PC15, PC17 and PC24, probably PC12 as well.

The person who was out on FMLA was tasked with drinking water work and AWT work which is why the scheduled over time was booked to PC17 to cover that person's time off. The lab does support PC2, PC5, PC15, PC17, and PC24, but there is no lab work to PC12 as Amber Baylor is the only person who books time to PC12. Office configuration effects the physical assets in PC17 which is why they were booked there. We do not move the physical configuration to other plants which was the reasoning. The facilities costs are charged to the site where located.

4. Exhibit E-2 showed a substantial decrease in the labor expenses between the report provided at the February Board meeting and the report provided at the Finance Committee Meeting. Can you please explain? Corrected Documents submitted for December Financials; the transfer of Labor and Fringe to capital Projects was not in the original document.
5. Exhibit E-3 shows substantial expenses for Recruitment. What are the recruitment expenses specifically, and for what positions are recruitment services utilized? This is the second year in a row that recruitment expenses have exceeded the budget. Costs are for recruiting to the accounting functions. Due to workload and time constraints recruitment services were necessary.
6. The Legal Fees for O&M & Environmental Safety Costs Summary decreased from the December 2017 report to the January 2018 report. Can you please explain? The GM reviews the allocated legal expenditures and this may take into account adjustments.
7. Lastly, regarding the Budget, on Page 2 of the Budget Assumptions (4.a), you note that payroll costs were allocated based on assigned percentages of time. Can you please provide the detail that shows the allocation of time for the individual employees?

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

Finance Committee

March 7, 2018

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee ***Unofficial*** Meeting was held on March 7, 2018 at 3:00 p.m. at their Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Finance Committee were present:

DENNIS ERDMAN
RAY MILLER
FRED ADJARIAN

South Coast Water District
City of San Juan Capistrano
El Toro Water District

Absent:

MATT COLLINGS
DAN FERONS
TONI ISEMAN

Moulton Niguel Water District
Santa Margarita Water District
City of Laguna Beach

Staff Present:

BETTY BURNETT
DANITA HIRSH
MARY CAREY
JIM BURROR
AMBER BAYLOR

General Manager
Executive Assistant
Finance Controller
Director of Operations
Director of Environmental Compliance

Also Present:

ERICA CASTILLO
DENNIS CAFFERTY
NEELY SHAHBAKHTI
MATT PEREA

Santa Margarita Water District
El Toro Water District
El Toro Water District
South Coast Water District

1. Call Meeting to Order

Chairperson Erdman called the meeting to order at 3:04 p.m. and announced that there was ***no quorum*** present to officially conduct business and that the items listed on the agenda would be discussed as informational only.

2. Pledge of Allegiance

3. Public Comments

None

4. Approval of Minutes

No quorum – approval of Minutes deferred until the next meeting.

5. FY 18-19 Labor & Fringe Forecast

Mr. Burror gave a presentation on the O&M 5 Year Labor Plan for informational purposes and item would be discussed in further detail at the next Finance Committee meeting.

6. FY 18-19 Proposed Small Internal Capital

Mr. Burror gave a presentation on the FY 18-19 Small Internal Capital projects for informational purposes and item would be discussed in further detail at the next Finance Committee meeting.

7. FY 18-19 & and FY 19-20 Proposed Capital Program

Mr. Peck gave a brief overview on the FY18-19 & FY 19-20 Capital Project Plan for informational purposes and item would be discussed in further detail at the next Finance Committee meeting.

8. FY 18-19 Information Technology (“IT”) Budget

Ms. Burnett gave a brief overview on the FY18-19 IT Budget for informational purposes and item would be discussed in further detail at the next Finance Committee meeting.

Adjournment

There was no quorum to adjourn the meeting. Chairperson Erdman called the meeting to an end at 4:12 p.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the **Unofficial** Meeting of the South Orange County Wastewater Authority Finance Committee of March 7, 2017 and approved by the Finance Committee.

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

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

March 21, 2018

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on March 21, 2018 at 8:30 a.m. at their Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Finance Committee were present:

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

Staff Present:

BETTY BURNETT	General Manager
DANITA HIRSH	Executive Assistant
MARY CAREY	Finance Controller
JIM BURROR	Director of Operations
AMBER BAYLOR	Director of Environmental Compliance
NAYDN KIM	Accounting
ANNA SUTHERLAND	Accounts Payable

Also Present:

DAVE REBENSORF	City of San Clemente
TREVOR AGRELIUS	Moulton Niguel Water District
NEELY SHAHBAKHTI	El Toro Water District

1. Call Meeting to Order

Chairperson Erdman called the meeting to order at 8:35 a.m.

2. Pledge of Allegiance – Dan Ferons

3. Public Comments

None

4. Approval of Minutes

- a. Finance Committee Meeting Minutes of January 19, 2018

Chairperson Erdman stated a correction needed to the Minutes in the spelling of Amber Baylor's last name. Whereas the letter "o" was missing from Baylor" on both sets of Minutes for January 19, 2018 and February 13, 2018.

ACTION TAKEN

Motion was made by Fred Adjarian and seconded by Ray Miller to approve the Finance Committee Meeting Minutes of January 19, 2018 with the correction of the spelling of Amber Baylor's last name.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1
Director Erdman	Aye
Director Collings	Absent
Director Ferons	Aye
Director Adjarian	Aye
Director Iseman	Aye

b. Finance Committee Meeting Minutes of February 13, 2018

The Finance Committee meeting minutes were pulled as Director Adjarian asked that the comments made regarding the General Fund Budget shared by El Toro Water District at the February 13, 2018 Finance Committee Meeting be included in the Minutes for the record.

Ms. Burnett stated the Minutes would be revised and brought back to the Committee for approval at the next Finance Committee Meeting.

5. FY 18-19 Draft Annual Operating Expenses and Capital Budget

Ms. Burnett provided a brief summary of the draft budget materials shared at SOCWA's Finance Manager's meeting on February 19, 2018. Ms. Burnett also provided a base timeline for the Audit and FY18/19 Budget schedule. An open discussion ensued.

Ms. Carey, Finance Controller, provided Committee Members with a presentation page by page. An open discussion ensued.

Mr. Burror, Director of Operations, provided a presentation on the O&M FY18 proposed budget.

Director Iseman exited the meeting at 10:45 a.m.
Director Adjarian exited the meeting at 10:53 a.m.
Director Adjarian returned to the meeting at 10:56 a.m.

Chairperson Erdman announced the remainder of the agenda items would carry over to the next Finance Committee meeting on March 30, 2018, at 8:30 a.m.

Adjournment

There being no further business, Chairman Erdman adjourned the meeting at 11:00 a.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 Finance Committee of March 21, 2018 and approved by the Finance Committee.

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

DRAFT

Exhibit A

**South Orange County Wastewater Authority
Summary of Disbursements for March 2018
Staff Recommendation of Fiscal Matters**

	<u>Actual</u>
General Fund	(605,149)
PC 2 - Jay B. Latham Plant	(340,552)
PC 3 - SOCWA Plant/PCA AWT	-
PC 5 - San Juan Creek Ocean Outfall	(25,670)
PC 8 - Pretreatment Program	(9,040)
PC 12 SO - Water Reclamation Permits	(3,559)
PC 15 - Coastal Treatment Plant/AWT	(269,009)
PC 17 - Joint Regional Wastewater Reclamation	(546,329)
PC 21 - Effluent Transmission Main	(255)
PC 24 - Aliso Creek Ocean Outfall	(12,213)
Total	<u><u>(\$1,811,776)</u></u>

**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
SCHEDULE OF FUNDS AVAILABLE FOR REINVESTMENT
as of March 31, 2018**

CASH IN BANK: (BEGINNING BAL.)	\$ 1,656,178
L.A.I.F. FUNDS: (BEGINNING BAL.)	13,455,364
DEPOSITS, TRANSFERS & ADJUSTMENTS:	263,684
FUND REQUIREMENTS:	
BILLS FOR CONSIDERATION	(1,811,776)
	\$ 13,563,451

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.

Betty Burnett
General Manager

Note: Operational funds are collected on a quarterly basis at the beginning of the quarter. Capital funds are

**South Orange County Wastewater Authority
Schedule of Cash and Investments
as of March 31, 2018**

MVA	\$	280,457	(A)
A/P Checking	\$	2,390,409	(B)
Payroll Checking	\$	137,221	(C)
State LAIF	\$	10,755,363	(D)
Total Cash in Bank		13,563,451	
Petty Cash		1,600	(E)
Total Operating Cash		13,565,051	
OPEB Trust		4,760,603	(F)
Total Cash and Investments	\$	18,325,653	

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 LAIF account.
- (C) Payroll including payroll taxes and related liabilities are drawn against this account; money is transferred to this account from the LAIF account.
- (D) LAIF balance.
- (E) Cash on hand with GM's office and held by Chief Operators at each Treatment facility.
- (F) OPEB Trust Fund; these funds can only be used for Retiree Health Benefits.

**South Orange County Wastewater Authority
Capital Schedule
as of March 31, 2018**

FY 2017-18 Budget vs. Actual Spending							
Description	Capital Budget	Fiscal Year Spending	(Over)/ Under Budget	% Expended	Member Agency Billed	Member Agency Collected	Past Due Amount
PC 2-JB Latham PC 3A	3,743,470	684,281	3,059,189	18.3%	1,995,032	1,995,032	
PC 5-San Juan Creek Outfall	195,510		195,510	0.0%	38,532	38,532	
PC 15-Coastal	6,637,145	1,286,119	5,351,026	19.4%	1,890,923	771,606	1,119,317
PC 17-Regional	3,196,068	2,895,308	300,760	90.6%	1,430,386	1,430,386	
PC 21 Effluent Transmission	236,607	4,613	231,994	1.9%	205,627	205,627	
PC 24 Aliso Creek Outfall	25,001	-	25,001	0.0%	-	-	
Total Large Capital	14,033,801	4,870,320	9,163,481	34.7%	5,560,500	4,441,183	1,119,317
Non-Capital Engineering	158,952	371,349	(212,397)	233.6%	158,952	136,536	22,416
Small Internal Capital	1,946,997	1,037,610	909,387	53.3%	1,460,244	1,290,868	211,786
Total Capital	16,139,750	6,279,280	9,860,470	38.9%	1,619,196	5,868,587	1,353,519

(1) Schedule for Past Due Amounts as of March 31, 2018

Description	Past Due Amount MNWD	Past Due Amount TOTAL
PC 15-Coastal	1,119,317	1,119,317
Total Large Capital	1,119,317	1,119,317
Non-Capital Engineering	22,416	22,416
Small Internal Capital	211,786	211,786
Total Capital	1,353,519	1,353,519

(2) Balances due are for PC 15 Coastal Treatment Plant

Large Capital Project Fiscal Year '17-18 Budget and Year-to-Date Spending 03/31/2018



South Orange County Wastewater Authority
O & M & Environmental Safety Costs Summary
For the Period Ended March 31, 2018

Exhibit E-1

	FY 2017-18 Budget	*Budget Increase	Adjusted Budget	Actual	(Over)/Under Budget	% Expended	
Salary and Fringe							
5000--***	Regular Salaries-O&M		4,371,300	3,033,082	1,338,218	69.4%	
5001--***	Overtime Salaries-O&M	60,000	74,992	119,930	15,062	88.8%	(1)
5306--***	Scheduled Holiday Work		39,904	40,653	(749)	101.9%	(2)
5315--***	Comp Time - O&M		-	7,753	(7,753)	0.0%	
5401--***	Fringe Benefits IN to PC's & Depts.		3,243,512	2,250,547	992,965	69.4%	
5700--***	Standby Pay		69,996	52,325	17,671	74.8%	
	Total Payroll Costs		7,799,704	5,504,291	2,355,413	70.0%	
Other Expenses							
5002--***	Electricity	130,000	1,484,000	1,428,129	185,871	88.5%	(3)
5003--***	Natural Gas		209,512	78,678	130,834	37.6%	(3)
5004--***	Potable & Reclaimed Water		62,008	55,970	6,038	90.3%	(4)
5005--***	Co-generation Power Credit		(250,000)	-	(250,000)	0.0%	
5006--***	Chlorine/Sodium Hypochlorite		478,000	362,712	115,288	75.9%	
5007--***	Polymer Products		709,016	431,135	277,881	60.8%	
5008--***	Ferric Chloride	25,000	255,012	237,936	42,076	85.0%	(5)
5009--***	Odor Control Chemicals		160,000	85,127	74,873	53.2%	
5010--***	Other Chemicals - Misc.		5,000	754	4,246	15.1%	
5011--***	Laboratory Services		36,500	22,633	13,867	62.0%	
5012--***	Grit Hauling		122,008	89,627	32,381	73.5%	
5013--***	Landscaping		183,004	72,862	110,142	39.8%	
5014--***	Engineering - Misc.		392,508	19,290	373,218	4.9%	
5015--***	Management Support Services		128,008	61,267	66,741	47.9%	
5016--***	Audit - Environmental		500	-	500	0.0%	
5017--***	Legal Fees		12,216	35,498	(23,282)	290.6%	
5018--***	Public Notices/ Public Relations		500	320	180	64.0%	
5019--***	Contract Services Misc.		287,000	187,288	99,712	65.3%	
5020--***	Postage Expense		-	174	(174)	0.0%	
5021--***	Small Vehicle Expense		20,900	16,353	4,547	78.2%	
5022--***	Miscellaneous Expense		18,492	10,581	7,911	57.2%	
5023--***	Office Supplies - All		42,000	30,249	11,751	72.0%	
5024--***	Petroleum Products		60,000	7,665	52,335	12.8%	
5025--***	Uniforms		36,000	25,794	10,206	71.7%	
5026--***	Small Vehicle Fuel		37,688	12,562	25,126	33.3%	
5027--***	Insurance - Property/Liability		211,740	156,122	55,618	73.7%	
5028--***	Small Tools & Supplies		77,476	51,045	26,431	65.9%	
5030--***	Trash Disposal		5,000	5,065	(65)	101.3%	
5031--***	Safety Program & Supplies		86,872	82,870	4,002	95.4%	(6)
5032--***	Equipment Rental		7,004	1,280	5,724	18.3%	
5033--***	Recruitment		1,000	2,937	(1,937)	293.7%	(7)
5034--***	Travel Expense/Tech. Conferences		61,012	39,283	21,729	64.4%	
5035--***	Training Expense		52,564	62,041	(9,477)	118.0%	(8)
5036--***	Laboratory Supplies		75,024	64,751	10,273	86.3%	
5037--***	Office Equipment		22,496	36,462	(13,966)	162.1%	(9)
5038--***	Permits		475,500	345,975	129,525	72.8%	
5039--***	Membership Dues/Fees		12,244	9,983	2,261	81.5%	
5044--***	Offshore Monitoring		42,008	26,121	15,887	62.2%	
5046--***	Effluent Chemistry		45,996	26,930	19,066	58.5%	
5047--***	Access Road Expenses		46,996	25,648	21,348	54.6%	
5048--***	Storm Damage		19,000	-	19,000	0.0%	
5049--***	Biosolids Disposal		1,541,004	861,833	679,171	55.9%	
5050--***	Contract Services Generators		21,008	20,137	871	95.9%	(10)
5052--***	Janitorial Services		100,016	35,426	64,590	35.4%	
5053--***	Contract Serv - Digester Cleaning - 29E		60,004	45,235	14,769	75.4%	
5054--***	Diesel Truck Maint		40,000	12,291	27,709	30.7%	
5055--***	Diesel Truck Fuel		13,996	4,027	9,969	28.8%	
5056--***	Maintenance Equip. & Facilities (Solids)		328,004	223,106	104,898	68.0%	
5057--***	Maintenance Equip. & Facilities (Liquids)		575,000	413,109	161,891	71.8%	
5058--***	Maintenance Equip. & Facilities (Common)		73,008	23,499	49,509	32.2%	
5059--***	Maintenance Equip. & Facilities (Co-Gen)		500,000	178,836	361,164	33.1%	
5060--***	Maintenance Equip. & Facilities (AWT)	40,000	70,000	35,411	34,589	50.6%	
5061--***	Mileage		5,688	1,496	4,192	26.3%	
5067--***	Port Cleaning		35,000	-	35,000	0.0%	
5068--***	MNWD Potable Water Supplies & Svcs.		23,996	19,042	4,954	79.4%	
5069--***	Misc-Capital-Dilution & Metering Study		15,004	11,170	3,834	74.4%	
5077--***	IT Direct		-	500	(500)	0.0%	
17-5101-01-00-00	Employee Recognition		-	274	(274)	0.0%	
5105--***	Co-Generation Power Credit - Offset		250,000	-	250,000	0.0%	
5303--***	Group Insurance Waiver		10,796	7,900	2,896	73.2%	
5305--***	Medicare Tax Payments for Employees		11,044	6,565	4,479	59.4%	
5309--***	Operating Leases		12,000	35,795	(23,795)	298.3%	(11)
5705--***	Monthly Car Allowance		28,196	22,731	5,465	80.6%	
5706--***	Effluent Pond Cleaning		90,004	-	90,004	0.0%	
5802--***	Shipping/Freight		-	362	(362)	0.0%	
6500--***	IT Allocations in to PC's & Depts.		654,684	395,173	259,511	60.4%	
	Total Other Expenses		10,190,256	6,563,035	3,822,221	63.2%	
	Total Expenses		17,989,960	12,067,326	6,177,634	66.1%	

SUMMARY FOOTNOTES:

*Budget increase approved at Board Meeting.

- (1) Overtime costs required due to nighttime and bypass construction activities for capital projects.
- (2) Staffing required for elevated holiday flows and loads. Also, only 1 Holiday remains for the Fiscal Year.
- (3) Engine projects timeframe affecting the electricity and gas budget line items.
- (4) Recycled water purchases were required during a construction project to replace the process water controls system at CTP.
- (5) Ferric chloride use has increased more than expected to comply with both new engine gas cleaning system requirements.
- (6) Safety work and training nearly complete for the Fiscal Year.
- (7) Recruitment costs related to a higher number of retirements than planned.
- (8) Training expenses due to new hire costs related to retirements.
- (9) & (11) Costs were incurred to replace the engineering trailer and modify the RTP lab staff work space. No additional costs expected.
- (10) Generator maintenance is completed for the FY. Costs typically range from \$5,000 to \$15,000 per plant depending on services needed.

**South Orange County Wastewater Authority
O&M Budget vs. Actual Comparison by PC
For the Period Ended March 31, 2018**

		Budget	*Budget Increase	Adjusted Budget	Actual	(Over)/Under Budget	% Expended	
02 - Jay B. Latham Plant								
Salary and Fringe								
02-5000-01-***	Regular Salaries-O&M	1,228,504		1,228,504	938,279	290,225	76.38%	
02-5000-02-***	Regular Salaries-O&M	163,196		163,196	108,191	55,005	66.30%	
02-5001-01-***	Overtime Salaries-O&M	21,908	60,000	81,908	38,790	43,118	47.36%	(1)
02-5001-02-***	Overtime Salaries-O&M	204		204	838	(634)	410.74%	
02-5306-01-***	Scheduled Holiday Work	11,992		11,992	13,534	(1,542)	112.86%	(2)
02-5306-02-***	Scheduled Holiday Work	1,804		1,804	1,764	40	97.78%	(2)
02-5315-01-00-00	Comp Time - O&M	-		-	4,460	(4,460)	0.00%	
02-5315-02-00-00	Comp Time - O&M	-		-	618	(618)	0.00%	
02-5401-01-***	Fringe Benefits IN to PC's & Depts.	911,556		911,556	696,203	215,353	76.38%	
02-5401-02-***	Fringe Benefits IN to PC's & Depts.	121,096		121,096	80,278	40,818	66.29%	
02-5700-01-***	Standby Pay	23,328		23,328	19,500	3,828	83.59%	
	Total Payroll Costs	2,483,588	60,000	2,543,588	1,902,455	641,133	74.79%	
Other Expenses								
02-5002-01-***	Electricity	524,000	130,000	654,000	635,626	18,374	97.19%	(3)
02-5003-01-***	Natural Gas	65,012		65,012	40,966	24,046	63.01%	(3)
02-5004-01-***	Potable & Reclaimed Water	15,004		15,004	12,999	2,005	86.64%	
02-5006-01-***	Chlorine/Sodium Hypochlorite	28,000		28,000	15,128	12,872	54.03%	
02-5007-01-***	Polymer Products	301,004		301,004	179,940	121,064	59.78%	
02-5008-01-***	Ferric Chloride	100,004	25,000	125,004	106,119	18,885	84.89%	(4)
02-5009-01-***	Odor Control Chemicals	25,000		25,000	12,898	12,102	51.59%	
02-5010-01-***	Other Chemicals - Misc.	1,000		1,000	8	992	0.75%	
02-5011-02-***	Laboratory Services	10,500		10,500	5,715	4,785	54.43%	
02-5012-01-***	Grit Hauling	40,000		40,000	35,861	4,139	89.65%	
02-5013-01-***	Landscaping	48,000		48,000	21,716	26,284	45.24%	
02-5014-01-***	Engineering - Misc.	4,996		4,996	6,600	(1,604)	132.11%	(5)
02-5014-02-***	Engineering - Misc.	100,004		100,004	4,760	95,244	4.76%	
02-5015-01-***	Management Support Services	4,996		4,996	8,240	(3,244)	164.93%	(5)
02-5015-02-***	Management Support Services	13,000		13,000	27,002	(14,002)	207.70%	(6)
02-5017-01-***	Legal Fees	1,200		1,200	7,395	(6,195)	616.25%	(7)
02-5019-01-***	Contract Services Misc.	95,000		95,000	72,565	22,435	76.38%	
02-5020-01-00-00	Postage Expense	-		-	167	(167)	0.00%	
02-5021-01-***	Small Vehicle Expense	8,004		8,004	7,982	22	99.73%	(8)
02-5022-01-***	Miscellaneous Expense	8,004		8,004	5,483	2,521	68.50%	
02-5023-01-***	Office Supplies - All	25,008		25,008	15,364	9,644	61.43%	
02-5024-01-***	Petroleum Products	16,004		16,004	-	16,004	0.00%	
02-5025-01-***	Uniforms	12,996		12,996	11,172	1,824	85.97%	
02-5026-01-***	Small Vehicle Fuel	15,000		15,000	6,701	8,299	44.67%	
02-5027-01-***	Insurance - Property/Liability	70,448		70,448	51,027	19,421	72.43%	
02-5028-01-***	Small Tools & Supplies	40,004		40,004	22,038	17,966	55.09%	
02-5030-01-***	Trash Disposal	1,000		1,000	1,693	(693)	169.26%	(9)
02-5031-02-***	Safety Program & Supplies	30,396		30,396	26,092	4,304	85.84%	(10)
02-5032-01-***	Equipment Rental	3,000		3,000	2	2,998	0.08%	
02-5033-01-***	Recruitment	1,000		1,000	815	186	81.45%	
02-5034-01-***	Travel Expense/Tech. Conferences	13,836		13,836	8,043	5,793	58.13%	
02-5034-02-***	Travel Expense/Tech. Conferences	3,140		3,140	1,768	1,372	56.31%	
02-5035-01-***	Training Expense	15,904		15,904	22,829	(6,925)	143.54%	(11)
02-5035-02-***	Training Expense	1,116		1,116	3,799	(2,683)	340.43%	(11)
02-5036-02-***	Laboratory Supplies	13,004		13,004	10,171	2,833	78.21%	(12)
02-5037-01-***	Office Equipment	15,500		15,500	17,424	(1,924)	112.41%	(13)
02-5038-02-***	Permits	22,000		22,000	16,963	5,037	77.10%	(14)
02-5039-01-***	Membership Dues/Fees	3,044		3,044	2,549	495	83.74%	(15)
02-5039-02-***	Membership Dues/Fees	800		800	960	(160)	120.05%	(15)
02-5049-01-***	Biosolids Disposal	550,004		550,004	272,022	277,982	49.46%	
02-5050-01-***	Contract Services Generators	9,004		9,004	11,666	(2,662)	129.57%	(16)
02-5052-01-***	Janitorial Services	40,004		40,004	15,113	24,891	37.78%	(17)
02-5054-01-***	Diesel Truck Maint	20,004		20,004	4,426	15,578	22.13%	
02-5055-01-***	Diesel Truck Fuel	6,000		6,000	1,452	4,548	24.20%	
02-5056-01-***	Maintenance Equip. & Facilities (Solids)	138,000		138,000	105,304	32,696	76.31%	
02-5057-01-***	Maintenance Equip. & Facilities (Liquids)	240,000		240,000	178,547	61,453	74.39%	
02-5058-01-***	Maintenance Equip. & Facilities (Common)	26,000		26,000	12,609	13,391	48.50%	
02-5059-01-***	Maintenance Equip. & Facilities (Co-Gen)	250,000	40,000	290,000	151,303	138,697	52.17%	
02-5061-01-***	Mileage	1,000		1,000	120	880	11.99%	
02-5061-02-***	Mileage	492		492	203	289	41.17%	
02-5303-01-***	Group Insurance Waiver	3,604		3,604	2,513	1,091	69.74%	
02-5303-02-00-00	Group Insurance Waiver	-		-	692	(692)	0.00%	
02-5305-01-***	Medicare Tax Payments for Employees	3,812		3,812	3,045	767	79.87%	
02-5309-01-***	Operating Leases	6,000		6,000	35,795	(29,795)	596.58%	(18)
02-5705-01-***	Monthly Car Allowance	7,196		7,196	7,592	(396)	105.51%	
02-5705-02-00-00	Monthly Car Allowance	-		-	808	(808)	0.00%	
02-5802-01-00-00	Shipping/Freight	-		-	268	(268)	0.00%	
02-6500-01-***	IT Allocations in to PC's & Depts.	184,880		184,880	111,595	73,285	60.36%	
02-6500-02-***	IT Allocations in to PC's & Depts.	24,040		24,040	14,509	9,531	60.35%	
	Total Other Expenses	3,205,968	195,000	3,400,968	2,356,161	1,044,807	69.28%	
	Total Expenses	5,689,556	255,000	5,944,556	4,258,616	1,685,940	71.64%	

05 - San Juan Creek Ocean Outfall

Salary and Fringe

05-5000-01-***	Regular Salaries-O&M	11,252	11,252	600	10,652	5.33%	
05-5000-02-***	Regular Salaries-O&M	90,480	90,480	69,450	21,030	76.76%	
05-5001-01-***	Overtime Salaries-O&M	376	376	-	376	0.00%	
05-5001-02-***	Overtime Salaries-O&M	96	96	210	(114)	219.18%	
05-5306-01-***	Scheduled Holiday Work	96	96	-	96	0.00%	
05-5306-02-***	Scheduled Holiday Work	2,404	2,404	411	1,993	17.11%	
05-5401-01-***	Fringe Benefits IN to PC's & Depts.	8,348	8,348	445	7,903	5.33%	
05-5401-02-***	Fringe Benefits IN to PC's & Depts.	67,136	67,136	51,532	15,604	76.76%	
	Total Payroll Costs	180,188	-	180,188	122,649	57,539	68.07%

Other Expenses

05-5002-01-***	Electricity	1,000	1,000	58	942	5.83%	
05-5003-01-***	Natural Gas	500	500	0	500	0.00%	
05-5014-02-***	Engineering - Misc.	20,004	20,004	0	20,004	0.00%	
05-5015-02-***	Management Support Services	27,500	27,500	5,908	21,592	21.49%	
05-5017-02-***	Legal Fees	2,004	2,004	0	2,004	0.00%	
05-5026-01-***	Small Vehicle Fuel - 37A	2,496	2,496	0	2,496	0.00%	
05-5027-01-***	Insurance - Property/Liability	5,372	5,372	3,995	1,377	74.36%	
05-5031-02-***	Safety Supplies	128	128	0	128	0.00%	
05-5034-02-***	Travel Expense/Tech. Conferences	2,484	2,484	625	1,859	25.17%	
05-5036-02-***	Laboratory Supplies	16,000	16,000	17,775	(1,775)	111.09% (19)	
05-5038-02-***	Permits	145,000	145,000	155,454	(10,454)	107.21% (14)	
05-5044-02-***	Offshore Monitoring	20,004	20,004	13,060	6,944	65.29%	
05-5046-02-***	Effluent Chemistry	16,000	16,000	10,788	5,213	67.42%	
05-5058-01-***	Maintenance Equip. & Facilities (Common) 41-C	1,004	1,004	38	967	3.74%	
05-5069-02-***	Misc-Capital-Dilution & Metering Study	15,004	15,004	11,170	3,834	74.45%	
05-5305-02-***	Medicare Tax Payments for Employees	2,352	2,352	-	2,352	0.00%	
05-5705-02-***	Monthly Car Allowance	4,200	4,200	646	3,554	15.38%	
05-6500-01-***	IT Allocations in to PC's & Depts.	1,692	1,692	1,021	671	60.34%	
05-6500-02-***	IT Allocations in to PC's & Depts.	12,952	12,952	7,819	5,133	60.37%	
	Total Other Expenses	295,696	-	295,696	228,357	67,339	77.23%
	Total Expenses	475,884	-	475,884	351,006	124,878	73.76%

08 - Pre Treatment

Salary and Fringe

08-5000-02-***	Regular Salaries-O&M	83,504	83,504	53,692	29,812	64.30%	
08-5001-02-***	Overtime Salaries-O&M	1,412	1,412	-	1,412	0.00%	
08-5306-02-***	Scheduled Holiday Work	200	200	-	200	0.00%	
08-5315-02-00-00	Comp Time - O&M	-	-	76	(76)	0.00%	
08-5401-02-***	Fringe Benefits IN to PC's & Depts.	61,956	61,956	39,839	22,117	64.30%	
	Total Payroll Costs	147,072	-	147,072	93,606	53,466	63.65%

Other Expenses

08-5011-02-***	Laboratory Services	2,500	2,500	100	2,400	4.00%	
08-5015-02-***	Management Support Services	2,008	2,008	-	2,008	0.00%	
08-5016-02-***	Audit - Environmental	500	500	-	500	0.00%	
08-5017-02-***	Legal Fees	2,008	2,008	921	1,087	45.87%	
08-5018-02-***	Public Notices/ Public Relations	500	500	320	180	64.00%	
08-5021-02-***	Small Vehicle Expense	900	900	18	882	2.03%	
08-5022-02-***	Miscellaneous Expense	1,496	1,496	-	1,496	0.00%	
08-5026-02-***	Small Vehicle Fuel - 37A	1,200	1,200	-	1,200	0.00%	
08-5027-02-***	Insurance - Property/Liability	2,196	2,196	1,690	506	76.96%	
08-5028-02-***	Small Tools & Supplies	3,472	3,472	1,721	1,751	49.56%	
08-5034-02-***	Travel Expense/Tech. Conferences	3,504	3,504	305	3,199	8.69%	
08-5035-02-***	Training Expense	1,496	1,496	1,500	(4)	100.27%	
08-5038-02-***	Permits and Fines	10,008	10,008	-	10,008	0.00%	
08-5039-02-***	Membership Dues/Fees	796	796	534	262	67.09%	
08-6500-02-***	IT Allocations in to PC's & Depts.	12,568	12,568	7,586	4,982	60.36%	
	Total Other Expenses	45,152	-	45,152	14,695	30,457	32.55%
	Total Expenses	192,224	-	192,224	108,301	83,923	56.34%

12 - Water Reclamation Permits

Salary and Fringe

12-5000-02-***	Regular Salaries-O&M	50,192	50,192	20,349	29,843	40.54%	
12-5306-02-***	Scheduled Holiday Work	392	392	0	392	0.00%	
12-5401-02-***	Fringe Benefits IN to PC's & Depts.	37,240	37,240	15,099	22,141	40.55%	
	Total Payroll Costs	87,824	-	87,824	35,449	52,375	40.36%

Other Expenses

12-5015-02-***	Management Support Services	15,992	15,992	179	15,813	1.12%	
12-5017-02-***	Legal Fees	5,000	5,000	-	5,000	0.00%	
12-5027-02-***	Insurance - Property/Liability	2,740	2,740	2,151	589	78.51%	
12-5034-02-***	Travel Expense/Tech. Conferences	1,256	1,256	642	614	51.12%	
12-5038-02-***	Permits	124,996	124,996	14,929	110,067	11.94%	
12-6500-02-***	IT Allocations in to PC's & Depts.	7,064	7,064	4,268	2,796	60.42%	
	Total Other Expenses	157,048	-	157,048	22,170	134,878	14.12%
	Total Expenses	244,872	-	244,872	57,618	187,254	23.53%

15 - Coastal Treatment Plant

Salary and Fringe

15-5000-01-***	Regular Salaries-O&M	697,360	697,360	479,633	217,727	68.78%
15-5000-02-***	Regular Salaries-O&M	149,952	149,952	84,605	65,347	56.42%
15-5001-01-***	Overtime Salaries-O&M	10,920	10,920	20,350	(9,430)	186.35% (1)
15-5001-02-***	Overtime Salaries-O&M	188	188	941	(753)	500.71% (1)
15-5306-01-***	Scheduled Holiday Work	3,004	3,004	5,407	(2,403)	180.00% (2)
15-5306-02-***	Scheduled Holiday Work	1,800	1,800	1,851	(51)	102.85% (2)
15-5315-01-00-00	Comp Time - O&M	-	-	130	(130)	0.00%
15-5401-01-***	Fringe Benefits IN to PC's & Depts.	517,440	517,440	355,888	161,552	68.78%
15-5401-02-***	Fringe Benefits IN to PC's & Depts.	111,268	111,268	62,777	48,491	56.42%
15-5700-01-***	Standby Pay	23,336	23,336	13,000	10,336	55.71%
	Total Payroll Costs	1,515,268	-	1,515,268	1,024,583	67.62%

Other Expenses

15-5002-01-***	Electricity	283,004	283,004	170,955	112,049	60.41%
15-5003-01-***	Natural Gas	3,000	3,000	1,268	1,732	42.25%
15-5004-01-***	Potable & Reclaimed Water	13,000	13,000	16,836	(3,836)	129.51% (20)
15-5006-01-***	Chlorine/Sodium Hypochlorite	99,996	99,996	36,278	63,718	36.28%
15-5007-01-***	Polymer Products	2,004	2,004	347	1,657	17.31%
15-5008-01-***	Ferric Chloride	30,004	30,004	23,558	6,446	78.52%
15-5009-01-***	Odor Control Chemicals	85,000	85,000	42,203	42,797	49.65%
15-5011-02-***	Laboratory Services	9,500	9,500	7,630	1,870	80.32%
15-5012-01-***	Grit Hauling	30,004	30,004	17,247	12,757	57.48%
15-5013-01-***	Landscaping	60,008	60,008	19,144	40,864	31.90%
15-5014-01-***	Engineering - Misc.	5,000	5,000	2,398	2,602	47.96%
15-5014-02-***	Engineering - Misc.	50,000	50,000	-	50,000	0.00%
15-5015-01-***	Management Support Services	5,000	5,000	306	4,694	6.13%
15-5015-02-***	Management Support Services	4,500	4,500	2,467	2,033	54.81%
15-5017-01-***	Legal Fees	-	-	24,289	(24,289)	0.00%
15-5019-01-***	Contract Services Misc.	67,000	67,000	47,815	19,185	71.37%
15-5021-01-***	Small Vehicle Expense	5,996	5,996	3,103	2,893	51.75%
15-5022-01-***	Miscellaneous Expense	2,996	2,996	1,305	1,691	43.56%
15-5023-01-***	Office Supplies - All	6,996	6,996	3,533	3,463	50.50%
15-5024-01-***	Petroleum Products	2,000	2,000	767	1,233	38.34%
15-5025-01-***	Uniforms	5,996	5,996	3,777	2,219	63.00%
15-5026-01-***	Small Vehicle Fuel	5,996	5,996	910	5,086	15.17%
15-5027-01-***	Insurance - Property/Liability	34,640	34,640	25,659	8,981	74.07%
15-5028-01-***	Small Tools & Supplies	9,000	9,000	6,242	2,758	69.35%
15-5030-01-***	Trash Disposal	2,996	2,996	2,199	797	73.39% (10)
15-5031-02-***	Safety Program & Supplies	24,000	24,000	24,072	(72)	100.30%
15-5032-01-***	Equipment Rental	1,000	1,000	-	1,000	0.00%
15-5033-01-00-00	Recruitment	-	-	100	(100)	0.00%
15-5034-01-***	Travel Expense/Tech. Conferences	13,832	13,832	7,246	6,586	52.39%
15-5034-02-***	Travel Expense/Tech. Conferences	3,324	3,324	1,180	2,144	35.49%
15-5035-01-***	Training Expense	15,904	15,904	6,690	9,214	42.06%
15-5035-02-***	Training Expense	1,116	1,116	484	632	43.37%
15-5036-02-***	Laboratory Supplies	10,004	10,004	8,917	1,087	89.13%
15-5037-01-***	Office Equipment	1,000	1,000	1,333	(333)	133.34%
15-5038-02-***	Permits	6,504	6,504	3,199	3,305	49.19%
15-5039-01-***	Membership Dues/Fees	2,996	2,996	1,446	1,550	48.27%
15-5039-02-***	Membership Dues/Fees	804	804	323	481	40.22%
15-5047-01-***	Access Road Expenses	46,996	46,996	25,648	21,348	54.57%
15-5048-01-***	Storm Damage	19,000	19,000	-	19,000	0.00%
15-5049-01-***	Biosolids Disposal - 21B	125,000	125,000	-	125,000	0.00%
15-5050-01-***	Contract Services Generators	4,004	4,004	4,187	(183)	104.57% (16)
15-5052-01-***	Janitorial Services	20,008	20,008	7,883	12,125	39.40%
15-5054-01-***	Diesel Truck Maint	996	996	332	664	33.37% (17)
15-5055-01-***	Diesel Truck Fuel - 37B	996	996	-	996	0.00%
15-5057-01-***	Maintenance Equip. & Facilities (Liquids)	170,004	170,004	55,232	114,772	32.49%
15-5058-01-***	Maintenance Equip. & Facilities (Common)	20,008	20,008	972	19,036	4.86%
15-5060-01-***	Maintenance Equip. & Facilities (AWT)	35,000	35,000	15,833	19,168	45.24%
15-5061-01-***	Mileage	1,196	1,196	80	1,116	6.67%
15-5303-01-***	Group Insurance Waiver	3,596	3,596	2,548	1,048	70.85%
15-5305-01-***	Medicare Tax Payments for Employees	2,964	2,964	2,533	431	85.46%
15-5705-01-***	Monthly Car Allowance	4,200	4,200	3,877	323	92.31%
15-5802-01-00-00	Shipping/Freight	-	-	49	(49)	0.00%
15-6500-01-***	IT Allocations in to PC's & Depts.	104,820	104,820	63,269	41,551	60.36%
15-6500-02-***	IT Allocations in to PC's & Depts.	22,212	22,212	13,409	8,803	60.37%
	Total Other Expenses	1,485,120	-	1,485,120	774,044	47.88%

	Total Expenses	3,000,388	-	3,000,388	1,735,659	1,264,729	57.85%
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17 - Joint Regional Wastewater Reclamation and Sludge Handling

Salary and Fringe

17-5000-01-***	Regular Salaries-O&M	1,531,652	1,531,652	1,021,631	510,021	66.70%	
17-5000-02-***	Regular Salaries-O&M	272,888	272,888	189,295	83,593	69.37%	
17-5001-01-***	Overtime Salaries-O&M	39,148	39,148	55,508	(16,360)	141.79%	(1)
17-5001-02-***	Overtime Salaries-O&M	196	196	2,801	(2,605)	1428.95%	(1)
17-5306-01-***	Scheduled Holiday Work	12,004	12,004	14,062	(2,058)	117.15%	(2)
17-5306-02-***	Scheduled Holiday Work	2,992	2,992	3,490	(498)	116.65%	(2)
17-5315-01-***	Comp Time - O&M	-	-	959	(959)	0.00%	
17-5315-02-00-00	Comp Time - O&M	-	-	1,510	(1,510)	0.00%	
17-5401-01-***	Fringe Benefits IN to PC's & Depts.	1,136,496	1,136,496	758,051	378,445	66.70%	
17-5401-02-***	Fringe Benefits IN to PC's & Depts.	202,488	202,488	140,457	62,031	69.37%	
17-5700-01-***	Standby Pay	23,332	23,332	19,825	3,507	84.97%	
Total Payroll Costs		3,221,196	-	3,221,196	2,207,590	1,013,606	68.53%

Other Expenses

17-5002-01-***	Electricity	675,000	675,000	621,490	53,510	92.07%	(21)
17-5003-01-***	Natural Gas	141,000	141,000	36,444	104,556	25.85%	(21)
17-5004-01-***	Potable & Reclaimed Water	34,004	34,004	26,136	7,868	76.86%	
17-5005-01-***	Co-generation Power Credit	(250,000)	(250,000)	-	(250,000)	0.00%	(21)
17-5006-01-***	Chlorine/Sodium Hypochlorite	350,004	350,004	311,305	38,699	88.94%	(22)
17-5007-01-***	Polymer Products	406,008	406,008	250,848	155,160	61.78%	
17-5008-01-***	Ferric Chloride	125,004	125,004	108,259	16,745	86.60%	(23)
17-5009-01-***	Odor Control Chemicals	50,000	50,000	30,026	19,974	60.05%	
17-5010-01-***	Other Chemicals - Misc.	4,000	4,000	747	3,253	18.67%	
17-5011-02-***	Laboratory Services	14,000	14,000	9,188	4,812	65.63%	
17-5012-01-***	Grit Hauling - 21A	52,004	52,004	36,519	15,485	70.22%	
17-5013-01-***	Landscaping	74,996	74,996	32,002	42,994	42.67%	
17-5014-01-***	Engineering - Misc.	5,004	5,004	772	4,232	15.43%	
17-5014-02-***	Engineering - Misc.	125,000	125,000	4,760	120,240	3.81%	
17-5015-01-***	Management Support Services	5,004	5,004	5,500	(496)	109.90%	(5)
17-5015-02-***	Management Support Services	22,504	22,504	5,917	16,587	26.29%	
17-5017-01-00-00	Legal Fees	-	-	2,607	(2,607)	0.00%	
17-5019-01-***	Contract Services Misc.	125,000	125,000	66,464	58,536	53.17%	
17-5020-01-00-00	Postage Expense	-	-	7	(7)	0.00%	
17-5021-01-***	Small Vehicle Expense	6,000	6,000	5,249	751	87.48%	(8)
17-5022-01-***	Miscellaneous Expense	5,996	5,996	3,792	2,204	63.25%	
17-5023-01-***	Office Supplies - All	9,996	9,996	11,353	(1,357)	113.57%	
17-5024-01-***	Petroleum Products	41,996	41,996	6,899	35,097	16.43%	
17-5025-01-***	Uniforms	17,008	17,008	10,845	6,163	63.76%	
17-5026-01-***	Small Vehicle Fuel	12,996	12,996	4,951	8,045	38.10%	
17-5027-01-***	Insurance - Property/Liability	90,252	90,252	66,991	23,261	74.23%	
17-5028-01-***	Small Tools & Supplies	25,000	25,000	21,045	3,955	84.18%	
17-5030-01-***	Trash Disposal	1,004	1,004	1,173	(169)	116.87%	(9)
17-5031-02-***	Safety Program & Supplies	31,352	31,352	32,706	(1,354)	104.32%	(10)
17-5032-01-***	Equipment Rental	3,004	3,004	1,278	1,726	42.54%	
17-5033-01-00-00	Recruitment	-	-	2,022	(2,022)	0.00%	
17-5034-01-***	Travel Expense/Tech. Conferences	13,832	13,832	16,205	(2,373)	117.15%	(11)
17-5034-02-***	Travel Expense/Tech. Conferences	3,324	3,324	2,909	415	87.50%	(11)
17-5035-01-***	Training Expense	15,904	15,904	25,542	(9,638)	160.60%	(11)
17-5035-02-***	Training Expense	1,124	1,124	1,197	(73)	106.48%	(11)
17-5036-02-***	Laboratory Supplies	19,020	19,020	11,376	7,644	59.81%	
17-5037-01-***	Office Equipment	5,996	5,996	17,705	(11,709)	295.28%	(24)
17-5038-02-***	Permits	35,000	35,000	18,055	16,945	51.58%	
17-5039-01-***	Membership Dues/Fees	3,004	3,004	3,324	(320)	110.65%	(15)
17-5039-02-***	Membership Dues/Fees	800	800	846	(46)	105.73%	
17-5049-01-***	Biosolids Disposal	866,000	866,000	589,811	276,189	68.11%	
17-5050-01-***	Contract Services Generators	8,000	8,000	4,283	3,717	53.54%	
17-5052-01-***	Janitorial Services	40,004	40,004	12,430	27,574	31.07%	(16)
17-5053-01-***	Contract Serv - Digester Cleaning - 29E	60,004	60,004	45,235	14,769	75.39%	
17-5054-01-***	Diesel Truck Maint	19,000	19,000	7,533	11,467	39.65%	
17-5055-01-***	Diesel Truck Fuel	7,000	7,000	2,575	4,425	36.79%	
17-5056-01-***	Maintenance Equip. & Facilities (Solids)	190,004	190,004	117,802	72,202	62.00%	
17-5057-01-***	Maintenance Equip. & Facilities (Liquids)	164,996	164,996	179,331	(14,335)	108.69%	(25)
17-5058-01-***	Maintenance Equip. & Facilities (Common)	25,000	25,000	9,281	15,719	37.12%	
17-5059-01-***	Maintenance Equip. & Facilities (Co-Gen)	250,000	250,000	27,533	222,467	11.01%	(21)
17-5060-01-***	Maintenance Equip. & Facilities (AWT)	35,000	35,000	19,579	15,422	55.94%	
17-5061-01-***	Mileage	3,000	3,000	1,093	1,907	36.44%	
17-5068-02-***	MNWD Potable Water Supplies & Svcs.	23,996	23,996	19,042	4,954	79.36%	
17-5077-01-00-00	IT Direct	-	-	500	(500)	0.00%	
17-5101-01-00-00	Employee Recognition	-	-	274	(274)	0.00%	
17-5105-01-***	Co-Generation Power Credit - Offset	250,000	250,000	-	250,000	0.00%	(21)
17-5303-01-***	Group Insurance Waiver	32	32	277	(245)	865.38%	
17-5303-02-***	Group Insurance Waiver	3,564	3,564	1,869	1,695	52.45%	
17-5305-01-***	Medicare Tax Payments for Employees	1,784	1,784	987	797	55.35%	
17-5305-02-***	Medicare Tax Payments for Employees	132	132	-	132	0.00%	
17-5309-01-***	Operating Leases	6,000	6,000	-	6,000	0.00%	
17-5705-01-***	Monthly Car Allowance	8,396	8,396	9,000	(604)	107.20%	
17-5705-02-***	Monthly Car Allowance	4,204	4,204	808	3,396	19.21%	
17-5706-01-***	Effluent Pond Cleaning	90,004	90,004	-	90,004	0.00%	
17-5802-01-00-00	Shipping/Freight	-	-	45	(45)	0.00%	
17-6500-01-***	IT Allocations in to PC's & Depts.	230,508	230,508	139,132	91,376	60.36%	
17-6500-02-***	IT Allocations in to PC's & Depts.	40,652	40,652	24,539	16,113	60.36%	
Total Other Expenses		4,628,420	-	4,628,420	3,027,410	1,601,010	65.41%
Total Expenses		7,849,616	-	7,849,616	5,235,000	2,614,616	66.69%

21 - Effluent Transmission Main

Salary and Fringe						
21-5000-01-14-00	Regular Salaries-O&M	-	-	160	(160)	0.00%
21-5401-01-00-00	Fringe Benefits IN to PC's & Depts.	-	-	119	(119)	0.00%
Total Payroll Costs		-	-	279	(279)	0.00%
Other Expenses						
21-5014-02-**-**	Engineering - Misc.	62,496	62,496	-	62,496	0.00%
21-5019-02-00-00	Contract Services Misc. - 29	-	-	444	(444)	0.00%
21-5027-02-**-**	Insurance - Property/Liability	728	728	615	113	84.42%
Total Other Expenses		63,224	63,224	1,059	62,165	1.68%
Total Expenses		63,224	63,224	1,338	61,886	2.12%

23 - North Coast Interceptor

Other Expenses						
23-5017-01-00-00	Legal Fees	-	-	286	(286)	0.00%
Total Other Expenses		-	-	286	(286)	0.00%
Total Expenses		-	-	286	(286)	0.00%

24 - Aliso Creek Ocean Outfall

Salary and Fringe							
24-5000-01-**-**	Regular Salaries-O&M	6,696	6,696	600	6,096	8.96%	
24-5000-02-**-**	Regular Salaries-O&M	85,624	85,624	66,595	19,029	77.78%	
24-5001-01-**-**	Overtime Salaries-O&M	348	348	369	(21)	105.94%	
24-5001-02-**-**	Overtime Salaries-O&M	196	196	123	73	62.97%	
24-5306-01-**-**	Scheduled Holiday Work	104	104	-	104	0.00%	
24-5306-02-**-**	Scheduled Holiday Work	3,112	3,112	133	2,979	4.27%	
24-5401-01-**-**	Fringe Benefits IN to PC's & Depts.	4,960	4,960	445	4,515	8.98%	
24-5401-02-**-**	Fringe Benefits IN to PC's & Depts.	63,528	63,528	49,414	14,114	77.78%	
Total Payroll Costs		164,568	164,568	117,679	46,889	71.51%	
Other Expenses							
24-5002-01-**-**	Electricity	996	996	-	996	0.00%	
24-5014-02-**-**	Engineering - Misc.	20,004	20,004	-	20,004	0.00%	
24-5015-02-**-**	Management Support Services	27,504	27,504	5,748	21,756	20.90%	
24-5017-02-**-**	Legal Fees	2,004	2,004	-	2,004	0.00%	
24-5027-02-**-**	Insurance - Property/Liability	5,364	5,364	3,995	1,369	74.48%	
24-5031-02-**-**	Safety Supplies	996	996	-	996	0.00%	
24-5034-02-**-**	Travel Expense/Tech. Conferences	2,480	2,480	362	2,119	14.58%	
24-5036-02-**-**	Laboratory Supplies	16,996	16,996	16,513	483	97.16%	
24-5038-02-**-**	Permits	131,992	131,992	137,375	(5,383)	104.08%	
24-5044-02-**-**	Offshore Monitoring	22,004	22,004	13,060	8,944	59.35%	
24-5046-02-**-**	Effluent Chemistry	29,996	29,996	16,143	13,854	53.82%	
24-5058-01-**-**	Maintenance Equip. & Facilities (Common) 41-C	996	996	600	396	60.24%	
24-5067-02-**-**	Port Cleaning	35,000	35,000	-	35,000	0.00%	
24-6500-01-**-**	IT Allocations in to PC's & Depts.	1,008	1,008	608	400	60.32%	
24-6500-02-**-**	IT Allocations in to PC's & Depts.	12,288	12,288	7,418	4,870	60.37%	
Total Other Expenses		309,628	309,628	201,822	107,806	65.18%	
Total Expenses		474,196	474,196	319,500	154,696	67.38%	
SOCWA TOTAL		17,989,960	255,000	18,244,960	12,067,326	6,177,634	66.14%

*Budget increase approved at Board Meeting.

- (1) Overtime costs required due to nighttime and bypass construction activities for capital projects.
- (2) Staffing has been required for elevated holiday flows and loads.
- (3) Engine project timeframe affecting the electricity and gas budget line items.
- (4) Ferric chloride use has increased more than expected to comply with the new engine gas cleaning system requirements.
- (5) No additional efforts are expected this FY.
- (6) Contract work on PC2 trunkline to clean sewers so that the ADS monitors would work properly.
- (7) Legal review of O&M contracts.
- (8) Older vehicles required repairs. No additional costs expected.
- (9) Additional trash was removed following the completion of several construction projects.
- (10) Safety work and training nearly complete for the Fiscal Year.
- (11) Training expenses due to hiring to replace retirements.
- (12) Planned purchases of samplers occurred at the beginning of the FY. Expenses are expected to level out for the FY.
- (13) Costs for engineering staffing equipment / offices.
- (14) Permit costs are primarily incurred in July of each year. Expenses are expected to level out for the FY.
- (15) Membership costs are primarily incurred in July and December of each year. Expenses are expected to level out for the FY.
- (16) Generator maintenance is completed for the FY. Costs typically range from \$5,000 to \$15,000 per plant depending on services needed.
- (17) Janitorial expenses are lower than projected due to late start of new contractor with a higher rate.
- (18) Costs for engineering staffing equipment / offices.
- (19) Elevated costs to due the unexpected need to replace a sampler.
- (20) Recycled water purchase required during a construction project to replace the process water controls system.
- (21) The RTP engine project impacting electricity and gas usage.
- (22) Elevated bleach usage has occurred in the AWT due to debris in the clearwell. Staff has been working with MNWD to find a period that the AWT can be shutdown and cleaned. The current plan is to clean the basin in mid-march 2018.
- (23) Ferric chloride use has increased to comply with the new engine gas cleaning system requirements.
- (24) Plant work station and conference room improvements.
- (25) Liquids system O&M opportunities during construction project shutdowns.
- (26) Staff investigated a potential leak of the outfall after hours. A reoccurring underground spring was determined to be the source of the water found.

South Orange County Wastewater Authority Budget vs. Actual Comparison - Engineering

For the Period Ended March 31, 2018

	FY 2017-18 Budget	Actual	(Over)/Under Budget	%
Salary and Fringe				
-5000--**-00	155,460	144,643	10,817	93.0%
01-5001-03-00-00	-	202	(202)	0.0%
02-5306-03-01-00	-	32	(32)	0.0%
01-5401-03-00-00	115,356	107,325	8,031	93.0%
Total Payroll Costs	270,816	252,202	18,614	93.1%
Other Expenses				
01-5015-03-00-00	996	-	996	0.0%
01-5022-03-00-00	3,000	1,586	1,414	52.9%
01-5023-03-00-00	-	86	(86)	0.0%
01-5034-03-00-00	6,348	4,331	2,017	68.2%
01-5035-03-00-00	3,300	2,249	1,051	68.2%
01-5039-03-00-00	1,776	810	966	45.6%
01-5061-03-00-00	202	220	(18)	108.9%
01-5309-03-00-00	16,500	6,828	9,672	41.4%
01-5705-03-00-00	4,200	3,231	969	76.9%
01-5802-03-00-00	300	-	300	0.0%
01-6500-03-00-00	58,488	35,306	23,182	60.4%
Total Other Expenses	95,110	54,647	40,463	57.5%
Total Expenses	365,926	306,849	59,077	83.9%

The costs in this department will vary based on the amount of work required to support Capital Projects vs. Non-Capital Projects.

South Orange County Wastewater Authority Budget vs. Actual Comparison - Administration

Exhibit E-3

For the Period Ended March 31, 2018

	FY 2017-18 Budget	*Budget Increase	Adjusted Budget	Actual	(Over)/Under Budget	% Expended
Salary and Fringe						
01-6000-04-00-00	871,373		871,373	654,302	217,071	75.1%
01-6001-04-00-00	10,000		10,000	28,358	(18,358)	283.6%
-6315--**-00	-		-	10,045	(10,045)	0.0%
01-6401-04-00-00	646,559		646,559	485,492	161,067	75.1%
Total Payroll Costs	1,527,932	-	1,527,932	1,178,197	349,735	77.1%
Other Expenses						
01-5018-04-00-00	1,400		1,400	-	1,400	0.0%
01-6101-04-00-00	10,104		10,104	40,813	(30,709)	403.9%
01-6102-04-00-00	1,008		1,008	2,116	(1,108)	209.9%
01-6200-04-00-00	112,500	117,500	230,000	152,031	77,969	66.1%
01-6201-04-00-00	35,000	5,000	40,000	51,184	(11,184)	128.0%
01-6202-04-00-00	90,000		90,000	179,791	(89,791)	199.8%
01-6203-04-00-00	2,016		2,016	-	2,016	0.0%
01-6204-04-00-00	708		708	2,064	(1,356)	291.6%
01-6223-04-00-00	7,500		7,500	5,198	2,302	69.3%
01-6224-04-00-00	8,000		8,000	5,591	2,409	69.9%
01-6234-04-00-00	84,827		84,827	71,655	13,172	84.5%
01-6239-04-00-00	36,950		36,950	24,716	12,234	66.9%
01-6240-04-00-00	1,000		1,000	-	1,000	0.0%
01-6310-04-00-00	14,000		14,000	17,609	(3,609)	125.8%
01-6311-04-00-00	1,000		1,000	995	5	99.5%
01-6317-04-00-00	1,800		1,800	3,670	(1,870)	203.9%
01-6500-04-00-00	111,365		111,365	67,219	44,146	60.4%
01-6601-04-00-00	1,200		1,200	2,347	(1,147)	195.6%
01-6705-04-00-00	12,000		12,000	9,231	2,769	76.9%
Total Other Expenses	532,378	122,500	654,878	636,228	18,650	97.2%
Total Expenses	2,060,310	122,500	2,182,810	1,814,425	368,385	83.1%

*Budget increase approved at Board Meeting.

(1) Additional requirements for Admin due to audits & contracting work; please note that the regular salaries are higher because the staff took less PTO time in order to meet work requirements.

(2) Recruiting fees relating to increased workload & staff additions.

(3) Subscription to OC Register

(4) Iron Mountain, pulling historical documents relating to audit

Agenda Item

6

Legal Counsel Review: N/A

Meeting Date: May 16, 2018

TO: Finance Committee
FROM: Betty Burnett, General Manager
STAFF CONTACT: Mary Carey, Finance Controller
SUBJECT: Cash Roll Forward FY 2016-17

Summary:

Accounting staff has completed the Cash Roll Forward to June 30, 2017, see attached. The notes below explain each line item of the attachment. Additional cash on hand and the source is shown at a total of \$365,527.

1. Cash on Hand from FY 2016-17 Audited Financial Statements; amount confirmed with Bank, Bank Statements and reconciled to the General Ledger.
2. Adjustment for Current Assets and Liabilities, Obligations against the Cash (accounts payable accruals, payroll accruals, Use Audit Due from Member Agencies; the offset to these items is in the Use Audit as an Expense or in Construction-in-Progress if Capital related.)

Amounts due to the Authority, Accounts Receivable (largely PC 15 past due capital billings to Moulton Niguel), Use Audit due from Member Agencies, Prepaids and Deposits.

3. Available Cash (Item 1 above less Item 2). The Authority does not carry Cash Reserves, residual cash from O&M and Small Capital is returned to the Member Agencies via the Use Audit, therefore, Cash on Hand should be Large Capital Cash.
4. Large Capital Cash is supported by a subsidiary report detailing by project committee, wastewater code (liquids, solids, common) and capital project:
 - a) Beginning Cash Balance from the State Audited 6/30/2016 Cash Roll Forward
 - b) FY 2016-17 Contributions based on the quarterly capital billings
 - c) Actual expenditures taken from the general ledger
 - d) Use Audit Settlement
 - e) Net Cash balance at 6/30/2017
5. Non-Capital Engineering Cash Balance is based on the quarterly invoices less actual expenditures. This process began in FY 2016-17.
6. Past Due PC 15 Large Capital Receivables included in the Accounts Receivable adjustment above, therefore, added back.

7. Use Audit Settlement
8. Total Large Capital Cash
9. Small Capital Carryover project was completed and included in the above Due from Member Agency.
10. Refund due Member Agencies for the wall build between SOCWA and the Condominium project.
11. Total Capital Cash
12. Difference is additional cash.

Recommendation: Discussion and direction to staff

**South Orange County Wastewater Authority
Member Agency Capital Cash
As of June 30, 2017**

Cash Summary by Member Agency						
	Large Capital	Non Capital Engineering Cash Balance	Past Due PC 15 Receivables	Use Audit Settlement	Total Large Capital Cash	
City of Laguna Beach	1,032,279	(41,758)			990,522	
City of San Clemente	50,577	14,656			65,233	
City of San Juan Capistrano	988,193	51,789		(15,171)	1,024,810	
Emerald Bay Service District	74,017	(3,174)			70,844	
El Toro Water District	555,612	(3,132)			552,480	
Irvine Ranch Water District	43,532	5,852			49,384	
Moulton Niguel Water District	3,811,374	111,796	649,490	(11,159)	4,561,501	
South Coast Water District	1,702,316	84,447		(12,195)	1,774,568	
Santa Margarita Water District	910,539	74,585		(11,406)	973,718	
Total	9,168,439	295,062	649,490	(49,931)	10,063,060	

**South Orange County Wastewater Authority
Cash Reconciliation
As of June 30, 2016 and June 30, 2017**

		6/30/2016	6/30/2017	
(1)	Cash on Hand	5,777,486	12,949,694	
	Accounts Payable 6/30/16	(2,453,079)	(2,682,688)	
	Accrued Payroll 6/30/16	(129,958)	(102,661)	
	Accounts Receivable 6/30/16	316,772	1,069,282	
(2)	PTO Reserves	(684,767)	(653,282)	
	Due to Mbr Agency	(1,692,399)	(1,358,841)	
	Due From Mbr Agency	1,316,255	1,069,819	
	Audit Adjustment	311,131		In Due From Mbr. Agcy
	Prepaid	65,614	65,082	
	Deposits	18,000	19,500	
(3)	Available Cash 6/30/2016	2,845,055	10,375,905	
(4)	Large Capital Cash as of 6/30/2016	2,223,007	9,168,439	
(5)	Non Capital Engineering Cash Balance		295,062	
(6)	Moulton Niguel Large Capital Accounts Receivable		649,490	Included above
(7)	Add Use Audit Settlement	211,626	(49,931)	Included above
(8)	Total Large Capital Cash	2,434,633	10,063,060	
(9)	Small Capital Carryover	129,000	(129,000)	Included above
(10)	Cash Collected for PC 2 Zephyr Wall		76,318	Refund May 2018
(11)	Total Capital Cash 6/30/2016	2,563,633	10,010,378	
(12)	Difference	281,422	365,527	Original Audit Diff. was \$354k, later adjustments reduced diff. to \$281k.
Additional Cash Is:				
	1. Amount from FY 2015-16		281,422	
	3. Interest Income Received FY 16-17		45,294	
	4. Recycling Income		11,708	
	5. PC 23 Admin Payment		9,135	
	6. Mutual Omaha Refund		8,034	
	7. Interest received for 4th qtr 15-16		4,934	
	8. LAIF Interest Adj.		3,000	
	9. Grant Revenue		1,500	
	10. Other misc adjustments		500	
	Total Other Cash		365,527	

SOCWA

**Cash Roll Forward FY 2016-17
By Member Agency, Project Committee
& Capital Project**

**Finance Committee
May 16, 2018**

**South Orange County Wastewater Authority
Member Agency Capital Cash
As of June 30, 2017**

Cash Summary by Member Agency						
	Large Capital	Non Capital Engineering Cash Balance	Past Due PC 15 Receivables	Use Audit Settlement	Total Large Capital Cash	
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Total	9,168,439	295,062	649,490	(49,931)	10,063,060	

South Orange County Wastewater Authority

Cash Reconciliation

As of June 30, 2016 and June 30, 2017

	6/30/2016	6/30/2017
Cash on Hand	5,777,486	12,949,694
Accounts Payable 6/30/16	(2,453,079)	(2,682,688)
Accrued Payroll 6/30/16	(129,958)	(102,661)
Accounts Receivable 6/30/16	316,772	1,069,282
PTO Reserves	(684,767)	(653,282)
Due to Mbr Agency	(1,692,399)	(1,358,841)
Due From Mbr Agency	1,316,255	1,069,819
Audit Adjustment	311,131	
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		In Due From Mbr. Agcy
Available Cash 6/30/2016	2,845,055	10,375,905
Large Capital Cash as of 6/30/2016	2,223,007	9,168,439
Non Capital Engineering Cash Balance		295,062
Moulton Niguel Large Capital Accounts Receivable		649,490
Add Use Audit Settlement	211,626	(49,931)
Total Large Capital Cash	2,434,633	10,063,060
Small Capital Carryover	129,000	(129,000)
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Total Capital Cash 6/30/2016	2,563,633	10,010,378
Difference	281,422	365,527
		Original Audit Diff. was \$354k, later adjustments reduced diff. to \$281 k.
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8. LAIF Interest Adj.		3,000
9. Grant Revenue		1,500
10. Other misc adjustments		500
Total Other Cash		365,527

Agenda Item

7

Legal Counsel Review: N/A

Meeting Date: May 16, 2018

TO: Finance Committee
FROM: Betty Burnett, General Manager
STAFF CONTACT: Mary Carey, Finance Controller
SUBJECT: PARS OPEB Investment Program

Summary:

SOCWA staff met with PARS Program representatives in May, 2018 to receive a report on investment performance. The Summary attached prepared by the PARS Program representatives shows earnings of \$1,267,813 on total contributions as of February 28, 2018 of \$3,471,789 since inception date of **December 1, 2009**. Since inception, SOCWA has invested in PARS recommended fund, a Balanced/Moderately Aggressive approach, High Mark Plus.

The most recent 1-year performance, calendar year 2017, was 10.10%. Inception to date performance since 12/1/2009, is 8.31%.

PARS recommends SOCWA remain in this investment.

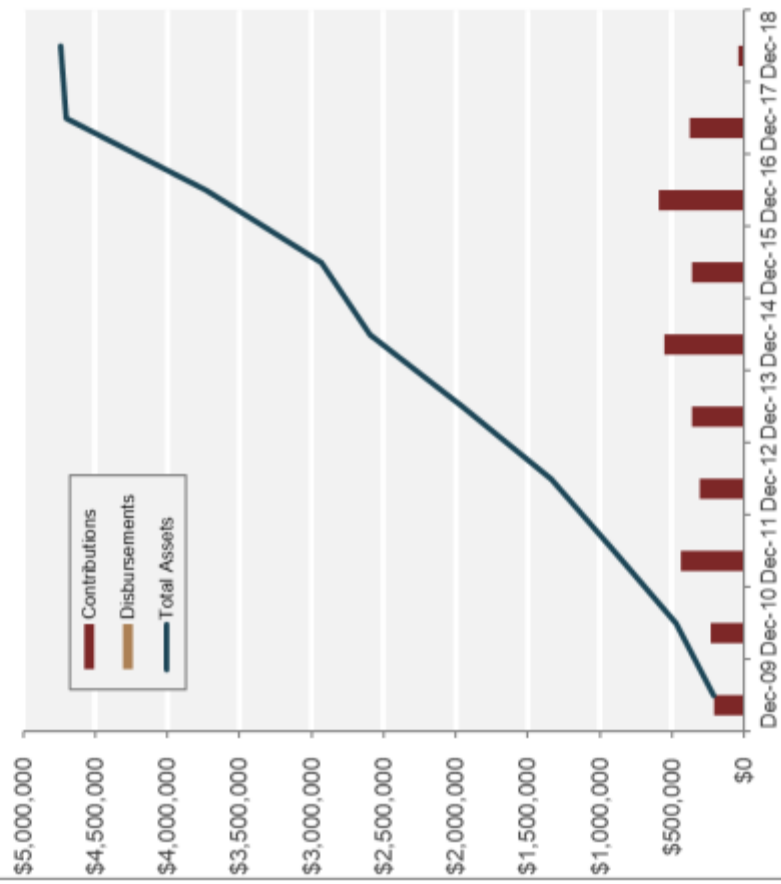
Recommendation: Discussion and direction to staff

SUMMARY OF AGENCY'S OPEB PLAN

Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	August 6, 2009
Plan Administrator:	Betty Burnett , General Manager
Current Investment Strategy:	Balanced (Active) Strategy; Pooled Account
AS OF FEBRUARY 28, 2018:	
Initial Contribution:	December 2009 (\$211,652)
Additional Contributions:	\$3,260,137
Total Contributions:	\$3,471,789
Disbursements:	\$0.00
Total Investment Earnings:	\$1,267,813
Account Balance:	\$4,739,603

SUMMARY OF AGENCY'S OPEB PLAN

CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF FEBRUARY 28, 2018:



Plan Year Ending

DISCUSSION HIGHLIGHTS – South Orange County Wastewater Authority

Investment objective – Balanced HM Plus

Asset Allocation: PARS/HCM Balanced HM Plus (As of 3-31-2018)

- Allocation Target – 58.68% stocks (50-70% range), 36.09% bonds (30-50% range), 5.23% cash (0-20% range)
- Large cap 28.5%, Mid-cap 4.32%, Small cap 9%, International 15.34%, REIT 1.61%

Performance: South Orange County Wastewater Authority

(as of 3-31-2018) gross of investment management fees, net of fund fees

- Y-T-D (3 months) -.65%
- 1-Year: 10.10%
- 3-Year: 6.13%
- 5-Year: 7.29%
- Inception to date (12-1-2009) 8.31%

- Bonds: positioned for a flattening of the yield curve with credit exposure a modest positive
- Stocks: International finally outperforming & active management relative performance has improved

12-Month Changes

- Asset Allocation:
 - Favor value style over growth
 - Modest overweight to international
 - Removed floating rate notes

OPEB ACTUARIAL RESULTS

	January 1, 2015 Valuation Date Discount Rate: 6.00%	January 1, 2017 Valuation Date Discount Rate: 6.00%
Actuarial Accrued Liability (AAL)	\$9,991,032	\$10,584,815
Actuarial Value of Assets	\$2,414,381	\$3,672,393
Unfunded Actuarial Accrued Liability (UAAL)	\$7,615,887	\$6,912,422
Normal Cost	\$217,375	\$308,669
UAAL Amortization	\$376,511	\$430,131
Annual Required Contribution (ARC) for FY 2016-17	\$376,511	\$747,925
Benefit Payments (Pay-as-you-go)	\$251,614 (FY 2014-15)	\$277,389 (FY 2015-16)

Rule of thumb: For every one percent increase in the discount rate, the unfunded liability is lowered by 10-12%.



Investment Strategy Selection and Disclosure Form PARS OPEB (GASB 45)

Agency or District: South Orange County Wastewater Authority
 Plan Name: South Orange County Wastewater Authority PARS Post-Retirement Health Care Plan

To: HighMark Capital Management, Inc. and Union Bank of California, N.A.
 Union Bank of California, N.A. has been or is hereby appointed Investment Manager of the above-referenced Plan. Please invest the assets of the above-referenced Plan and Trust for which you have been appointed Investment Manager in the (select one):

Strategy	Investment Objective	Allocation
<input type="checkbox"/> HighMark U.S. Treasury Money Market Fund	Provide current income with liquidity and stability of principal through investments in short-term U.S. Treasury obligations.	Money Market Fund
<input type="checkbox"/> HighMark Diversified Money Market Fund	Provides current income with liquidity and stability of principal through investments in high-quality, short-term debt securities	Money Market Fund
<input type="checkbox"/> Conservative HighMark PLUS	Provide a consistent level of inflation-protected income over the long-term.	Equity: 5-20% Fixed Income: 60-95% Cash: 0-20%
<input type="checkbox"/> Conservative Index PLUS (Passive)		
<input type="checkbox"/> Moderately Conservative HighMark PLUS	Provide current income with capital appreciation as a secondary objective.	Equity: 20-40% Fixed Income: 50-80% Cash: 0-20%
<input type="checkbox"/> Moderately Conservative Index PLUS (Passive)		
<input type="checkbox"/> Moderate HighMark PLUS	Provide current income and moderate capital appreciation.	Equity: 40-60% Fixed Income: 40-60% Cash: 0-20%
<input type="checkbox"/> Moderate Index PLUS (Passive)		
<input checked="" type="checkbox"/> Balanced/Moderately Aggressive HighMark PLUS	Provide growth of principal and income.	Equity: 50-70% Fixed Income: 30-50% Cash: 0-20%
<input type="checkbox"/> Balanced/Moderately Aggressive Index PLUS (Passive)		
<input type="checkbox"/> Custom	Specify:	Equity: Fixed Income: Cash:

Note: HighMark PLUS portfolios are diversified portfolios of actively managed mutual funds. Index PLUS portfolios are diversified portfolios of index-based mutual funds or exchange-traded funds.

Date: 8/6/09


 (Authorized Signer) Thomas R. Rosales
 General Manager
 (Title)

Agenda Item

8

Legal Counsel Review: N/A

Meeting Date: May 16, 2018

TO: Finance Committee

FROM: Betty Burnett, General Manager

STAFF CONTACT: Mary Carey, Finance Controller

SUBJECT: PERS UAL Methods to Address Cost Distribution

Summary:

The PARS Program representatives met with SOCWA staff in May, 2018 to provide a presentation on the growth in program participation among agencies investing for long term unfunded PERS obligations. The attached slides detail a projected growth of 56.4% in UAL obligation between 2017-18 and 2024-25. The pay-go cost is projected to grow from \$1.2 M annual to \$1.8 M annual. A savings program similar to the OPEB savings option available under PARS is growing in popularity among like agencies to SOCWA. The attached slides show some of the benefits of a long-term savings plan.

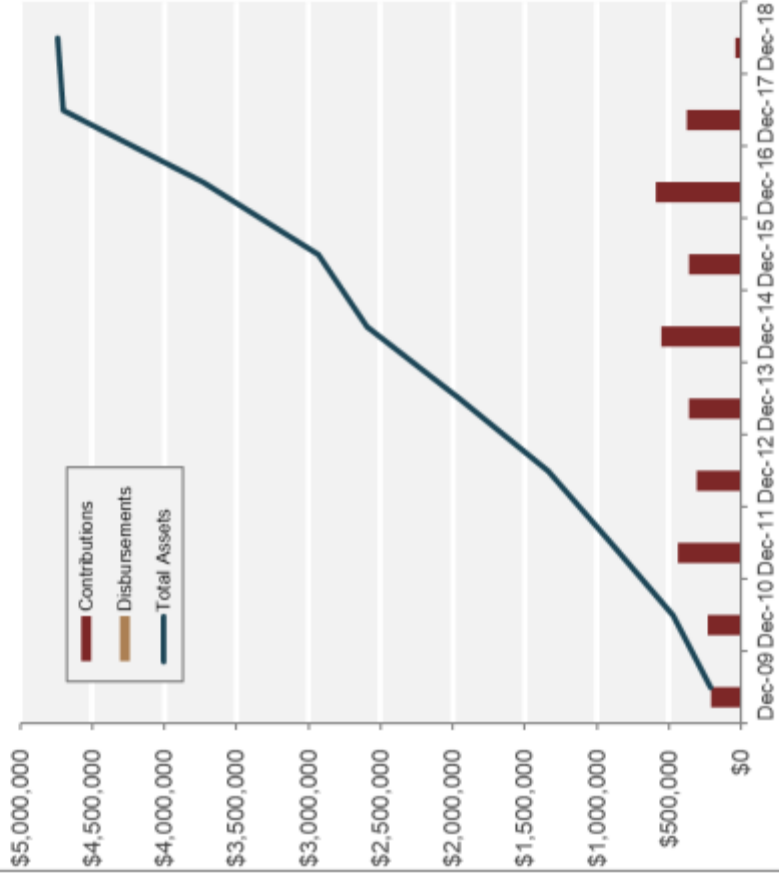
Recommendation: Discussion and direction to staff

SUMMARY OF AGENCY'S OPEB PLAN

Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
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AS OF FEBRUARY 28, 2018:	
Initial Contribution:	December 2009 (\$211,652)
Additional Contributions:	\$3,260,137
Total Contributions:	\$3,471,789
Disbursements:	\$0.00
Total Investment Earnings:	\$1,267,813
Account Balance:	\$4,739,603

SUMMARY OF AGENCY'S OPEB PLAN

CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF FEBRUARY 28, 2018:



Year	Contributions	Disbursements	Total Assets
Dec-09*	\$211,652	\$0	\$212,094
Dec-10	\$230,000	\$0	\$474,880
Dec-11	\$442,146	\$0	\$905,653
Dec-12	\$305,956	\$0	\$1,337,155
Dec-13	\$365,445	\$0	\$1,952,486
Dec-14	\$550,186	\$0	\$2,593,537
Dec-15	\$358,403	\$0	\$2,933,757
Dec-16	\$588,000	\$0	\$3,730,913
Dec-17	\$378,000	\$0	\$4,699,966
Dec-18**	\$42,000	\$0	\$4,739,603

Plan Year Ending

DISCUSSION HIGHLIGHTS – South Orange County Wastewater Authority

Investment objective – Balanced HM Plus

Asset Allocation: PARS/HCM Balanced HM Plus (As of 3-31-2018)

- Allocation Target – 58.68% stocks (50-70% range), 36.09% bonds (30-50% range), 5.23% cash (0-20% range)
- Large cap 28.5%, Mid-cap 4.32%, Small cap 9%, International 15.34%, REIT 1.61%

Performance: South Orange County Wastewater Authority

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- Y-T-D (3 months) -.65%
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- Inception to date (12-1-2009) 8.31%

- Bonds: positioned for a flattening of the yield curve with credit exposure a modest positive
- Stocks: International finally outperforming & active management relative performance has improved

12-Month Changes

- Asset Allocation:
 - Favor value style over growth
 - Modest overweight to international
 - Removed floating rate notes

The
**PARS PENSION RATE
STABILIZATION PROGRAM**
for prefunding pension obligations

WHY PREFUND PENSION IN A SEPARATE TRUST?

- 1 South Orange County Wastewater Authority has complete control over contributions and disbursements; timing, amount, and risk tolerance level
- 2 Helps offset pension rate increases or underperformance by retirement system
- 3 Rainy Day Fund: Emergency source of funds when Employer revenues are impaired based on when conditions dictate
- 4 Assets (OPEB and Pension) will aggregate and reach lower fees on tiered schedule sooner – saving money!
- 5 Can use these funds for pension obligations at anytime
- 6 Addresses future pension liabilities
- 7 Can choose less aggressive investment strategy than retirement system
- 8 Diversified Investing/Potential for Greater Return than General Fund

THE PARS IRS-APPROVED COMBINATION 115 TRUST



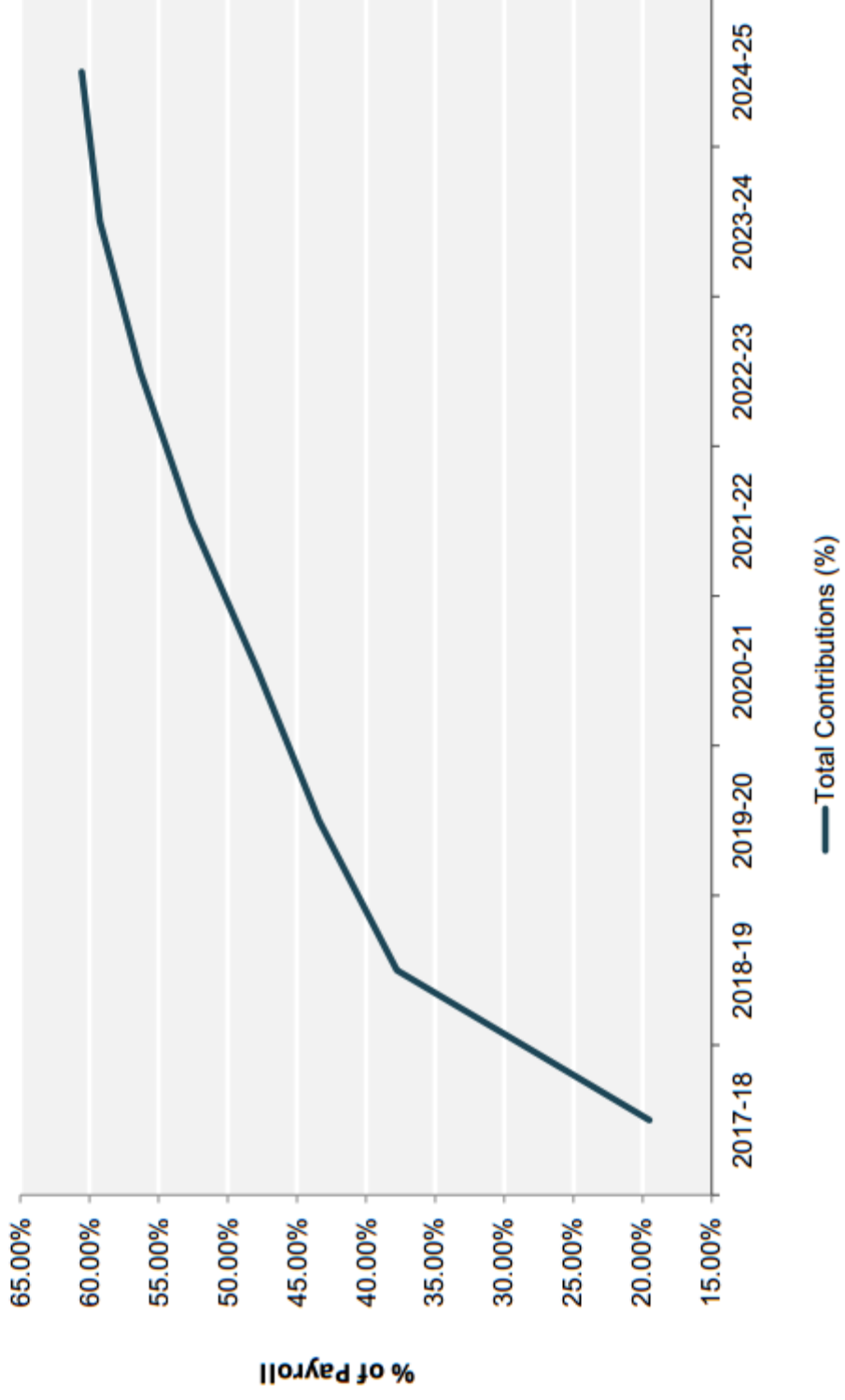
PENSION FUNDING STATUS

As of June 30, 2016, South Orange County Wastewater Authority's CalPERS pension plan is funded as follows*:

Actuarial Liability	\$46.1 M
Assets	\$33.2 M
Unfunded Liability	\$12.9 M
Funded Ratio	72.1%
Employer Contribution Amount (FY 17-18)	\$1.2 M
Projected Employer Contribution Amount (FY 24-25)	\$1.8 M (56.4% ↑)

PROJECTED EMPLOYER CONTRIBUTIONS (MISC.)

Projected misc. contributions increase from \$1.2 M to \$1.8 M* (56.4% ↑)



SAMPLE FUNDING POLICIES

1	Contribute 50% of a given year's realized year end surplus to address pension liability	SOLANA BEACH & ALAMEDA
2	Contribute amount equal to annual PERS employer contribution (\$6 million) in order to allow full access to trust assets at all times	BREA
3	Contribute \$4 million to stabilize PERS employer misc. Rates to 28% and safety rates to 44% through FY 23-24	HEALDSBURG
4	"One equals five plan" - Contribute \$1 million per year for 5 years based on premise that every contribution will save taxpayers \$5 million over 25 years	HUNTINGTON BEACH
5	Contribute Employer contribution equal to the 2.8% discount rate (as opposed to the standard 7.5% rate), with difference going into the Section 115 Trust	SAUSALITO
6	Maintains a 15% general fund reserve and is targeting to make contributions over and above that threshold into the Trust	REDWOOD CITY
7	Earmarked a portion of a recently approved local sales tax measure to be set aside for unfunded pension liabilities	FOUNTAIN VALLEY
8	Using one-time revenue source plus on-going savings from CalPERS unfunded liability pre-payment	PASADENA & WEST COVINA
9	Using one-time revenue source and lowering the minimum General Fund Reserve level from 30% to 20%	GLENDALE

Agenda Item

9

Legal Counsel Review: N/A

Meeting Date: May 16, 2018

TO: Finance Committee
FROM: Betty Burnett, General Manager
STAFF CONTACT: Mary Carey, Finance Controller
SUBJECT: UAL Distribution by Member Agency - Method Update

Summary:

SOCWA staff has been in discussion with Marilyn Jones of Nyhart as to the actuarial approach for the distribution of UAL to SOCWA member agencies. Ms. Jones has previously served SOCWA by providing the actuarial updates to the OPEB analysis for SOCWA. SOCWA is also in discussion with Bartell & Associates and is using both actuary services in order to see if there is agreement or differing options from these two highly qualified sources in recommending a UAL distribution approach to SOCWA.

The attached slides provide detail as to the method option in discussion to date. Staff will go over the information at the Finance Committee meeting as an update on progress forward; however, staff is waiting for input back from both consultants and at this time does not have a staff recommendation for the Committee. Therefore, this is an information item only.

Recommendation: Information Item

SOCWA

**UAL Distribution
by Member Agency
Method Update**

**Finance Committee
May 16, 2018**

CalPERS Actuarial Valuation

Tier 1 Pension Plan

Plan's Funded Status

	June 30, 2015	June 30, 2016
1. Present Value of Projected Benefits (PVB)	\$ 46,560,094	\$ 48,866,572
2. Entry Age Normal Accrued Liability (AL)	42,740,166	45,416,817
3. Plan's Market Value of Assets (MVA)	32,946,237	32,602,074
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	9,793,929	12,814,743
5. Funded Ratio [(3) / (2)]	77.1%	71.8%

This measure of funded status is an assessment of the need for future employer contributions based on the selected actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. For a measure of funded status that is appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Plan Assets Exceed Current Retirees Accrued Pension Liability

Breakdown of Entry Age Normal Accrued Liability

1. Active Members	\$	16,580,079
2. Transferred Members		5,859,841
3. Terminated Members		671,269
4. Members and Beneficiaries Receiving Payments		<u>22,305,628</u>
5. Total	\$	45,416,817

Development of the Plan's Share of Pool's Market Value of Assets

1. Plan's Accrued Liability	\$	45,416,817
2. Plan's UAL	\$	12,814,743
3. Plan's Share of Pool's MVA [(1)-(2)]	\$	32,602,074

49% of Unfunded Liability is for Retirees

Hi Mary,

Following up on our recent discussion to confirm that CalPERS policy is not to disclose the value of accrued benefits (or accrued liability) for individual members of the plan for privacy reasons. However, I can provide the breakdown of accrued liability and the associated unfunded liability by Member status as follows:
 From the June 30, 2016 valuation report for the First Tier plan we have the following breakdown:

		Accrued Liability	%	Unfunded Liability	2018-19 UAL Payment
Member Group	Count	Liability	%	Liability	Payment
Retired Members & Beneficiaries	57	92,305,628	49.11%	6,293,724	362,406
Active Members	36	16,580,079	16.51%	4,678,211	269,382
Transferred Members	44	3,839,841	12.90%	1,633,404	93,207
Terminated Members	18	671,269	1.48%	189,404	10,906
Totals		45,416,817		12,814,743	737,901

The plan's funded status at June 30, 2016 was 71.8% (ratio of assets to accrued liabilities) and that amount will increase to approximately 73.4% for the at June 30, 2017 when the next valuation is provided to you at the end of July.

If you have any questions on these results or need additional information, please do not hesitate to call me.

Kerry J. Worgan, FSA, FCIA, MAIA
 Supervising Pension Actuary
 Actuarial Office
 CalPERS

Separation Date	Benefit Effective Date	Benefit Type			
7/1/1979	8/2/2008	Service Retirement	1		
11/21/1983	4/1/2017	Service Retirement	2		
9/15/2002	12/31/2008	Service Retirement	3		
1/4/2002	12/1/2002	Service Retirement	4		33% Retired
8/1/2003	8/1/2003	Service Retirement	5		Prior to 2009
12/31/2003	12/31/2003	Service Retirement	6		13 Retirees
9/11/2004	9/11/2004	Service Retirement	7		
7/2/2005	8/1/2005	Service Retirement	8		
12/31/2005	12/31/2005	Service Retirement	9		
8/25/2006	8/25/2006	Disability Retirement	10		
6/30/2007	6/30/2007	Service Retirement	11		
8/1/2007	8/1/2007	Service Retirement	12		
12/28/2007	12/28/2007	Service Retirement	13		
5/9/2009	5/9/2009	Service Retirement	14		
6/27/2009	6/27/2009	Service Retirement	15		21% Retired Last
7/6/2009	7/6/2009	Service Retirement	16		13 Years
7/31/2009	8/1/2009	Service Retirement	17		8 Retirees
10/15/2010	10/15/2010	Service Retirement	18		
1/27/2011	1/27/2011	Service Retirement	19		
11/30/2012	12/1/2012	Service Retirement	20		
12/28/2012	12/28/2012	Service Retirement	21		
1/31/2013	2/15/2013	Service Retirement	22		
7/28/2013	7/28/2013	Service Retirement	23		
10/6/2013	5/1/2016	Service Retirement	24		
12/7/2013	12/13/2013	Service Retirement	25		
9/2/2014	9/2/2014	Disability Retirement	26		Over 46% Retired Last
10/10/2014	10/10/2014	Service Retirement	27		5 Years
12/30/2014	12/30/2014	Service Retirement	28		18 Retirees
5/15/2015	5/15/2015	Service Retirement	29		
8/1/2015	8/1/2015	Service Retirement	30		
9/20/2015	9/20/2015	Service Retirement	31		
12/18/2015	12/18/2015	Service Retirement	32		
12/31/2015	12/31/2015	Service Retirement	33		
12/31/2015	12/31/2015	Service Retirement	34		
5/21/2016	5/20/2016	Service Retirement	35		
7/28/2016	7/28/2016	Service Retirement	36		
12/3/2016	12/3/2016	Service Retirement	37		
12/28/2016	12/28/2016	Service Retirement	38		
5/13/2017	5/13/2017	Service Retirement	39		

Methodology to Distribute Pension Liability

1. Use Historical Time Worked by Project Committee and Wastewater Code, Liquid, Solids, Common, AWT, etc.
2. Source Document is Use Audit Report
3. Most Employees retired last 5 years; therefore, use FY 2013 through FY 2017 Labor Costs as Basis for Allocation to Member Agencies.
4. Actuary will consider:
 - a) Distribution of Liability by Project Committee based on 5 year labor costs from historical Use Audits
Next Step
 - b) Distribution within Project Committee by liquids, solids, common, etc. based on the same 5 year labor costs.

SOCWA
Labor Costs by Project Committee and Wastewater (Liquids, Solids, Common, AWT, etc.)
FY 2013 thru FY 2017

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	5 Yr Avg %	5 Yr Avg \$	Alloc by PC
%s	%s	%s	%s	%s	%s	%		
PC 2								
Liquids	58.8%	58.2%	51.8%	47.4%	49.7%	53.2%	1,331,150	29.9%
Solids	32.0%	32.2%	38.6%	38.4%	37.9%	35.8%	504,868	
Common	9.2%	9.6%	9.7%	12.4%	12.4%	11.0%	164,449	
	1,378,369	1,274,998	1,351,682	1,350,086	1,331,150		1,337,257	
PC 3A								
Liquids	63.3%	64.3%	65.5%	86.9%	44.8%	65.0%	2,447	8.1%
Solids	27.5%	22.1%	18.7%	193	1,096	22.8%	1,096	
Common	3.5%	3.5%	4.0%	2,063	256	6.3%	256	
AWT	5.7%	11.8%	11.8%	2.2%	465	7.5%	465	
	595,853	594,911	606,276	20,795	2,447		364,056	
PC 5								
Var 5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4,980	1.9%
Var 95%	97.355	89.196	59.054	64.738	94.628	95.0%	85,257	
	102,479	93,891	62,162	68,145	99,609		120,065	
PC 08								
Timecard	137,238	132,414	148,379	105,799	76,494			2.7%
CLB	8,969	8,293	9,445	6,983	3,016	5.9%		
CSC	6.2%	6.2%	6.5%	8.1%	8.8%	7.1%		
CSJC	11.0%	11.8%	10.3%	8.041	3,532	9.1%		
EBSD	0.5%	0.7%	0.6%	0.9%	0.864	0.8%		
ETWD	5.4%	5.6%	4.7%	4.972	1,985	4.8%		
IRWD	6.6%	6.4%	6.8%	10,113	9,295	8.3%		
MNWD	22.3%	22.1%	22.2%	23,064	18,139	22.4%		
SCWD	17.5%	17.2%	17.8%	18,621	13,321	17.5%		
SMWD	23.9%	23.8%	23.9%	24,440	19,621	24.1%		
	137,238	132,414	148,379	105,799	76,494		34,514	0.8%
PC 12								
Region 9								
Equally	0.0%	0.0%	0.0%	0.0%	0.0%	50.0%	17,781	50.0%
	0	0	0	33,466	35,562		823,994	18.4%
PC 15								
Liquids	71.0%	68.2%	63.8%	64.1%	64.1%	64.6%	804,427	
Solids	17.7%	20.0%	21.6%	198,063	172,001	21.4%	172,001	
Common	11.3%	11.9%	14.6%	132,740	117,179	14.0%	117,179	
AWT								
	836,588	845,499	880,020	753,438	804,427		1,621,509	36.3%
PC 17								
Liquids	36.0%	34.3%	35.8%	42.9%	47.2%	37.4%	667,738	
Solids	48.2%	50.5%	48.5%	740,880	673,610	47.2%	673,610	
Common	8.0%	6.1%	6.7%	145,166	112,103	7.4%	112,103	
AWT	7.8%	9.1%	9.1%	116,859	102,062	7.9%	102,062	
	1,613,684	1,621,526	1,695,357	1,621,466	1,555,513		4,472,320	100.0%
PC 24								
Var 5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	85,667	1.9%
Var 95%	99.122	95.0%	95.0%	57,271	89,788	95.0%	89,788	
	104,339	94,792	74,405	60,286	94,513		85,667	
T ot. Labor	4,768,550	4,658,031	4,818,280	4,013,481	3,999,716		4,472,320	100.0%

Agenda Item

10

Legal Counsel Review: N/A

Meeting Date: May 16, 2018

TO: Finance Committee

FROM: Betty Burnett, General Manager

STAFF CONTACT: Mary Carey, Finance Controller

SUBJECT: SOCWA 457b Plan Improvements

Summary:

SOCWA offers to its employees a 457b Plan for investment of employee savings toward future retirement. As a plan sponsor, SOCWA has fiduciary obligations to maintenance of the plan. Staff has reviewed the documents available as to the existing plan and notes that updates are due to bring SOCWA current. SOCWA staff has engaged Sherrie Boutwell of Boutwell Fay LLP to provide special counsel review of SOCWA documents and recommend improvements to the SOCWA 457b Plan.

Ms. Boutwell has provided plan update services to SCWD in the past and is experienced in IRS plan preparation and upkeep. Staff has also contacted Tom Wolfson of Wells Fargo Advisory Services to look over the current SOCWA Administrator Nationwide Public. Tom Wolfson provides services to both SCWD and SMWD currently. SCWD recently competed its Administrator Services and selected Nationwide Private to be its vendor. The Administrative vendor typically enters into a services agreement and itself has fiduciary and trust obligations to both the agency and the plan participants, which requires a series of agreements to effectuate the proper relationships between the parties. SOCWA does not have current, up to date agreements with Nationwide Public and Nationwide Public has not been able to locate the past documentation. Ms. Boutwell, Mr. Wolfson and Paul Yossem of Nationwide Private will attend the Finance Committee to review the purpose of fiduciary requirements for plan sponsors, the documentation needs for SOCWA, current market assessment and an updated approach for the benefit of SOCWA employees participating in the 457 Plan and a schedule for adoption of the new approach and related agreements. Staff will also cover the formation of a 457 Committee for SOCWA. Previously Director Adjarian volunteered to assist staff in the review and updating effort and following the Finance Committee update staff would proceed to work with Director Adjarian and the new committee.

Recommendation: Discussion and direction to staff

Agenda Item

11

Legal Counsel Review: N/A

Meeting Date: May 16, 2018

TO: Finance Committee
FROM: Betty Burnett, General Manager
STAFF CONTACT: Mary Carey, Finance Controller
SUBJECT: Budget Assumptions

Summary:

MNWD distributed to the Board at the May 3, 2018 Board of Directors meeting requested revisions to the draft Budget Assumptions for the FY 2018-19 Budget. Staff has reviewed the requests and is fine with all but the last item, whereat MNWD requests removing the language “Board approval of the Budget authorizes the above budget assumptions” and suggests a revision to “The Board acknowledges the above assumptions as a part of the Budget preparation.”

The wording to “authorize” the budget assumptions has been in the budget document since 2015-16 budget year and the language was a direct response to an Auditor recommendation coming from Mayer, Hoffman & McCann stating “The basis for allocation of costs amongst Member Agencies should be reviewed and approved during the Annual Budget process in consideration of the prior year Annual Use Audit. Member Agencies may desire to consider re-allocations based on current facility usage and agency needs.” Since the Budget Assumptions set forth those current and specific allocation and policy decisions of the Board for the formation of the FY Budget, the language that the direction given is authorized is necessary and appropriate as recommended by the external auditors.

Recommendation: Accept MNWD requested revisions with the exception of retaining the reference since 2015-16 Budget year in accordance with Auditor recommendation.

SOCWA
Budget Development
2018/2019 Fiscal Year
May 16, 2018

✓ Final Budget Decisions

- ❑ General Fund Cost %
- ❑ Administration Budget
 - Legal Costs
 - Administrative Staffing
- ❑ Budget Assumptions



General Fund Revised Approach

Agency	Recycled Water Permitting	Project Committee Participation															Proposed SOCWA General Fund	Cost/PC	Current Admin Allocation (%)				
		ETM's & Interceptor					Outfalls					Plants											
		PC 8	PC 21 B,C&D	PC 21 E	PC 23	PC 24	PC 5	PC 10	PC 24	PC 15	PC 17	PC 15	PC 15	PC 17	Total PCs by Agency (#)	Total PCs by Agency (%)							
El Toro Water District	PC2SO	1	0	0				1						1					3	8.11%	\$ 36,753.89	\$ 12,251.30	4.40%
Emerald Bay Service District		1			0			1					1						4	10.81%	\$ 47,528.65	\$ 11,882.16	0.40%
Irvine Ranch Water District	1	0	0					1											3	8.11%	\$ 36,753.89	\$ 12,251.30	0.90%
City of Laguna Beach		1			0			1					1						4	10.81%	\$ 47,528.65	\$ 11,882.16	10.60%
Moulton Niguel Water District	1	1	0	0				1		0			1		1				6	16.22%	\$ 69,078.16	\$ 11,513.03	44.40%
City of San Clemente		1						1		0									2	5.41%	\$ 25,979.13	\$ 12,989.57	0.60%
City of San Juan Capistrano	1	1						1		1			1						4	10.81%	\$ 47,528.65	\$ 11,882.16	9.00%
Santa Margarita Water District	1	1						1		1			1						4	10.81%	\$ 47,528.65	\$ 11,882.16	11.80%
South Coast Water District	1	1						1		1			1		1				6	16.22%	\$ 69,078.16	\$ 11,513.03	17.80%
Trabuco Canyon Water District	1																		1	2.70%	\$ 15,204.38	\$ 15,204.38	0.10%
Total by PC's (#)	6	9	0	0	0	0	0	4	0	5	4	4	4	5	5			37	100.00%	\$ 442,962.20		100.00%	
General Fund Fixed Allocation (%):	10.00%	Based on 10 SOCWA Agencies																					
Staff Payroll:	\$172,976.20	Recommended by Staff																					
	\$149,496.00	BOD Approved																					
	\$266,897.00																						
	\$172,976.20	Represents a 5 year average that equals \$266,897 (per the 6/14/17 BOD adopted budget) for the year of permit renewals and 4 years at \$149,496 (6/14/17 staff recommendation) for permit reporting.																					

South Orange County Wastewater Authority
 Fiscal Year 2018-19 General Fund Expenses
 (Taken From Administration Expenses)

	Board Approved, 6/14/2017, General Fund %s	TCWID Recommended General Fund %s	FY 2017-18 Budget	FY 18-19 Budget	FY 2018-19 Total Admin Budget
Salary and Fringe					
01-6000-04-00-00	Foamote #1	Foamote #1	150,343	97,979	991,803
01-6001-04-00-00	50%	50%	5,000	6,000	12,000
01-6315-04-00-00				5,000	10,000
01-6401-04-00-00			11,554	74,556	754,762
			266,897	183,533	1,768,665
Total Payroll Costs					
Other Expenses					
01-5016-04-00-00	100%	100%	1,400	1,400	1,400
01-5027-04-00-00					
01-5224-04-00-00	100%	100%	8,000	8,000	8,000
01-5304-04-00-00					
01-6101-04-00-00					
01-6102-04-00-00					
01-6200-04-00-00					
01-6201-04-00-00	100%	100%	35,000	40,000	40,000
01-6202-04-00-00	40%	38%	38,000	90,000	250,000
01-6203-04-00-00	100%	100%	2,016		
01-6204-04-00-00	20%	30.6%	142	710	2,319
01-6220-04-00-00					
01-6223-04-00-00	100%	100%	7,500	8,470	8,470
01-6224-04-00-00					
01-6226-04-00-00					
01-6240-04-00-00					
01-6310-04-00-00	20%	70.0%	2,800	14,000	20,000
01-6311-04-00-00					
01-6317-04-00-00					
01-6500-04-00-00	5%	77.7%	5,568	108,573	4,936
01-6801-04-00-00					
01-6705-04-00-00					
Total Other Expenses			98,426	271,153	12,000
Total General Fund Expenses			365,323	454,687	2,506,202

- ❑ Administration Budget
 - Legal Costs
 - Administrative Staffing

FY 17-18 Administration

Solid Progress

- ▶ Greater Quantity of Information & Materials
 - 76 Board and Committee Meetings in 12 months
- ▶ Improving Quality
- ▶ Financial Audits
- ▶ Valuation Study / Incorporated Assets
- ▶ Strategic Planning (Staff & Board) High Level
- ▶ State Audit – 9+ months of effort
- ▶ Cash Roll Forward
- ▶ New Staff – Substantial Training / New Tools / Greater Participation

Responsiveness Ensures Continuing Success

Time Pressures

- Lengthy Agendas
- Meeting Scheduling
 - ✓ 24 individuals
- Accuracy of Information
- Communication
 - ✓ 10 agencies
 - ✓ 7 active alternates
 - ✓ 19 other active staff members
- Comments & Responses
- Materials Prep & Delivery



Meetings, Meetings, 2016

SOCWA OFFICIAL MEETING TRACKER

	2016					
	BOD	Exec. Comm.	Fin. Comm.	Engr. Comm.	PC-15	PC2/5
January	1	0	0	1	0	0
February	1	0	1	1	1	0
March	1	0	1	1	2	0
April	1	2	1	1	3	0
May	3	1	1	1	0	1
June	3	0	1	1	0	0
July	0	0	0	1	0	0
August	2	0	1	1	1	0
September	1	1	0	1	0	0
October	2	0	1	1	0	0
November	1	0	0	1	1	0
December	1	0	1	1	0	0
	17	4	8	12	8	1
					Year 2016 Total	50

And, More Meetings, 2017

SOCWA OFFICIAL MEETING TRACKER

		2017				
BOD	Exec. Comm.	Fin. Comm.	Engr. Comm.	PC-15	PC2/5	
1	0	0	1	1	0	
1	0	1	1	2	0	
1	2	0	1	2	1	
3	0	1	1	4	0	
2	2	1	1	2	0	
3	0	3	1	3	0	
2	1	0	1	2	0	
1	0	1	1	3	0	
1	0	1	1	2	0	
1	0	1	1	2	0	
1	0	0	1	1	0	
3	0	3	1	2	0	
20	5	12	12	26	1	
				Year 2017 Total	76	

More Work to Do.... 2018

SOCWA OFFICIAL MEETING TRACKER						
2018						
BOD	Exec. Comm.	Fin. Comm.	Engr. Comm.	PC-15	PC2/5	
1	0	1	1	2	0	
1	0	2	1	2	0	
1	0	3	1	2	0	
<div style="border: 2px solid red; padding: 5px; display: inline-block;"> <p style="color: red; margin: 0;">More to Come..... First 3 months 2017 #15 First 3 months 2018 #18</p> </div>						
3	0	6	3	6	0	
				Year 2018 Total	18	

Administrative Goals

- ▶ Goal 1 – Efficiency
 - Technical software assists in a better quality approach with more available information and better tracking – but takes experience to learn to use well
 - PERS, Payroll, Financial Tracking – all are complex and require training and time on the job
- ▶ Goal 2 – Staffing is extremely thin – must know my job and jobs of others
- ▶ Goal 3 – JPA’s have many compliance requirements
 - Brown Act
 - Public Records Act
 - FPPA Requirements
 - Financial Reporting Requirements
- ▶ Goal 4 – Meet the future head on
 - Comply with Audit requirements for documented procedures
 - Record keeping, document management challenges
 - Quality controls

Administrative Staff Planning Update

- ▶ **Future Retirements (next 5+ years)**
 - 2 key positions eligible for retirement
- ▶ **Workforce Experience at SOCWA**
 - 4 Administrative employees less than 1 year
 - 3 Administrative employee less than 5 years
 - 1 Administrative employee less than 7 years
 - 1 Administrative employee more than 10 years



Workload Concerns

- By January, 2018 behind in producing over 45 sets of minutes backlog to September 2017
- Accumulated staff time off:
 - 252 hours 2016
 - 433 hours 2017
 - 145 hours 2018
- Overtime costs
 - \$14,500 2016
 - \$18,715 2017
- 45 Mondays or Fridays off in 3 years



Position Cost Profile

Executive Assistant FTE	Executive Assistant Apple 1	Prepares Minutes Private Party
Hourly Rate \$51.92	Hourly Rate \$52.88	\$50 Hour
Overhead \$13.65 per hour	Overhead \$28 per hour	Work Limit 960 Hours
Total \$65.07 per hour	Total \$80 per hour	Employment Claim Eligible
Learns SOCWA / Full Contributor	Not Committed to SOCWA	Lacks Skills

Administrative Staffing Comparison

	GM Office	ENGINEERING DEPARTMENT	ADMINISTRATION	OPERATIONS	FINANCE	Total
Agency #1	\$131,246					\$ 922,346
		\$ 105,321	\$ 83,982	\$ 105,428	\$ 91,454	
		\$ 83,982	\$ 83,982	\$ 83,982	\$ 68,987	
Agency #2	\$111,424					\$ 348,620
		\$ 73,773	\$ 89,649			
		\$ 36,887		\$ 36,887		
Agency #3	\$119,126					\$444,316
			\$ 93,061	\$ 93,061		
			\$ 76,380			
SOCWA	\$216,412					\$216,412
			\$ 62,688			

South Orange County Wastewater Authority
5-Year Administration Expenses
(*Includes General Fund Expenses)

	Percent Change				
	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Budget	FY 2018-19 Budget	FY 2018-19 Budget
Salary and Fringe					
01-6000-04-00-00	667,234	695,744	871,373	891,803	13.8%
01-6001-04-00-00	2,1916	27,983	10,000	12,000	25.2%
01-6015-04-00-00		1,914	10,000	10,000	20.0%
01-6010-04-00-00	520,442	602,675	646,559	754,762	
Total Payroll Costs	1,209,491	1,328,215	1,527,932	1,768,565	16.7%
Other Expenses					
01-5019-04-00-00	1,950		1,400	1,400	7.3%
01-5027-04-00-00	74	28			15.8%
01-5304-04-00-00	2,211				9.8%
01-6101-04-00-00	22,310	35,803	10,104	21,200	60.6%
01-6102-04-00-00	0	1,384	1,008	3,243	-71.8%
01-6200-04-00-00	180,895	162,229	112,500	112,500	-24.5%
01-6201-04-00-00	22,900	34,700	35,000	40,000	-10.3%
01-6202-04-00-00	76,861	198,130	90,000	250,000	51.6%
01-6203-04-00-00	0	5,110	2,016		0.9%
01-6204-04-00-00	3,512	2,921	708	2,319	144.8%
01-6220-04-00-00	10,854				-60.5%
01-6223-04-00-00	2,705	4,041	7,500	8,470	-28.2%
01-6224-04-00-00	7,814	9,132	8,000	8,000	-71.9%
01-6234-04-00-00	56,335	75,467	84,827	89,520	49.4%
01-6239-04-00-00	24,734	23,794	36,950	20,800	16.9%
01-6240-04-00-00	1,000	1,000	1,000	1,000	-12.4%
01-6310-04-00-00	18,236	20,831	14,000	20,000	34.0%
01-6311-04-00-00	328	941	1,000	1,000	-3.8%
01-6317-04-00-00	4,225	8,070	1,800	4,936	0.0%
01-6500-04-00-00	80,556	80,812	111,365	139,748	186.8%
01-6601-04-00-00	1,067	1,200	1,200	1,500	91.0%
01-6705-04-00-00	11,608	12,221	12,000	12,000	0.3%
Total Other Expenses	529,575	688,821	532,378	737,637	148.2%
Total Administration Expenses	1,739,067	1,997,036	2,060,310	2,506,202	5.6%
					26.3%
					-26.6%
					14.8%
					3.2%
					21.6%

*Expenses included in the General Fund and the pro rata share are detailed on page 31.



Memorandum

DATE: May 16, 2018
TO: Finance Committee
FROM: Betty Burnett, SOCWA General Manager
STAFF CONTACT: Dina Ash, HR Manager
SUBJECT: 10 Fiscal Year Review of Administrative Staffing

Executive Summary:

Staff reviewed FY 2007/08 through 2017/18 to elucidate the change in staffing over the five functional departments in Administration. The total salaries to support administration was \$902,180 in FY 2007/08 and ten years later increased to \$1,053,552 for a total increase of \$151,372. The number of FTE to support administration was 10.5 in FY 2007/08 and 10 FTE in FY 2017/18. The review found the difference to be attributed to a finance person to support the additional financial requests of the member agencies. The report provides support for the cost and numbers of people in administration.



South Orange County Wastewater Authority

Memorandum

DATE: May 16, 2018
TO: Finance Committee
FROM: Betty Burnett, SOCWA General Manager
STAFF CONTACT: Dina Ash, HR Manager
SUBJECT: 10 Fiscal Year Review of Administrative Staffing

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Comparison 2007/08 to 2017/18

FY 2007/08 Title	FY 2007/08 Actual Salary (\$)	FY 2017/18 Title	FY 2017/18 Actual Salary (\$)
General Manager	\$ 72.98	General Manager	\$103.74
Assistant General Manager - 50% Split Time in Operations	\$ 70.02		
Human Resource Manager	\$ 40.29	Human Resources Administrator	\$48.59
Information Systems Specialist	\$ 37.32	Information Technology Systems Administrator	\$46.73
Executive Assistant	\$ 34.78	Executive Assistant Clerk of the Board	\$50.12
Office Assistant / <i>Specialist</i>	\$ 26.39	Executive Assistant	\$50.12
Office Specialist	\$ 26.39		
Director of Finance	\$ 53.85	Finance Controller	\$72.24
Procurement/Contracts Manager	\$ 47.41	Procurement/Contracts Administrator	\$46.22
Accountant II	\$ 35.37	Sr Accountant	\$43.27
Bookkeeper	\$ 23.95	AP/Payroll Accountant	\$33.39
		Staff Accountant	\$30.53
	\$ 902,180.00		\$1,053,551.70

Table 1: Comparison of FY 2007/08 to FY 2017/18

Introduction:

The Human Resources Manager was asked to pull data from the five Memorandum of Understandings (MOU), Employee Manuals, Employee personnel files, and/or payroll records to provide the Finance Committee with a historical context of full time, part time, and contract labor for administrative support. The following comparison reviews each year starting in FY 2007/8 with tables of position title, number of employees, salary ranges, and actual salaries paid each year.

There were five MOU contracts that were referenced to provide the maximum salary cost that the agency would pay out. The MOUs can be found in the following list:

- 3yr MOU 2007/08 through 2009/10: 3.5% COLA
- 2yr MOU 2010/11 through 2011/12: 1.5% COLA
- 2yr MOU 2012/13 through 2013/14: 1.5% COLA
- 2yr MOU 2014/15 through 2016/17: 1.75% (FY2014/15), 1.5% COLA (FY 2016/17)
- 3yr MOU 2017/18 through 2019/20: 2.7% (FY 2017/18)

FY 2007/08

The positions in Table 2 were cross referenced to the salary schedule in Appendix A under "2007 Exhibit B" which was found in the Employee Manual from 2007. Exhibit B was compared to the SOCWA Organization Chart, Exhibit C which is also found in Appendix A. Table 2 provides reference to the maximum salaries that employees could earn compared to the actual salaries paid to employees. Most employees in 2007 were close to the maximum within their respective ranges. a 3.5% COLA which was applied in 2008. The Assistant General Manager split his time as Director of Operations and Assistant General Manager.

FY 2007/08			
3.5% COLA			
Title	Min (\$)	Max (\$)	Actual Salary (\$)
General Manager	<i>CONTRACT</i>		\$ 72.98
Assistant General Manager - 50% Split Time in Operations	\$ 54.87	\$ 70.02	\$ 70.02
Human Resource Manager	\$ 37.15	\$ 47.41	\$ 40.29
Information Systems Specialist	\$ 30.56	\$ 38.99	\$ 37.32
Executive Assistant	\$ 29.09	\$ 37.14	\$ 34.78
Office Assistant / Specialist	\$ 20.68	\$ 26.39	\$ 26.39
Office Specialist	\$ 20.68	\$ 26.39	\$ 26.39
Director of Finance	\$ 45.13	\$ 57.61	\$ 53.85
Procurement/Contracts Manager	\$ 37.15	\$ 47.41	\$ 47.41
Accountant II	\$ 27.71	\$ 35.37	\$ 35.37
Bookkeeper	\$ 20.38	\$ 26.39	\$ 23.95
	\$ 751,650.40	\$ 938,268.00	\$ 902,180.00

Table 2: Five Functional Departments in Administration in FY 2007/08

FY 2008/09

In 2008, there was a title and range change for the IT Administrator from IT Specialist which is seen as a redline in Table 3. Staff were unable to find documents from 2008 but relied on the 2007 salary schedule and organization chart found in Appendix A. The MOU spanned the years from FY 2007/8 through FY 2009/10 and indicated a 3.5% COLA which was applied in 2008.

FY 2008/09			
3.5% COLA			
Title	Min (\$)	Max (\$)	Actual Salary (\$)
General Manager	CONTRACT		\$72.98
Assistant General Manager - 50% Split Time in Operations	\$56.79	\$72.47	\$72.47
Human Resource Manager	\$38.45	\$49.07	\$43.79
Information Technology Systems Administrator	\$35.37	\$45.14	\$42.38
Executive Assistant	\$30.11	\$38.44	\$37.80
Office Assistant / Specialist	\$21.40	\$27.31	\$27.31
Office Specialist / Admin Assistant	\$21.40	\$27.31	\$27.31
Director of Finance	\$46.71	\$59.63	\$58.52
Procurement/Contracts Manager	\$38.45	\$49.07	\$40.38
Accountant II	\$28.68	\$36.61	\$36.61
Bookkeeper	\$21.09	\$27.31	\$25.53
	\$780,424.95	\$975,747.66	\$933,597.40

Table 3: Five Functional Departments in Administration in FY 2008/09

FY 2009/10

Appendix A includes an updated salary schedule which eliminated the IT Specialist position which is reflected in Table 4.

FY 2009/10			
3.5% COLA			
Title	Min (\$)	Max (\$)	Actual Salary (\$)
General Manager	CONTRACT		\$72.98
Assistant General Manager - 50% Split Time in Operations	\$58.78	\$75.01	\$75.01
Human Resource Manager	\$39.80	\$50.79	\$47.59
Information Technology Systems Administrator	\$37.89	\$48.35	\$43.86
Executive Assistant	\$31.16	\$39.79	\$39.79
Office Assistant / Specialist	\$22.15	\$28.27	\$28.27
Office Specialist/Admin Secretary	\$22.15	\$28.27	\$28.27
Director of Finance	\$48.34	\$61.71	\$61.71
Procurement/Contracts Manager	\$39.80	\$50.79	\$43.47
Accountant II	\$29.68	\$37.89	\$37.89
Bookkeeper	\$21.83	\$28.27	\$27.48
	\$805,090.46	\$1,017,973.41	\$985,135.60

Table 4: Five Functional Departments in Administration in FY 2009/10

FY 2010/2011

The office assistant/specialist position remained on the 2010/11 salary schedule but was not filled. The salary schedule was compared to the organization chart also found in Appendix A. COLA was 1.5%. Table 5 outlines the positions in Administration.

FY 2010/11			
1.5% COLA			
Title	Min (\$)	Max (\$)	Actual Salary (\$)
General Manager	CONTRACT		\$76.92
Assistant General Manager - 50% Split Time in Operations	\$59.66	\$76.13	\$76.13
Human Resource Manager	\$40.39	\$51.55	\$50.72
Information Technology Systems Administrator	\$38.46	\$49.08	\$46.75
Executive Assistant	\$31.63	\$40.38	\$40.38
Office Specialist	\$22.49	\$28.69	\$28.69
Office Assistant / Specialist	\$ 22.49	\$ 28.69	VACANT
Director of Finance	\$49.07	\$62.64	\$62.54
Procurement/Contracts Manager	\$40.39	\$51.55	\$46.33
Accountant II	\$30.13	\$38.46	\$38.46
Bookkeeper	\$22.16	\$28.69	\$28.69
	\$823,090.19	\$1,044,016.39	\$966,693.80

Table 4: Five Functional Departments in Administration in FY 2010/11

FY 2011/12

The Office Specialist remained vacant. COLA was at 1.5%. In 2011, there was a title and range change for the Executive Assistant to Executive Assistant/Clerk of the Board which is seen as a redline in Table 6. Salary schedule was used as seen in Appendix A.

FY 2011/12			
1.5% COLA			
Title	Min (\$)	Max (\$)	Actual Salary (\$)
General Manager	CONTRACT		\$79.33
Assistant General Manager - 50% Split Time in Operations	\$60.55	\$77.27	\$77.27
Human Resource Manager	\$41.00	\$52.32	\$51.48
Information Technology Systems Administrator	\$39.04	\$49.81	\$47.45
Executive Assistant Clerk of the Board	\$32.10	\$40.99	\$40.99
Office Specialist	\$22.82	\$29.12	\$29.12
Office Assistant / Specialist	\$ 22.82	\$ 29.12	VACANT
Director of Finance	\$49.81	\$63.58	\$63.58
Procurement/Contracts Manager	\$41.00	\$52.32	\$47.03
Accountant II	\$30.58	\$39.03	\$39.03
Bookkeeper	\$22.49	\$29.12	\$29.12
	\$838,043.15	\$1,060,570.71	\$982,291.00

Table 6: Five Functional Departments in Administration in FY 2011/12

FY 2012/13

Appendix A includes an updated salary schedule which eliminated the Executive Assistant and replaced the position with the combined Executive Assistant/Clerk to the Board which is reflected in Table 7. The bookkeeper moved from FTE to PTE. Salary Schedule and Org chart were cross referenced found in Appendix A. The Assistant General Manager's position was only filled for half of the year. The Procurement/Contracts Manager was filled half of the year and then was vacant for the rest of the year. The Human Resources Manager was filled half of the year and then vacant. The Human Resource function was brought in under a temporary to hire contract for half of the year. During this time a Director of Finance was brought in as a FTE and half way through the year the position changed to Director of Administration. The Office Assistant/Specialist remained vacant.

FY 2012_13			
1.5% COLA			
Title	Min (\$)	Max (\$)	Actual Salary (\$)
General Manager	CONTRACT		\$85.12
Assistant General Manager - 50% Split Time in Operations	\$61.46	\$78.43	\$78.43
Human Resource Manager	\$41.61	\$53.11	\$53.11
HR under Contract			\$53,250.00
Information Technology Systems Administrator	\$39.62	\$50.57	\$49.85
Executive Assistant Clerk of the Board	\$34.23	\$43.68	\$43.06
Office Specialist	\$24.31	\$31.04	\$29.57
Office Assistant / Specialist	\$ 24.31	\$ 31.04	VACANT
Director of Administration	\$0.00	\$0.00	\$64.53
Director of Finance	\$50.55	\$64.53	\$64.53
Procurement/Contracts Manager	\$41.61	\$53.11	\$49.17
Accountant II	\$34.23	\$43.67	\$41.01
Bookkeeper / PTE	\$22.83	\$29.56	\$29.56
	\$831,928.63	\$1,052,181.43	\$968,045.80

Table 7: Five Functional Departments in Administration in FY 2012/13

FY 2013/14

December 2013 the General Manager’s contract was not renewed. SOCWA Board of Directors decided to fill the position on a 6-month interim basis until recruitment for the General Manager’s position was complete. Salary schedule was taken from the FY 2012/13 salary schedule and compared to the 2013 Org chart which can be found in Appendix A and is within the MOU contract time frame. Assistant GM position and HR Manager positions were eliminated. Procurement Contract Manager remained vacant. Office Assistant/Specialist that had remained vacant but on the salary schedule was removed from the Org Chart. The temporary under contract Human Resources function was filled as Human Resource Analyst. Bookkeeper went full time under direction from the interim GM. Office Specialist was provided to the agency under contract half of the year. The Org chart reflects the added IT Technician which was under contract for 3 months as a temp to hire. Due to the many salaries that were not a complete year, the actual salaries compared to the minimum salaries are lower. The blue line items for ‘IT Technician under Contract’ and ‘Office Specialist under Contract’ in Table 8 provide totals for contract work that was brought on to fill in the gap of the approved FTE.

FY 2013_14			
1.5% COLA			
Title	Min (\$)	Max (\$)	Actual Salary (\$)
Interim General Manager	CONTRACT		\$100.00
General Manager	CONTRACT		\$85.10
Human Resources Analyst	\$27.21	\$34.74	\$34.05
<i>IT Technician under Contract</i>			\$24,849.00
IT Technician	\$ 23.92	\$ 30.53	VACANT
Information Technology Systems Administrator	\$40.21	\$51.33	\$51.33
Executive Assistant Clerk of the Board	\$34.74	\$44.34	\$44.34
<i>Office Specialist under Contract</i>			\$20,895.00
<i>Office Specialist</i>	\$ 24.67	\$ 31.51	\$ 30.76
Director of Administration	\$59.41	\$75.83	\$75.83
Procurement/Contracts-Manager	\$ 42.24	\$ 53.90	VACANT
Accountant II	\$34.74	\$44.33	\$43.08
Bookkeeper	\$23.17	\$30.00	\$30.00
	\$772,730.63	\$938,229.73	\$757,069.20

Table 8: Five Functional Departments in Administration in FY 2013/14

FY 2014/15

Procurement Manager/Contract was eliminated from the Org Chart. Change of position title of Office Specialist to Accounting technician. Interim General Manager no longer funded. General Manager position filled. Director of Administration worked for 2-months and was replaced with the Finance Controller (2-months). An IT Technician was hired under contract as IT Administrator while the IT Technician was vacant. Procurement Manager removed from salary schedule and Org chart as identified in Appendix A.

FY 2014_15			
1.75% COLA			
Title	Min (\$)	Max (\$)	Actual Salary (\$)
Interim General Manager	CONTRACT		\$100.00
General Manager	CONTRACT		\$95.19
Human Resources Analyst	\$27.69	\$35.35	\$35.35
Information Technology Systems Administrator	\$35.35	\$45.12	\$35.35
Information Systems Technician	\$23.92	\$30.53	\$33.16
Executive Assistant Clerk of the Board	\$35.35	\$45.11	\$45.11
Office Specialist	\$23.92	\$30.54	\$25.44
Accounting Technician	\$23.92	\$30.54	\$25.12
Finance Controller	\$54.84	\$69.98	\$62.50
Accountant II	\$35.35	\$45.12	\$45.12
Bookkeeper	\$23.92	\$30.54	\$30.54
	\$739,500.52	\$889,156.35	\$837,767.40

Table 9: Five Functional Departments in Administration in FY 2014/15

FY 2015/16

IT Technician was removed off the org chart. The Accountant II title was changed to Sr. Accountant and the Bookkeeper title changed to AP/Payroll Accountant as referenced in Appendix A.

FY 2015_16			
1.5% COLA			
Title	Min (\$)	Max (\$)	Actual Salary (\$)
General Manager	CONTRACT		\$ 99.52
Human Resources Administrator	\$ 42.56	\$ 54.32	\$ 44.18
Information Technology Systems Administrator	\$ 37.67	\$ 48.08	\$ 38.72
Executive Assistant Clerk of the Board	\$ 37.67	\$ 48.08	\$ 47.17
Accounting Technician	\$ 25.49	\$ 32.54	\$ 26.27
Finance Controller	\$ 58.45	\$ 74.59	\$ 66.00
Sr Accountant	\$ 37.67	\$ 48.08	\$ 45.79
AP/Payroll Accountant	\$ 25.49	\$ 32.54	\$ 27.64
	\$ 758,201.60	\$ 910,520.00	\$ 822,203.20

Table 10: Five Functional Departments in Administration in FY 2015/16

FY 2016/17

Title/Range change HR Analyst to HR Administrator. Removed Accounting Technician and title/range change to Procurement/Contracts Administrator as referenced in Appendix A.

FY 2016_17			
1.5% COLA			
Title	Min (\$)	Max (\$)	Actual Salary (\$)
General Manager	CONTRACT		\$101.01
Human Resources Administrator	\$43.20	\$55.13	\$47.31
Information Technology Systems Administrator	\$38.24	\$48.80	\$39.30
Executive Assistant Clerk of the Board	\$38.24	\$48.80	\$48.80
Finance Controller	\$59.33	\$75.71	\$70.34
Procurement/Contracts Administrator	\$44.26	\$56.49	\$45.00
Sr Accountant A	\$38.24	\$48.80	\$47.83
Sr Accountant B	\$25.87	\$33.03	\$40.87
AP/Payroll Accountant	\$25.87	\$33.03	\$31.47
	\$807,820.94	\$972,978.55	\$875,204.62

Table 11: Five Functional Departments in Administration in FY 2016/17

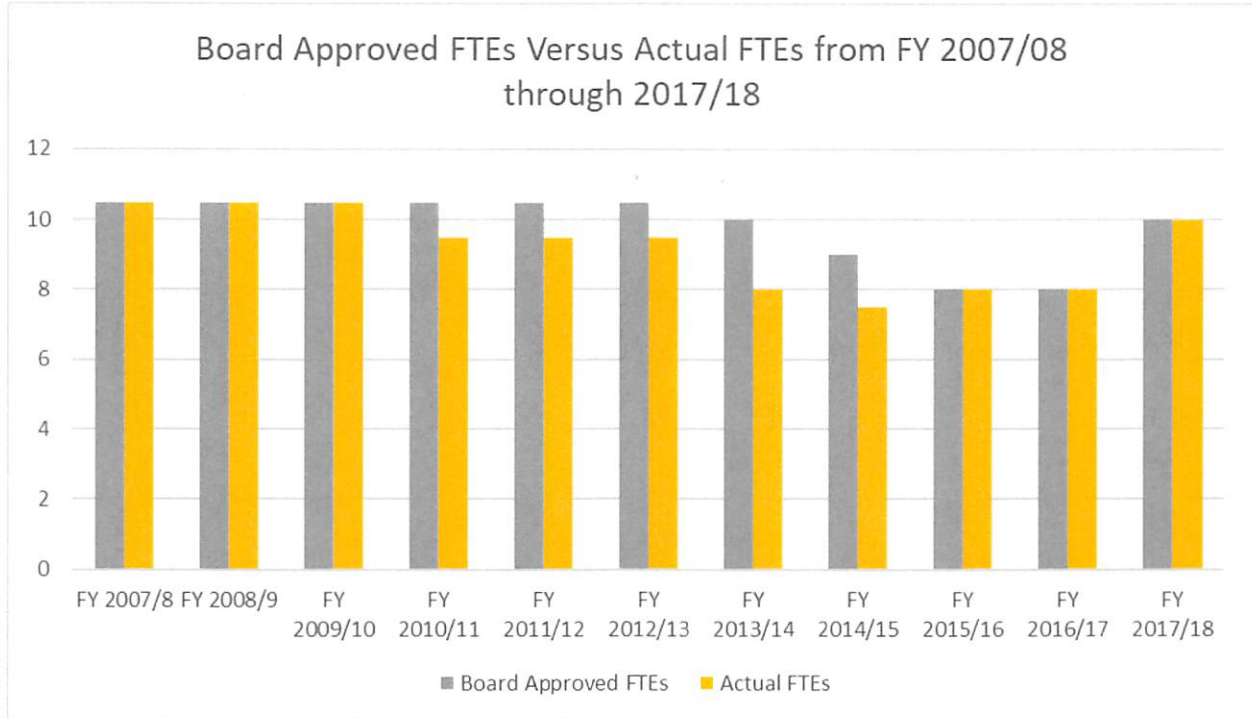
FY 2017/18

Board approved Assistant for 1-year and Staff accountant as seen in Table 12.

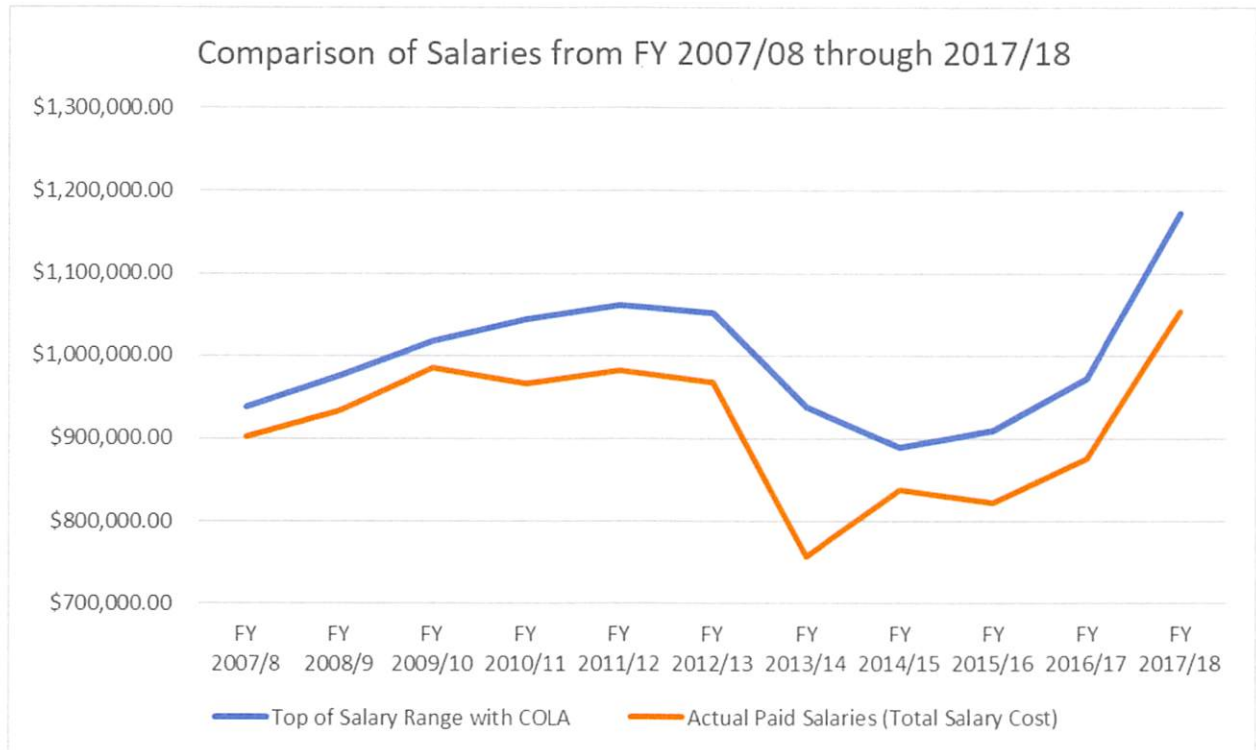
FY 2017_18			
2.7% COLA			
Title	Min (\$)	Max (\$)	Actual Salary (\$)
General Manager	CONTRACT		\$103.74
Human Resources Administrator	\$44.36	\$56.62	\$48.59
Information Technology Systems Admin	\$39.27	\$50.12	\$46.73
Executive Assistant Clerk of the Board	\$39.27	\$50.12	\$50.12
Executive Assistant	\$39.27	\$50.12	\$50.12
Finance Controller	\$60.93	\$77.75	\$72.24
Procurement/Contracts Administrator	\$45.46	\$58.02	\$46.22
Sr Accountant - 7 months	\$39.27	\$50.12	\$43.27
Sr Accountant - 2 months	\$39.27	\$50.12	\$41.97
Sr Accountant - 3 months	\$39.27	\$50.12	\$40.87
AP/Payroll Accountant	\$26.57	\$33.92	\$33.39
Staff Accountant	\$26.57	\$33.92	\$30.53
	\$966,581.18	\$1,174,051.88	\$1,053,551.70

Table 12: Five Functional Departments in Administration in FY 2017/18

Full Time Employee Comparison:



Salary Comparison:



APPENDIX A

EXHIBIT "B"

**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
EMPLOYEE HANDBOOK - JOB CLASSIFICATION SALARY SCHEDULE
July 1, 2007**

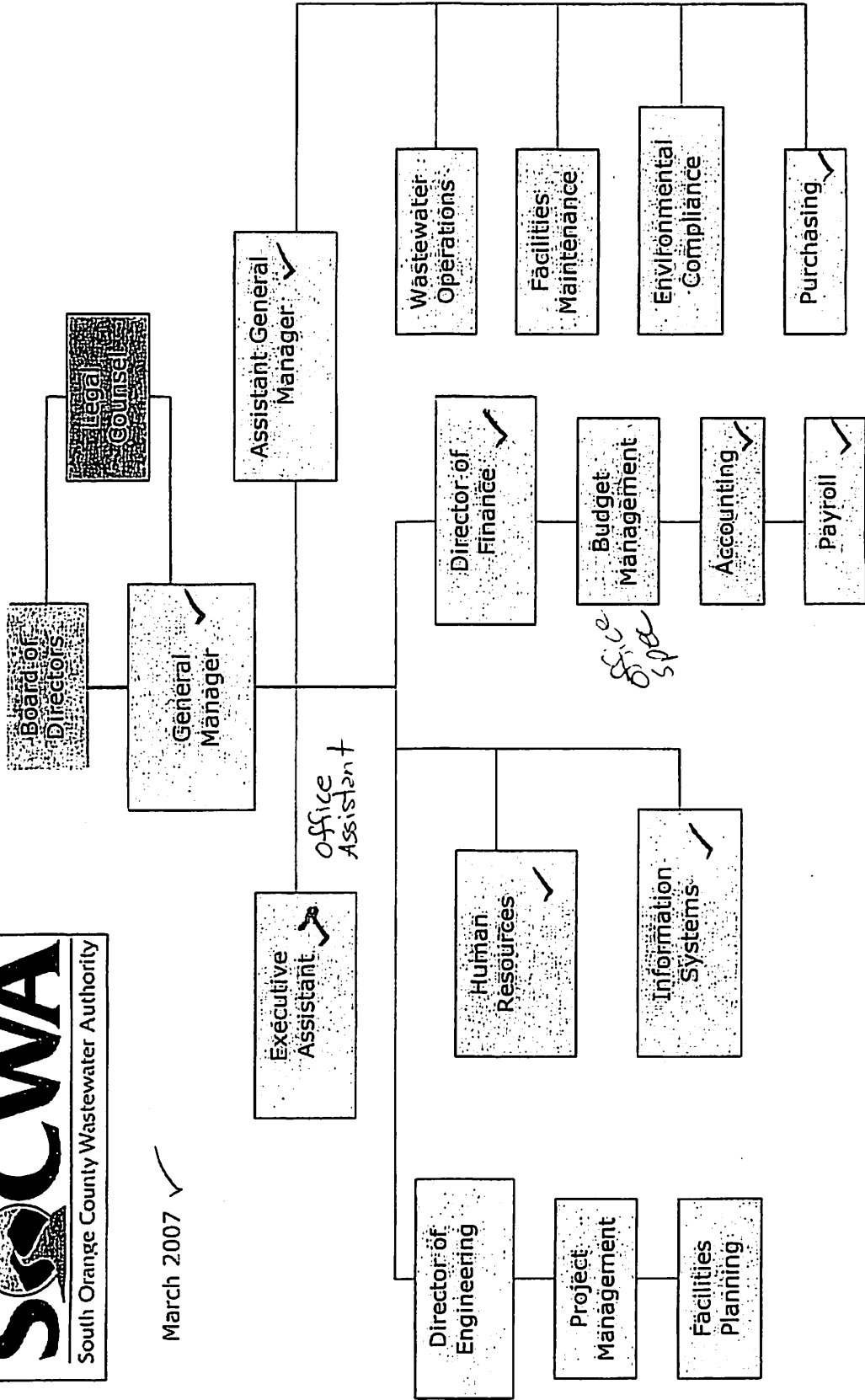
Classification		Salary Range	Minimum Hourly Salary	Maximum Hourly Salary	Minimum Monthly Salary	Maximum Monthly Salary
<i>Executive Management Division</i>						
1	General Manager -					
2	Assistant General Manager -	55	54.87	70.02	9,511	12,137
<i>Administration Division</i>						
3	Human Resource Manager -	47	37.15	47.41	6,439	8,217
4	Procurement/Contracts Manager -	47	37.15	47.41	6,439	8,217
5	Information Systems Specialist -	43	30.56	38.99	5,297	6,759
6	Executive Assistant -	42	29.09	37.14	5,043	6,438
7	Office Specialist -	35	20.68	26.39	3,585	4,574
8	Secretary/Receptionist / Assist	33	18.75	23.93	3,250	4,147
<i>Engineering Division</i>						
	Director of Engineering	53.5	51.03	65.11	8,845	11,285
<i>Accounting Division</i>						
9	Director of Finance -	51	45.13	57.61	7,823	9,986
10	Accountant II -	41	27.71	35.37	4,803	6,130
11	Bookkeeper -	35	20.68	26.39	3,585	4,574
<i>Operations Division</i>						
	Director of Operations	53.5	51.03	65.11	8,845	11,285
	Chief Operator	47	37.15	47.41	6,439	8,217
	Operator III/Shift Supervisor	43	30.56	38.99	5,297	6,759
	Operator Grade II	41	27.71	35.37	4,803	6,130
	Operator Grade I	37	22.80	29.09	3,952	5,043
	Operator-in-Training	35	20.68	26.39	3,585	4,574
<i>Maintenance Division</i>						
	Maintenance Supervisor	48	38.99	49.77	6,759	8,627
	Electrical/Instrumentation Supervisor	46.5	36.25	46.26	6,283	8,019
	Maintenance Mechanic III	42.5	29.83	38.08	5,170	6,597
	Electrical/Instrumentation Technician	42	29.09	37.14	5,043	6,438
	Co-Gen Mechanic	41	27.71	35.37	4,803	6,130
	Electrician	40	26.39	33.68	4,574	5,837
	Maintenance Mechanic II	38	23.93	30.56	4,147	5,297
	Truck Driver/Maintenance Mechanic II	38	23.93	30.56	4,147	5,297
	Maintenance Mechanic I	36	21.71	27.71	3,763	4,803
	Inventory Control Specialist	36	21.71	27.71	3,763	4,803
<i>Environmental Compliance Division</i>						
<i>Laboratory Services</i>						
	Laboratory Manager	48	38.99	49.77	6,759	8,627
	Laboratory Supervisor	46	35.37	45.14	6,130	7,824
	Laboratory Technician III	43.5	31.32	39.97	5,429	6,928
	Laboratory Technician II	41	27.71	35.37	4,803	6,130
	Laboratory Technician I	39	25.14	32.08	4,358	5,561
<i>Pretreatment Services</i>						
	Industrial Waste Administrator	49	40.94	52.26	7,097	9,058
<i>Environmental Monitoring Services</i>						
	Environmental Compliance Administrator	48	38.99	49.77	6,759	8,627

Note: These ranges will be increased by 3.5% on 7/1/08 & 7/1/09.



EXHIBIT "C"

March 2007 ✓



SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
EMPLOYEE HANDBOOK - JOB CLASSIFICATION SALARY SCHEDULE
 July 1, 2009

Classification	Salary Range	Minimum Hourly Salary	Maximum Hourly Salary	Minimum Monthly Salary	Maximum Monthly Salary	2.5%	5%
Executive Management Division							
1 General Manager				Set by the Board by Contract		0	0
2 Assistant General Manager	55	58.78	75.01	10,189	13,002	13327	13652
Administration Division							
3 Human Resource Manager	47	39.79	50.79	6,897	8,803	9023	9243
4 Procurement/Contracts Manager	47	39.79	50.79	6,897	8,803	9023	9243
5 Information Technology Systems Administrator	46	37.89	48.36	6,567	8,381	8591	8800
6 Executive Assistant	42	31.17	39.78	5,403	6,898	7088	7241
7 Office Specialist	35	22.15	28.27	3,840	4,900	5023	5145
8 Secretary/Receptionist	33	20.09	25.63	3,482	4,442	4553	4684
Engineering Division							
Director of Engineering	53.5	54.68	69.74	9,475	12,089	12391	12693
Accounting Division							
9 Director of Finance	51	48.35	61.72	8,380	10,698	10985	11233
10 Accountant II	41	29.88	37.89	5,145	6,567	6731	6895
11 Bookkeeper	35	22.15	28.27	3,840	4,900	5023	5145
Operations Division							
Director of Operations	53.5	54.68	69.74	9,475	12,089	12391	12693
Chief Operator	47	39.79	50.79	6,897	8,803	9023	9243
Operator III/Shift Supervisor	43	32.73	41.78	5,674	7,241	7422	7602
Operator Grade II	41	29.88	37.89	5,145	6,567	6731	6895
Operator Grade I	37	24.42	31.17	4,233	5,403	5538	5673
Operator-In-Training	35	22.15	28.27	3,840	4,900	5023	5145
Maintenance Division							
Maintenance Supervisor	48	41.78	53.32	7,241	9,242	9473	9704
Electrical/Instrumentation Supervisor	46.5	38.83	49.56	6,731	8,591	8808	9021
Sr. Electrician/SCADA Technician	45	38.07	46.06	6,252	7,983	8183	8382
Maintenance Mechanic III	42.5	31.95	40.77	5,538	7,067	7244	7420
Electrical/Instrumentation Technician	42	31.17	39.78	5,403	6,896	7088	7241
Co-Gas Mechanic	41	29.88	37.89	5,145	6,567	6731	6895
Electrician	40	28.27	36.07	4,900	6,252	6408	6565
Maintenance Mechanic II	38	25.63	32.73	4,442	5,674	5816	5958
Truck Driver/Maintenance Mechanic II	38	25.63	32.73	4,442	5,674	5816	5958
Maintenance Mechanic I	36	23.26	29.68	4,031	5,145	5274	5402
Inventory Control Specialist	36	23.26	29.68	4,031	5,145	5274	5402
Environmental Compliance Division							
Laboratory Services							
Laboratory Manager	48	41.78	53.32	7,241	9,242	9473	9704
Laboratory Supervisor	46	37.89	48.35	6,567	8,381	8591	8800
Laboratory Technician III	43.5	33.55	42.81	5,816	7,421	7607	7792
Laboratory Technician II	41	29.88	37.89	5,145	6,567	6731	6895
Laboratory Technician I	39	26.94	34.37	4,689	5,957	6108	6255
Pretreatment Services							
Industrial Waste Administrator	49	43.88	55.98	7,602	9,703	9946	10188
Environmental Monitoring Services							
Environmental Compliance Administrator	48	41.78	53.32	7,241	9,242	9473	9704

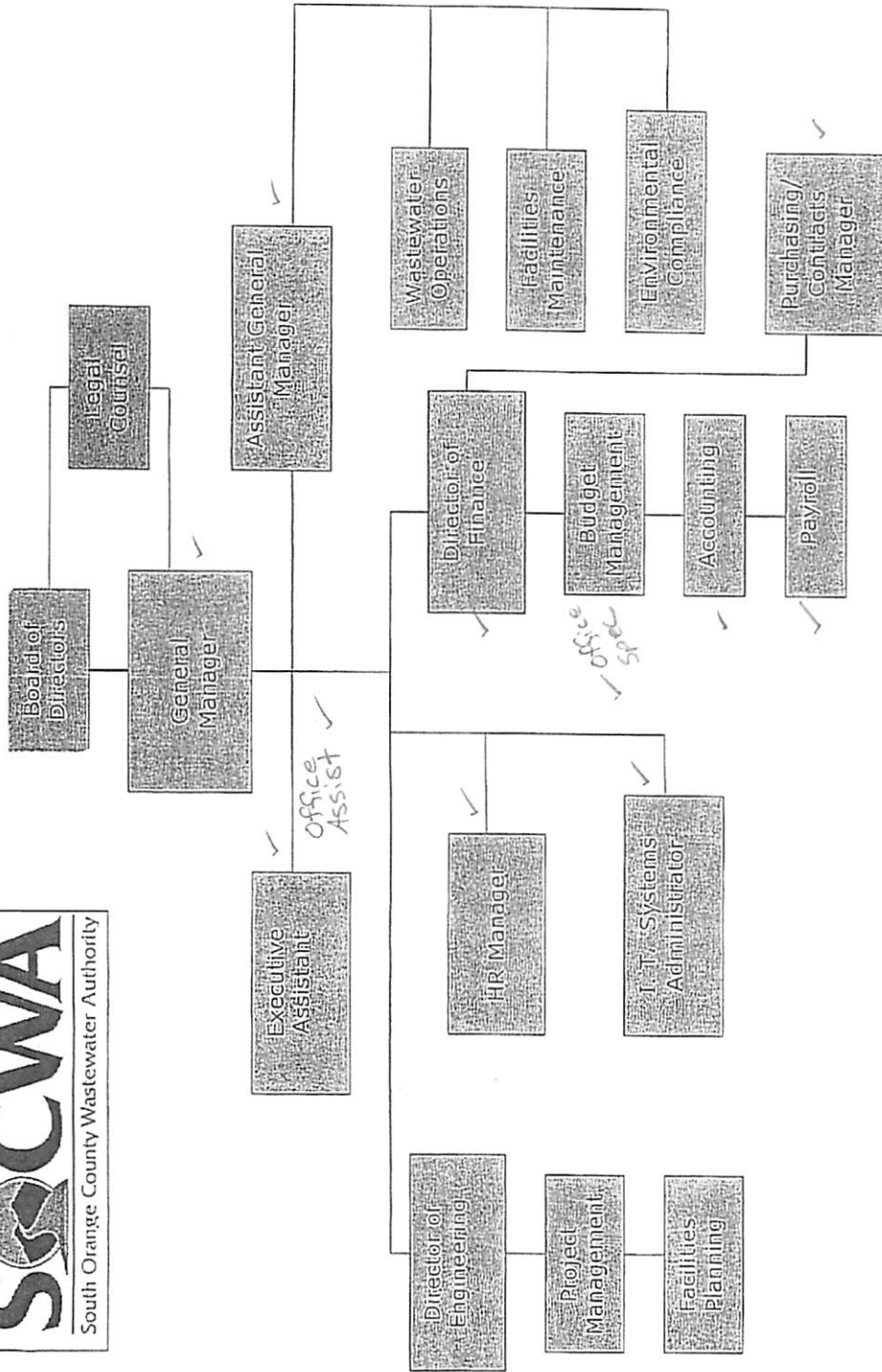
**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
EMPLOYEE HANDBOOK - JOB CLASSIFICATION SALARY SCHEDULE
July 1, 2010**

Classification	Salary Range	Minimum Hourly Salary	Maximum Hourly Salary	Minimum Monthly Salary	Maximum Monthly Salary	2.5%	5%
<i>Executive Management Division</i>							
1 General Manager				Set by the Board by Contract		0	0
2 Assistant General Manager	55	59.67	78.14	10,342	13,197	13527	13857
<i>Administration Division</i>							
3 Human Resource Manager	47	40.38	51.55	7,000	8,935	9158	9382
4 Procurement/Contracts Manager	47	40.38	51.55	7,000	8,935	9158	9382
5 Information Technology Systems Administrator	46	38.46	49.08	6,666	8,507	8720	8932
6 Executive Assistant	42	31.64	40.38	5,484	6,999	7174	7349
7 Office Specialist	35	22.49	28.70	3,898	4,974	5098	5223
8 Secretary/Receptionist	33	20.39	26.01	3,534	4,509	4622	4734
<i>Engineering Division</i>							
Director of Engineering	53.5	55.48	70.79	9,617	12,270	12577	12884
<i>Accounting Division</i>							
9 Director of Finance	51	49.07	62.64	8,506	10,858	11129	11401
10 Accountant II	41	30.13	38.46	5,222	6,666	6833	6999
11 Bookkeeper	35	22.49	28.70	3,898	4,974	5098	5223
<i>Operations Division</i>							
Director of Operations	53.5	55.48	70.79	9,617	12,270	12577	12884
Chief Operator	47	40.38	51.55	7,000	8,935	9158	9382
Operator III/Shift Supervisor	43	33.23	42.40	5,759	7,350	7534	7717
Operator Grade II	41	30.13	38.46	5,222	6,666	6833	6999
Operator Grade I	37	24.78	31.64	4,296	5,484	5621	5758
Operator-in-Training	35	22.49	28.70	3,898	4,974	5098	5223
<i>Maintenance Division</i>							
Maintenance Supervisor	48	42.40	54.12	7,350	9,381	9616	9850
Electrical/Instrumentation Supervisor	46.5	39.42	50.31	6,832	8,720	8938	9158
Sr. Electrician/SCADA Technician	45	36.61	46.75	6,346	8,103	8308	8508
Maintenance Mechanic III	42.5	32.43	41.38	5,621	7,173	7352	7532
Electrical/Instrumentation Technician	42	31.64	40.38	5,484	6,999	7174	7349
Co-Gen Mechanic	41	30.13	38.46	5,222	6,666	6833	6999
Electrician	40	28.70	36.61	4,974	6,346	6505	6663
Maintenance Mechanic II	38	26.01	33.23	4,509	5,759	5903	6047
Truck Driver/Maintenance Mechanic II	38	26.01	33.23	4,509	5,759	5903	6047
Maintenance Mechanic I	36	23.60	30.13	4,091	5,222	5353	5483
Inventory Control Specialist	36	23.60	30.13	4,091	5,222	5353	5483
<i>Environmental Compliance Division</i>							
<i>Laboratory Services</i>							
Laboratory Manager	48	42.40	54.12	7,350	9,381	9616	9850
Laboratory Supervisor	46	38.46	49.08	6,666	8,507	8720	8932
Laboratory Technician III	43.5	34.06	43.45	5,903	7,532	7720	7909
Laboratory Technician II	41	30.13	38.46	5,222	6,666	6833	6999
Laboratory Technician I	39	27.34	34.88	4,738	6,046	6197	6348
<i>Pretreatment Services</i>							
Industrial Waste Administrator	49	44.52	56.82	7,716	9,849	10095	10341
<i>Environmental Monitoring Services</i>							
Environmental Compliance Administrator	48	42.40	54.12	7,350	9,381	9616	9850

EMPLOYEE MANUAL

2007-2010

EXHIBIT 'C'



Laboratory Technicians	39	21.70	33.41	4,010	6,137
<i>Pretreatment Services</i>					
Industrial Waste Administrator	49	45.18	57.68	7,832	9,997
<i>Environmental Monitoring Services</i>					
Environmental Compliance Administrator	48	43.04	54.93	7,460	9,522

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
EMPLOYEE HANDBOOK - JOB CLASSIFICATION SALARY SCHEDULE
 July 1, 2011

Classification	Salary Range	Minimum Hourly Salary	Maximum Hourly Salary	Minimum Monthly Salary	Maximum Monthly Salary
<i>Executive Management Division</i>					
1 General Manager		Set by the Board by Contract			
2 Assistant General Manager	55	60.56	77.28	10,497	13,395
<i>Administration Division</i>					
3 Human Resource Manager	47	40.99	52.32	7,105	9,069
4 Procurement/Contracts Manager	47	40.99	52.32	7,105	9,069
5 Information Technology Systems Administrator	46	39.03	49.82	6,766	8,635
6 Executive Assistant	42	32.11	40.98	5,566	7,104
7 Office Specialist	35	22.82	29.13	3,956	5,049
8 Secretary/Receptionist	33	20.69	26.41	3,587	4,577
<i>Engineering Division</i>					
Director of Engineering	53.5	56.31	71.85	9,761	12,454
<i>Accounting Division</i>					
9 Director of Finance	51	49.81	63.58	8,634	11,021
10 Accountant II	41	30.58	39.03	5,300	6,766
11 Bookkeeper	35	22.82	29.13	3,956	5,049
<i>Operations Division</i>					
Director of Operations	53.5	56.31	71.85	9,761	12,454
Chief Operator	47	40.99	52.32	7,105	9,069
Operator III/Shift Supervisor	43	33.72	43.04	5,845	7,460
Operator Grade II	41	30.58	39.03	5,300	6,766
Operator Grade I	37	25.15	32.11	4,360	5,566
Operator-in-Training	35	22.82	29.13	3,956	5,049
<i>Maintenance Division</i>					
Maintenance Supervisor	48	43.04	54.93	7,460	9,522
Electrical/Instrumentation Supervisor	46.5	40.00	51.06	6,934	8,851
Sr. Electrician/SCADA Technician	45	37.16	47.45	6,441	8,225
Maintenance Mechanic III	42.5	32.91	42.01	5,705	7,281
Electrical/Instrumentation Technician	42	32.11	40.98	5,566	7,104
Co-Gen Mechanic	41	30.58	39.03	5,300	6,766
Electrician	40	29.13	37.16	5,049	6,441
Maintenance Mechanic II	38	26.41	33.72	4,577	5,845
Truck Driver/Maintenance Mechanic II	38	26.41	33.72	4,577	5,845
Maintenance Mechanic I	36	23.95	30.58	4,152	5,300
Inventory Control Specialist	36	23.95	30.58	4,152	5,300
<i>Environmental Compliance Division</i>					
<i>Laboratory Services</i>					
Laboratory Manager	48	43.04	54.93	7,460	9,522
Laboratory Supervisor	46	39.03	49.82	6,766	8,635
Laboratory Technician III	43.5	34.57	44.11	5,992	7,645
Laboratory Technician II	41	30.58	39.03	5,300	6,766
Laboratory Technician I	39	27.75	35.41	4,810	6,137
<i>Pretreatment Services</i>					
Industrial Waste Administrator	49	45.18	57.68	7,832	9,997
<i>Environmental Monitoring Services</i>					
Environmental Compliance Administrator	48	43.04	54.93	7,460	9,522

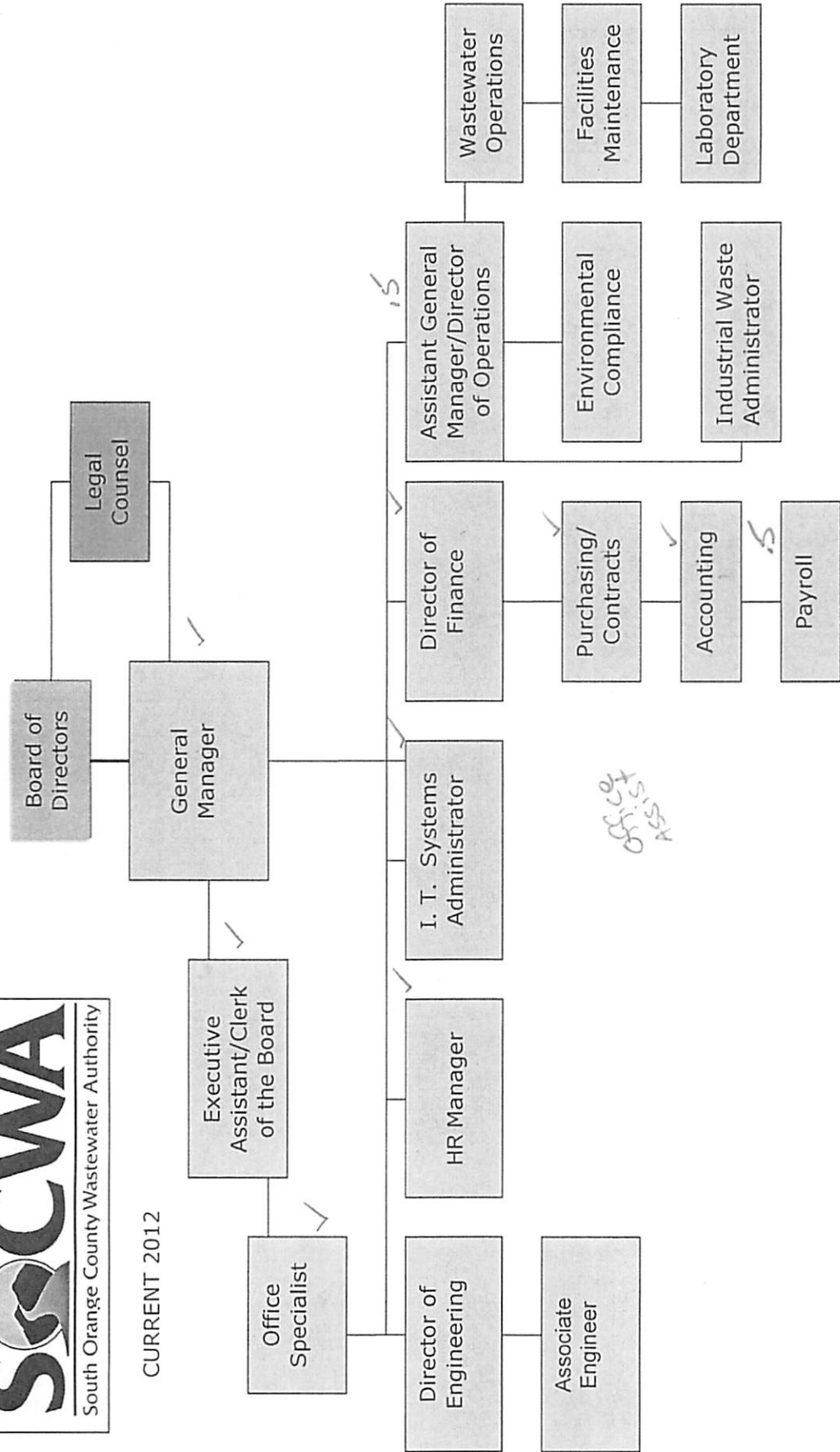
EXHIBIT "B"

**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
EMPLOYEE HANDBOOK - JOB CLASSIFICATION SALARY SCHEDULE
July 1, 2012**

Classification		Salary Range	Minimum Hourly Salary	Maximum Hourly Salary	Minimum Monthly Salary	Maximum Monthly Salary
<i>Executive Management Division</i>						
1	General Manager			Set by the Board by Contract		
2	Assistant General Manager	55	61.47	78.44	10,654	13,596
<i>Administration Division</i>						
3	Human Resource Manager	47	41.61	53.11	7,212	9,205
4	Procurement/Contracts Manager	47	41.61	53.11	7,212	9,205
5	Information Technology Systems Administrator	46	39.62	50.57	6,867	8,765
6	Executive Assistant/Clerk of the Board	43	34.23	43.68	5,933	7,572
7	Office Specialist	36	24.31	31.04	4,214	5,380
8	Secretary/Receptionist	33	21.01	26.80	3,641	4,646
<i>Engineering Division</i>						
	Director of Engineering	54	58.53	74.71	10,146	12,949
	Associate Engineer	47.5	42.64	54.42	7,391	9,433
<i>Accounting Division</i>						
9	Director of Finance	51	50.56	64.53	8,764	11,186
10	Accountant II	43	34.23	43.68	5,933	7,572
11	Bookkeeper	35	23.16	29.57	4,015	5,125
<i>Operations Division</i>						
12	Director of Operations	53.5	57.16	72.93	9,907	12,641
	Chief Operator	47	41.61	53.11	7,212	9,205
	Operator III/Shift Supervisor	43	34.23	43.68	5,933	7,572
	Operator Grade II	41	31.04	39.62	5,380	6,867
	Operator Grade I	37	25.53	32.59	4,425	5,649
	Operator-in-Training	35	23.16	29.57	4,015	5,125
<i>Maintenance Division</i>						
	Maintenance Supervisor	48	43.68	55.76	7,572	9,665
	Electrical/Instrumentation Supervisor	46.5	40.60	51.83	7,038	8,984
	Sr. Electrician/SCADA Technician	45	37.72	48.16	6,538	8,348
	Maintenance Mechanic III	42.5	33.41	42.63	5,791	7,390
	Electrical/Instrumentation Technician	42	32.59	41.60	5,649	7,211
	Co-Gen Mechanic	41	31.04	39.62	5,380	6,867
	Electrician	40	29.57	37.72	5,125	6,538
	Maintenance Mechanic II	38	26.80	34.23	4,646	5,933
	Truck Driver/Maintenance Mechanic II	38	26.80	34.23	4,646	5,933
	Maintenance Mechanic I	36	24.31	31.04	4,214	5,380
	Inventory Control Specialist	36	24.31	31.04	4,214	5,380
<i>Environmental Compliance Division</i>						
<i>Laboratory Services</i>						
	Laboratory Manager	48	43.68	55.76	7,572	9,665
	Laboratory Supervisor	46	39.62	50.57	6,867	8,765
	Laboratory Technician III	43.5	35.09	44.77	6,082	7,760
	Laboratory Technician II	41	31.04	39.62	5,380	6,867
	Laboratory Technician I	39	28.17	35.94	4,882	6,229
<i>Pretreatment Services</i>						
	Industrial Waste Administrator	49	45.86	58.54	7,949	10,147
<i>Environmental Monitoring Services</i>						
	Environmental Compliance Administrator	48	43.68	55.76	7,572	9,665



CURRENT 2012





Fiscal Year 2013/2014
FTE 62

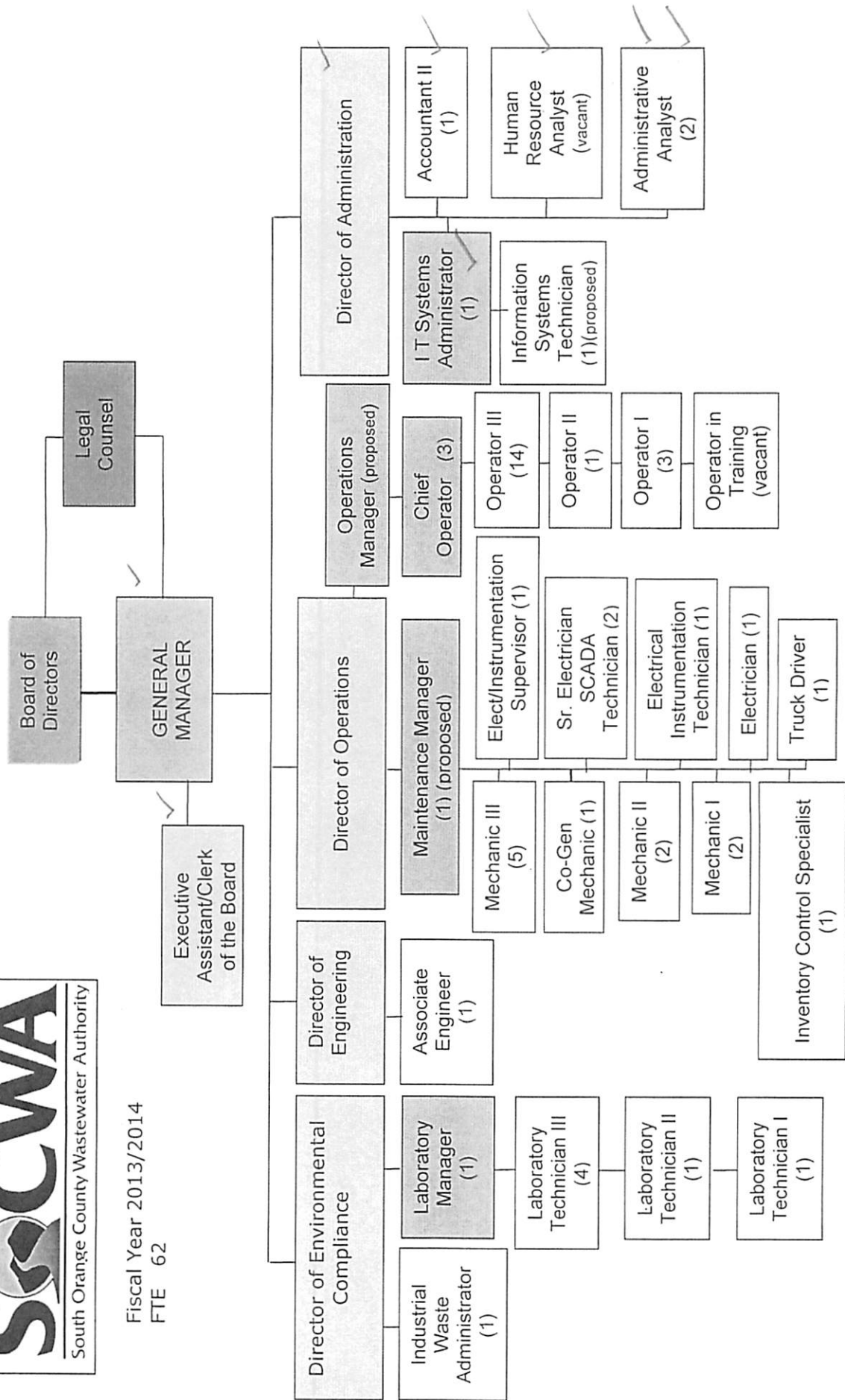


EXHIBIT "B"

**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
EMPLOYEE HANDBOOK - JOB CLASSIFICATION SALARY SCHEDULE
July 1, 2014**

Classification	Non-Management / Non-Exempt				
	Salary Range	Minimum Hourly Salary	Maximum Hourly Salary	Minimum Monthly Salary	Maximum Monthly Salary
<i>Administration Division</i>					
Human Resource Analyst	38	\$ 27.69	\$ 35.35	\$ 4,799.60	\$ 6,127.33
Office Specialist (under filled)	38	\$ 25.11	\$ 32.08	\$ 4,352.40	\$ 5,557.07
Office Assistant	35	\$ 23.92	\$ 30.54	\$ 4,075.07	\$ 5,201.73
Accountant II	43	\$ 35.35	\$ 45.12	\$ 6,127.33	\$ 7,820.80
Bookkeeper	35	\$ 23.92	\$ 30.54	\$ 4,146.13	\$ 5,293.60
Information Systems Technician	35	\$ 23.92	\$ 30.54	\$ 4,146.13	\$ 5,293.60
<i>Engineering Division</i>					
Associate Engineer	47.5	\$ 44.04	\$ 56.20	\$ 7,933.60	\$ 9,741.33
<i>Operations Division</i>					
Operator III/Shift Supervisor	43	\$ 35.35	\$ 45.12	\$ 6,127.33	\$ 7,820.80
Operator Grade II	41	\$ 32.08	\$ 40.91	\$ 5,557.07	\$ 7,091.07
Operator Grade I (1 under filled)	37	\$ 26.36	\$ 33.66	\$ 4,569.07	\$ 5,834.40
Operator in Training	35	\$ 23.92	\$ 30.54	\$ 4,075.07	\$ 5,201.73
<i>Maintenance Division</i>					
Sr. Electrician/SCADA Technician	45	\$ 38.95	\$ 49.74	\$ 6,751.33	\$ 8,621.60
Electrical/Instrumentation Technician	42	\$ 33.66	\$ 42.97	\$ 5,834.40	\$ 7,448.13
Electrician	40	\$ 30.54	\$ 38.95	\$ 5,293.60	\$ 6,751.33
Co-Gen Mechanic	41	\$ 32.08	\$ 40.91	\$ 5,557.07	\$ 7,091.07
Maintenance Mechanic III	42.5	\$ 34.50	\$ 44.04	\$ 6,980.00	\$ 7,933.60
Maintenance Mechanic II	38	\$ 27.69	\$ 35.35	\$ 4,799.60	\$ 6,127.33
Maintenance Mechanic I	38	\$ 25.11	\$ 32.08	\$ 4,352.40	\$ 5,557.07
Truck Driver/Maintenance Mechanic II	38	\$ 27.69	\$ 35.35	\$ 4,799.60	\$ 6,127.33
Inventory Control Specialist	38	\$ 25.11	\$ 32.08	\$ 4,352.40	\$ 5,557.07
<i>Pretreatment Services</i>					
Industrial Waste Administrator	49	\$ 47.36	\$ 60.46	\$ 8,209.07	\$ 10,479.73
<i>Laboratory Services</i>					
Laboratory Technician III	43.5	\$ 36.23	\$ 46.24	\$ 6,279.87	\$ 8,014.93
Laboratory Technician II	41	\$ 32.08	\$ 40.91	\$ 5,557.07	\$ 7,091.07
Laboratory Technician I (under filled)	39	\$ 28.09	\$ 37.11	\$ 5,042.27	\$ 6,432.40
Laboratory Aide/Sampler	35	\$ 23.92	\$ 30.54	\$ 4,146.13	\$ 5,293.60

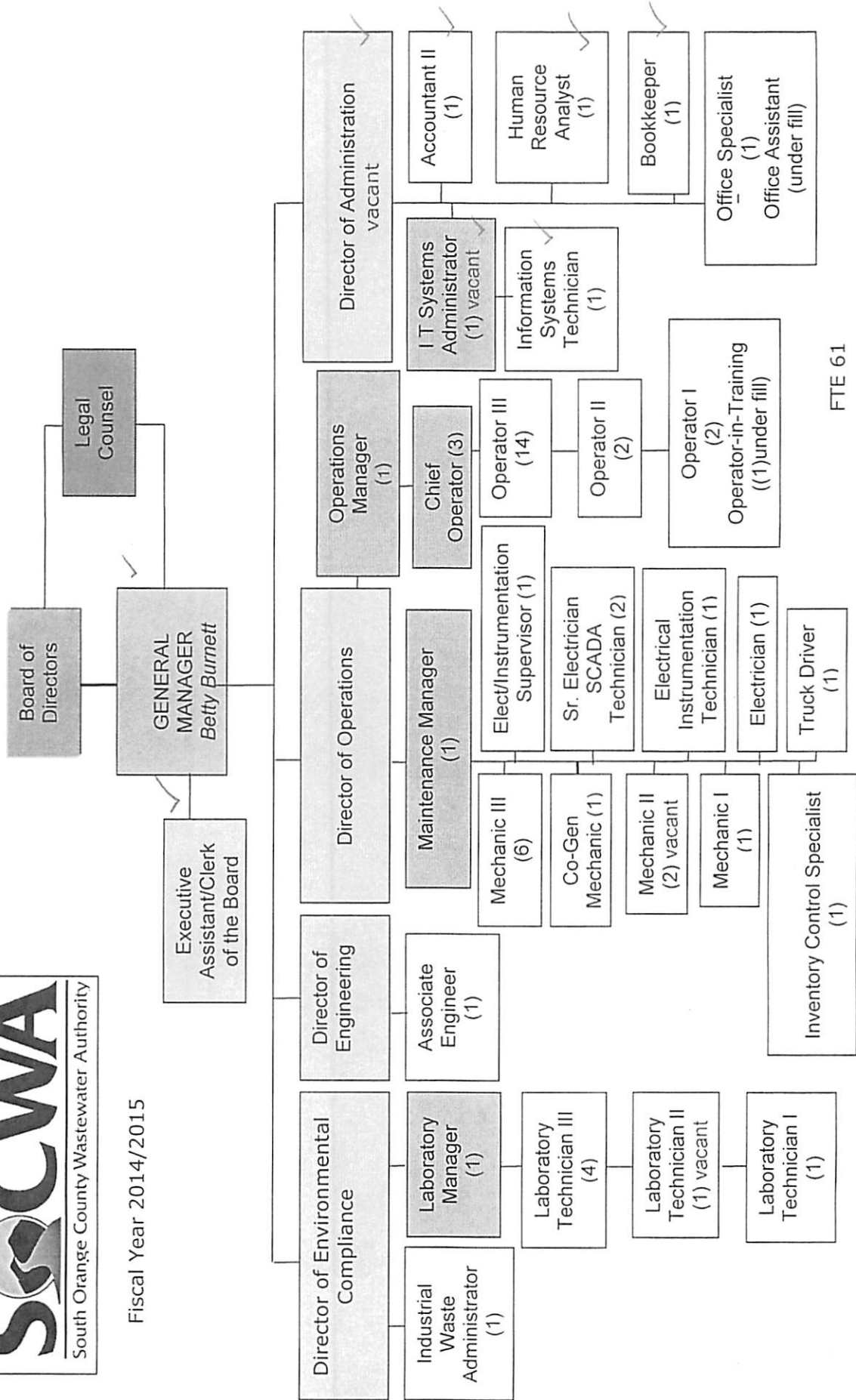
Classification	Management / Non-Exempt				
	Salary Range	Minimum Hourly Salary	Maximum Hourly Salary	Minimum Monthly Salary	Maximum Monthly Salary
<i>Administration Division</i>					
<i>Operations Division</i>					
Operations Manager	50	\$ 49.74	\$ 63.46	\$ 8,621.60	\$ 11,003.20
Chief Operator	47	\$ 42.97	\$ 54.84	\$ 7,448.13	\$ 9,505.60
<i>Maintenance Division</i>					
Maintenance Manager	50	\$ 49.74	\$ 63.46	\$ 8,621.60	\$ 11,003.20
Electrical/Instrumentation Supervisor	46.5	\$ 41.94	\$ 53.53	\$ 7,269.60	\$ 9,278.53
<i>Laboratory Services</i>					
Laboratory Manager	48	\$ 45.12	\$ 57.59	\$ 7,820.80	\$ 9,992.27

Classification	Management / Exempt				
	Salary Range	Minimum Hourly Salary	Maximum Hourly Salary	Minimum Monthly Salary	Maximum Monthly Salary
<i>Executive Management Division</i>					
General Manager		Set by the Board by Contract			\$ 14,750.00
Executive Assistant/Clerk of the Board	43	\$ 35.35	\$ 45.12	\$ 6,127.33	\$ 7,820.80
<i>Administration Division</i>					
Director of Administration	54	\$ 60.45	\$ 77.16	\$ 10,478.00	\$ 13,374.40
Information Technology Systems Administrator	46	\$ 40.91	\$ 52.22	\$ 7,091.07	\$ 9,051.47
<i>Engineering Division</i>					
Director of Engineering	54	\$ 60.45	\$ 77.16	\$ 10,478.00	\$ 13,374.40
<i>Operations Division</i>					
Director of Operations	54	\$ 60.45	\$ 77.16	\$ 10,478.00	\$ 13,374.40
<i>Environmental Compliance Division</i>					
Director of Environmental Compliance	54	\$ 60.45	\$ 77.16	\$ 10,478.00	\$ 13,374.40

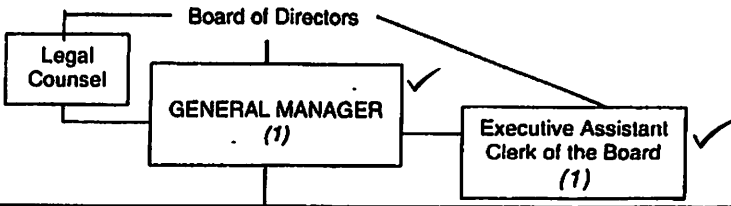
EXHIBIT "C"



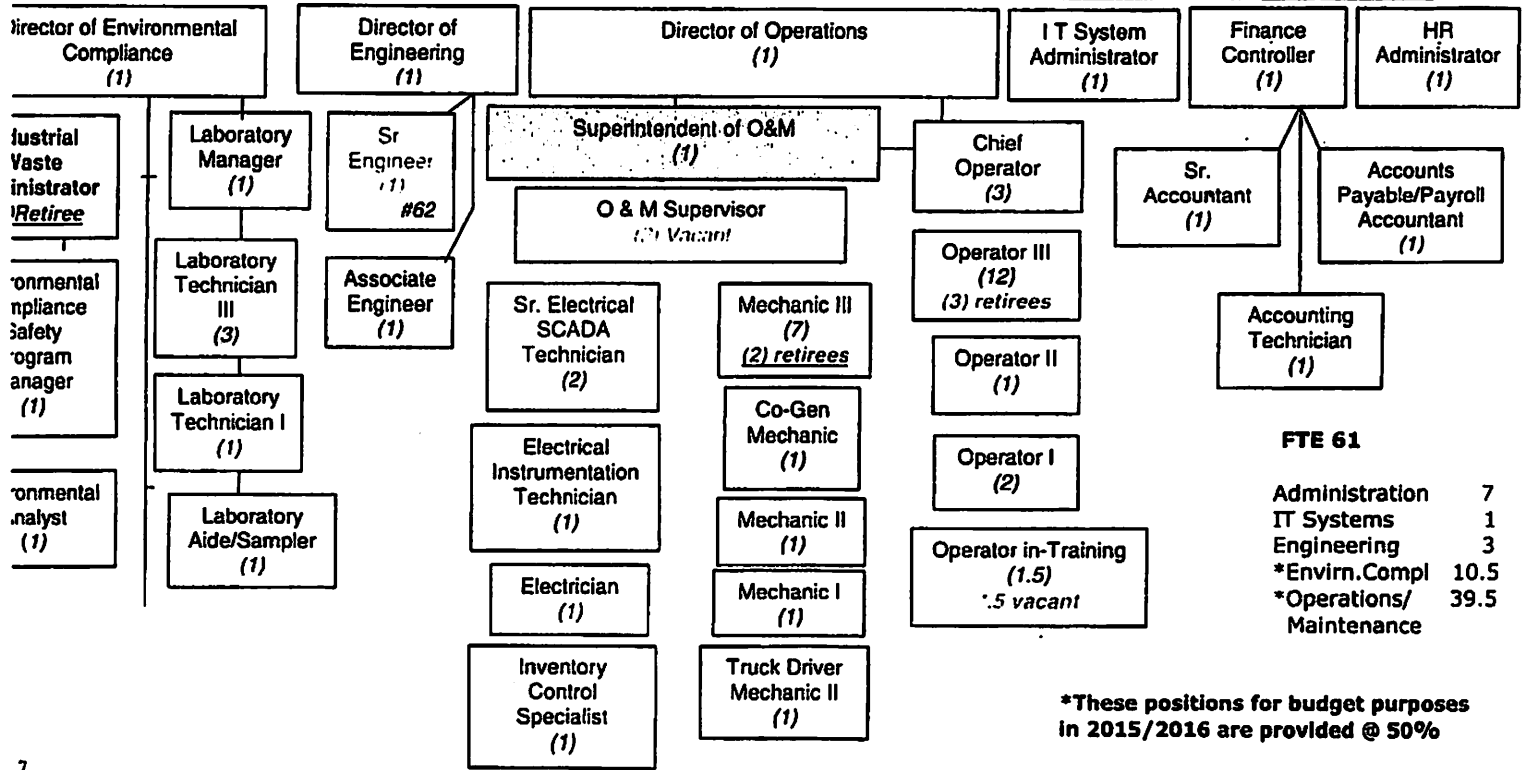
Fiscal Year 2014/2015



FTE 61

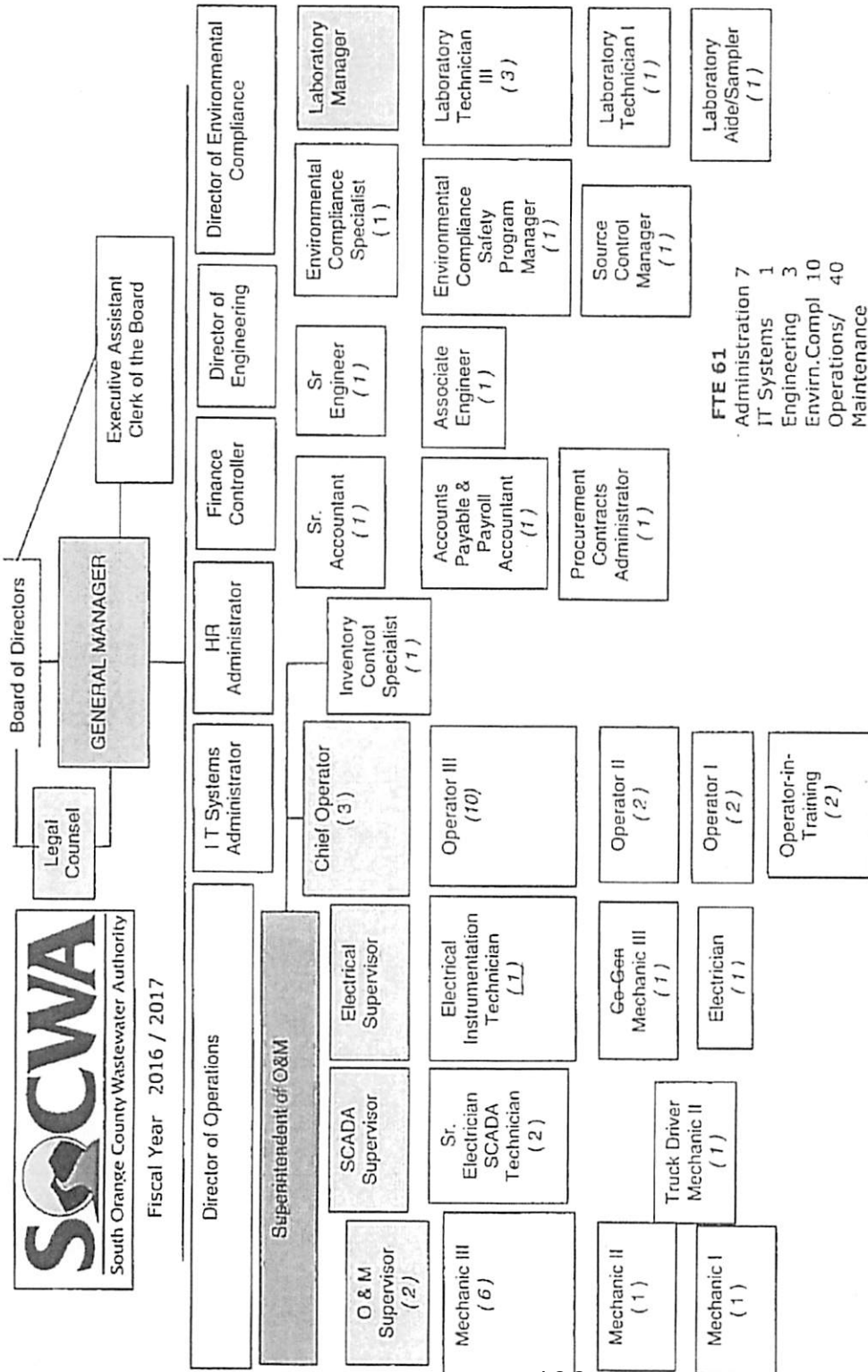


Fiscal Year 2015/2016





Fiscal Year 2016 / 2017



FTE 61

- Administration 7
- IT Systems 1
- Engineering 3
- Environ.Compl 10
- Operations/ Maintenance 40

EXHIBIT "B"

**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
EMPLOYEE HANDBOOK - JOB CLASSIFICATION SALARY SCHEDULE
July 1, 2017**

Classification	SEA Represented Classifications / Non-Exempt				
	Salary Range	Minimum Hourly Salary	Maximum Hourly Salary	Minimum Monthly Salary	Maximum Monthly Salary
Operations Division					
Operator III/Shift Supervisor	43	\$ 39.27	\$ 50.12	\$ 6,806.80	\$ 8,687.47
Operator Grade II	41	\$ 35.62	\$ 45.45	\$ 6,174.13	\$ 7,878.00
Operator Grade I	37	\$ 29.29	\$ 37.39	\$ 5,076.93	\$ 6,480.93
Operator In Training	35	\$ 26.58	\$ 33.92	\$ 4,607.20	\$ 5,879.47
Maintenance Division					
Maintenance Mechanic III / Supervisor	42.5	\$ 38.33	\$ 48.92	\$ 6,643.87	\$ 8,479.47
Maintenance Mechanic III	42.5	\$ 38.33	\$ 48.92	\$ 6,643.87	\$ 8,479.47
Truck Driver/Maintenance Mechanic II	38	\$ 30.76	\$ 39.27	\$ 5,331.73	\$ 6,806.80
Maintenance Mechanic II	38	\$ 30.76	\$ 39.27	\$ 5,331.73	\$ 6,806.80
Maintenance Mechanic I	36	\$ 27.90	\$ 35.62	\$ 4,836.00	\$ 6,174.13
O&M Inventory/Purchasing Specialist	38	\$ 30.76	\$ 39.27	\$ 5,331.73	\$ 6,806.80
Support Services Division					
Sr. Electrician/SCADA Technician	45	\$ 43.27	\$ 55.25	\$ 7,500.13	\$ 9,576.67
Maintenance Mechanic III Aw/Co-Gen	42.5	\$ 38.33	\$ 48.92	\$ 6,643.87	\$ 8,479.47
Electrical/Instrumentation Technician	42	\$ 37.39	\$ 47.74	\$ 6,480.93	\$ 8,274.93
Electrician	40	\$ 33.92	\$ 43.27	\$ 5,879.47	\$ 7,500.13
Laboratory Services					
Laboratory Technician III	43.5	\$ 40.25	\$ 51.36	\$ 6,976.67	\$ 8,902.40
Laboratory Technician II	41	\$ 35.62	\$ 45.45	\$ 6,174.13	\$ 7,878.00
Laboratory Technician I	39	\$ 32.32	\$ 41.23	\$ 5,602.13	\$ 7,148.53
Laboratory Aide/Sampler	35	\$ 26.58	\$ 33.92	\$ 4,607.20	\$ 5,879.47

Classification	Unrepresented Classifications / Non-Exempt				
	Salary Range	Minimum Hourly Salary	Maximum Hourly Salary	Minimum Monthly Salary	Maximum Monthly Salary
Operations Division					
Chief Operator	47	\$ 47.74	\$ 60.93	\$ 8,274.93	\$ 10,561.20
Support Services Division					
Support Services Manager	48	\$ 50.12	\$ 63.98	\$ 8,687.47	\$ 11,089.87
Environmental Compliance / Laboratory Services					
Environmental Compliance Safety Risk Manager	43.5	\$ 40.25	\$ 51.36	\$ 6,976.67	\$ 8,902.40
Source Control Manager	46	\$ 45.45	\$ 58.01	\$ 7,878.00	\$ 10,055.07
Laboratory Manager	48	\$ 50.12	\$ 63.98	\$ 8,687.47	\$ 11,089.87
Environmental Compliance Analyst	37	\$ 29.29	\$ 37.39	\$ 5,076.93	\$ 6,480.93
Administration Division					
Executive Assistant/Clerk of the Board	43	\$ 39.27	\$ 50.12	\$ 6,806.80	\$ 8,687.47
Administrative Assistant	41	\$ 35.62	\$ 45.45	\$ 6,174.13	\$ 7,878.00
Accounts Payable/Payroll Accountant	35	\$ 26.58	\$ 33.92	\$ 4,607.20	\$ 5,879.47

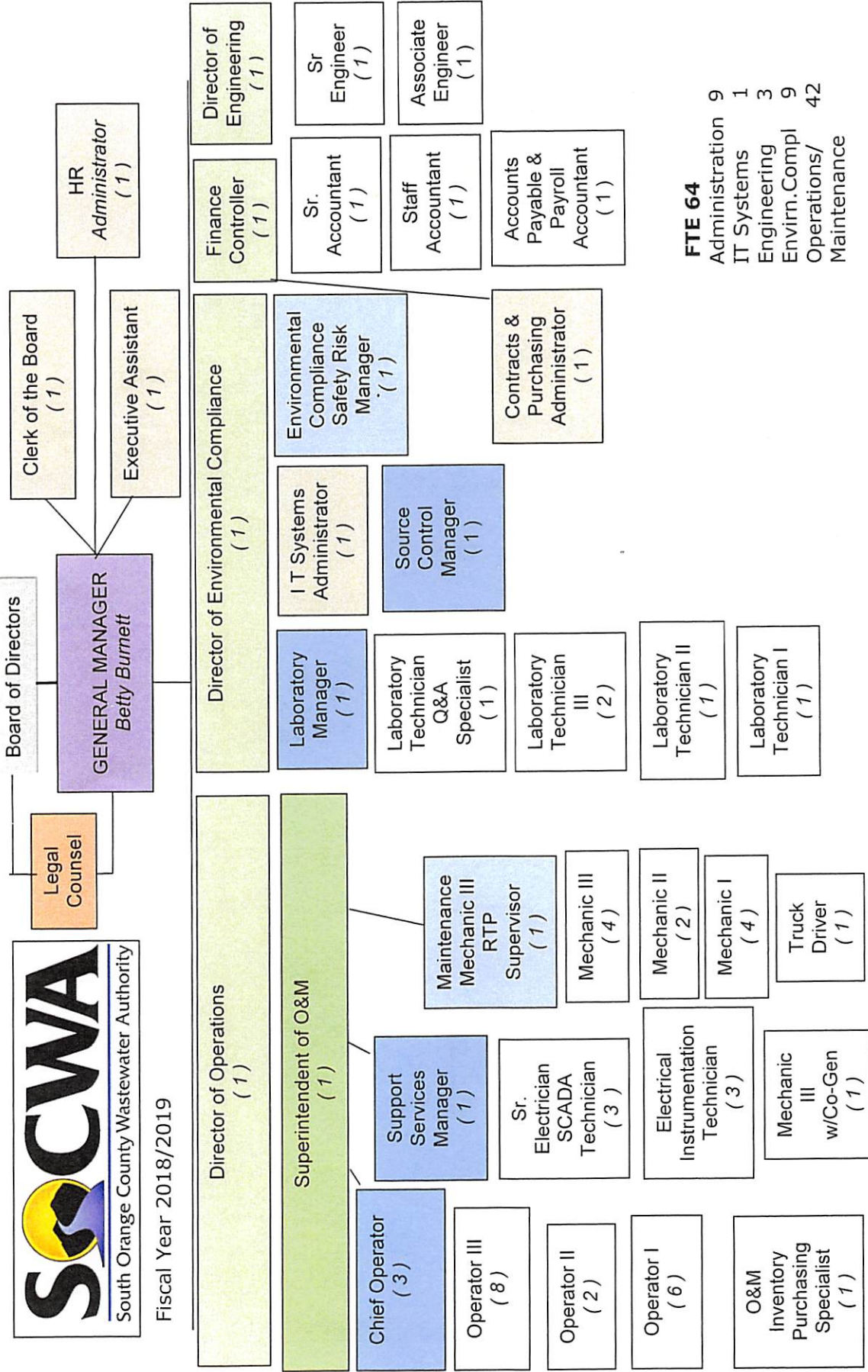
Classification	Professional Classifications / Exempt				
	Salary Range	Minimum Hourly Salary	Maximum Hourly Salary	Minimum Monthly Salary	Maximum Monthly Salary
Operations Division					
Superintendent of O & M	50	\$ 55.25	\$ 70.52	\$ 9,576.67	\$ 12,223.47
Support Services Division					
Information Technology Systems Administrator	43	\$ 39.27	\$ 50.12	\$ 6,806.80	\$ 8,687.47
Engineering Division					
Sr. Engineer	50	\$ 55.25	\$ 70.52	\$ 9,576.67	\$ 12,223.47
Associate Engineer	47.5	\$ 48.92	\$ 62.43	\$ 8,479.47	\$ 10,821.20
Administration Division					
Human Resource Administrator	45.5	\$ 44.37	\$ 56.62	\$ 7,690.80	\$ 9,814.13
Sr. Accountant	43	\$ 39.27	\$ 50.12	\$ 6,806.80	\$ 8,687.47
Procurement/Contracts Administrator	46	\$ 45.45	\$ 58.01	\$ 7,878.00	\$ 10,055.07

Classification	Management Classifications / Exempt				
	Salary Range	Minimum Hourly Salary	Maximum Hourly Salary	Minimum Monthly Salary	Maximum Monthly Salary
Executive Management Division					
General Manager		Set by the Board by Contract			\$ 17,981.60
Director of Operations	54	\$ 67.16	\$ 85.72	\$ 11,641.07	\$ 14,858.13
Director of Engineering	54	\$ 67.16	\$ 85.72	\$ 11,641.07	\$ 14,858.13
Director of Environmental Compliance	54	\$ 67.16	\$ 85.72	\$ 11,641.07	\$ 14,858.13

Controller



Fiscal Year 2018/2019



FTE 64
 Administration 9
 IT Systems 1
 Engineering 3
 Environ. Compl 9
 Operations/ Maintenance 42

Agenda Item

11a iii

Legal Counsel Review: N/A

Meeting Date: May 16, 2018

TO: Finance Committee
FROM: Betty Burnett, General Manager
STAFF CONTACT: Mary Carey, Finance Controller
SUBJECT: Budget Assumptions

Summary:

MNWD distributed to the Board at the May 3, 2018 Board of Directors meeting requested revisions to the draft Budget Assumptions for the FY 2018-19 Budget. Staff has reviewed the requests and is fine with all but the last item, whereat MNWD requests removing the language “Board approval of the Budget authorizes the above budget assumptions” and suggests a revision to “The Board acknowledges the above assumptions as a part of the Budget preparation.”

The wording to “authorize” the budget assumptions has been in the budget document since 2015-16 budget year and the language was a direct response to an Auditor recommendation coming from Mayer, Hoffman & McCann stating “The basis for allocation of costs amongst Member Agencies should be reviewed and approved during the Annual Budget process in consideration of the prior year Annual Use Audit. Member Agencies may desire to consider re-allocations based on current facility usage and agency needs.” Since the Budget Assumptions set forth those current and specific allocation and policy decisions of the Board for the formation of the FY Budget, the language that the direction given is authorized is necessary and appropriate as recommended by the external auditors.

Recommendation: Accept MNWD requested revisions with the exception of retaining the reference since 2015-16 Budget year in accordance with Auditor recommendation.

May 3, 2018

Dan Ferons, Chair
South Orange County Wastewater Authority
34156 Del Obispo Street
Dana Point, CA 92629

Re: Redline Changes to Draft FY 2018-19 South Orange County Wastewater Authority Budget Document

Dear Mr. Ferons:

Per the discussion at the South Orange County Wastewater Authority ("SOCWA") Board Budget Workshop on April 26, 2018, the Moulton Niguel Water District ("MNWD") has prepared the attached redlined changes to the draft FY 2018-19 SOCWA budget document for the Board to consider. These changes, if approved and implemented, will allow MNWD to approve the portions of the budget that are agreeable to MNWD.

Thank you for your consideration,



Matt Collings
MNWD Assistant General Manager



South Orange County Wastewater Authority

Fiscal Year 2018-19 Total ~~Operating~~ Budget

Draft

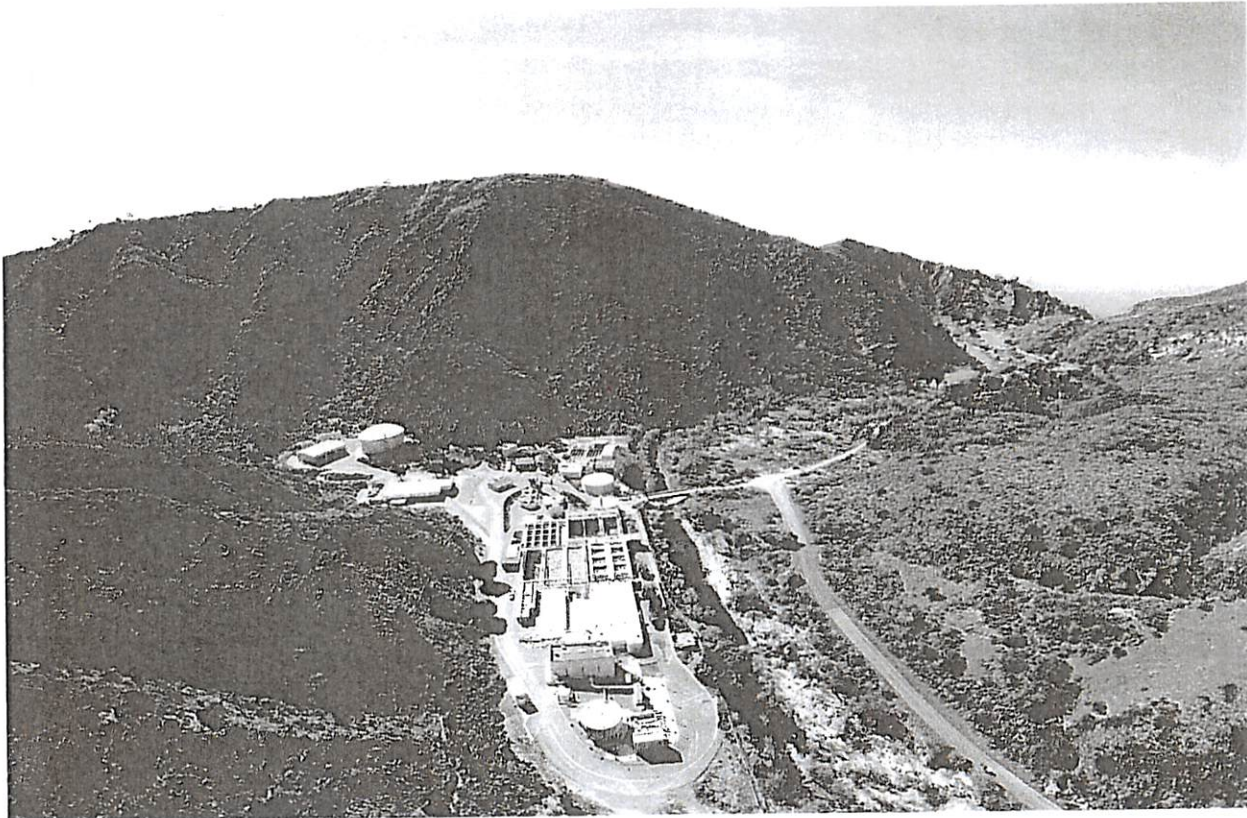


Photo by: Ernie Leal



South Orange County Wastewater Authority

Draft
FY 2018/19
Annual Operating Expenses & Capital Budget
May 3, 2018

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South Orange County Wastewater Authority
31156 Del Obispo Street, Dana Point CA, 92629
Phone: (949) 234-5400 Fax: (949) 489-0130

May 3, 2018

Total ~~Operating~~ Budget Assumptions
South Orange County Wastewater Authority
Fiscal Year 2018-19

Fiscal Year 2018-19 with projections through 2022-23, 5 Years

1. The consolidated ~~operations~~ budget is divided into "Functional Departments"
 - a) Operations
 - b) Engineering (Capital and Non-Capital)
 - c) Environmental Compliance and Safety
 - d) Information Technology (IT)
 - e) Administration
 - f) General Fund (shown individually and as a part of Administration)
2. The FY Budget establishes the Board approved allocations used for the purpose of collecting the O&M ^{and capital} deposits from Member Agencies. After the close of the fiscal year the Use Audit is prepared and the approved allocations are then adjusted to reflect actual labor time spent, actual liquids and solids treated, or actual purpose of the expense accumulated (if incurred for a single agency or group of agencies that is less than a full PC group) ("Actual Expenses"). Actual Expenses will be included in the fiscal year use audit to determine under/over payments by member agencies.
3. Each Department Manager provided:
 - a) Headcount requirements for the 5-year budget period, inclusive of new hires, retirements, promotions, succession planning, etc. The staffing plan takes into account known and anticipated retirements, and costs for labor are projected based on filling open positions in operations with entry level staff unless vacancies occur earlier than projected. In that event, SOCWA may need to hire experienced staff at more mid-level pay scales and in turn may experience higher labor costs than planned.
 - b) Total Full Time Equivalent FY 2017-18 is 65 64 positions. In FY 2017-18 four positions (4) were added to address needs in SCADA systems, accounting, analyst (not hired) and administration (funded for 1 year). For FY 2018-19 administration will continue as FTE and analyst position is eliminated. Operations will add 1 FTE mechanic due to overlap in training needed for planned retirements in FY 2019-20 for a total of 64 positions in 2018-19. In FY 2019-20 total positions will return to 62 due to 2 O&M department retirements.



South Orange County Wastewater Authority
31156 Del Obispo Street, Dana Point CA, 92629
Phone: (949) 234-5400 Fax: (949) 489-0130

10. The following 14 points approved by the Board from the Allocation Working Group are continued in the FY 2018-19 Budget:
- a) The budget funds continuous metering of flows upstream of the JBL Plant from the OSO Trabuco and San Juan sewer trunk lines
 - b) Permit fees for the Pretreatment Program are levied as a fixed charge and allocated to the PC 8 Budget
 - c) For PC 5 and 24 engineering costs are allocated based on ownership capacity.
 - d) Individual agencies will pay Director meeting attendance fees either through SOCWA or directly to their participating director
 - e) Engineering studies will continue to address future capital and capacity needs of the treatment plants
 - f) JBL Effluent Pump Station (EPS) costs will be placed in PC 2 liquids ownership category
 - g) Continue PC 2 and 15 water use allocations: 30% from solids to liquids for PC 2, 70% from common into liquids PC 15
 - h) Continue PC 15 and 17 bleach use allocations: 4% from liquids to AWT for PC 15, track system changes for PC 15 and 17
 - i) Continue PC 2 and 17 odor control allocations: 39% from solids to liquids for PC 2, 42.1% from liquids to solids for PC 17
 - j) Continue PC 17 Ferric Chloride allocations: 40% from liquids to solids
 - k) Continue PC 15 and 17 Polymer allocations: 57% from AWT to liquids for PC 15 and 17.8% from liquids and AWT to solids for PC 17
 - l) Continue certain PC 24 costs as fixed costs: engineering misc., legal, off-shore monitoring, inspections/port cleaning and misc. equipment.
 - m) PC 2SO (12) excludes ETWD and IRWD.

General Approval Information:

All ~~O&M~~ Budgets since inception reflect the costs of direct use and costs allocated by capacity ownership for capital improvements, repairs and replacements necessary to operate within legal compliance requirements and accepted industry standards.



January 7, 2015

South Orange County Wastewater Authority
Mary Carey, Controller
34156 Del Obispo Street
Dana Point, CA 92629

Dear Mary

Enclosed please find the following for South Orange County Wastewater Authority: (15) fifteen copies of the 2014 audited Financial Statements, (15) fifteen copies of the SAS 115 Letter, and (15) fifteen copies of the SAS 114 Letter.

Should you have any questions or need additional copies please feel free to give me a call at (949) 783-1730.

Very truly yours,
Mayer Hoffman McCann P.C.

Danielle DeBerg
Supervising Senior



our **roots** run deep



To the Board of Directors
of the South Orange County Waste Water Authority

We have audited the financial statements of South Orange County Wastewater Authority for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 24, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by South Orange County Wastewater Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Authority's financial statements were:

- Management's estimates related to capitalizing costs and determination of useful lives of capital assets
- Allocations of cost to project committees and member agencies

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Those adjustments included recording accounts payable for expenses incurred in the fiscal year, recording revenue related to the Prop 50 grant, decreasing inventory based on the policy implemented in the previous year, removing retentions payable that were paid during the year, and an adjustment to move capital assets out of construction and process and place them in service. The effect of one uncorrected misstatement of an increase of \$30,000 to accounts payable at June 30, 2014 is immaterial, both individually and in the aggregate, to the financial statements as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 16, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Board of Directors and management of South Orange County Wastewater Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
December 16, 2014



To the Board of Directors
of the South Orange County Wastewater Authority

In planning and performing our audit of the financial statements of the South Orange County Wastewater Authority as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies to conform to that definition:

(1) Need to Improve Internal Controls over Payroll

The Authority Accountant II is responsible for processing payroll and also has the ability to make payroll master file changes (add/delete employees and change pay rates) and can change direct deposit information.

Recommendation

Ideally payroll is processed by Finance Department staff and payroll master file changes are made by Human Resources staff. However, if it is not possible to segregate these duties, the Human Resources staff should perform periodic spot checks of the information in the payroll system throughout the year. Documentation of this review should be retained.

Management's Response

The Authority concurs with the recommendation and the following controls have been implemented:

- Segregation of duties; payroll master file changes are made by HR; add/delete employees and pay rate changes.
- HR distributes a current and complete master file to Finance Staff and the Controller
- Payroll is processed by the Bookkeeper
- Accountant II is responsible for review and CalPERS adjustments
- Finance Controller will conduct the final review and approve the payroll.

(2) Inventory Controls

During our review of the physical inventory count 5 of the 22 items we recounted were incorrectly documented by staff because not all inventory was subject to the Authority's inventory count.

Recommendation

We recommend the Authority tag and count all inventory regardless of what is reflected in the accounting system per the policy.

Management's Response

Management agrees that an inventory control system must be implemented which includes an updated policy statement and operating procedures. The following activities are in process and will be completed before the end of the fiscal year.

- Review of Member Agencies' policies and procedures to determine "Best Practices" and consistency amongst the agencies.
- An Inventory threshold level to differentiate between "free stock" (high volume low cost items) that should be expensed and more expensive items that warrant safekeeping.
- A physical inventory of items "defined as inventory".
- A cost effective system to record inventory transactions as they occur.
- Monthly updates to the General Ledger.
- General Organization of the stockroom.

(3) Compliance with Contracts

The Interim General Manager's contract requires the Board of Directors approved all invoices and the total amount paid in a 30 day period should not exceed 130 hours. We noted that the invoices were not approved by the Board and the number of hours billed exceeded 130 hours in certain months.

Additionally, certain contracts require retention to be held during the term of the project. We found in certain cases that project staff instructed the Finance Department to not withhold retentions.

Recommendation

We recommend the Finance Department carefully review all contract language and ensure payments are made and approved in accordance with the contracts.

Management's Response

Management concurs with the recommendation and the following controls are in place:

- The Finance Department receives copies of all contracts
- Financial terms are reviewed in advance of payment.
- Payment approvals are in accordance with the signature authority policy.

(4) Communication Between Departments

During the fiscal year ended June 30, 2014, we noted the Engineering Department processed grant reimbursement requests, which is a process that typically involves the Finance Department. The last reimbursement request was filed in April 2014 and was not provided to Finance until September 2014. As a result, we recorded a journal entry to reflect a receivable and grant revenue. While the Finance staff reviewed the grant reimbursement request after it was filed, it is important for the Finance staff to be made aware of significant accounting transactions in a timely manner to allow for proper recording, budgeting, and cash flow projections.

Additionally, the Finance staff and the Engineering staff should improve the tracking and communication regarding open capital projects, especially when capital projects are still open but assets may have been put into service during phases of the open capital projects. During the audit, we detected certain assets that required capitalization for project components placed in service even though the overall project was still open.

Recommendation

We recommend the Finance and Engineering staff meet periodically to discuss the status of project funding and capital project status.

Management Response and Corrective Action Taken:

- Management is in the process of reviewing, updating and creating policies and procedures that will create workflows to include all pertinent parties in the review, approval and accounting process.
- Meetings have been held with Engineering and Operations to communicate the Financial Requirements and timetable for receiving transactional data

(5) Project Committee Agreements

In November 2012, an Authority consultant issued a report on the various project committee cost allocation methodologies employed. During the audit, we reviewed the consultant's report and the various project committee agreements. We noted discrepancies between cost allocation percentages noted in the original agreements and actual cost allocation percentages used during the fiscal year ended June 30, 2014.

Recommendation

The basis for allocation of costs amongst Member Agencies should be reviewed and approved during the Annual Budget process in consideration of the prior year Annual Use Audit. Member Agencies may desire to consider costs re-allocations based on current facility usage and agency needs.

Management Response and Corrective Action Taken

Management concurs; SOCWA operates in accordance with allocations based on the existing form of the joint powers agency and project committee agreements. It would be appropriate to give consideration to facilities uses and changes in a more contemporary time frame and discuss with the Board any reallocations that may be beneficial.

(6) Capital Asset Records

The Authority currently manually tracks capital assets and calculates depreciation within a spreadsheet file. As additional capital assets are added to the spreadsheet, we recommend that each entry be reviewed to ensure that items listed are (1) capitalizable and (2) contain sufficient detail to allow for the proper removal of an asset that is subsequently replaced. Furthermore, staff should consider directly adjusting project committee equity when capital assets are acquired or constructed rather than recording them in one project committee and then subsequently recording transfers of capital assets between project committee funds as transfers in/out.

Management Response and Corrective Action Taken

- Engineering will provide Finance a complete list of all Assets currently in use
- Future Engineering Projects will be split into "subsystems" for capitalization purposes
- Finance fixed assets register will be reconciled to Engineering's records
- The Fixed Assets records will be converted from Excel to the Blackbaud financial system.
- Targeted completion date for the above tasks is June 2015.

(7) Adjustments Detected During the Audit

Auditing standards require the auditors to include in the report of significant control any material adjustment detected during the audit process. For the year ended June 30, 2014, the following material adjustments were made:

- Increase to accounts payable for cost incurred in June 2014
- Decrease to inventory based on the policy implemented in fiscal year 2013
- Remove retention payable that was paid during the year
- Recording revenue related to the Prop 50 grant
- Adjustments to move capital assets out of construction in process and place them into service

Management Response and Corrective Action Taken

Staff has noted the root of the adjustments detected during the audit process. All entries have been duly noted and will be considered during the internal closing process for the next year's financial statement independent audit.

This communication is intended solely for the information and use of management, Board of Directors and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
December 16, 2014



South Orange County Wastewater Authority
31156 Del Obispo Street, Dana Point CA, 92629
Phone: (949) 234-5400 Fax: (949) 489-0130

The signature authority levels authorized for expending the FY 2017-18 budget are in conformity with SOCWA's Uniform Purchasing Policy and Procedures, policy number, 6.2015.01, as approved by the Board on March 5, 2015 and as revised for clarification on December 28, 2017.

~~Board approval of the Budget authorizes the above budget assumptions.~~ Staff is authorized to contract for services, acquire supplies and pay vendors and expenses within the Functional Departments and Project Committees. Staff is authorized to follow the Budget and expend the amounts therein stated consistent with the Uniform Purchasing Policies and Procedures.

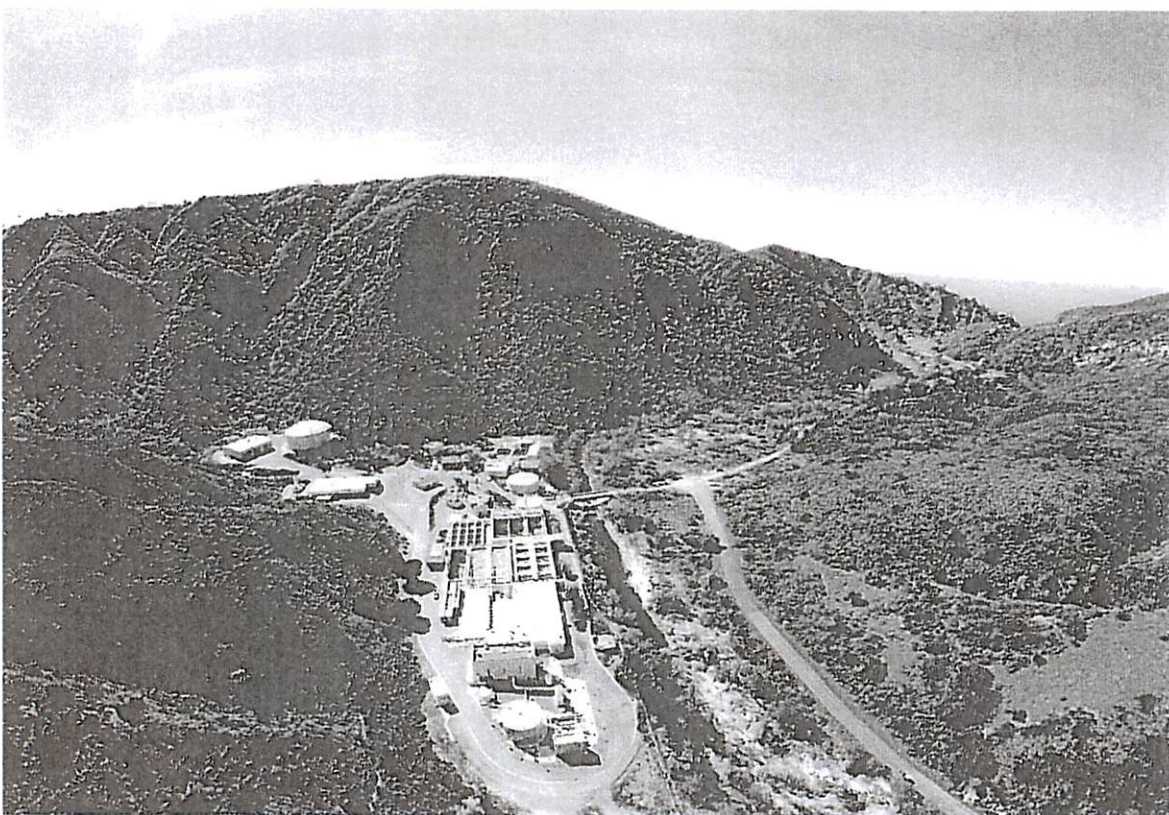
The Board acknowledges the above budget assumptions as a part of the Budget preparation.



South Orange County Wastewater Authority

Fiscal Year 2018-19 Total Operating Budget

Draft



: Ernie Leal



Agenda Item

12

Legal Counsel Review: N/A

Meeting Date: May 16, 2018

TO: Finance Committee

FROM: Betty Burnett, General Manager

STAFF CONTACT: Mary Carey, Finance Controller

SUBJECT: Budget Adjustments to FY 2017-18 Administration Budget

Summary:

At the May 3, 2018 Board meeting staff and the Board discussed the shortfall in salaries adjustments due to the work on the State Audit project this past year. Staff is recommending that the Board approve the addition of \$30,000 to the Administration Budget “salaries” to fund pay changes consistent with the SOCWA employee MOU.

Staff is also requesting an additional \$30,000 in funding for the Administration Management Support line item. This funding will keep this line item from going over budget for two projects: (i) the cost of service review underway by Carollo Engineering, and (ii) further state audit related costs of implementation incurred since the March 22, 2018 results, including accounting department services on UAL distribution options, support from Financial Edge for cash roll forward update 2016-17 and 2017-18, system set up for the continuing 2018-19 and forward cash roll forward reporting, development of step by step accounting procedures.

Recommendation:

Approval of a FY 2017-18 Budget Adjustment to the Administration Budget for:

- (i) Salaries, \$30,000 addition
- (ii) Management Services, \$30,000 addition