

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

**March 26, 2019
10:30 a.m.**

NOTICE IS HEREBY GIVEN that a Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee was called by the Chairman to be held on **March 26, 2019** at **10:30 a.m.** at the SOCWA Administrative Office located at 34156 Del Obispo Street, Dana Point, California.

THE SOCWA MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS (I.E., ACCESS TO AN AMPLIFIED SOUND SYSTEM, ETC.) PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5421 AT LEAST 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.

4. Approval of Minutes

- a) Finance Committee Meeting Minutes of November 16, 2018
- b) Finance Committee Meeting Minutes of November 30, 2018
- c) Finance Committee Meeting Minutes of January 28, 2019
- d) Finance Committee Meeting Minutes of February 19, 2019

Recommendation: Finance Committee approval of minutes as corrected and submitted

5. Financial Reports for the month of February 2019

The reports included are as follows:

- a) Summary of Disbursements for February 2019 (Exhibit A)
- b) Schedule of Funds Available for Reinvestment (Exhibit B)
 - LAIF Performance Report
- c) Schedule of Cash and Investments (Exhibit C)
- d) Capital Projects Summaries (Exhibit D)
 - Capital Projects – Graph (Exhibit D-1)
- e) Budget vs. Actual Expenses:
 - O&M Environmental Safety Costs Summary (Exhibit E-1)
 - O&M Environmental Safety Costs by PC (Exhibit E-1.2)
 - Residual Engineering, After Transfer to Capital (Exhibit E-2)
 - Administration (Exhibit E-3)
 - Information Technology (Exhibit E-4)

Recommendation:

Staff recommends that the Finance Committee recommend to the Board of Directors to ratify the February 2019 disbursements for the period from February 1, 2019, through February 28, 2019, totaling \$1,975,071, and to receive and file the February 2019 Financial Reports as submitted.

6. FY 2019/2020 O&M Budget

- a) Key Budget Assumptions
 - Funding PERS/OPEB costs
- b) General Assumptions
- c) Staffing Plan
- d) Legal Cost Projection
- e) Utility Cost Distribution
- f) Capital Funding Policy
- g) Budget Schedule

Recommendation:

Finance Committee review, comments and recommendations for Board consideration. Action may include setting further Finance Committee Meetings for additional discussions and information.

7. Carollo Cost Distribution Report

Recommendation:

Staff recommends that the Finance Committee recommend that the Board of Director receive and file the March 20, 2019 Operational Cost Distribution Analysis prepared by Carollo Engineers. Also, Staff will proceed to include the report recommendations in the FY2019-20 Draft Budget preparations.

8. Policy for Funding of Capital Work

Recommendation:

That the Finance Committee recommends to the Board of Directors to approve the Policy for the Funding of Capital Work.

9. 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 21st day of March 2019.



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

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

**Finance Committee
November 16, 2018**

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on November 16, 2018, at 10:30 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
ROBB GRANTHAM	Santa Margarita Water District (arrived 10:40 am)
RAY MILLER	City of San Juan Capistrano
FRED ADJARIAN	El Toro Water District
MATT COLLINGS	Moulton Niguel Water District (exited 11:25 am)

Absent:

TONI ISEMAN	City of Laguna Beach
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Staff Present:

BETTY BURNETT	General Manager
MARY CAREY	Finance Controller
JIM BURROR	Director of Operations
AMBER BAYLOR	Director of Environmental Compliance
KONSTANTIN SHILOV	Sr. Accountant
NADYN KIM	Accountant
DANITA HIRSH	Administrative Assistant

Also Present:

GREG MOSER	Procopio
MARY BETH REDDING	Bartel Associates LLC (via teleconference)
LUIS MURILLO	Nyhart
DENNIS CAFFERTY	El Toro Water District
NEELY SHAHBAKTI	El Toro Water District
PAM ARENDS-KING	South Coast Water District

1. Call Meeting to Order

Chairperson Erdman called the meeting to order at 10:30 a.m.

2. Pledge of Allegiance – Director Fred Adjarian

3. Public Comments

None

Chairperson Erdman stated that there would be a change to the order of the agenda by addressing item 11 first in courtesy of the Actuarial consultants who were present to report on the GASB 75 and GASB 68.

11. Government Accounting Standards Board Statement GASB 75 and GASB 68 Reporting for FY2017-18 Financial Statements Audit

Ms. Carey provided a brief introduction of Luis Murillo of Nyhart and Mary Beth Redding of Bartel Associates who participated via teleconference.

Mr. Murillo gave a PowerPoint presentation on the GASB 75. An open discussion ensued.

Ms. Redding gave a PowerPoint presentation on the GASB 68 and how the changes would affect the Liability Pension. An open discussion ensued.

Director Collings suggested tabling the agenda item until the next year's (FY19-20) budget.

Ms. Arends-King, CFO for South Coast Water District, requested that a copy of the PERS evaluation report be distributed to the Finance Officers.

Ms. Carey would be distributing the report to SOCWA's Finance Officers via email.

Chairperson Erdman convened the meeting at 11:20 a.m. for a brief recess. The meeting reconvened at 11:31 a.m.

Director Collings exited the Finance Committee meeting at 11:25 a.m. for the remainder of the meeting. No Action was taken.

4. Approval of Minutes

Chairperson Erdman noted a correction to be made on the August 10, 2018 Minutes, under item 6, Financial Matters – Month of May 2018 Financials, that Director Miller was missing from the record as voting "Aye" on the approval of the item and asked that the Minutes be corrected.

ACTION TAKEN

Motion was made by Director Grantham and seconded by Director Miller to approve the Finance Committee Minutes for September 19, 2018, August 29, 2018, and June 27, 2018, as submitted, and Minutes for August 10, 2018, with correction as noted.

Motion carried:	Aye 4, Nay 0, Abstained 0, Absent 2
	Director Erdman Aye
	Director Iseman Absent
	Director Miller Aye
	Director Grantham Aye
	Director Collings Absent
	Director Adjarian Aye

Chairperson Erdman commented on the importance of reviewing the Minutes making sure they were correct for the record. He also stated, over the last two years since he had been on the Finance Committee, there had been minor omissions similar to the one just discussed. The Minutes are sent out in advance and that it is both staff and the Directors responsibility to assure the Minutes are as accurate as possible. He stated, there will be times when documents will show up in places where accuracy will be very important as in the situation in Riverside.

This was an Information Item.

5. Monthly Financial Report for June 2018

Ms. Carey stated, only the Cash Disbursements needed to be ratified.

ACTION TAKEN

Motion was made by Director Grantham and seconded by Director Miller that the Finance Committee recommends the Board of Directors ratify the Cash Disbursements for the month of June 2018.

Motion carried:	Aye 4, Nay 0, Abstained 0, Absent 2
	Director Erdman Aye
	Director Iseman Absent
	Director Miller Aye
	Director Grantham Aye
	Director Collings Absent
	Director Adjarian Aye

Ms. Carey stated, the only thing that was done separately by month was the Cash Disbursements, because the Committee had to ratify Disbursements. The remaining Financial documents were informational only. All of the Financials were current year to date as of September 30 which was assessed for Q1 of the fiscal year. Staff recommended the Finance Committee ratify the Disbursements for July, August and September 2018.

Director Erdman stated, unless the Committee objects, he would entertain a motion as a block for approval. He continued that the Committee would address agenda item 9 for the Quarterly reporting and then return to agenda items 6, 7, and 8 to take a motion to approve as a block.

6. Monthly Financial Report for July 2018

7. Monthly Financial Report for August 2018

8. Monthly Financial Report for September 2018

ACTION TAKEN

Motion was made by Director Adjarian and seconded by Director Grantham that the Finance Committee recommends to the Board of Directors to ratify agenda items 6, 7, and 8, the Summary of Disbursements for the period from July 1 through July 31, August 1 through August 31, and September 1 through 30, 2018.

Motion carried:	Aye 4, Nay 0, Abstained 0, Absent 1
	Director Erdman Aye
	Director Iseman Absent
	Director Miller Aye
	Director Grantham Aye
	Director Collings Absent
	Director Adjarian Aye

9. Quarterly (Q1) Financial Reports July 1, 2018 thru September 30, 2018

Ms. Burnett provided the Committee with a high-level overview of the Capital Project Summary July 1 through September 2018. She stated, the beginning part of the year has been slower on the capital spending side which is not unusual. There are 2 large projects for PC-15 Capital, and Page 57 shows the capital projects broken out by Project Committee for the year.

Director Grantham requested a joint meeting of the Finance and Engineering Committees to discuss capital project expenditures.

Ms. Carey went over the budget vs. actual cost expenditures on page 57 of the packet. Chairperson Erdman asked that before approving the monthly financial statements for July, August, and September 2018, whether Jim Burror, Director of Operations would provide comments on a few of the notes that were included in the reports.

Mr. Burror provided the following comments:

- 1) The new engines continue to impact our budgets. We are tracking time spent on CIP projects for labor – mostly engine support. Ferric and other operational costs increased more than expected in the project study phases, and we used this information for the FY18-19 budget.
- 2) Delays in completing the RTP engine project increased costs associated with the purchase of power and natural gas.
- 3) New employee costs - Training costs for new employees is as high as requested during the budget process. We will be talking about this some more during the upcoming budget process. We see increased participation in industry activities to gain knowledge by the new employees. Mr. Burror recommends increasing both training and conference budgets to accommodate the training process for the large group of new employees.
- 4) CIP Construction activities have been impacting budgets for items like the use of potable water at CTP. Activities for controlling dust can double our O&M budgets quickly. We will ask Engineering what they anticipate for the upcoming FY for both O&M employee and material resources.
- 5) Opportunity project costs are hard to anticipate during CIP shutdowns. We will try to do more review of projects during design related to assumptions for staff support, equipment operation expectation, and changes to plant operations.
- 6) We increased coordination with O&M, Engineering, and other agency projects due to conflicts all around. This can impact staff workload and O&M backlogs; we will continue to try to balance these competing demands for staff time.

Chairperson thanked Mr. Burror for providing insight and sharing his story with the Committee.

This was an information item.

10. Cash Roll Forward Fiscal Years Summary June 30, 2016 through June 30, 2018, ending September 30, 2018

Ms. Carey stated this is an information item.

12. Adjournment

There being no further business, Chairman Erdman adjourned the meeting at 12:20 p.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Special Meeting of the South Orange County Wastewater Authority Finance Committee of November 16, 2018 and approved by the Finance Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

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

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

**Finance Committee
November 30, 2018**

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on November 30, 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
FRED ADJARIAN	El Toro Water District
MATT COLLINGS	Moulton Niguel Water District
TONI ISEMAN	City of Laguna Beach
RAY MILLER	City of San Juan Capistrano

Absent:

ROBB GRANTHAM	Santa Margarita Water District
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Staff Present:

BETTY BURNETT	General Manager
MARY CAREY	Finance Controller
JIM BURROR	Director of Operations
AMBER BAYLOR	Director of Environmental Compliance
KONSTANTIN SHILOV	Sr. Accountant
NADYN KIM	Accountant
ANNA SUTHERLAND	Accounts Payable
DANITA HIRSH	Administrative Assistant

Also Present:

GREG MOSER	Procopio
KEN PUN	The Pun Group
DENNIS CAFFERTY	El Toro Water District
NEELY SHAHBAKTI	El Toro Water District
ERICA CASTILLO	Santa Margarita Water District
TREVOR AGRELIUS	Moulton Niguel Water District

1. Call Meeting to Order

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

2. Pledge of Allegiance – Jim Burror, Director of Operations

3. Public Comments – None

Chairperson Erdman asked the Director of Operations to provide a report on the plant impacts of the weather storm conditions.

Jim Burror, reported the treatment plants held up well during the storms. He stated, there were a few issues that came up, but overall, the treatment plants did well and that everything is back to normal at this time.

Director Iseman asked that we agendaize the protocol on weather conditions and the effects it has on the treatment plants. Ms. Burnett responded that we would put the item on the agenda for future discussion.

4. Monthly Financial Report for October 2018

ACTION TAKEN

Motion was made by Director Adjarian and seconded by Director Miller recommending the Board of Directors ratify the Summary of Disbursements for October 2018 totaling \$2,317, 205.

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

Ms. Burnett stated that the Committee would also need to receive and file the report which would be going to the Board of Directors for approval.

Director Adjarian asked if there were any specific areas of the Financials that the Finance Controller would like to highlight.

Ms. Carey noted that SOCWA's typical projection in the 1st quarter should be 1/3rd spent of the budget and that we were currently below the mark. An open discussion ensued.

Ms. Baylor, Director of Environment Compliance, drew the Committee's attention to Exhibit E-4 regarding IT expenses on page 19 stating, the overage of "Cloud Subscriptions" was due to recommendations made by Homeland Security in regard to purchasing a Security Management System to prevent potential hacking.

ACTION TAKEN

Motion was made by Director Adjarian and seconded by Director Miller to receive and file the Financial Reports as submitted.

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

5. Pun Group Presentation of FY Ending June 30, 2018, SOCWA Audited Financial Statements

Mr. Ken Pun of The Pun Group presented SOCWA's draft Audited Financial Statements to the Committee noting that fiscal year 17/18 audit is near completion with a few items pending; including some classification in the income statement with a few expenses that may be moved back to the operating expense. An open discussion ensued.

Ms. Burnett noted that the Pun Group would be making some changes to a few of the pages in the Financial Statements and would have those changes completed before presenting to the Board of Directors.

There was a consensus amongst the Finance Committee members to proceed with sending the draft Audited Financial Statements on to the Board of Directors meeting on December 2, 2018, for review and approval. The Pun Group would make the necessary changes for the final document and submit to SOCWA early in the following week.

6. Update on Open Financial Items

Ms. Burnett informed the Finance Committee on the list of documents that SOCWA is required to have completed for closing the fiscal year. These included the Use Audit and the Financial Statements Audit. Ms. Burnett stated that the Finance Controller made some adjustments to the Use Audit tying the numbers to the Financial Statements as requested by Moulton Niguel Water District. She asked Ms. Carey to provide a high-level overview of the changes that were made to tie the Use Audit to the Financial Statements. Ms. Cary reviewed those items. No action was taken.

7. Adjournment

There being no further business, Alternate Chairman Grantham adjourned the meeting at 10:24 a.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Special Meeting of the South Orange County Wastewater Authority Finance Committee of November 30, 2018 and approved by the Finance Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

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

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

**Finance Committee
January 28, 2019**

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on January 28, 2019, 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
ROBB GRANTHAM	Santa Margarita Water District
RAY MILLER	City of San Juan Capistrano
KATHRYN FRESHLEY	El Toro Water District
MATT COLLINGS	Moulton Niguel Water District

Absent:

TONI ISEMAN	City of Laguna Beach
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Staff Present:

BETTY BURNETT	General Manager
MARY CAREY	Finance Controller
JIM BURROR	Director of Operations
AMBER BAYLOR	Director of Environmental Compliance
KONSTANTIN SHILOV	Sr. Accountant
NADYN KIM	Accountant
ANNA SUTHERLAND	Accounts Payable
DANITA HIRSH	Administrative Assistant

Also Present:

GREG MOSER	Procopio
DENNIS CAFFERTY	El Toro Water District
NEELY SHAHBAKTI	El Toro Water District
PAM ARENDS-KING	South Coast Water District
GAVIN CURRAN	City of Laguna Beach
ERICA CASTILLO	Santa Margarita Water District
TREVOR AGRELIUS	Moulton Niguel Water District

1. Call Meeting to Order

Chairperson Erdman called the meeting to order at 8:32 a.m.

2. Pledge of Allegiance – Director Ray Miller

Ms. Burnett welcomed new Alternate Board Member, Kathryn Freshley as a Member of SOCWA's Finance Committee. Ms. Burnett provided a brief overview of SOCWA's organization and structure. She stated that she was available to answer any questions and that staff would be providing new Board Members with an information packet in the upcoming days.

3. Public Comments – None

4. Workshop: Financial Supplemental Schedules Period Ending June 30, 2018

The Finance Officers of the SOCWA Member Agencies were invited to attend the meeting and participate in the discussion. Member Agency representatives who were not able to attend on January 28, 2019, would be given an opportunity to review the Financial Supplemental Schedules for the period ending June 30, 2018, on January 29, 2019, at 10:00 a.m.

Ms. Carey provided a detailed breakdown of the Balance Sheet /Net Position by Project Committee and Member Agency. An open discussion ensued.

Director Collings stated he still had open questions and did not feel comfortable supporting the item at this time.

Director Erdman stated that he had to exit the meeting at 9:50 a.m. and handed the gavel off to Director Grantham to continue chairing the meeting in his absence. Director Grantham proceeded with conducting the remainder of the Finance Committee meeting.

Director Erdman stated before exiting the meeting that for the record, he was in favor of recommending the agenda item to the Board of Directors to receive and file as submitted.

ACTION TAKEN

Motion was made by Director Freshley and seconded by Director Miller to recommend to the Board of Directors to receive and file the Financial Supplemental Schedules for the period ending June 30, 2018, as submitted.

Motion carried:	Aye 3, Nay 1, Abstained 0, Absent 2
	Director Erdman Absent
	Director Iseman Absent
	Director Miller Aye
	Director Grantham Aye
	Director Collings Nay
	Director Freshley Aye

5. Adjournment

There being no further business, Alternate Chairman Grantham adjourned the meeting at 10:19 a.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Special Meeting of the South Orange County Wastewater Authority Finance Committee of January 28, 2019, and approved by the Finance Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

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

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

**Finance Committee
February 19, 2019**

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on February 19, 2019, 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
ROBB GRANTHAM	Santa Margarita Water District
RAY MILLER	City of San Juan Capistrano
KATHRYN FRESHLEY	El Toro Water District

Absent:

DAVID SHISSLER	City of Laguna Beach
MATT COLLINGS	Moulton Niguel Water District

Staff Present:

BETTY BURNETT	General Manager
MARY CAREY	Finance Controller
JIM BURROR	Director of Operations
KONSTANTIN SHILOV	Sr. Accountant
NADYN KIM	Accountant
DANITA HIRSH	Administrative Assistant

Also Present:

DENNIS CAFFERTY	El Toro Water District
NEELY SHAHBAKTI	El Toro Water District
MATT PEREA	South Coast Water District
GAVIN CURRAN	City of Laguna Beach
ERICA CASTILLO	Santa Margarita Water District
TREVOR AGRELIUS	Moulton Niguel Water District
KYLE RHORER	Carollo Engineers
DAVID BARANOWSKI	Carollo Engineers
MADDIE ATKINS	Carollo Engineers

1. Call Meeting to Order

Chairperson Erdman called the meeting to order at 8:32 a.m.

2. Pledge of Allegiance – Director Ray Miller

3. Public Comments – None

4. Approval of Minutes

- a. Finance Committee Meeting Minutes of November 16, 2018
- b. Finance Committee Meeting Minutes of November 30, 2018
- c. Finance Committee Meeting Minutes of January 28, 2018

ACTION TAKEN

Motion was made by Director Miller and seconded by Director Freshley to recommend to the Finance Committee Meeting Minutes for November 16, 2018, November 30, 2018, and January 28, 2019, as submitted.

Motion carried:	Aye 4, Nay 0, Abstained 0, Absent 2
	Director Erdman Aye
	Director Shissler Absent
	Director Miller Aye
	Director Grantham Aye
	Director Collings Absent
	Director Freshley Aye

Chairperson Erdman welcomed Mr. Trevor Agrelius, Controller for Moulton Niguel Water District, and Mr. Gavin Curran, Director of Administrative Services for City of Laguna Beach who sat at the table in a non-Committee Member capacity.

Ms. Burnett stated for the record that Mr. Agrelius and Mr. Curran were welcome to comment, but they are not voting members of the Finance Committee because they are not Board Alternates.

5. FY2018 / 19 Adjustment

Ms. Burnett gave a summary to the Finance Committee stating the Administration Budget would be over budget by \$65,000 due to work provided by Carollo and the actuaries Nyhart and Bartel that was requested by the Board of Directors. Ms. Burnett requested \$92,391 increase be made to the Administration Budget to backfill for the additional work. An open discussion ensued.

Chairperson Erdman noted he would entertain a motion to approve the staff recommendation to send to the Board of Directors, and then he'll take any comments or questions.

Director Grantham moved approval.

Director Freshley 2nd the motion but only to open the floor for comments. An open discussion continued.

The Finance Committee instructed Carollo to make corrections to specific data in the tables regarding items being fixed vs. variable and bring back to the Finance Committee for another review at it's meeting in April 2019.

ACTION TAKEN

Motion was made by Director Grantham and seconded by Director Freshley to recommend to the Board of Directors to increase the Administration Budget to fund the actuarial services and the cost distribution study accomplished in FY 2018/19 Budget year as Board-approved work.

Motion carried:	Aye 3, Nay 1, Abstained 0, Absent 2
	Director Erdman Aye

Director Shissler	Absent
Director Miller	Aye
Director Grantham	Aye
Director Collings	Absent
Director Freshley	Nay

6. Carollo Cost Distribution Study

Ms. Burnett gave a summary to the Finance Committee on the basis for hiring Carollo to perform the Cost Distribution Study. Mr. Burror, Director of Operation, also provided some insight to the study followed by Ms. Burnett introducing the Carollo team.

Mr. David Baranowski and Kyle Rhorer of Carollo walked the Finance Committee Members through a presentation on the Cost Distribution Study Model based on the operational costs and distribution analysis. An open discussion ensued throughout the presentation.

The Finance Committee directed staff to do the following:

- 1) Schedule a meeting to present Carollo’s Cost Distribution Study to the member agencies Finance Manager’s for discussion and feedback
- 2) Carollo will verify the positive and negative cost impacts are correct for El Toro Water District
- 3) Bring update back to the Finance Committee in April.

There was no action taken at this time.

Chairperson Erdman and Ms. Burnett welcomed new Board Member Troy Bourne and thanked him for attending the SOCWA Finance Committee meeting.

7. Adjournment

There being no further business, Chairperson Erdman adjourned the meeting at 10:09 a.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Special Meeting of the South Orange County Wastewater Authority Finance Committee of February 19, 2019, and approved by the Finance Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

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

Agenda Item

5

Finance Committee Meeting

Meeting Date: March 26, 2019

TO: Finance Committee

FROM: Betty Burnett, General Manager

STAFF CONTACT: Mary Carey, Finance Controller

SUBJECT: Financial Reports for the month of February 2019

Summary/Discussion

The following selected financial reports are routinely provided monthly to the Finance Committee for recommendation to the Board of Directors to ratify Cash Disbursements and receive and file the remaining documents.

The reports included are as follows:

- a) Summary of Disbursements for February 2019 (Exhibit A)
- b) Schedule of Funds Available for Reinvestment (Exhibit B)
 - LAIF Performance Report
- c) Schedule of Cash and Investments (Exhibit C)
- d) Capital Projects Summaries (Exhibit D)
 - Capital Projects – Graph (Exhibit D-1)
- e) Budget vs. Actual Expenses:
 - O&M Environmental Safety Costs Summary (Exhibit E-1)
 - O&M Environmental Safety Costs by PC (Exhibit E-1.2)
 - Residual Engineering, After Transfer to Capital (Exhibit E-2)
 - Administration (Exhibit E-3)
 - Information Technology (Exhibit E-4)

Fiscal impact

February 2019 cash disbursements were: \$1,975,071.

- Monthly disbursements are summarized in the attached Exhibit A.
- The attached Exhibits B, C, D, and E are informational reports only.

Recommendation

Staff recommends that the Finance Committee recommend to the Board of Directors to ratify the February 2019 disbursements for the period from February 1, 2019, through February 28, 2019, totaling \$1,975,071, and to receive and file the February 2019 Financial Reports as submitted.

**South Orange County Wastewater Authority
Summary of Disbursements for February 2019
Staff Recommendation of Fiscal Matters**

	<u>Actual</u>
General Fund	(414,504)
PC 2 - Jay B. Latham Plant	(528,716)
PC 3 - SOCWA Plant/PCA AWT	-
PC 5 - San Juan Creek Ocean Outfall	(10,516)
PC 8 - Pretreatment Program	(8,002)
PC 12 SO - Water Reclamation Permits	(1,238)
PC 15 - Coastal Treatment Plant/AWT	(357,858)
PC 17 - Joint Regional Wastewater Reclamation	(613,961)
PC 21 - Effluent Transmission Main	(27,032)
PC 24 - Aliso Creek Ocean Outfall	(13,244)
Total	<u><u>(\$1,975,071)</u></u>

**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
SCHEDULE OF FUNDS AVAILABLE FOR REINVESTMENT
as of February 28, 2019**

CASH IN BANK: (BEGINNING BAL.)	3,149,189
L.A.I.F. FUNDS: (BEGINNING BAL.)	12,708,249
DEPOSITS, TRANSFERS & ADJUSTMENTS:	4,237,932
FUND REQUIREMENTS:	
BILLS FOR CONSIDERATION	(1,975,071)
	\$ 18,120,300

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 collected on a quarterly basis in connection with projected needs. Member agencies have pledged to have funds available to meet all obligations.



**CALIFORNIA STATE TREASURER
FIONA MA, CPA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
02/11/19	2.39	2.36	185
02/12/19	2.39	2.36	183
02/13/19	2.39	2.37	182
02/14/19	2.39	2.37	182
02/15/19	2.39	2.37	181
02/16/19	2.39	2.37	181
02/17/19	2.39	2.37	181
02/18/19	2.39	2.37	181
02/19/19	2.39	2.37	178
02/20/19	2.39	2.37	178
02/21/19	2.39	2.37	177
02/22/19	2.39	2.37	177
02/23/19	2.39	2.37	177
02/24/19	2.39	2.37	177
02/25/19	2.39	2.37	175
02/26/19	2.39	2.37	174
02/27/19	2.39	2.37	175
02/28/19	2.43	2.37	184
03/01/19	2.43	2.37	191
03/02/19	2.43	2.38	191
03/03/19	2.43	2.38	191
03/04/19	2.43	2.38	191
03/05/19	2.43	2.38	190
03/06/19	2.43	2.38	189
03/07/19	2.43	2.38	189
03/08/19	2.43	2.38	190
03/09/19	2.43	2.38	190
03/10/19	2.43	2.38	190
03/11/19	2.43	2.38	187
03/12/19	2.43	2.38	185
03/13/19	2.43	2.38	184

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

Quarter Ending 12/31/18

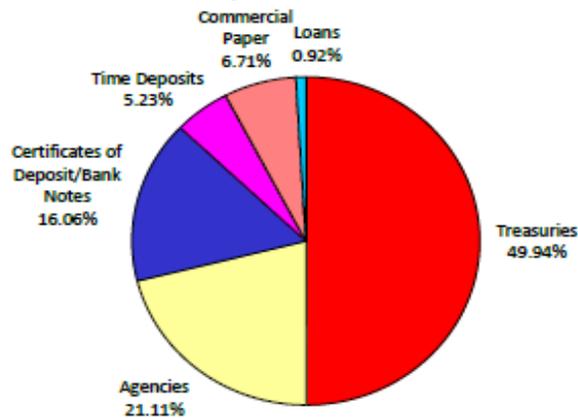
Apportionment Rate: 2.40
 Earnings Ratio: 0.00006573663340150
 Fair Value Factor: 0.999051127
 Daily: 2.32%
 Quarter to Date: 2.21%
 Average Life: 192

PMIA Average Monthly Effective Yields

Feb 2019 2.392
 Jan 2019 2.355
 Dec 2018 2.291

**Pooled Money Investment Account
Portfolio Composition
02/28/19**

\$89.5 billion



Percentages may not total 100% due to rounding

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1)

Based on data available as of 03/13/2019

Exhibit C

**South Orange County Wastewater Authority
Schedule of Cash and Investments
as of February 28, 2019**

MVA	\$ 15,314	(A)
A/P Checking	\$ 283,205	(B)
Payroll Checking	\$ 122,532	(C)
State LAIF	\$ 17,699,249	(D)
Total Cash in Bank	18,120,300	
Petty Cash	\$ 1,600	(E)
Total Operating Cash	18,121,900	
OPEB Trust	\$ 4,926,600	(F)
Total Cash and Investments	\$ 23,048,500	

Notes:

- (A) Interest bearing account; all cash receipts are deposited in this account and later moved to the LAIF account.
- (B) Accounts Payable Checks are drawn against this account; money is transferred to this account, as needed, from the LAIF account.
- (C) Payroll including payroll taxes and related liabilities are drawn against this account; money is transferred into this account, as needed, 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 Projects Summaries
For the Period Ended February 28, 2019**

Description	FY 2018-19 Budget vs. Actual Spending							Past Due by Fiscal Year				
	Capital Budget	Fiscal Year Spending	(Over)/ Under Budget	% Expended	Member Agency Billed	Member Agency Collections	Current Receivables	Past Due Amount FY 18/19	FY 18/19 Unpaid Amounts	FY 17/18 Unpaid Amounts	FY 16/17 Unpaid Amounts	Total Past Due Amount
PC 2-JB Latham PC 3A	7,390,500	1,172,715	6,217,785	15.9%	715,000	715,000						
PC 5-San Juan Creek Outfall PC 15-Coastal	205,148	4,000	201,148	1.9%	153,861	153,861		246,096	(1) 246,096	732,878	649,490	1,628,464
PC 17-Regional	5,045,535	751,132	4,294,402	14.9%	2,979,155	2,979,155						
PC 21 Effluent Transmission	371,500	107,646	263,853	29.0%	322,125	282,937		39,188	(1) 39,188			39,188
PC 24 Aliso Creek Outfall	135,000	808	134,192	0.6%	270,001	270,001						
Total Large Capital	23,124,057	3,251,946	19,872,111	14.1%	6,355,968	6,070,684	-	285,284	285,284	732,878	649,490	1,667,652
Non-Capital Engineering	44,500	89,657	(45,157)	201.5%	44,500	44,500		-	(1) -	585	21,831	22,416
Small Internal Capital	2,011,000	671,036	1,339,964	33.4%	1,508,250	1,382,978		125,272	(1) 125,272	169,648	84,550	379,470
Total Capital	25,179,557	4,012,639	21,166,918	15.9%	7,908,718	7,498,162	-	410,556	410,556	903,111	755,871	2,069,538

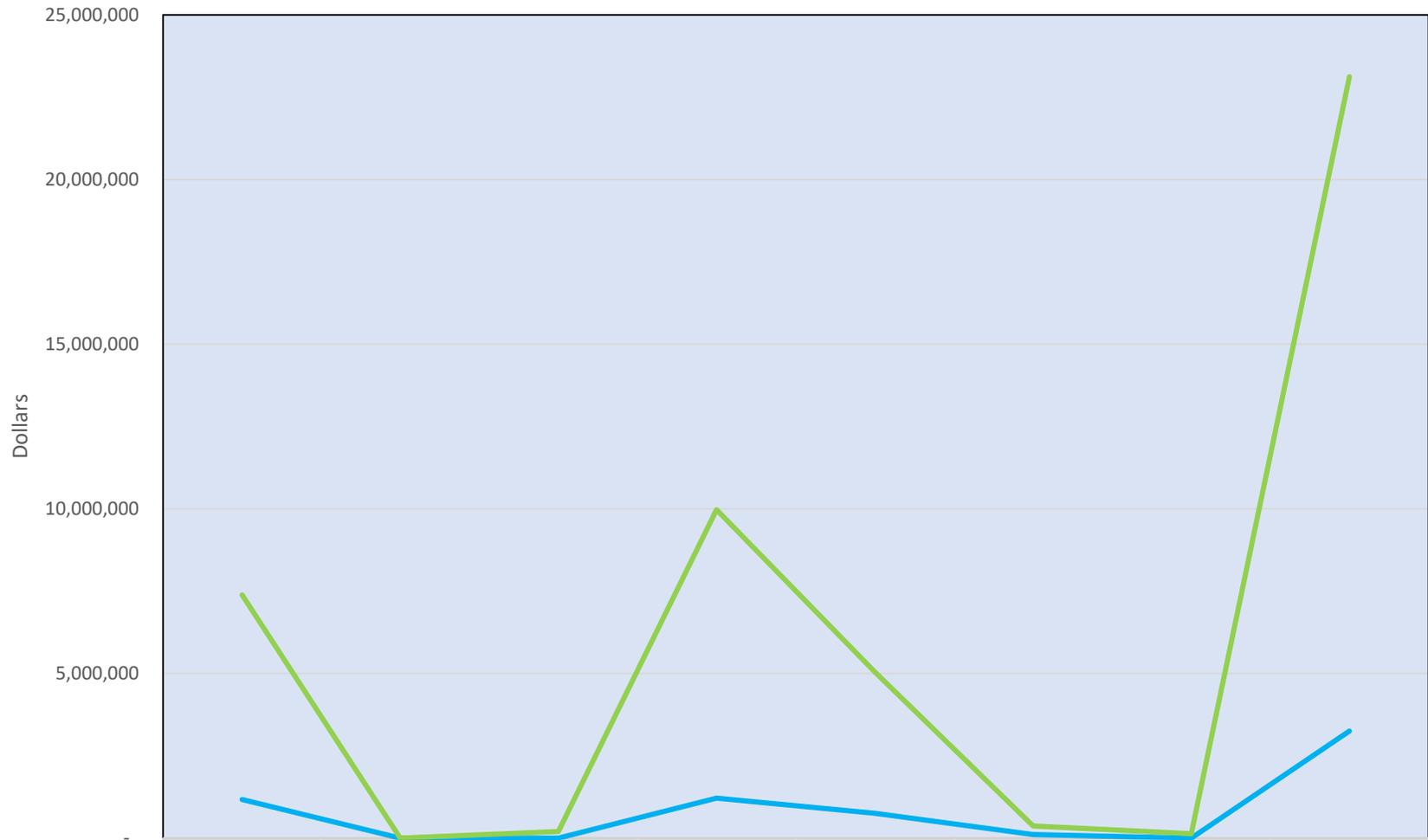
(1) Schedule for Past Due Amounts as of February 28, 2019

Description	Past Due Amount MNWD	Past Due Amount IRWD	Past Due Amount TOTAL
PC 15-Coastal	1,628,464		1,628,464
PC 21-Effluent Transmission		39,188	39,188
PC 24-Aliso Creek Outfall			-
Total Large Capital	1,628,464	39,188	1,667,652
Non-Capital Engineering	22,416		22,416
Small Internal Capital	379,470		379,470
Total Capital	2,030,350	39,188	2,069,538

(2) Balances due are for PC 15 Coastal Treatment Plant with the exception of \$39,188 payment in transit from Irvine Ranch Water District.

Large Capital Projects Fiscal Year '18-19 Budget vs. Year-to-Date Actual Spending as of 2/28/2019

D-1



— Spent - YTD	1,172,715	-	4,000	1,215,645	751,132	107,646	808	3,251,946
— Capital Budget 18-19	7,390,500	-	205,148	9,976,376	5,045,535	371,500	135,000	23,124,057

South Orange County Wastewater Authority
O & M & Environmental Safety Costs Summary
For the Period Ended February 28, 2019

	FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended
Salary and Fringe				
-5000--**	4,510,404	2,701,706	1,808,698	59.9%
-5001--**	115,036	143,624	(28,588)	124.9% (1)
-5306--**	49,860	24,872	24,988	49.9%
-5315--**	1,828	12,855	(11,027)	703.2% (1)
-5401--**	3,247,504	1,931,342	1,316,162	59.5%
-5700--**	69,292	45,240	24,052	65.3%
Total Payroll Costs	7,993,924	4,859,639	3,134,285	60.8%
Other Expenses				
-5002--**	1,055,968	907,178	148,790	85.9% (2)
-5003--**	148,532	169,437	(20,905)	114.1% (3)
-5004--**	69,012	49,700	19,312	72.0%
-5005--**	(250,012)	(149,425)	(100,587)	59.8%
-5006--**	489,012	414,578	74,434	84.8% (4)
-5007--**	658,028	384,919	273,109	58.5%
-5008--**	265,000	233,596	31,404	88.1% (5)
-5009--**	163,008	78,299	84,709	48.0%
-5010--**	5,000	-	5,000	0.0%
-5011--**	41,696	23,776	17,920	57.0%
-5012--**	134,008	72,616	61,392	54.2%
-5013--**	185,008	118,817	66,191	64.2%
-5014--**	175,004	11,911	163,093	6.8%
-5015--**	363,936	34,665	329,271	9.5%
-5016--**	500	-	500	0.0%
-5017--**	23,020	62,303	(39,283)	270.6%
-5018--**	2,008	170	1,838	8.5%
-5019--**	375,012	194,399	180,613	51.8%
-5021--**	21,024	20,969	55	99.7% (6)
-5022--**	18,488	13,204	5,284	71.4%
-5023--**	38,004	22,825	15,179	60.1%
-5024--**	59,980	19,035	40,945	31.7%
-5025--**	37,016	35,300	1,716	95.4% (7)
-5026--**	35,680	13,136	22,544	36.8%
-5027--**	185,132	142,938	42,194	77.2%
-5028--**	85,664	35,384	50,280	41.3%
-5030--**	6,992	2,679	4,313	38.3%
-5031--**	106,396	55,892	50,504	52.5%
-5032--**	7,008	2,006	5,002	28.6%
-5033--**	3,024	1,140	1,884	37.7%
-5034--**	72,068	36,747	35,321	51.0%
-5035--**	63,380	51,608	11,772	81.4%
-5036--**	90,328	55,888	34,440	61.9%
-5037--**	24,996	10,774	14,222	43.1%
-5038--**	415,952	381,108	34,844	91.6% (8)
-5039--**	11,920	10,014	1,906	84.0%
-5044--**	36,000	24,967	11,033	69.4%
-5045--**	110,000	-	110,000	0.0%
-5046--**	28,004	36,045	(8,041)	128.7% (9)
-5047--**	48,000	28,100	19,900	58.5%
-5048--**	20,008	124,752	(104,744)	623.5% (10)
-5049--**	1,639,008	787,625	851,383	48.1%
-5050--**	21,004	12,073	8,931	57.5%
-5051--**	0	92	(92)	0.0%
-5052--**	100,024	49,148	50,876	49.1%
-5053--**	60,000	-	60,000	0.0%
-5054--**	41,004	12,587	28,417	30.7%
-5055--**	14,004	6,142	7,862	43.9%
-5056--**	338,000	294,530	43,470	87.1% (11)
-5057--**	591,996	355,202	236,794	60.0%
-5058--**	76,004	47,006	28,998	61.8%
-5059--**	1,135,016	409,973	725,043	36.1%
-5060--**	72,000	46,723	25,277	64.9%
-5061--**	2,036	1,394	642	68.5%
-5067--**	35,000	-	35,000	0.0%
-5068--**	24,484	22,680	1,804	92.6%
-5069--**	7,996	-	7,996	0.0%
-5076--**	57,000	306	56,694	0.5%
-5077--**	-	2,216	(2,216)	0.0%
-5101--**	1,004	-	1,004	0.0%
-5105--**	249,972	149,425	100,547	59.8%
-5303--**	10,824	9,637	1,187	89.0%
-5305--**	9,452	3,400	6,052	36.0%
-5309--**	31,004	13,181	17,823	42.5%
-5705--**	25,376	19,276	6,100	76.0%
-5706--**	90,000.00	-	90,000	0.0%
-6500--**	646,448	388,792	257,656	60.1%
Total Other Expenses	10,707,660	6,363,352	4,344,308	59.4%
	18,701,584	11,222,991	7,478,593	60.0%

- (1) Elevated overtime costs are associated with several ongoing construction projects, staff vacancies, several large Fall/Winter storm events, larger repair projects at the plants and PC15 litigation.
- (2) The JBL emissions control system required several upgrades; which required shutdowns that resulted in additional purchase of electricity and power transmission costs. O&M is working with Engineering to resolve outstanding AQMD compliance issues. Electricity costs at RTP have been elevated due to delays in completing the new Engine Project.
- (3) The plants continue to see decreases in wastewater flows and loads leading to less digester gas for the new engines and increased natural gas usage.
Bleach usage was elevated in the first quarter due to elevated recycled water use and decreased flows to the plant causing partial nitrification that consumes elevated levels of bleach in the disinfection process. O&M staff has removed one aeration tank from service to reduce nitrification. The change was planned for the winter to minimize potential disruptions of recycled water in the summer and fall.
- (4) Ferric Chloride usage is elevated above the budget that was based on engineering estimates for usage to maintain compliance with AQMD permits for the new engines. Budgets will be increased in FY19/20.
- (5) Uniform expenses are elevated due to new employee change outs and required PPE has been added to employee inventories.
- (6) SOCWA permits are primarily paid in July and November each year; the RWQCB increased its fees higher than anticipated. The increase was due to a shortfall in State funding for their permitting programs.
- (7) Annual Kelp Survey as required by NPDES permit; expenses are planned to level off.
- (8) The FY16-17 storm damage repair was completed and was determined to be a maintenance expense. Received FEMA funds of \$136,995 during FY 2017-18.
- (9) Solids expenses at JBL included the planned major overhaul of Centrifuge #2 in July; expenses are planned to level off. Solids at RTP included a large emergency repair of the hot water system; expenses are planned to level off.

South Orange County Wastewater Authority
O & M & Environmental Safety Costs by PC
For the Period Ended February 28, 2019

	FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended
02 - Jay B. Latham Plant				
Salary and Fringe				
02-5000-**-***	Regular Salaries-O&M	1,472,936	895,944	60.8%
02-5001-**-***	Overtime Salaries-O&M	32,908	51,118	155.3% (1)
02-5306-**-***	Scheduled Holiday Work	14,732	11,402	77.4%
02-5315-**-***	Comp Time - O&M	752	7,889.14	1049.1% (1)
02-5401-**-***	Fringe Benefits IN to PC's & Depts.	1,060,520	638,847	60.2%
02-5700-**-***	Standby Pay	27,048	18,525	68.5%
	Total Payroll Costs	2,608,896	1,623,725	62.2%
Other Expenses				
02-5002-**-***	Electricity	374,976	327,461	87.3% (2)
02-5003-**-***	Natural Gas	120,024	100,275	83.5% (3)
02-5004-**-***	Potable & Reclaimed Water	20,008	15,349	76.7%
02-5006-**-***	Chlorine/Sodium Hypochlorite	28,000	-	0.0%
02-5007-**-***	Polymer Products	250,008	124,923	50.0%
02-5008-**-***	Ferric Chloride	105,004	80,582	76.7%
02-5009-**-***	Odor Control Chemicals	28,004	21,247	75.9%
02-5010-**-***	Other Chemicals - Misc.	1,000	-	0.0%
02-5011-**-***	Laboratory Services	10,692	5,303	49.6%
02-5012-**-***	Grit Hauling	50,004	33,697	67.4%
02-5013-**-***	Landscaping	50,004	40,194	80.4% (4)
02-5014-**-***	Engineering - Misc.	30,004	4,747	15.8%
02-5015-**-***	Management Support Services	59,004	22,689	38.5%
02-5017-**-***	Legal Fees	4,992	473	9.5%
02-5019-**-***	Contract Services Misc.	115,004	51,631	44.9%
02-5021-**-***	Small Vehicle Expense	8,004	10,666	133.3% (5)
02-5022-**-***	Miscellaneous Expense	8,000	3,296	41.2%
02-5023-**-***	Office Supplies - All	27,000	11,725	43.4%
02-5024-**-***	Petroleum Products	15,992	7,426	46.4%
02-5025-**-***	Uniforms	13,004	13,670	105.1% (6)
02-5026-**-***	Small Vehicle Fuel	14,980	7,526	50.2%
02-5027-**-***	Insurance - Property/Liability	65,464	50,544	77.2%
02-5028-**-***	Small Tools & Supplies	40,004	12,653	31.6%
02-5030-**-***	Trash Disposal	2,000	971	48.6%
02-5031-**-***	Safety Supplies	34,704	22,050	63.5%
02-5032-**-***	Equipment Rental	3,000	1,834	61.1%
02-5033-**-***	Recruitment	1,024	570	55.7%
02-5034-**-***	Travel Expense/Tech. Conferences	18,876	16,280	86.2% (7)
02-5035-**-***	Training Expense	26,188	23,187	88.5%
02-5036-**-***	Laboratory Supplies	14,296	9,269	64.8%
02-5037-**-***	Office Equipment	13,000	7,854	60.4%
02-5038-**-***	Permits	22,432	22,793	101.6% (8)
02-5039-**-***	Membership Dues/Fees	8,040	5,159	64.2%
02-5049-**-***	Biosolids Disposal	600,000	227,818	38.0%
02-5050-**-***	Contract Services Generators	9,000	7,273	80.8% (9)
02-5052-**-***	Janitorial Services	40,004	23,595	59.0%
02-5053-**-***	Contract Serv - Digester Cleaning - 29E	60,000	-	0.0%
02-5054-**-***	Diesel Truck Maint	20,996	4,597	21.9%
02-5055-**-***	Diesel Truck Fuel	6,000	2,823	47.1%
02-5056-**-***	Maintenance Equip. & Facilities (Solids)	142,004	163,989	115.5% (10)
02-5057-**-***	Maintenance Equip. & Facilities (Liquids)	246,996	155,348	62.9%
02-5058-**-***	Maintenance Equip. & Facilities (Common)	27,000	24,519	90.8% (11)
02-5059-**-***	Maintenance Equip. & Facilities (Co-Gen)	485,004	160,395	33.1%
02-5061-**-***	Mileage	2,036	455	22.4%
02-5076-**-***	SCADA Infrastructure	19,000	306	1.6%
02-5077-**-***	IT Direct	-	1,153	0.0%
02-5303-**-***	Group Insurance Waiver	3,604	2,409	66.8%
02-5305-**-***	Medicare Tax Payments for Employees	3,864	2,047	53.0%
02-5309-**-***	Operating Leases	25,004	13,181	52.7%
02-5705-**-***	Monthly Car Allowance	8,416	11,617	138.0%
02-6500-**-***	IT Allocations in to PC's & Depts.	211,128	124,069	58.8%
	Total Other Expenses	3,492,792	1,981,815	56.7%
	Total Expenses	6,101,688	3,605,540	59.1%
05 - San Juan Creek Ocean Outfall				
Salary and Fringe				
05-5000-**-***	Regular Salaries-O&M	123,972	51,734	41.7%
05-5001-**-***	Overtime Salaries-O&M	1,116	644	57.7%
05-5306-**-***	Scheduled Holiday Work	740	126	17.0%
05-5401-**-***	Fringe Benefits IN to PC's & Depts.	89,252	37,249	41.7%
	Total Payroll Costs	215,080	89,753	41.7%
Other Expenses				
05-5002-**-***	Electricity	1,004	-	0.0%
05-5003-**-***	Natural Gas	512	-	0.0%
05-5014-**-***	Engineering - Misc.	10,000	-	0.0%
05-5015-**-***	Management Support Services	9,404	3,424	36.4%
05-5017-**-***	Legal Fees	2,000	233	11.6%
05-5026-**-***	Small Vehicle Fuel - 37A	512	-	0.0%
05-5027-**-***	Insurance - Property/Liability	5,756	4,444	77.2%
05-5031-**-***	Safety Supplies	1,004	-	0.0%

**South Orange County Wastewater Authority
O & M & Environmental Safety Costs by PC**

For the Period Ended February 28, 2019

		FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended
05-5034-**-***	Travel Expense/Tech. Conferences	4,456	3,435	1,021	77.1%
05-5035-**-***	Training Expense	564	-	564	0.0%
05-5036-**-***	Laboratory Supplies	19,236	10,651	8,585	55.4%
05-5038-**-***	Permits	155,000	172,815	(17,815)	111.5% (8)
05-5044-**-***	Offshore Monitoring	18,000	12,484	5,516	69.4% (12)
05-5045-**-***	Offshore Biochemistry - 20B	64,996	-	64,996	0.0%
05-5046-**-***	Effluent Chemistry	14,000	14,895	(895)	106.4% (12)
05-5058-**-***	Maintenance Equip. & Facilities (Common)	1,004	-	1,004	0.0%
05-5069-**-***	Misc-Capital-Dilution & Metering Study	7,996	-	7,996	0.0%
05-5101-**-***	Employee Recognition	1,004	-	1,004	0.0%
05-5305-**-***	Medicare Tax Payments for Employees	2,460	-	2,460	0.0%
05-5705-**-***	Monthly Car Allowance	4,204	-	4,204	0.0%
05-6500-**-***	IT Allocations in to PC's & Depts.	17,772	8,697	9,075	48.9%
	Total Other Expenses	340,884	231,078	109,806	67.8%
	Total Expenses	555,964	320,831	235,133	57.7%
08 - Pre Treatment					
Salary and Fringe					
08-5000-**-***	Regular Salaries-O&M	80,312	48,936	31,376	60.9%
08-5001-**-***	Overtime Salaries-O&M	1,380	0	1,380	0.0%
08-5306-**-***	Scheduled Holiday Work	200	-	200	0.0%
08-5315-**-***	Comp Time - Environment	-	2,049.03	(2,049)	0.0%
08-5401-**-***	Fringe Benefits IN to PC's & Depts.	57,824	35,234	22,590	60.9%
	Total Payroll Costs	139,716	86,218	53,498	61.7%
Other Expenses					
08-5011-**-***	Laboratory Services	3,000	745	2,255	24.8% (13)
08-5015-**-***	Management Support Services	4,004	906	3,098	22.6%
08-5016-**-***	Audit - Environmental	500	-	500	0.0%
08-5017-**-***	Legal Fees	2,008	10,465	(8,457)	521.2%
08-5018-**-***	Public Notices/ Public Relations	2,008	170	1,838	8.5%
08-5021-**-***	Small Vehicle Expense - 31A	1,016	-	1,016	0.0%
08-5022-**-***	Miscellaneous Expense	1,496	-	1,496	0.0%
08-5026-**-***	Small Vehicle Fuel - 37A	1,196	-	1,196	0.0%
08-5027-**-***	Insurance - Property/Liability	2,016	1,557	459	77.2%
08-5028-**-***	Small Tools & Supplies	6,648	686	5,962	10.3%
08-5034-**-***	Travel Expense/Tech. Conferences	4,248	1,762.46	2,486	41.5%
08-5035-**-***	Training Expense	3,872	965	2,907	24.9%
08-5038-**-***	Permits and Fines	10,012	-	10,012	0.0%
08-5039-**-***	Membership Dues/Fees	324	430	(106)	132.7%
08-6500-**-***	IT Allocations in to PC's & Depts.	11,516	7,463	4,053	64.8%
	Total Other Expenses	53,864	25,149	28,715	46.7%
	Total Expenses	193,580	111,367	82,213	57.5%
12 - Water Reclamation Permits					
Salary and Fringe					
12-5000-**-***	Regular Salaries-O&M	30,396	21,738	8,658	71.5%
12-5401-**-***	Fringe Benefits IN to PC's & Depts.	21,880	15,651	6,229	71.5%
	Total Payroll Costs	52,276	37,389	14,887	67.4%
Other Expenses					
12-5015-**-***	Management Support Services	130,516	2,000.00	128,516	1.5%
12-5017-**-***	Legal Fees	2,004	1,872	132	93.4%
12-5027-**-***	Insurance - Property/Liability	1,000	772	228	77.2%
12-5034-**-***	Travel Expense/Tech. Conferences	2,240	58	2,182	2.6%
12-5038-**-***	Permits	18,488	16,347	2,141	88.4% (8)
12-6500-**-***	IT Allocations in to PC's & Depts.	4,356	4,199	157	96.4%
	Total Other Expenses	158,604	25,249	133,356	15.9%
	Total Expenses	210,880	62,637	148,243	29.7%
15 - Coastal Treatment Plant					
Salary and Fringe					
15-5000-**-***	Regular Salaries-O&M	897,448	512,909	384,539	57.2%
15-5001-**-***	Overtime Salaries-O&M	21,252	19,496	1,756	91.7% (1)
15-5306-**-***	Scheduled Holiday Work	6,548	2,811	3,737	42.9%
15-5315-**-***	Comp Time - O&M	-	269.36	(269.36)	0.0% (1)
15-5401-**-***	Fringe Benefits IN to PC's & Depts.	646,172	369,295	276,877	57.2%
15-5700-**-***	Standby Pay	16,900	3,250	13,650	19.2%
	Total Payroll Costs	1,588,320	908,030	680,290	57.2%
Other Expenses					
15-5002-**-***	Electricity	297,000	148,668	148,332	50.1%
15-5003-**-***	Natural Gas	2,996	1,404	1,592	46.9%
15-5004-**-***	Potable & Reclaimed Water	13,004	16,791	(3,787)	129.1% (14)
15-5006-**-***	Chlorine/Sodium Hypochlorite	100,004	46,975	53,029	47.0%
15-5007-**-***	Polymer Products	2,008	-	2,008	0.0%
15-5008-**-***	Ferric Chloride	30,996	33,170	(2,174)	107.0% (15)
15-5009-**-***	Odor Control Chemicals	85,004	31,654	53,350	37.2%
15-5011-**-***	Laboratory Services	11,500	7,040	4,460	61.2%
15-5012-**-***	Grit Hauling	30,004	12,989	17,015	43.3%
15-5013-**-***	Landscaping	60,008	27,640	32,368	46.1%

**South Orange County Wastewater Authority
O & M & Environmental Safety Costs by PC**

For the Period Ended February 28, 2019

		FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended
15-5014-**-***	Engineering - Misc.	20,000	2,788	17,212	13.9%
15-5015-**-***	Management Support Services	10,000	42.20	9,958	0.4%
15-5017-**-***	Legal Fees	5,000	35,507	(30,507)	710.1%
15-5019-**-***	Contract Services Misc.	110,000	59,261	50,739	53.9%
15-5021-**-***	Small Vehicle Expense	6,004	3,519	2,485	58.6%
15-5022-**-***	Miscellaneous Expense	2,996	2,522	474	84.2%
15-5023-**-***	Office Supplies - All	4,004	3,547	457	88.6%
15-5024-**-***	Petroleum Products	2,000	1,841	159	92.0% (16)
15-5025-**-***	Uniforms	6,004	5,289	715	88.1% (6)
15-5026-**-***	Small Vehicle Fuel	6,004	807	5,197	13.4%
15-5027-**-***	Insurance - Property/Liability	26,436	20,411	6,025	77.2%
15-5028-**-***	Small Tools & Supplies	11,000	9,753	1,247	88.7%
15-5030-**-***	Trash Disposal	2,996	918	2,078	30.7%
15-5031-**-***	Safety Program & Supplies	34,692	13,031	21,661	37.6%
15-5032-**-***	Equipment Rental	1,000	172	828	17.2%
15-5033-**-***	Recruitment	1,000	-	1,000	0.0%
15-5034-**-***	Travel Expense/Tech. Conferences	18,872	4,722	14,150	25.0%
15-5035-**-***	Training Expense	13,652	5,104	8,548	37.4%
15-5036-**-***	Laboratory Supplies	14,496	9,398	5,098	64.8%
15-5037-**-***	Office Equipment	2,000	-	2,000	0.0%
15-5038-**-***	Permits	22,000	2,110	19,890	9.6%
15-5039-**-***	Membership Dues/Fees	968	1,435	(467)	148.2% (17)
15-5047-**-***	Access Road Expenses	48,000	28,100	19,900	58.5%
15-5048-**-***	Storm Damage	20,008	124,752	(104,744)	623.5% (18)
15-5049-**-***	Biosolids Disposal - 21B	125,004	-	125,004	0.0%
15-5050-**-***	Contract Services Generators	4,004	1,674	2,330	41.8%
15-5051-**-***	Contract Serv - Metering Station - 29B	-	92	(92)	0.0%
15-5052-**-***	Janitorial Services	20,008	7,464	12,544	37.3%
15-5054-**-***	Diesel Truck Maint	1,004	115	889	11.4%
15-5055-**-***	Diesel Truck Fuel - 37B	1,004	-	1,004	0.0%
15-5057-**-***	Maintenance Equip. & Facilities (Liquids)	175,000	44,223	130,777	25.3%
15-5058-**-***	Maintenance Equip. & Facilities (Common)	21,000	2,330	18,670	11.1%
15-5059-01-00-00	Maintenance Equip. & Facilities (Co-Gen) 41-I	0	124	(124)	0.0%
15-5060-**-***	Maintenance Equip. & Facilities (AWT)	36,000	8,297	27,703	23.0%
15-5061-**-***	Mileage	-	243	(243)	0.0%
15-5076-**-***	SCADA Infrastructure	19,000	-	19,000	0.0%
15-5077-**-***	IT Direct	-	1,063	(1,063)	0.0%
15-5303-**-***	Group Insurance Waiver	3,600	2,409	1,191	66.9%
15-5305-**-***	Medicare Tax Payments for Employees	2,996	1,314	1,682	43.9%
15-5705-**-***	Monthly Car Allowance	1,368	2,811	(1,443)	205.5%
15-6500-**-***	IT Allocations in to PC's & Depts.	128,644	75,440	53,204	58.6%
	Total Other Expenses	1,560,288	808,981	751,307	51.8%
	Total Expenses	3,148,608	1,717,011	1,431,597	54.5%

17 - Joint Regional Wastewater Reclamation and Sludge Handling

Salary and Fringe

17-5000-**-***	Regular Salaries-O&M	1,776,684	1,118,243	658,441	62.9%
17-5001-**-***	Overtime Salaries-O&M	57,712	71,144	(13,432)	123.3% (1)
17-5306-**-***	Scheduled Holiday Work	27,320	10,456	16,864	38.3%
17-5315-**-***	Comp Time - O&M	1,076	2,647.14	(1,571)	246.0% (1)
17-5401-**-***	Fringe Benefits IN to PC's & Depts.	1,279,200	797,481	481,719	62.3%
17-5700-**-***	Standby Pay	25,344	23,465	1,879	92.6%
	Total Payroll Costs	3,167,336	2,023,436	1,143,900	56.4%

Other Expenses

17-5002-**-***	Electricity	381,988	431,048	(49,060)	112.8% (2)
17-5003-**-***	Natural Gas	25,000	67,758	(42,758)	271.0% (3)
17-5004-**-***	Potable & Reclaimed Water	36,000	17,559	18,441	48.8%
17-5005-**-***	Co-generation Power Credit	(250,012)	(149,425)	(100,587)	59.8% (2)
17-5006-**-***	Chlorine/Sodium Hypochlorite	361,008	367,602	(6,594)	101.8% (19)
17-5007-**-***	Polymer Products	406,012	259,996	146,016	64.0%
17-5008-**-***	Ferric Chloride	129,000	119,844	9,156	92.9% (20)
17-5009-**-***	Odor Control Chemicals	50,000	25,398	24,602	50.8%
17-5010-**-***	Other Chemicals - Misc.	4,000	-	4,000	0.0%
17-5011-**-***	Laboratory Services	16,504	10,689	5,815	64.8%
17-5012-**-***	Grit Hauling - 21A	54,000	25,929	28,071	48.0%
17-5013-**-***	Landscaping	74,996	50,983	24,013	68.0% (4)
17-5014-**-***	Engineering - Misc.	32,500	2,801	29,699	8.6%
17-5015-**-***	Management Support Services	123,500	42.21	123,458	0.0%
17-5017-**-***	Legal Fees	5,008	2,707	2,301	54.1%
17-5019-**-***	Contract Services Misc.	150,008	82,972	67,036	55.3%
17-5021-**-***	Small Vehicle Expense	6,000	6,784	(784)	113.1% (5)
17-5022-**-***	Miscellaneous Expense	5,996	7,387	(1,391)	123.2% (21)
17-5023-**-***	Office Supplies - All	7,000	7,552	(552)	107.9% (22)
17-5024-**-***	Petroleum Products	41,988	9,768	32,220	23.3%
17-5025-**-***	Uniforms	18,008	16,341	1,667	90.7% (6)
17-5026-**-***	Small Vehicle Fuel	12,988	4,803	8,185	37.0%
17-5027-**-***	Insurance - Property/Liability	78,860	60,887	17,973	77.2%
17-5028-**-***	Small Tools & Supplies	28,012	12,291	15,721	43.9%
17-5030-**-***	Trash Disposal	1,996	790	1,207	39.6%
17-5031-**-***	Safety Program & Supplies	35,000	20,810	14,190	59.5%
17-5032-**-***	Equipment Rental	3,008	-	3,008	0.0%
17-5033-**-***	Recruitment	1,000	570	430	57.0%

South Orange County Wastewater Authority
O & M & Environmental Safety Costs by PC
For the Period Ended February 28, 2019

	FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended	
17-5034-**-***	Travel Expense/Tech. Conferences	18,880	7,078	11,802	37.5%
17-5035-**-***	Training Expense	18,584	22,352	(3,768)	120.3%
17-5036-**-***	Laboratory Supplies	22,740	14,411	8,329	63.4%
17-5037-**-***	Office Equipment	9,996	2,920	7,076	29.2%
17-5038-**-***	Permits	40,016	1,917	38,099	4.8%
17-5039-**-***	Membership Dues/Fees	2,588	2,990	(402)	115.5% (17)
17-5049-**-***	Biosolids Disposal	914,004	559,807	354,197	61.2%
17-5050-**-***	Contract Services Generators	8,000	3,127	4,873	39.1%
17-5052-**-***	Janitorial Services	40,012	18,088	21,924	45.2%
17-5054-**-***	Diesel Truck Maint	19,004	7,876	11,128	41.4%
17-5055-**-***	Diesel Truck Fuel	7,000	3,318	3,682	47.4%
17-5056-**-***	Maintenance Equip. & Facilities (Solids)	195,996	130,541	65,455	66.6%
17-5057-**-***	Maintenance Equip. & Facilities (Liquids)	170,000	155,631	14,369	91.5% (23)
17-5058-**-***	Maintenance Equip. & Facilities (Common)	26,000	18,038	7,962	69.4%
17-5059-**-***	Maintenance Equip. & Facilities (Co-Gen)	650,012	249,454	400,558	38.4%
17-5060-**-***	Maintenance Equip. & Facilities (AWT)	36,000	38,427	(2,427)	106.7% (24)
17-5061-**-***	Mileage	-	696	(696)	0.0%
17-5068-**-***	MNWD Potable Water Supplies & Svcs.	24,484	22,680	1,804	92.6%
17-5076-**-***	SCADA Infrastructure	19,000	-	19,000	0.0%
17-5105-**-***	Co-Generation Power Credit - Offset	249,972	149,425	100,547	59.8%
17-5303-**-***	Group Insurance Waiver	3,620	4,818	(1,198)	133.1%
17-5305-**-***	Medicare Tax Payments for Employees	132	39	93	29.2%
17-5309-**-***	Operating Leases	6,000	-	6,000	0.0%
17-5705-**-***	Monthly Car Allowance	11,388	4,849	6,539	42.6%
17-5706-**-***	Effluent Pond Cleaning	90,000	-	90,000	0.0%
17-6500-**-***	IT Allocations in to PC's & Depts.	254,744	161,028	93,716	63.2%
	Total Other Expenses	4,677,540	3,043,694	1,633,846	65.1%
	Total Expenses	7,844,876	5,067,130	2,777,746	64.6%
21 - Effluent Transmission Main					
Salary and Fringe					
21-5000-**-***	Regular Salaries-O&M	500	356	144	64.1%
21-5401-**-***	Fringe Benefits IN to PC's & Depts.	360	256	104	64.1%
	Total Payroll Costs	860	612	248	64.1%
Other Expenses					
21-5014-**-***	Engineering - Misc.	62,496	1,575	60,921	2.5%
21-5015-**-***	Management Support Services	2,500	-	2,500	0.0%
21-5019-**-***	Contract Services Misc. - 29	-	535	(535)	0.0%
21-5027-**-***	Insurance - Property/Liability	-	0	0	0.0%
	Total Other Expenses	64,996	2,110	62,886	3.2%
	Total Expenses	65,856	2,722	63,134	4.1%
23 - North Coast Interceptor					
Other Expenses					
23-5017-**-***	Legal Fees	-	10,743	(10,743)	0.0%
	Total Other Expenses	-	10,743	(10,743)	0.0%
	Total Expenses	-	10,743	(10,743)	0.0%
24 - Aliso Creek Ocean Outfall					
Salary and Fringe					
24-5000-**-***	Regular Salaries-O&M	128,156	51,846	76,310	40.5%
24-5001-**-***	Overtime Salaries-O&M	668	1,222	(554)	182.9% (1)
24-5306-**-***	Scheduled Holiday Work	320	78	242	24.5%
24-5401-**-***	Fringe Benefits IN to PC's & Depts.	92,296	37,329	54,967	40.4%
	Total Payroll Costs	221,440	90,476	130,964	40.9%
Other Expenses					
24-5002-**-***	Electricity	1,000	-	1,000	0.0%
24-5014-**-***	Engineering - Misc.	20,004	-	20,004	0.0%
24-5015-**-***	Management Support Services	25,008	5,561	19,447	22.2%
24-5017-**-***	Legal Fees	2,008	304	1,704	15.1%
24-5027-**-***	Insurance - Property/Liability	5,600	4,324	1,276	77.2%
24-5031-**-***	Safety Supplies	996	-	996	0.0%
24-5034-**-***	Travel Expense/Tech. Conferences	4,496	3,412	1,084	75.9% (7)
24-5035-**-***	Training Expense	520	-	520	0.0%
24-5036-**-***	Laboratory Supplies	19,560	12,160	7,400	62.2%
24-5038-**-***	Permits	148,004	165,126	(17,122)	111.6% (8)
24-5044-**-***	Offshore Monitoring	18,000	12,484	5,516	69.4% (12)
24-5045-**-***	Offshore Biochemistry - 20B	45,004	-	45,004	0.0%
24-5046-**-***	Effluent Chemistry	14,004	21,150	(7,146)	151.0% (12)
24-5058-**-***	Maintenance Equip. & Facilities (Common) 41-	1,000	2,118	(1,118)	211.8% (25)
24-5067-**-***	Port Cleaning	35,000	-	35,000	0.0%
24-6500-**-***	IT Allocations in to PC's & Depts.	18,288	7,896	10,392	43.2%
	Total Other Expenses	358,692	234,534	124,158	65.4%
	Total Expenses	580,132	325,010	255,122	56.0%
	SOCWA TOTAL	18,701,584	11,222,991	7,478,593	60.0%

South Orange County Wastewater Authority
O & M & Environmental Safety Costs by PC

For the Period Ended February 28, 2019

- (1) Elevated overtime costs are associated with several ongoing construction projects, staff vacancies, repair projects at the plants and PC15 litigation.
The JBL emissions controls system required several upgrades; which required shutdowns that resulted in additional purchase of electricity and power transmission costs. O&M is working with Engineering to resolve outstanding AQMD compliance issues. Electricity costs at RTP have been elevated due to delays in completing the new Engine project.
- (2) The plants continue to see decreases in wastewater flows and loads leading to less digester gas for the new engines and increased natural gas usage.
- (3) Several large trees were removed that were in danger of falling onto the adjacent properties; expenses are planned to level off.
- (4) New vehicles were outfitted with gear for use by staff; elevating expenses for the first quarter.
- (5) Uniform expenses are elevated due to new employee change outs and required PPE has been added to employee inventories.
- (6) Two of the three planned major conferences were attended by staff in the first quarter of the Fiscal Year including, WEFTEC and HACHWIMS; expenses are planned to level off.
- (7) SOCWA permits are primarily paid in July and November each year; the RWQCB increased its fees higher than anticipated. The increase was due to a shortfall in State funding for their permitting programs.
- (8) Standby Generator maintenance was completed for the FY. No additional expenses are anticipated.
- (9) Solids expenses included the planned major overhaul of Centrifuge #2 in July; expenses are planned to level off.
- (10) Common expenses included several large repairs in anticipation of the upcoming winter weather; expenses are planned to level off.
- (11) Additional toxicity testing due to NPDES accelerated monitoring at Aliso Creek Ocean Outfall.
- (12) These are pass through costs that will be billed to private companies directly and reversed during the year.
- (13) Water use is higher than planned to meet a new recommendation for odor scrubber operations to reduce equipment fouling.
- (14) Ferric Chloride usage is elevated due to higher than normal hydrogen sulfides in the sewer systems discharging to CTP.
- (15) Elevated use of generator fuel at CTP due to power company work in the area.
- (16) Several staff membership dues were paid in July; expenses are planned to level off.
- (17) The FY16-17 storm damage repair was completed and was determined to be a maintenance expense.
Bleach usage has been elevated in the first quarter due to elevated recycled water use and decreased flows to the plant causing partial nitrification that consumes elevated levels of bleach in the disinfection process. O&M staff has removed one aeration tank from service to reduce nitrification. The change was planned for the winter to minimize potential disruptions of recycled water in the summer and fall.
- (18) Ferric Chloride usage is elevated above the budget that was based on engineering estimates for usage to maintain compliance with AQMD permits for the new engines. Budgets will be increased in FY19/20.
- (19) SOCWA purchased a number of Design Standards, Guidelines, and Operations study manuals for new staff to use at the plant.
- (20) Costs are expected to level off.
- (21) Liquids expenses included several large repairs in anticipation of the upcoming winter weather; expenses are planned to level off.
- (22) Several failed valves were replaced at RTP that could not wait until the annual AWT maintenance shutdown in January.
- (23) The Aliso Creek Ocean Outfall sampling station has failed and is in the process of being assessed for potential replacement.
- (24)
- (25)

South Orange County Wastewater Authority
Budget vs. Actual Comparison - Residual Engineering, after transfer to Capital
For the Period Ended February 28, 2019

		FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended
Salary and Fringe					
-5000--**-00	Regular Salaries-O&M	199,834	129,469	70,365	64.8%
01-5401-03-00-00	Fringe Benefits IN to PC's & Depts.	143,880	134,452	9,428	93.4%
	Total Payroll Costs	343,714	263,921	79,793	76.8%
Other Expenses					
01-5015-03-00-00	Management Support Services	7,500	-	7,500	0.0%
01-5022-03-00-00	Miscellaneous Expense	3,060	-	3,060	0.0%
01-5023-03-00-00	Office Supplies - All	200	192	8	95.8%
01-5031-03-00-00	Safety Supplies	-	145	(145)	0.0%
01-5034-03-00-00	Travel Expense/Tech. Conferences	6,659	7,988	(1,329)	120.0%
01-5035-03-00-00	Training Expense	4,000	-	4,000	0.0%
01-5037-03-00-00	Office Equipment	5,000	1,890	3,111	37.8%
01-5039-03-00-00	Membership Dues/Fees	2,025	846	1,179	41.8%
01-5061-03-00-00	Mileage	300	-	300	0.0%
01-5301-03-00-00	Vehicle Pay	4,200	-	4,200	0.0%
01-5309-03-00-00	Operating Leases	20,637	4,463	16,174	21.6%
01-5705-03-00-00	Monthly Car Allowance	-	2,811	(2,811)	0.0%
01-5802-03-00-00	Shipping/Freight	300	-	300	0.0%
01-6500-03-00-00	IT Allocations in to PC's & Depts.	59,860	34,734	25,126	58.0%
	Total Other Expenses	113,741	53,099	60,642	46.7%
	Total Expenses	457,455	317,019	140,435	69.3%

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**

For the Period Ended February 28, 2019

		FY 2018-19 Budget	*Board Approved Expenditure not in Budget	Adjusted Budget	Actual	(Over)/Under Budget	% Expended
Salary and Fringe							
01-6000-04-00-00	Regular Salaries-Admin or IT	985,352		985,352	599,995	385,357	60.9%
01-6001-04-00-00	Overtime Salaries-Admin or IT	12,000		12,000	9,074	2,926	75.6%
01-6315-04-00-00	Comp Time - Admin	10,000		10,000	4,292	5,708	42.9%
01-6401-04-00-00	Fringe Benefits IN to ADMIN or IT	709,453		709,453	386,823	322,630	54.5%
	Total Payroll Costs	1,716,805	-	1,716,805	1,000,184	716,621	58.3%
Other Expenses							
01-5018-04-00-00	Public Notices/ Public Relations	1,400		1,400	-	1,400	0.0%
01-5101-04-00-00	Employee Recognition	-		-	500	(500)	0.0% (1)
01-6101-04-00-00	HR Recruitment & Employee Relations	21,200		21,200	12,517	8,683	59.0%
01-6102-04-00-00	Subscriptions	3,243		3,243	1,934	1,309	59.6%
01-6200-04-00-00	Management Support Services	112,500	92,391	204,891	123,716	81,175	60.4% (2)
01-6201-04-00-00	Audit	40,000		40,000	20,000	20,000	50.0%
01-6202-04-00-00	Legal	250,000		250,000	173,531	76,469	69.4% (3)
01-6204-04-00-00	Postage	2,319		2,319	1,028	1,291	44.3%
01-6223-04-00-00	Office Supplies - Admin	8,471		8,471	3,667	4,804	43.3%
01-6224-04-00-00	Office Equipment Admin or IT	8,000		8,000	351	7,649	4.4%
01-6234-04-00-00	Memberships & Trainings	89,520		89,520	59,943	29,577	67.0%
01-6239-04-00-00	Travel & Conference	20,800		20,800	19,587	1,213	94.2%
01-6240-04-00-00	Scholarship Sponsorship	1,000		1,000	-	1,000	0.0%
01-6241-04-00-00	Education Reimbursement	-		-	1,500	(1,500)	0.0%
01-6310-04-00-00	Miscellaneous	20,000		20,000	13,779	6,221	68.9%
01-6311-04-00-00	Mileage	1,000		1,000	612	389	61.1%
01-6317-04-00-00	Contract Services Misc	4,936		4,936	3,220	1,716	65.2%
01-6500-04-00-00	IT Allocations in to PC's & Depts.	141,240		141,240	66,184	75,056	46.9%
01-6601-04-00-00	Shipping/Freight	1,500		1,500	2,443	(943)	162.9%
01-6705-04-00-00	Monthly Car Allowance	12,000		12,000	8,031	3,969	66.9%
	Total Other Expenses	739,130	92,391	831,521	512,544	318,978	61.6%
	Total Expenses	2,455,935	92,391	2,548,326	1,512,728	1,035,598	59.4%

* Additional Budget disclosed during Finance Committee meeting 2/19

(1) End-of-the-Year Employee award.

(2) Costs include Carollo Engineering utility cost allocation study, \$42,269, expended to date and Actuaries costs for the Long Term Liabilities Methodologies Study, \$37,792. These Board Approved Projects were not included in the Administration Budget.

(3) Procopio Firm is anticipated to be over legal budget due to start-up work and project to evaluate changes to JPA Agreement this FY.

South Orange County Wastewater Authority
Budget vs. Actual Comparison-IT
 For the Period Ended February 28, 2019

		FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended
Salary & Fringe					
01-6000-05-00-00	Regular Salaries-Admin or IT	93,378	56,165	37,213	60.1%
01-6001-05-00-00	Overtime Salaries-Admin or IT	3,082	1,222	1,859	39.7%
01-6315-05-00-00	Comp Time - IT	2,332	2,830	(498)	121.4%
01-6401-05-00-00	Fringe Benefits IN to ADMIN or IT	67,232	40,439	26,793	60.1%
	Total Salary & Fringe	166,024	100,656	65,368	60.6%
Other Expenses					
01-5028-05-00-00	Small Tools & Supplies	1,000	-	1,000	0.0%
01-5035-05-00-00	Training Expense	12,000	-	12,000	0.0%
01-5037-05-00-00	Office Equipment	400	-	400	0.0%
01-5061-05-00-00	Mileage	-	498	(498)	0.0%
01-6200-05-00-00	Management Support Services	64,500	3,663	60,837	5.7%
01-6234-05-00-00	Memberships & Trainings	2,750	96	2,654	3.5%
01-6239-05-00-00	Travel & Conference	4,210	-	4,210	0.0%
01-6300-05-00-00	Software Maintenance Agreements	98,893	65,241	33,651	66.0%
01-6301-05-00-00	Hardware Maintenance Agreements	11,657	2,474	9,182	21.2%
01-6302-05-00-00	Cloud Subscriptions (Internet)	45,800	81,812	(36,012)	178.6% (1)
01-6303-05-00-00	Telecommunications	129,940	78,221	51,719	60.2%
01-6305-05-00-00	IT Professional Services	157,000	56,448	100,552	36.0%
01-6306-05-00-00	Small Hardware Purchases (< \$5k)	46,800	49,994	(3,194)	106.8%
01-6307-05-00-00	Small Software Purchases & Licenses (<\$5k)	43,735	17,125	26,611	39.2%
01-6308-05-00-00	IT Memberships	160	130	30	81.3%
01-6309-05-00-00	Operating Leases	55,200	31,525	23,675	57.1%
01-6310-05-00-00	Miscellaneous	5,000	219	4,781	4.4%
01-6312-05-00-00	Computer & Photocopy Supplies	2,275	1,607	668	70.6%
01-6601-05-00-00	Shipping/Freight	276	-	276	0.0%
	Total Other Expenses	681,596	389,055	292,542	57.1%
	Total Expenses before Allocation	847,620	489,710	357,910	57.8%
IT Allocations (Out) to PC's & Depts					
01-6400-05-00-00	IT Allocations (OUT) to PC's & Depts.	(847,620)	(489,710)	(357,910)	57.8%
	Total IT Allocations (Out) to PC's & Depts	(847,620)	(489,710)	(357,910)	57.8%

(1) Additional IT system security, not included in the budget

Agenda Item

6

Legal Counsel Review: N/A

Meeting Date: March 26, 2019

TO: Finance Committee

FROM: Betty Burnett, General Manager

STAFF CONTACT: Mary Carey, Finance Controller

SUBJECT: FY 2019-2020 Budget Development Meeting of the Finance Committee

Summary:

The attached PowerPoint Presentation and meeting agenda reports are prepared to introduce the Finance Committee to the Key Assumptions that underpin the preparation of the FY 2019-2020 Budget. The staff working in cooperation with the Finance Committee establishes the core costs to be built into the upcoming budget. Staff will provide an overview of the information at this first meeting with meetings set in April and May for further input from the Committee, additional budget draft presentations and work to define the draft budget to be presented at a Board Budget Workshop on May 23, 2019.

The presentation for the March 26, 2019 meeting includes:

- Key Budget Assumptions
 - Funding PERS/OPEB Costs
- Introduction to General Assumptions (attached)
- Staffing Plan
- Legal Cost Projection
- Utility Cost Distribution
- Capital Funding Policy
- Budget Preparation Schedule

Recommendation:

Finance Committee review, comments and recommendations for Board consideration. Action may include setting further Finance Committee Meetings for additional discussions for information.

SOCWA
Budget Development
Kickoff Meeting
2019/2020 Fiscal Year
March 26, 2019

FY 2019-20 Budget Starting Line Up

- ❖ Key Budget Assumptions
 - ✓ Funding PERS/OBEP Costs
- ❖ General Assumptions
- ❖ Staffing Plan
- ❖ Legal Cost Projection
- ❖ Utility Cost Distribution
- ❖ Capital Funding Policy



Key Budget Assumptions

1. **COLA (Cost of Living Adjustment) 2.5%**
preliminary, MOU based on March Index which will be published April 10, 2019.
 - Previous months indexes: Jan 3.2%, Feb 2.5%
2. **Merit Pay 3% Average Increase.**
3. **Headcount - No Change in staffing levels is planned in FY 2019-20 Budget: 64 FTEs.**

Funding PERS/OPEB Costs

4. Annual Lump Sum Payment Option for Unfunded Pension Liability rather than monthly payments; July 1st payment:

Pension Plans	Unfunded Pension Liability Required Annual Payment				
	Annual Lump Sum Payment	Monthly Payments	Annual Interest Savings	Increase/ (Decrease)	Without Savings
Tier 1 Classic	\$860,906	\$891,568	\$30,662		
Tier 2 Classic	3,472	3,596	124		
Tier 3 PEPRAs	2,959	3,065	106		
Total	\$867,337	\$898,228	\$30,891	16.6%	20.8%
Total 18/19 Budget	\$743,842				

- 5. Retiree Health (OPEB) Savings re-start savings at \$250 thousand for the fiscal year.**
- 6. New Unfunded Pension Liability Trust Fund savings at \$250 thousand for the fiscal year.**

CalPERS Unfunded Costs as of June 30, 2017

	Tier 1-Class	Tier 2-Class	Tier 3-PEPRA	SOCWA-Total
Accrued Liability	\$48,122,154	\$739,383	\$440,883	\$49,302,420
Assets	35,351,202	714,280	421,534	36,487,016
Unfunded Liability	\$12,770,952	\$25,103	\$19,349	\$12,815,404
Percent Funded	73.5%	96.6%	95.6%	74.0%

Plan Mix %	99.7%	0.2%	0.2%	100.0%
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Goal: 80% Funded for Tier 1-Class

Trust Fund	\$3,655,984
Gross Assets	\$39,007,186
Unfunded Liability	\$9,114,968
Percent Funded	81.1%

Recommendation: Invest in Trust Fund, \$250k /Year or \$21k/Month for 10 Years, \$2.5 million

Return on Investment: \$1.2 million

Trust Fund Balance at end of 10 years, \$3.7 million

Percent Funded: 81.1%

7. Employer Pension Normal Costs based on CalPERS Annual Valuation Report:

Employer Normal Cost Rate				
Pension Plans	Annual % of Payroll	Pensionable Payroll \$'s	Employer's Normal Costs	Increase/ (Decrease)
Tier 1 Classic	11.432%	\$3,479,725	\$397,802	
Tier 2 Classic	10.221%	966,688	98,805	
Tier 3 PEPPRA	6.985%	1,849,142	129,163	
Total		\$6,295,554	\$625,770	7.6%
Total 18/19 Budget			\$581,590	

8. Group Insurance based on Current Health Census, Covered Employees and Rates:

Group Insurance		Increase/ (Decrease)
CalPERS Health	\$751,719	
CalPERS Admin Fee	1,729	
Mutual Omaha Life Ins.	25,200	
Guardian Life Dental	102,000	
Vision Service Plan	14,400	
Total Group Insurance	\$895,048	(11.0%)
Total 18/19 Budget	\$1,005,463	
Retiree Health Insurance		
CalPERS Retiree Health	\$432,348	
CalPERS Admin Fee	994	
Total Retiree Health	\$433,343	4.9%
Total 18/19 Budget	\$413,056	

9. PTO (Paid Time Off) calculated by employee based on their earn rate for compensated absences:

FY 19-20 Budget							
	Holiday	Vacation	Sick	Personal	Admin	Total	Increase/ (Decrease)
O&M	165,940	240,833	182,953	55,885	9,528	655,140	
Environmental	40,974	65,844	45,641	13,849	4,199	170,507	
Engr	17,477	33,730	26,028	7,903	3,405	88,543	
Admin	43,478	63,214	47,151	14,667	9,246	177,756	
IT	4,276	4,336	4,336	1,463	985	15,396	
Total	\$272,144	\$407,957	\$306,110	\$93,768	\$27,363	\$1,107,342	4.1%
Total 18/19 Budget						\$1,063,946	

10. Preliminary Fringe Rate consistent with FY 2018-19 budget and forecast rate:

- Note: Preliminary rate does not include Savings for OPEB and Unfunded Pension Liability

	FY 2018-19 Budget	FY 2018-19 Forecast	FY 2019-20 Budget
Fringe Rate	72.0%	71.8%	71.9%

- Fringe Rate includes: 457 Plan, accrued leave, medical and ancillary insurances, taxes, PERS retirement and medical, employee related insurances.
- Inclusion of savings plan for OPEB and PERS would revise projected Fringe Rate to 80%**

11. O&M Inflation

- 2.5% for non-energy costs
 - 5.0% inflation for energy/petroleum related items
- a) Electricity
 - b) Natural Gas
 - c) Ferric Chloride
 - d) Bleach
 - e) Fuel
 - f) Petroleum products
 - g) Polymer

12. General Fund – No Change to General Fund Percentages and Expenses as established in FY 2018–19 Budget:

		Finance Committee Recommended General Fund %'s
Salary and Fringe		
01-6000-04-00-00	Regular Salaries-Admin & IT	Footnote #1
01-6001-04-00-00	Overtime Salaries-Admin & IT	50%
01-6315-04-00-00	Comp Time - Admin	
01-6401-04-00-00	Fringe Benefits IN to PC's & Depts.	
Total Payroll Costs		
Other Expenses		
01-5018-04-00-00	Public Notices/ Public Relations	100%
01-5027-04-00-00	Insurance - Property/Liability	
01-6101-04-00-00	Recruitment & Employee Relations	
01-6102-04-00-00	Subscriptions	
01-6200-04-00-00	Management Support Services	
01-6201-04-00-00	Audit	100%
01-6202-04-00-00	Legal	40%
01-6203-04-00-00	Outside Services	100%
01-6204-04-00-00	Postage	20%
01-6220-04-00-00	Board of Directors - Fees	
01-6223-04-00-00	Office Supplies - Admin	100%
01-6224-04-00-00	Office Equipment	100%
01-6234-04-00-00	Memberships & Trainings	
01-6239-04-00-00	Travel & Conference	
01-6240-04-00-00	Scholarship Sponsorship	
01-6310-04-00-00	Miscellaneous	20%
01-6311-04-00-00	Mileage	
01-6317-04-00-00	Contract Services Misc.	
01-6500-04-00-00	IT Allocations in to PC's & Depts.	5%
01-6601-04-00-00	Shipping/Freight	
01-6705-04-00-00	Monthly Car Allowance	
Total Other Expenses		
Total General Fund Expenses		
Time Allocation		
(1)	Clerk of the Board	50%
	Administrative Assistant II/III	50%
	GM	50%
	Controller	5%

13. **Member Agency General Fund Distribution** should be re-visited regarding equal distribution of general fund costs to Trabuco Canyon Water District (due to singular PC membership and limited participation in PC 12 only).

General Fund Distribution by Member Agency	
City of Laguna Beach	10.0%
City of San Clemente	10.0%
City of San Juan Capistrano	10.0%
El Toro Water District	10.0%
Emerald Bay Service District	10.0%
Irvine Ranch Water District	10.0%
Moulton Niguel Water District	10.0%
Santa Margarita Water District	10.0%
South Coast Water District	10.0%
Trabuco Canyon Water District	10.0%
Total Member Agency	100.0%

General Assumptions

Provided in March 26, 2019 Agenda
Drafted for Committee Review

Staffing Plan

Staffing Overview

Headcount	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget	FY 2021-22 Budget	FY 2022-23 Budget	FY 2023-24 Budget
Department						
Operations	42	42	40	40	40	40
Engineering	3	3	3	3	3	3
Environmental Compliance & Safety	9	9	9	9	9	9
IT	1	1	1	1	1	1
Administration	9	9	8	8	8	8
Total	64	64	61	61	61	61
FY 2017-18 Budget	65	63	62	62		

Staffing Trends

2017/18	2018/19
New Hires – 12	New Hires – 2
Retired – 5	Retired 3
Departures – 5	Departures – 1

2019/20	2020/21
Replace with Retirements	Replace with Retirements
Projected to Retire – 6	Projected to Retire – 4
	Projected to 62 FTE

Succession Planning

2017/18	2018/19
Chief Plant Operator – 1	Chief Plant Operator – 1
Operator III – 1	Operator II – 4
Operator I – 1	Maintenance Mech II – 1
Maintenance Mechanic II – 1	Electrical/Instrumentation – 1
	Lab Tech I – 1
	Lab Tech III/Q&A Specialist – 1

2019/2020	2020/21
Chief Maintenance – 1	Operator III – 2
Maintenance Supervisor – 1	Mechanic II – 1
Assistant Chief Operators – 2*	
Ops Engineering Associate – 1*	

*Track to retirement of Superintendent of Operations position which will not be refilled.

Professional Certifications

2017/18	2018/19
Operator III (Exam) – 2	Operator II (Exam) – 1
Operator III Certified –1	Operator III (Exam) – 3
Crane Operations (Exam) – 2	Operator V (Exam) – 1
Electrical/Instrumentation II – Certified – 2	Environmental Compliance Inspector IV – 1
Laboratory Technician Tech I Certified – 1	Certified Safety Professional – 1
	Certified Professional Contracts Manager – 1

Projected Legal Expenditures

	2018/19	2019/2020
Budget General Legal	\$200,000	Budget General Legal \$170,000
Labor	50,000	Labor 80,000
Approved Increase	65,000	
Projected Total:	\$315,000	Budget Total: \$250,000

Utility Cost Distribution

Carollo Recommendations

Staff recommends including recommended Carollo report distributions, as follows:

- ▶ All costs for the outfalls will be allocated as fixed costs.
- ▶ The remaining changes for the FY19–20 Budget include changing the following expenses from labor allocations to common ownership allocations:
 - ▶ Standby Pay
 - ▶ Small Vehicle Expenses
 - ▶ Small Vehicle Fuel
 - ▶ Recruitment
 - ▶ Mileage Reimbursement

Cost Distributions

Updated PC costs based on current usage, including:

PC2 – JB Latham Treatment Plant

- ▶ Ferric Chloride from 80% Liquids and 20% Solids to 100% Solids

PC15 – Coastal Treatment Plant

- ▶ Electricity from 94% Liquids 2.5% AWT and 3.5% Common to 100% Liquids
- ▶ Natural Gas from 95% Liquids and 5% Common to 50% Liquids and 50% Common

PC17 – Regional Treatment Plant

- ▶ Ferric Chloride from 80% Liquids and 20% Solids to 100% Solids
- ▶ (updates Budget Assumption 10)

Capital Funding Policy

Capital Funding Policy

- ▶ **Current Approach:**
 - Planned Capital Expenditures proceed through Engineering Committee for All Project Committees with recommendation to the Board of Directors.
 - Adopted Budget is billed as follows:
 - Quarter 1 & 2 Based on Budget
 - Quarter 3 & 4 Based on Adjustments for Actual Expenditure Trends (Construction in Progress) and Issued Contractual Obligations

Capital Funding Policy

- ▶ Current Approach:
 - SOCWA Supporting Improvements:
 - Cash Roll Forward Procedure – Issued Quarterly for Agency/Board Review
 - Adopted Contract Management Practices now in place
 - Close Out Procedures for improved timing.
 - Due to / Due From Balances captured in Annual Use Audit for Closed Projects.
- ▶ Staff Recommendation: Retain Current Approach

Optional Capital Funding Policy

- ▶ Option 1:
 - Budgeted Projects due on Budget Approval.
 - Positives: Cash on Hand supports Project decisions.
 - Negatives: SOCWA holds larger cash balances for greater periods of time; Member agency cash flows change.

- ▶ Option 2:
 - Collection with Project Contracting.
 - Positives: Cash on Hand supports Project obligations.
 - Negatives: SOCWA holds larger cash balances for greater periods of time; Member agency cash flows change; impractical due to staffing support needed for increased invoicing activity.

- ▶ Option 3:
 - Monthly Invoicing for all Capital.
 - Positives: Tighter agency cash flow to SOCWA.
 - Negatives: Impractical due to both engineering and finance staff needed to support more frequent invoicing.

Budget Schedule

- ▶ Finance Committee Special Meetings
 - **March 26, 2019** – Budget Development Kick Off
 - **April 9, 2019** – O&M Environmental Safety Budget Presentation; Member Comments to 3/16/19
 - **April 23, 2019** – General Fund Budget, Administration and Capital Budget, Member Comments to prior
 - **May 7, 2019** – Committee Discussion/Direction
 - **May 21, 2019** – Committee Discussion/Direction
- ▶ **Board Workshop – May 23, 2019**
 - **June 4, 2019** – Budget Consideration for Approval

March 26, 2019

**Total Budget Assumptions
South Orange County Wastewater Authority
Fiscal Year 2019-20**

Fiscal Year 2019-20 with projections through 2023-24, 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)

All functional departments reside within the Operations and Maintenance (O&M) costs and are distributed by Project Committees and Member Agencies.

The Administration department is a service center providing support to Operations, Engineering, Environmental Compliance and Capital Projects. Therefore, these costs are distributed by Project Committees and Member Agencies based on O & M Direct Costs.

Administrative Services include the following:

- Payroll
 - Accounts Payable
 - Contracts and Procurement
 - Human Resources (HR)
 - Financial Reporting
 - Financial Audits
 - Budgets
 - Use Audits
 - Statutory Reporting
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 prefers to hire entry level personnel, but may need to hire experienced staff at more mid-level pay scales and in turn may experience higher labor costs than planned.

Due to the retirement of over two-thirds of the Operations Senior Level personnel in the last 2-3 years; the majority of the Operations staff is new to the Authority and are in training which creates an exposure for safety and efficient operations of the Treatment Plants.

In order to balance the workforce with trainees and seasoned personnel, FY 2019-20 budget includes a minor re-organization within operations to assist with training and managing plant operations.

The operations reorganization will not increase headcount from FY 2018-19 level.

The Authority overall headcount of 64 FTE will remain flat with the prior fiscal year budget, FY 2018-19. In FY 2020-2021, overall headcount is anticipated to drop to 61 FTE.

Headcount						
Department	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget	FY 2021-22 Budget	FY 2022-23 Budget	FY 2023-24 Budget
Operations	42	42	40	40	40	40
Engineering	3	3	3	3	3	3
Environmental Compliance & Safety	9	9	9	9	9	9
IT	1	1	1	1	1	1
Administration	9	9	8	8	8	8
Total	64	64	61	61	61	61
FY 2017-18 Budget	65	63	62	62		

4. Operations and Environmental Compliance and Safety budgets were built at the Project Committee level.
 - a) Payroll costs were allocated to Project Committees based on future projections of where each individual employee would work. Individual employees support multiple Project Committees/Work Sites; therefore, percentages were used to allocate time by project committee.
 - b) Non-labor costs are based on prior actuals, contractual agreements, expected inflation increases, current year run rates and projected impacts from capital projects.
5. Engineering costs were split between Capital Projects and Administration and other Non-Capital Engineering work based on how the Department spends time.
6. In addition to liquid flow rates, solids loading, and common costs (typically shared equally between liquids and solids), labor time spent (as actually occurred in FY 2018-19) is used to calculate some expense allocations to agencies. As an example, O&M labor expended for work on Co-Gen engines at JBL and RTP during 2018-19 will be reduced due to the completion of the construction.

Projected Operational Cost changes are based on:

- a) Flows and loads are based on results of FY end 2018 use audit with the exception of PC2 (JBL) solids which will be based on the past 3-year average (as directed by PC 2 in April 2017) and agreement between SMWD and MNWD to continue flow for MNWD from Oso-Trabuco line at 1.4 mgd. The agreement also directs staff to assume that MNWD's solids are based on the influent strength of the sewage to the 3A Plant with the balance of the solids being attributed to SMWD.
- b) CPUC projected rate increases are used to calculate most utility cost changes, and for CoGen engine operations actual operating results will be used as the basis for projecting electricity and natural gas costs.
- c) Cogen engine maintenance costs will be reduced to match actual experience gained during the first full year of operations:
 - PC 2 JB Latham \$485,000 to \$370,000
 - PC 17 Regional \$650,000 to \$588,000
- d) Inflation will be assumed at 5% for electricity, natural gas, ferric chloride, bleach, fuel, petroleum products and polymer.
- e) Other non-energy costs will be inflated at 2.5%.
- f) Long-term contract rates will be used for contracted supplies and services.

7. Payroll costs include salaries and wages plus fringe benefits.

- a) For purposes of applying salary adjustments pursuant to Section 4 Compensation (C) of the Memorandum of Understanding between the South Orange County Wastewater Authority and the SOCWA Employee Association, SOCWA will be utilizing the Los Angeles-Long Beach-Anaheim CPI-U Index published by the Bureau of Labor Statistics of the United States Department of Labor as that is the closest index to the one that was referenced in the MOU (“Los Angeles-Riverside-Orange County”). This change is necessitated by the Bureau of Labor Statistics removal of Riverside from the prior index. Riverside will now have its own separate index. Since SOCWA is in Orange County, the index reflects CPI in a portion of Orange County. Labor inflation based on this CPI will result in a preliminary (final index will be published April 10, 2019) 2.5% Cost of Living Adjustment (COLA) in July for all employees.

The 2018-19 Salary Range Summary, Job Classification Salary Schedule and Organizational Chart are added to the Employee Association MOU (2017-2020) and Employee Manual by Resolutions 2018-05 and 2018-06 respectively and are incorporated here by reference.

- b) An average 3% merit increase for all employees
- c) PERS retirement was calculated using the CalPERS provided “Employer Normal Cost Rate” which is applied to pensionable payroll dollars.

Employer Normal Cost Rate			
Pension Plans	Annual % of Payroll	Pensionable Payroll \$'s	Employer's Normal Costs
Tier 1 Classic	11.432%	\$3,479,725	\$397,802
Tier 2 Classic	10.221%	966,688	98,805
Tier 3 PEPPRA	6.985%	1,849,142	129,163
Total		\$6,295,554	\$625,770

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- d) The Authority will pay the Annual Lump Sum Payment Option for Unfunded Pension Liability rather than monthly payments; resulting in interest savings of \$30,891.

Unfunded Pension Liability Required Annual Payment			
Pension Plans	Annual Lump Sum Payment	Monthly Payments	Annual Interest Savings
Tier 1 Classic	\$860,906	\$891,568	\$30,662
Tier 2 Classic	3,472	3,596	124
Tier 3 PEPPRA	2,959	3,065	106
Total	\$867,337	\$898,228	\$30,891

- e) Retiree Health “PAY-AS-YOU GO” premiums are based on actual individual current rates provided by CalPERS plus 7.6% increase for the out years. The employer co-pay will continue under the current MOU at 95% for all plans.
- f) Medicare tax, holiday, vacation, sick and personal time were calculated based on the individual employee earning rate.
- g) Group medical insurance is based on actual individual current rates and the Employer co-pay will continue under the current MOU at 95% for all plans.
- h) Standard group medical insurance increases beyond 2020 are projected at 3.3%.
- i) Budgeted fringe benefit rate is 71.9%, which includes costs of accrued leave, group insurances (medical, disability, retiree health), PERS, and other paid benefits (unemployment, workers’ compensation, bereavement pay)
- j) Pay for time worked rate is 88% (Direct Labor Utilization net of PTO, paid time off) and is projected based on actuals as of December 2018.
8. Administration expenses are a part of the O&M costs of each agency and are detailed in the Budget document for the purposes of allowing member agencies to track administrative costs and evaluate trends in administrative expenses. Administration expenses (net of General Fund) and other “Consolidated” expenses are applied to Member Agencies based on a Total Cost Input (Cost identified to a Project Committee and in some cases a member agency). Extraordinary and one-time O&M expenses having no administrative impact (examples: intermittent spikes in chemical or electrical costs or emergency labor), are deducted from the Total Cost Input base. This is a FAR (Federal Acquisition Regulation) methodology. This approach was confirmed appropriate by outside engineering/financial review of Carollo Engineering in FY ‘15/’16. This approach assigns administrative costs to the agency incurring the cost.

Administration expenses continued:

a) Insurance costs are projected at:

- i. CSRMA general liability and other, 5%, Property, 5%, Liability (PLP), 5% and Commercial Crime 5%.
- ii. Workers' Compensations estimated 7% increase and 5% in the out years.

b) Training budgets are expected to remain consistent to 2018-19 budget year.

9. The General Fund Budget will be allocated in accordance with the approach agreed to by the Board of Directors for the FY 2018-19 Budget as to the costs selected to be shared from the Administration Costs into the General Fund and in like percentages as determined by policy of the Board in FY 2018-19.

Distribution to the Member Agencies in FY 2019-20 is pending decision from the Board of Directors.

General Fund Expenses are added back to Administration for the purposes of tracking costs and showing total Administration by agency and project committee. Historically, General Fund expenses are estimated to cover costs of Board Meetings and staff costs of compliance with legally required JPA reporting and filing requirements (Form 700, Annual JPA Statements, etc.).

10. The following points were approved by the Board from the Allocation Working Group and are continued in the FY 2019-20 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) All costs for the Pretreatment Program are levied based on timesheets from the previous year except for insurance costs that distributed equally by member agency.
 - c) Individual agencies will pay Director meeting attendance fees either through SOCWA or directly to their participating director
 - d) Engineering studies will continue to address future capital and capacity needs of the treatment plants
 - e) JBL Effluent Pump Station (EPS) costs will be placed in PC 2 liquids ownership category
 - f) Continue PC 2 and 15 water use allocations: 30% from solids to liquids for PC 2, 70% from common into liquids PC 15
 - g) Continue PC 15 and 17 bleach use allocations: 4% from liquids to AWT for PC 15, track system changes for PC 15 and 17

- h) 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
 - i) Continue PC 17 Ferric Chloride allocations: 40% from liquids to solids
 - j) 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.
11. The following points are recommended in the March 2019 Operational Cost Distribution Analysis for the FY 2019-20 Budget:
- a) All costs for the outfall PCs (5 and 24) will be allocated as fixed costs.
 - b) The following line items will be changed from labor allocations to common ownership allocations:
 - Standby Pay
 - Small Vehicle Expenses
 - Small Vehicle Fuel
 - Recruitment
 - Mileage Reimbursement
 - c) Ferric Chloride at PC2 – JBL will be changed from 80% Liquids and 20% Solids to 100% Solids
 - d) Electricity at PC15 – CTP will be changed from 94% Liquids 2.5% AWT and 3.5% Common to 100% Liquids
 - e) Natural Gas at PC15 – CTP will be changed from 95% Liquids and 5% Common to 50% Liquids and 50% Common
 - f) Ferric Chloride at PC17 – RTP will be changed from 80% Liquids and 20% Solids to 100% Solids

General Approval Information:

All 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.

The signature authority levels authorized for expending the FY 2019-20 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.

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

Agenda Item

7

Budgeted: Yes

Budget amount: \$128,000

Line Item: PC 2, 15 and 17 and Lines
Item 5015

Meeting Date: March 26, 2019

TO: Finance Committee
FROM: Betty Burnett, General Manager
STAFF CONTACT: Jim Burror, Director of Operations
SUBJECT: Operational (O&M) Cost Distribution Report

Summary

Carollo Engineering was retained by SOCWA to review and analyze the means and methods SOCWA used to distribute line item costs to member agencies for each Project Committee. This work supplements the Board level discussions about the fair share allocation of costs for energy, water, and chemicals among other items. Carollo Engineering has completed its work.

Discussion/Analysis

The project included reviewing the current methods for apportioning budget line items back to the Member Agencies. The project also included assessing the apportionment methods and recommending potential changes to help ensure fair distribution of costs back to the Member Agencies.

The basis of the assessment was the FY17-18 Budget Book. A model was created to replicate the apportionment of costs in the FY17-18 Budget Book as the basis for the analysis. A number of meetings and outreach efforts were conducted to review the report material, including:

- October 4, 2018 – Project update to SOCWA's Board.
- October 11, 2018 – Project update to SOCWA's Engineering Committee.
- October 19, 2018 – Distribution of proposed model inputs for review and comment to Member Agency Finance and Engineering staff.
- January 10, 2019 – Project update report to SOCWA's Board and Engineering Committee.
- February 14, 2019 – Project update and presentation to SOCWA's Engineering Committee.
- February 19, 2019 – Project update and presentation to SOCWA's Finance Committee.
- March 8, 2019 – Distribution of a staff memorandum regarding a proposed change for ocean outfall costs distribution from variable to fixed to Member Agency Finance and Engineering staff. This item was requested by SOCWA's Finance Committee at their February 19, 2019 meeting.
- March 14, 2019 – Report update to SOCWA's Engineering Committee regarding a proposed change for ocean outfall costs distribution from variable to fixed.

Member Agency Inputs

The only substantive comment on the report materials was a request to review the Ocean Outfall permitting costs as to categorize them as fixed or variable. This issue was discussed

with SOCWA's Engineering Committee. The consensus from SOCWA's Engineering Committee was that Ocean Outfall permitting costs should be a fixed cost and distributed based on capacity ownership. The change to the apportionment of the permit costs from variable to fixed based on 2017-18 budgeted costs is:

Member Agency	Draft Report Results	Final Report Results	Delta
City of San Juan Capistrano	(\$7,011)	(\$19,967)	(\$12,956)
Moulton Niguel Water District	(\$1,270)	\$18,031	\$19,301
South Coast Water District	(\$709)	\$3,574	\$4,283
Santa Margarita Water District	\$6,826	\$32,775	\$25,949
El Toro Water District	\$2,883	(\$8,317)	(\$11,200)
Irvine Ranch Water District	(\$6,180)	(\$17,537)	(\$11,357)
City of San Clemente	(\$646)	(\$7,825)	(\$7,179)
Trabuco Canyon Water District	\$0	\$0	\$0
Emerald Bay Service District	\$971	\$1,369	\$398
City of Laguna Beach	\$5,033	(\$2,197)	(\$7,230)

(RED is a decrease in costs) / Black is an increase in costs.

The final draft report includes the current and proposed apportionments with the resulting fiscal impacts to the Member Agencies. The report also includes the justifications for the proposed changes. The net impact to the SOCWA agencies ranged from +1.76% to -10.82% of total budget costs. Table 17 from the report contains the resultant changes from analyzing the FY17-18 Budget. The table shows red items as budget decreases and black items as a budget increase.

Losses/Gains (Proposed - Original)*
*Rounding may impact these values

Member Agency	PC2		PC5	PC8	Recycled Water Permits*		PC15	PC17	PC21	PC24	Total Change	% of Total PC Budget
	J.B. Latham	SJCOO	Pre-Treatment*	Coastal	Regional	ETM*	ACOO					
1 City of San Juan Capistrano	\$ 2,031	\$ (21,990)	\$ (8)	\$ 0							\$ (19,967)	-1.23%
2 Moulton Niguel Water District	\$ 2,153	\$ (1,825)	\$ (3)	\$ (2)	\$ 5,251	\$ (21,049)	\$ (1)	\$ 33,508	\$ 18,031	\$ 3,574	\$ 3,574	0.11%
3 South Coast Water District	\$ 619	\$ (6,004)	\$ 1	\$ 8	\$ (7,811)	\$ 4,881		\$ 11,880	\$ 32,775	\$ 32,775	\$ 32,775	1.54%
4 Santa Margarita Water District	\$ (4,856)	\$ 37,623	\$ (1)	\$ 10							\$ 8,317	-1.06%
5 El Toro Water District			\$ (10)			\$ 8,966	\$ 4	\$ (17,277)	\$ (8,317)	\$ (17,537)	\$ (17,537)	-10.82%
6 Irvine Ranch Water District			\$ (4)	\$ 11			\$ 4	\$ (17,549)	\$ (7,825)	\$ (7,825)	\$ (7,825)	-7.63%
7 City of San Clemente		\$ (7,823)	\$ (2)	\$ 8					\$ 8	\$ 8	\$ 8	0.03%
8 Trabuco Canyon Water District				\$ 8						\$ 1,369	\$ 1,369	1.76%
9 Emerald Bay Service District			\$ (2)	\$ 494	\$ 258		\$ 619	\$ (11,160)	\$ (2,197)	\$ (2,197)	\$ (2,197)	-0.12%
10 City of Laguna Beach			\$ 4	\$ 2,067	\$ 6,891							
Rounding	\$ (54)	\$ (20)	\$ (24)	\$ 35	\$ 2	\$ (53)	\$ 7	\$ 22	\$ (85)			
Change in Total PC Budget	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Budget and fiscal impact

The coming FY2019-20 budget will include the recommended apportionments from the Carollo report. This includes a change to the FY18-19 Budget assumption 10.I, all costs for the outfalls will be allocated as fixed costs. The remaining changes from for the FY19-20 Budget include changing the following expenses from labor allocations to common ownership allocations:

- Standby Pay
- Small Vehicle Expenses
- Small Vehicle Fuel
- Recruitment
- Mileage Reimbursement

The remaining recommendations are for several Project Committee line item's, these are to be updated based on current usage. These include the following:

PC2 – JB Latham Treatment Plant

Ferric Chloride from 80% Liquids and 20% Solids to 100% Solids

PC15 – Coastal Treatment Plant

Electricity from 94% Liquids 2.5% AWT and 3.5% Common to 100% Liquids
Natural Gas from 95% Liquids and 5% Common to 50% Liquids and 50% Common

PC17 – Regional Treatment Plant

Ferric Chloride from 80% Liquids and 20% Solids to 100% Solids (budget assumption 10.i update)

Recommendation

Staff recommends that the Finance Committee recommend that the Board of Director receive and file the March 20, 2019 Operational Cost Distribution Analysis prepared by Carollo Engineers. Also, Staff will proceed to include the report recommendations in the FY2019-20 Draft Budget preparations.

attachment(s)

March 20, 2019 Operational Cost Distribution Analysis Finding and Recommendations Report prepared by Carollo Engineers

March 20, 2019 Presentation Slides

SOCWA OPERATIONAL COST DISTRIBUTION ANALYSIS

Project Summary Presentation

March 26, 2019

REVISED 3/21/19

WATER
OUR FOCUS
OUR BUSINESS
OUR PASSION



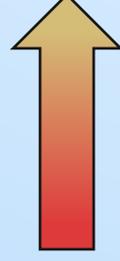
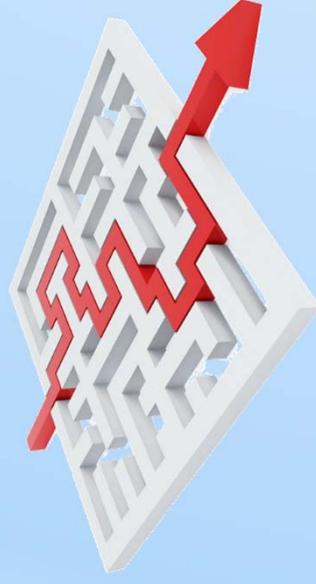
Study Purpose and Goals

Purpose:

- Review of SOCWA budget distribution process.

Goal:

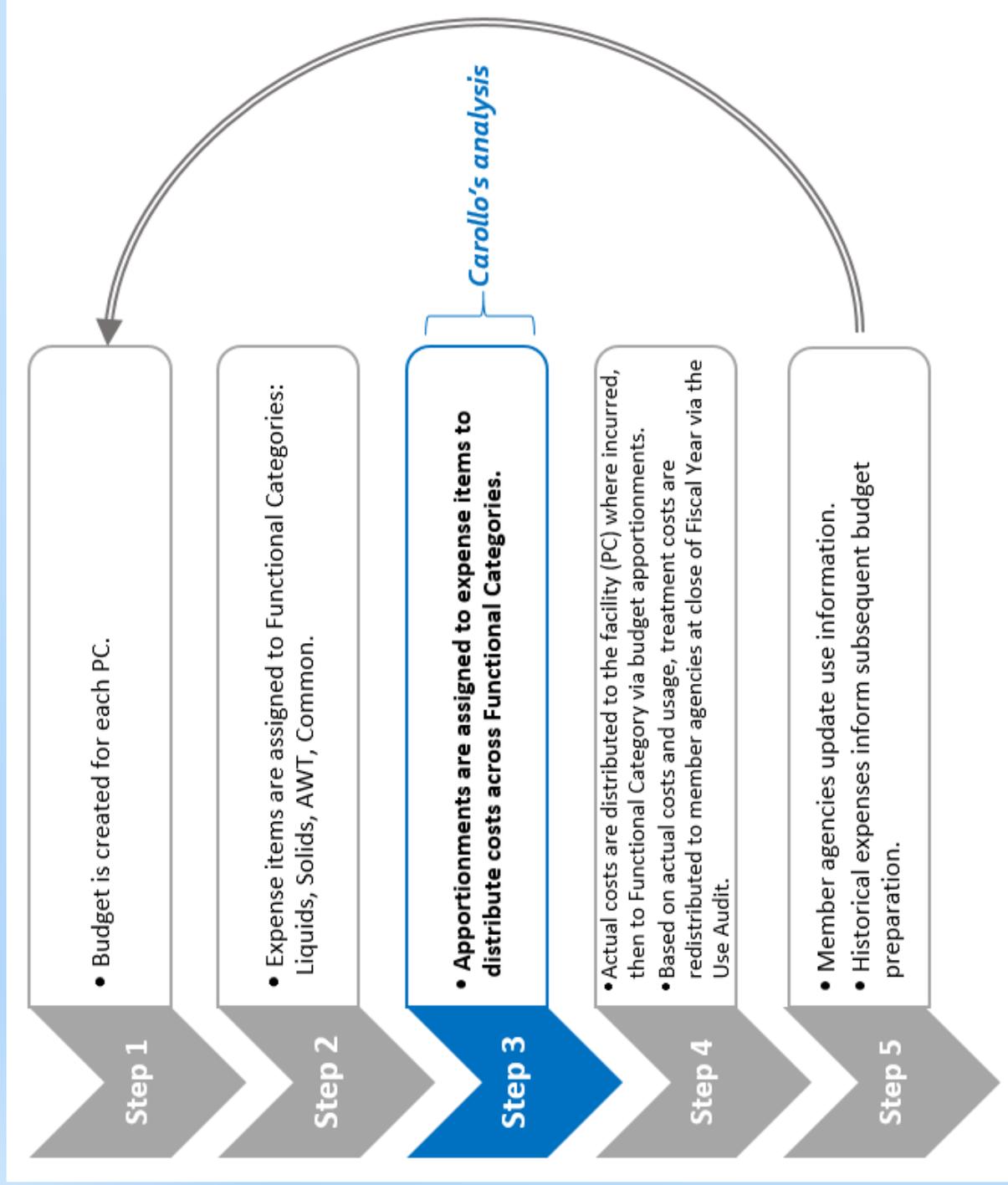
- Identify potential changes to improve the supportability, clarity, and process efficiency for future budgets.



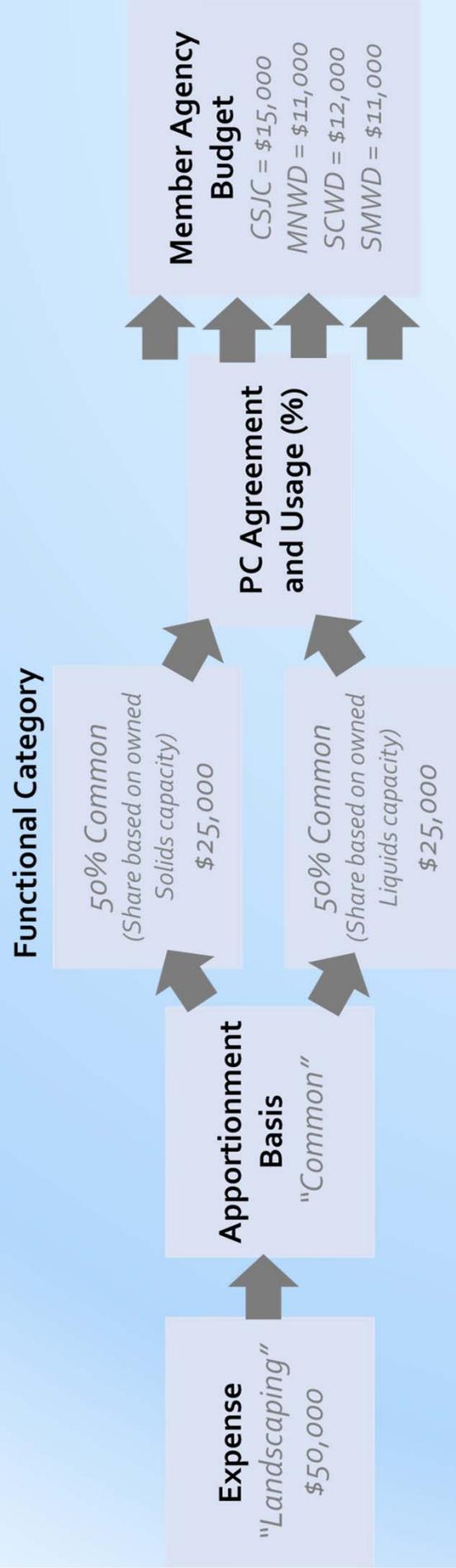
Project Approach



Budget Process



Budget Process Example – PC2 JBL Landscaping



Analytical Model

- Excel spreadsheet model includes FY 17-18 budget numbers broken down by expense accounts
- Assigned Apportionments and Functional Categories to expenses
- Adjust categories or distributions to see impacts on budget

South Orange County Wastewater Authority Apportionment Bases

Apportionment Basis	Total Allocation	%	Latham WWTP		San Juan Creek Ocean Outfall	
			Solids	Capacity	Outfall Effic	Capacity
Labor - Actual Use (Dept 1)	\$ 3,465,320	10%	42.2%	48.4%	4.7%	4.7%
Labor - Actual Use (Dept 2)	\$ 726,538	4%	14.8%	55.0%	15.1%	15.1%
Labor - Allocation (Dept 1)	\$ 2,839,188	10%	42.2%	48.4%	4.7%	4.7%
Labor - Allocation (Dept 2)	\$ 541,840	3%	14.8%	55.0%	15.1%	15.1%
Labor - Overtime (Dept 1)	\$ 71,976	0%	42.2%	48.4%	4.7%	4.7%
Labor - Overtime (Dept 2)	\$ 600	0%	14.8%	55.0%	15.1%	15.1%
Actual Use - Other Costs	\$ 1,486,310	5%	100.0%	-	50.0%	50.0%
Salaries	\$ 2,477,000	15%	100.0%	-	-	-
Utilities	\$ 914,000	3%	-	-	100.0%	-
AWT	\$ 93,986	1%	-	-	-	-
Outfall - Fixed	\$ 674,000	4%	-	-	-	-
Outfall - Variable	\$ 276,992	2%	-	-	-	-
ETM	\$ 69,281	0%	-	-	100.0%	-
Electricity	\$ 1,462,000	8%	21.0%	65.0%	5.0%	5.0%
Natural Gas	\$ 299,000	1%	24.0%	65.0%	5.0%	5.0%
Powder & Recycled Water	\$ 62,000	0%	50.0%	80.0%	-	-
Chlorine	\$ 498,000	2%	20.0%	80.0%	-	-
Polymers	\$ 255,000	1%	100.0%	-	-	-
Ferric Chloride	\$ 250,000	1%	46.0%	54.0%	-	-
Order Control Chemicals	\$ 50,000	0%	25.0%	75.0%	-	-
Laboratory	\$ 78,984	0%	20.0%	80.0%	-	-
Petroleum Products	\$ 60,000	0%	-	-	-	-
Recycled Water	\$ 52,000	0%	-	-	-	-
Insurance	\$ 2,589	0%	-	-	-	-
Total	\$ 17,989,816	100%				
Rounding	\$	85				

South Orange County Wastewater Authority
PC2 - Latham WWTP

PC Account Code Dept	Description	2018 Total	Apportment Methodology
7 02 5000 01	Regular Salaries-O&M	\$ 1,278,506	Labor - Actual Use (Dept 1)
8 02 5000 02	Regular Salaries-O&M	\$ 163,194	Labor - Actual Use (Dept 2)
9 02 5001 01	Overtime Salaries-O&M	\$ 21,910	Labor - Overtime (Dept 1)
10 02 5001 02	Overtime Salaries-O&M	\$ 200	Labor - Overtime (Dept 2)
11 02 5302 01	Performance Based Merit Pay	\$ -	Labor - Actual Use (Dept 1)
12 02 5306 01	Scheduled Holiday Work	\$ 12,000	Labor - Actual Use (Dept 1)
13 02 5307 02	Scheduled Holiday Work	\$ 1,800	Labor - Actual Use (Dept 2)
14 02 5307 01	Weekend Shift Pay	\$ -	Labor - Actual Use (Dept 1)
15 02 5307 02	Weekend Shift Pay	\$ -	Labor - Actual Use (Dept 2)
16 02 5315 01	Comp Time - O&M	\$ 911,551	Labor - Allocation (Dept 1)
17 02 5401 01	Fringe Benefits IN to PC's & Depts.	\$ 121,090	Labor - Allocation (Dept 1)
18 02 5401 02	Fringe Benefits IN to PC's & Depts.	\$ 23,333	Labor - Allocation (Dept 2)
19 02 5700 01	Standby Pay	\$ 23,333	Actual Use - Bill Loaded
	Total Payroll Costs	\$ 2,483,584	

Member Agency	PC2 J.B. Latham	PC5 SICOO	PC6 Pre-Treatment*	PC7 Regional	PC8 Coastal	PC9 Permits*	PC10 Recycled Water	PC11 ETM*	PC12 ACCO	Total Change
City of San Juan Capistrano	\$ 2,031	\$ (21,990)	\$ (8)	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ (19,967)
Moulton Niguel Water District	\$ 2,153	\$ (1,825)	\$ (3)	\$ (21,049)	\$ 5,751	\$ (2)	\$ -	\$ -	\$ (1)	\$ 35,508
South Coast Water District	\$ 619	\$ (6,004)	\$ 1	\$ (7,811)	\$ 4,881	\$ 8	\$ -	\$ -	\$ -	\$ 11,880
Santa Margarita Water District	\$ (4,856)	\$ 37,623	\$ (1)	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ 32,775
El Toro Water District	\$ -	\$ -	\$ (10)	\$ -	\$ 8,966	\$ -	\$ -	\$ -	\$ -	\$ (17,277)
Irvine Ranch Water District	\$ -	\$ -	\$ (4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (17,537)
City of San Clemente	\$ (7,823)	\$ (2)	\$ (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8)
Trabuco Canyon Water District	\$ -	\$ -	\$ (4)	\$ -	\$ 494	\$ -	\$ -	\$ -	\$ -	\$ 619
Emerald Bay Service District	\$ (54)	\$ (20)	\$ (2)	\$ (153)	\$ 2,067	\$ -	\$ -	\$ -	\$ -	\$ (11,160)
City of Laguna Beach	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,197)
Change in Total PC Budget	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rounding	\$	85								

Summary of Recommended Changes

1. Salary and Benefits
 - Expense recategorization
2. Outfall PCs
 - Expense recategorization
3. WWTP PCs
 - Electricity, natural gas, and ferric chloride redistributions

Recommended Change 1

- Salary and Benefits
 - Change to “Common” from “Labor-Allocation”
 - These expenses are not reflective of time sheets
 - ~\$135,000 total budget

Table 5 Proposed Apportionment Changes for Treatment Plant PCs

Account Code	Expense	Current Apportionment	Proposed Apportionment	Reasoning
5700	Standby Pay	Labor – Allocation	Common	Pay is not dependent on process that requires work.
5021	Small Vehicle Expense	Labor – Allocation	Common	Benefits entire plant equally, not reflective of timesheets
5026	Small Vehicle Fuel	Labor – Allocation	Common	Benefits entire plant equally, not reflective of timesheets
5033	Recruitment	Labor – Allocation	Common	Benefits entire plant equally, not reflective of timesheets
5061	Mileage	Labor – Allocation	Common	Benefits entire plant equally, not reflective of timesheets

Recommended Change 2 - REVISED

- Outfall PCs (5- ACOO and 24-SJCOO)
 - Change to “Fixed” from “Variable”
 - Most outfall expenses are independent of flow
 - ~\$950,000 total budget

Account Code	Expense	Current Apportionment ²³	Proposed Apportionment	Reasoning
5000	Regular Salaries – O&M	Variable	Fixed	Not dependent on amount of flow
5001	Overtime Salaries	Variable	Fixed	Not dependent on amount of flow
5302	Performance-Based Merit Pay	Variable	Fixed	Not dependent on amount of flow
5306	Scheduled Holiday Work	Variable	Fixed	Not dependent on amount of flow
5307	Weekend Shift Pay	Variable	Fixed	Not dependent on amount of flow
5315	Comp Time – O&M	Variable	Fixed	Not dependent on amount of flow
5401	Fringe Benefits	Variable	Fixed	Not dependent on amount of flow
5700	Standby Pay	Variable	Fixed	Not dependent on amount of flow
5011	Laboratory Services	Variable	Fixed	Not dependent on amount of flow
5014	Engineering – Misc. ⁽¹⁾	Variable	Fixed	Not dependent on amount of flow
5015	Management Support Services ⁽¹⁾	Variable	Fixed	Not dependent on amount of flow
5017	Legal Fees ⁽¹⁾	Variable	Fixed	Not dependent on amount of flow
5031	Safety Program & Supplies	Variable	Fixed	Not dependent on amount of flow
5034	Travel Expense/Tech. Conferences	Variable	Fixed	Not dependent on amount of flow
5036	Laboratory Supplies	Variable	Fixed	Not dependent on amount of flow
5044	Offshore Monitoring	Variable	Fixed	Not dependent on amount of flow
5045	Offshore Biochemistry - 20B	Variable	Fixed	Not dependent on amount of flow
5046	Effluent Chemistry	Variable	Fixed	Not dependent on amount of flow
5058	Maintenance Equip. & Facilities (Common)	Variable	Fixed	Not dependent on amount of flow
5301	Vehicle Pay	Variable	Fixed	Not dependent on amount of flow
5305	Medicare Tax Payments for Employees	Variable	Fixed	Not dependent on amount of flow
5705	Monthly Car Allowance	Variable	Fixed	Not dependent on amount of flow
6500	IT Allocations in to PCs & Depts.	Variable	Fixed	Not dependent on amount of flow

Notes:

Recommended Change 3

- WWTP PCs (2-JBL, 15-CTP & 17 RTP)
 - Electricity, natural gas, and ferric
 - Updated apportionments to better represent actual usage based on investigations by staff or studies
 - Revisit annually and adjust as needed
 - ~\$1,950,000 total budget (76% = electricity budget)

Table 7 PC15 Functional Category Changes by Apportionment Basis

Basis	Current			Proposed		
	Liquids	AWT	C/Liquids	Liquids	AWT	C/Liquids
Electricity	94%	2.5%	3.5%	100%	-	-
Natural Gas	95%	-	5%	50%	-	50%

Table 8 PC17 Functional Category Changes to Apportionment Basis

Basis	Current		Proposed	
	Liquids	Solids	Liquids	Solids
Ferric Chloride	80%	20%	-	100%

Resulting Outputs

- A look at resulting budget impacts at 3 different levels:
 1. Apportionment Basis totals
 2. Functional Category totals
 3. Member Agency budgets

Resulting Outputs – Apportionment Basis

- Redistributes budget within a PC between Basis
- Impact: ~\$655,000 redistributed (3.6% of total budget)

Apportionment Basis	PC2	PC5	PC8	PC12	PC15	PC17	PC21	PC24	Change in Total Expenses	%
Labor - Actual Use	\$ (23,333)	\$ -	\$ -	\$ -	\$ (23,333)	\$ -	\$ -	\$ -	\$ (46,666)	-0.3%
Labor - Allocation	\$ (25,500)	\$ -	\$ -	\$ -	\$ (13,200)	\$ (45,333)	\$ -	\$ -	\$ (84,033)	-0.5%
Labor - Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Actual Use - Bills Coded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Common	\$ 48,833	\$ -	\$ -	\$ -	\$ 36,533	\$ 45,333	\$ -	\$ -	\$ 130,699	0.7%
Solids	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Liquids	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
AWT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Outfall - Fixed	\$ -	\$ 309,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,576	\$ 524,067	2.9%
Outfall - Variable	\$ -	\$ (309,491)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (214,576)	\$ (524,067)	-2.9%
ETM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Electricity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Natural Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Potable & Reclaimed Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Chlorine/Sodium Hypochlorite	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Polymer Products	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Ferric Chloride	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Odor Control Chemicals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Laboratory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Petroleum Products	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Recycled Water Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Total Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

Budget Increase / (Budget Decrease)

Resulting Outputs – Functional Categories

- Redistributes Functional Category budget within a PC
- Impact: \$625,685 redistributed (3.5% of total budget)

	Treatment Plants				Outfalls		Others		PC Total Change
	Solids	Liquids	AWT	C/Solids	C/Liquids	Outfall Flow	Capacity	All Others	
PC2 JB Latham WWTP	\$ 11,029	\$ (30,168)		\$ 9,569	\$ 9,569				\$ -
PC5 San Juan Creek Outfall						\$ (309,491)	\$ 309,491		\$ -
PC8 Pre-Treatment									\$ -
PC12 Recycled Water Permits									\$ -
PC15 Coastal WWTP		\$ (7,203)	\$ (11,824)		\$ 19,027				\$ -
PC17 Regional WWTP	\$ 11,885	\$ (42,939)	\$ (9,484)	\$ 20,269	\$ 20,269				\$ -
PC21 ETM									\$ -
PC24 Aliso Creek Outfall						\$ (214,576)	\$ 214,576		\$ -
Total Functional Category Change	\$ 22,915	\$ (80,310)	\$ (21,308)	\$ 29,838	\$ 48,866	\$ (524,067)	\$ 524,067		\$ -

Budget Increase / (Budget Decrease)

Resulting Outputs – Member Agencies

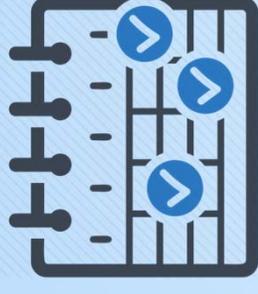
- Redistributes budget among Member Agencies
- Impact: \$55,842 redistributed (0.3% of total budget)

Member Agency	PC2 J.B. Latham	PC5 S/COO	PC8 Pre-Treatment*	Recycled Water Permits*	PC15 Coastal	PC17 Regional	PC21 ETM*	PC24 ACOO	Total Change
City of San Juan Capistrano	\$ 2,031	\$ (21,990)	\$ (8)	\$ 0					\$ (19,967)
Moulton Niguel Water District	\$ 2,153	\$ (1,825)	\$ (3)	(2)	\$ 5,251	\$ (21,049)	\$ (1)	\$ 33,508	\$ 18,031
South Coast Water District	\$ 619	\$ (6,004)	\$ 1	8	\$ (7,811)	\$ 4,881		\$ 11,880	\$ 3,574
Santa Margarita Water District	\$ (4,856)	\$ 37,623	\$ (1)	10					\$ 32,775
El Toro Water District			\$ (10)			\$ 8,966	\$ 4	\$ (17,277)	\$ (8,317)
Irvine Ranch Water District			\$ (4)	11			\$ 4	\$ (17,549)	\$ (17,537)
City of San Clemente		\$ (7,823)	\$ (2)						\$ (7,825)
Trabuco Canyon Water District				8					\$ 8
Emerald Bay Service District			\$ (2)		\$ 494	\$ 258		\$ 619	\$ 1,369
City of Laguna Beach			\$ 4		\$ 2,067	\$ 6,891		\$ (11,160)	\$ (2,197)
<i>Rounding</i>	\$ (54)	\$ (20)	\$ (24)	35	\$ 2	\$ (53)	\$ 7	\$ 22	\$ (85)
Change in Total PC Budget	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*Rounding may impact these values

Budget Increase / (Budget Decrease)

Project Schedule/Next Steps



- Finance Committee – March 26, 2019 (Recommend Board Receive and File)
- Include in draft budget materials – On going
- Board Meeting – April 4, 2019 (Receive and file)





South Orange County Wastewater Authority
OPERATIONAL COST DISTRIBUTION ANALYSIS

Technical Memorandum
OPERATIONAL COST DISTRIBUTION ANALYSIS
FINDINGS AND RECOMMENDATIONS

March 20, 2019

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Section 1

INTRODUCTION

Beginning in 2015, SOCWA Board began a process of considering cost apportionments and agreed to review cost distributions for operational costs. The purpose of this Technical Memorandum (TM) is to summarize the results and proposed recommendations of the Operational Cost Distribution Analysis project performed by Carollo Engineers, Inc. (Carollo) for The South Orange County Wastewater Authority (SOCWA). This TM includes an overview of SOCWA’s existing budget and cost distribution process (for Fiscal Year (FY) 2017-2018), and presents Carollo’s proposed revisions to the methodology, and the associated impacts to SOCWA Member Agencies.

The purpose of the analysis is to provide a review of how SOCWA distributed costs for FY 17-18 and to identify potential changes to improve the supportability and/or clarity for future budgets.

1.1 SOCWA Organization, Budgeting, and Cost Distribution Overview

SOCWA was formed in 2001 with the mission to manage the collection, transmission, treatment, and disposal of wastewater for over 500,000 residences and businesses in south Orange County, California. SOCWA is a Joint Powers Authority with ten Member Agencies that each provide wastewater collection services to their residents. SOCWA is under the direction of a General Manager and is governed by a ten-member Board of Directors, which is comprised of representatives from each Member Agency. Table 1 lists these ten Member Agencies and the abbreviations utilized in this TM.

Table 1 SOCWA Member Agencies

Member Agency	Abbreviation
City of Laguna Beach	CLB
City of San Clemente	CSC
City of San Juan Capistrano	CSJC
El Toro Water District	ETWD
Emerald Bay Service District	EBSD
Irvine Ranch Water District	IRWD
Moulton Niguel Water District	MNWD
Santa Margarita Water District	SMWD
South Coast Water District	SCWD
Trabuco Canyon Water District	TCWD

SOCWA operates and maintains three treatment plants, two ocean outfalls, one effluent transmission main, and multiple permits to meet requirements under the National Pollutant Discharge Elimination System (NPDES). Each of these facilities and their associated Member Agencies are referred to as Project Committees (PC) (Table 2).

Member agencies, in their role as both user participants and capacity owners at each PC, are contractually responsible for contributing funding necessary to operate each PC. Pursuant to the Member Agencies agreements, SOCWA agencies share facilities costs based on budgeted and actual usage. Costs are grouped into the categories of “liquids”, “solids”, “AWT” (advanced water treatment), and “common.” Usage is determined for liquids based on metered and assumed flows¹. Solids usage is determined by TSS and BOD expressed as pounds per day. The distribution of AWT costs is determined by ownership of the AWT facilities, regardless of flow. Operational costs may also be designated as common expenses related to general facility functions not otherwise characterized as liquids or solids. In June of each year, SOCWA establishes budgets based on prior annual and averaged periods of use². Each year, following the close of the fiscal year (June 30), costs are redistributed based on actual incurred liquids, common, and solids expenses and usage adjusted to actual.

Because utilities, chemicals, supplies and other expenses are incurred as bulk purchases to meet liquids, solids and common treatment purposes, historical cost distribution percentages are utilized to apportion costs to specific functions. Historical cost distribution approaches include metering, estimating, and evaluation of percentage to track purpose of the cost incurred. Since 2014, the SOCWA Board has made adjustments to move costs between liquids, solids and common expenses, considering factors such as the fixed or variable nature of the expenses incurred. This Operational Cost Distribution Analysis has been undertaken to go one step further and update the distribution approaches, evaluating the equity behind the apportionment methods, and to recommend adjustments.

Table 2 SOCWA Project Committees

Project Committee (PC) Number	PC Description	Member Agencies			
2	JB Latham WWTP	CSJC	MNWD	SCWD	SMWD
5	San Juan Creek Ocean Outfall (SJCOO)	CSJC CSC	MNWD	SCWD	SMWD
8	Pre-Treatment	CLB CSC CSJC	EBS ETWD	IRWD MNWD	SCWD SMWD
12	Recycled Water Permits	CSJC MNWD	SCWD	SMWD	TCWD
15	Coastal WWTP	CLB	EBS	MNWD	SCWD
17	Regional WWTP	CLB EBS	ETWD	MNWD	SCWD
21	Effluent Transmission Main (ETM)	ETWD	IRWD	MNWD	
24	Aliso Creek Ocean Outfall (ACOO)	CLB EBS	ETWD IRWD	MNWD	SCWD

¹ MNWD is assumed to contribute 1.4 mgd of flow to the J.B. Latham Treatment Plant (PC 2) and solids are assumed to be delivered to JBL in a strength that is equivalent to the influent flows to Plant 3A. This data is provided to SOCWA periodically from the operations staff at 3A.

² Member Agencies participate in review and approval of the budget projections and background flow/strength information used to prepare the Budgets.

1.2 Operational Budget Overview

Each year SOCWA creates an operating budget for each PC. The budget process begins in December with the SOCWA management team's review of the prior year's budget in order to identify areas of the budget that required adjustment from the prior year. At the same time, the Engineering Committee reviews ongoing and upcoming capital projects. SOCWA's General Manager then provides the Member Agency with the proposed budget, and holds a workshop to provide Member Agencies the opportunity to propose revisions. Mutually agreed-upon adjustments are made to the budget for Member Agency review and the final operating budget is presented to the Board of Directors for adoption in June. As noted above, budgets distribute usage costs to liquids, solids, AWT, and common purposes and propose apportionments for bulk incurred expenses with percentages assigned to equitably apportion based on the purpose of the expense. Costs that are not related to use, such as capital costs, are distributed based on facility ownership capacity with agencies owning differing percentages of liquids and solids capacity in each facility.

SOCWA invoices Member Agencies in equal quarterly amounts based on their share of the adopted budget. As noted above, at the end of each year, the budget is reconciled against actual expenses incurred, and the Member Agencies are credited or billed for the difference between budgeted and actual expenses for the given year. The budget process begins again with the actual expenses from the previous year(s) serving as the foundation for the next year's budget.

Section 2

PROJECT SCOPE

Carollo provided SOCWA with an analysis of its current cost apportionment methodology for each PC, and recommended potential modifications to streamline the process and increase efficiency. The focus of this TM is to review the methods by which expenses are apportioned among liquids, solids, AWT, common and recommend alternative approaches distribute costs to each PC and to the Member Agencies. This section provides information regarding the approach and scope of this study, as well as an explanation of historical cost distributions.

Carollo met with SOCWA staff to assess needs and request the information necessary to conduct a thorough and supportable analysis. Proposed adjustments to SOCWA's existing cost distribution methods were discussed with SOCWA staff, and feedback was considered in Carollo's proposed recommendations. The resulting operational cost distribution recommendations and accompanying model provides SOCWA with an improved platform for budget preparation.

Carollo's analysis is based on available data and relied on aggregated data provided by SOCWA for evaluation of labor and incurred expenses. Carollo developed a budget model using Microsoft Excel to facilitate adjustments to the budget data and to analyze the impacts. This model uses the FY 2017-18 budget data and allows for adjustments to apportionments and functional categories of expense accounts to estimate budget impacts. Figure 1 illustrates the focus of Carollo's review of the Operational Cost Distributions.

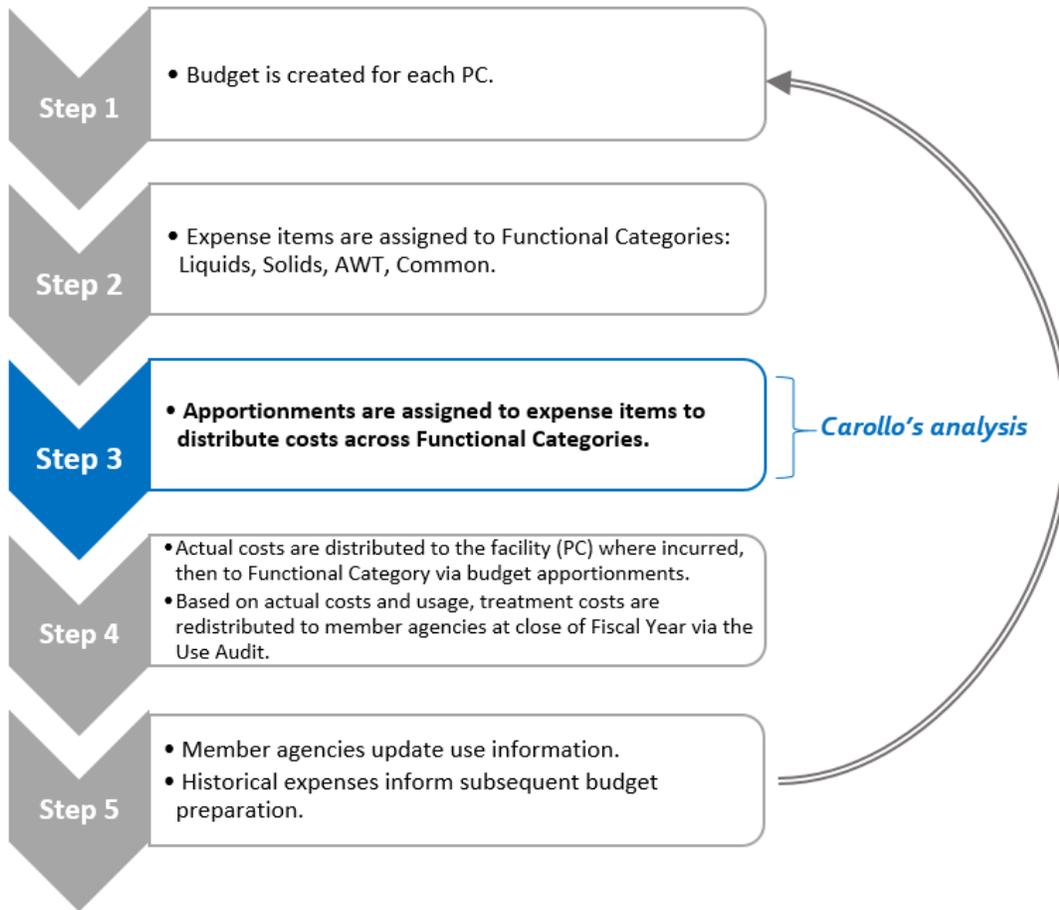


Figure 1 Operational Cost Distribution Analysis Project Scope

2.1 SOCWA Budget Process and Terminology

In Fiscal Year 2017-2018, SOCWA’s operations and maintenance budget was \$18.0 million (per the Fiscal Year 2017-18 Total Operating Budget Report, Approved June 14, 2017). Table 3 shows the budget by PC. Carollo’s proposed adjustments to the apportionment methodology do not alter SOCWA’s overall budget or the budget for each PC. However, the proposed changes do change the overall dollar amounts payable by each Member Agency.

Table 3 Budget Breakdown by PC

PC #	Description	FY 17-18 Budget
2	JB Latham Treatment Plant	\$5,689,556
5	San Juan Creek Ocean Outfall	\$475,884
8	Pre-Treatment	\$192,224
12	Recycled Water Permits	\$244,872
15	Coastal Treatment Plant	\$3,000,388
17	Regional Treatment Plant	\$7,849,616
21	Effluent Transmission Main	\$63,224
24	Aliso Creek Ocean Outfall	\$474,196
TOTAL BUDGET		\$17,989,960

Source: Fiscal Year 2017-18 Total Operating Budget Report (Approved June 14, 2017)

2.1.1 Functional Categories

Functional Categories are the process areas within each PC that benefit from the specific expense. The primary Functional Categories include:

- **Solids** – Expenses that benefit wastewater solids processes measured based on TSS and BOD as pounds per day of treated solids.
- **Liquids** – Expenses that benefit wastewater liquids processes measured based on delivered wastewater flows. Measurement may be by metered flow or assumed flows.
- **Advanced Water Treatment (AWT)** – Expenses related to advanced water treatment processes. AWT units are 100% cost distributed to single member agencies.
- **Common** – Expenses that are specific only to the overall facility and neither specifically liquids, solids, nor AWT treatment process related.
- **Outfall, Fixed** – Expenses that are accrued by the outfall’s operation, regardless of flow.
- **Outfall, Variable** – Expenses that are accrued by the outfall’s operation, based on the amount of flow.

The Functional Categories that apply to each PC are identified in Appendix B.

2.1.2 Apportionment Basis

An Apportionment Basis is a group of similar actions identified for distribution of like costs. The proposed apportionments cover 22 different basic expenses and distribute costs across one or more Functional Categories (i.e. liquids, solids, AWT, common).

Table 4 lists the Apportionment Basis used in SOCWA’s budgeting process. In the table, the Apportionment Basis shows grouping and color based on similarity of expenses. For example, the blue grouping includes staffing and timecard-related expenses. The green grouping includes expenses related to a single function within a given facility. The yellow grouping includes consumables and other expenses that are distributed into functional categories based on metering, equipment and understanding of purpose for costs incurred.

Table 4 Apportionment Basis Definitions

Apportionment Basis	Definition
Labor - Actual Use	Apportioned using staff's actual timecard inputs.
Labor - Allocation	Apportioned using actual (timecard) percentages.
Labor - Overtime	Apportioned using actual (timecard) percentages of overtime.
Actual Use - Bills Coded	Distributed based on actual bills coded by PC and functional area for payment (dollar amounts). This is rarely used during the budget process, but is used during the use audit to reconcile specific expenses.
Common	Apportionment to solely common purposes. Split equally between common liquids and common solids.
Solids	Cost incurred only for solid processes.
Liquids	Cost incurred only for liquid processes.
AWT	Cost incurred only for AWT processes.
Outfall – Fixed	Cost incurred without relationship to flow volume identified as fixed. Applies only to outfalls (PC5 & PC24).
Outfall - Variable	Costs incurred with relationship to flow volume. Applies only to outfalls (PC5 & PC24).
ETM	Operational Cost applies only to effluent transmission main (PC21) with a 2/3 and 1/3 split between Reach B/C/D and Reach E, respectively.
Electricity	Apportioned to functional area based on horsepower and of equipment run times.
Natural Gas	Apportioned to functional area based on the metering of large equipment.
Potable & Reclaimed Water	Apportioned to functional area based on past engineering studies and staff estimates. ⁽¹⁾
Chlorine/Sodium Hypochlorite	Apportioned to functional area based on tracked AWT and RAS usage.
Ferric Chloride	Apportioned to functional area based on an estimate of benefit to processing.
Odor Control Chemicals	Apportioned based on airflows to system by source.
Laboratory	Apportioned based on actual laboratory expenses.
Petroleum Products	Apportioned based on HP of equipment run times.
Recycled Water Permitting	Applies only to PC12, which apportions 50% of costs to Recycled Water Produced in Region 9 and 50% Equally.
Insurance	PC8 insurance costs are distributed equally across all member agencies. All other PC property insurance costs are included in "Common" costs apportionments.

Notes:

(1) JB Latham Treatment Plant was analyzed by Pace in 2014.

For Budget preparation, expenses with a given Apportionment Basis are distributed into Functional Categories based on a percentage allotment varying up to 100%. The percentage allotment for each Apportionment Basis can vary by facility as each facility is of differing age, operating equipment and construction. The following examples are meant to illustrate how this is done for some of the distributions:

- Labor distributions by PC and functional area is budgeted each year based on the prior year actuals. "Labor – Actual Use" is apportioned based on the timesheet inputs of staff at each PC. As examples, this may be 45% Solids, 35% Liquids, 10% Common Solids, and 10% Common Liquids for PC2 (JB Latham WWTP), but could be 75% Solids, 0% Liquids, 25% Common Liquids, and 0% Common Liquids at PC17 (Regional WWTP) reflective of the services provided by staff.
- Consumables such as chemicals are estimated for budgeting based on prior year actual and any planned changes in plant operations. Consumables are distributed based on area of benefit to plant operations. As an example, "Ferric Chloride" is distributed based on the primary benefit it provides at a given PC. The specific use of the ferric chloride chemical varies due to the difference in plant processes. For PC 2 (JB Latham WWTP) it is 100% Solids, 100% Liquids at PC15 (Costal WWTP), and 80% Solids and 20% Liquids at PC17 (Regional WWTP).
- Metered utilities are budgeted based on prior year actual and any planned changes in plant operations. Metered utilities are distributed based on analysis of available data as to equipment usage. As an example, "Electricity" is distributed based on an analysis of equipment run times. The horsepower rating of major equipment is used to estimate the portion of energy consumed by each process within each plant.

Appendix B includes summary tables of the percentage apportionments of each Apportionment Basis to Functional Categories for each PC for the FY 18 budget.

Figure 2 illustrates the apportionment process for a sample expense. In this example, "Landscaping" expense is assigned the Apportionment Basis "Common". "Common" expenses are distributed 50/50 to liquids and solids ownership percentages as determined by the applicable PC capacity shares.

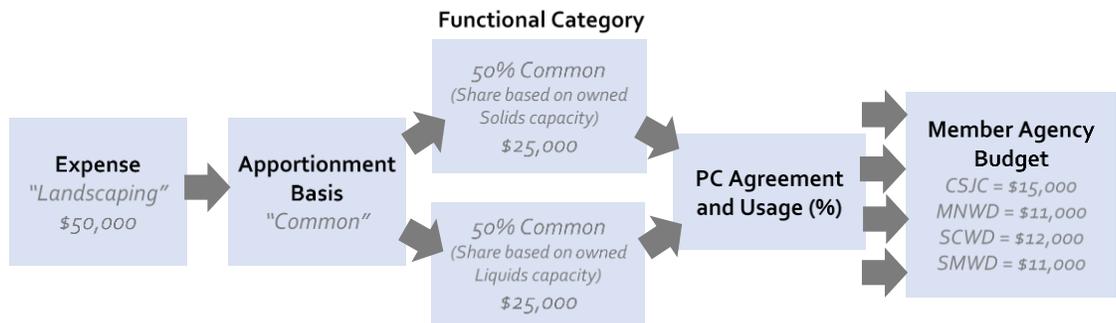


Figure 2 Cost Apportionment Process Example

Section 3

RECOMMENDED APPORTIONMENT CHANGES

Carollo’s proposed adjustments to SOCWA’s cost apportionment methodology is designed to more equitably distribute expenses based on their areas of provided benefit. As a result, some PCs see small changes while others will see greater shifts among apportionments to Functional Categories and corresponding Member Agency funding requirements. The proposed adjustments are presented in the tables below.

3.1 Treatment Plant Changes

Certain expenses have recommended apportionment changes that are constant across the three treatment plant PCs. Table 5 presents proposed apportionment basis changes that are consistent for all treatment plants (JB Latham, Coastal, and Regional).

Table 5 Proposed Apportionment Changes for Treatment Plant PCs

Account Code	Expense	Current Apportionment	Proposed Apportionment	Reasoning
5700	Standby Pay	Labor – Allocation	Common	Pay is not dependent on process that requires work.
5021	Small Vehicle Expense	Labor – Allocation	Common	Benefits entire plant equally, not reflective of timesheets
5026	Small Vehicle Fuel	Labor – Allocation	Common	Benefits entire plant equally, not reflective of timesheets
5033	Recruitment	Labor – Allocation	Common	Benefits entire plant equally, not reflective of timesheets
5061	Mileage	Labor – Allocation	Common	Benefits entire plant equally, not reflective of timesheets

For account codes 5014 (Engineering Misc.), 5015 (Management Support Services), 5016 (Audit Environmental), and 5017 (Legal Fees), we recommend these remain “Common” for budgeting purposes, to provide staff the flexibility to distribute charges to agencies or specific functions as needed during the Use Audit process.

3.2 Ocean Outfall Changes

The apportionment methodology changes are the same for both outfalls (San Juan Creek and Aliso Creek). After discussions with staff and member agencies, it was decided that, for budgeting purposes, all outfall expenses will be assigned the “Outfall – Fixed” Apportionment Basis because most expenses accrued by the outfall PCs occur regardless of the amount of flow through the outfall.

However, permit expenses may potentially be apportioned differently in the future. SOCWA staff developed a memo that examines potential options for outfall flow capacity costs to meet requests from the SOCWA Board. This memo is included in Appendix D. These examinations and calculations are outside the scope of Carollo’s analysis and are included here for reference only.

An additional apportionment methodology change is to consolidate Apportionment Basis in the Outfall PCs. The current budgeting process for outfalls utilizes three Apportionment Basis to distribute expenses to Member Agencies; "Fixed", "Variable – 5%", and "Variable – 95%". The Apportionment Basis "Fixed" and "Variable – 5%" have identical Member Agency distributions, and the division of variable expenses into two categories provides no observed benefit to the distribution of costs. Carollo recommends that "Variable – 5%" and "Variable – 95%" be consolidated into a single "Variable" Apportionment Basis to simplify the cost apportionment process.

Table 6 lists the expenses that were previously assigned the "Variable – 95%" Apportionment Basis for one or both of the two outfall PCs. It is proposed that all of these expenses are changed to the "Outfall – Fixed" Apportionment Basis.

Table 6 Proposed Apportionment Changes for Outfalls

Account Code	Expense	Current Apportionment ⁽²⁾	Proposed Apportionment	Reasoning
5000	Regular Salaries – O&M	Variable	Fixed	Not dependent on amount of flow
5001	Overtime Salaries	Variable	Fixed	Not dependent on amount of flow
5302	Performance-Based Merit Pay	Variable	Fixed	Not dependent on amount of flow
5306	Scheduled Holiday Work	Variable	Fixed	Not dependent on amount of flow
5307	Weekend Shift Pay	Variable	Fixed	Not dependent on amount of flow
5315	Comp Time – O&M	Variable	Fixed	Not dependent on amount of flow
5401	Fringe Benefits	Variable	Fixed	Not dependent on amount of flow
5700	Standby Pay	Variable	Fixed	Not dependent on amount of flow
5011	Laboratory Services	Variable	Fixed	Not dependent on amount of flow
5014	Engineering – Misc. ⁽¹⁾	Variable	Fixed	Not dependent on amount of flow
5015	Management Support Services ⁽¹⁾	Variable	Fixed	Not dependent on amount of flow
5017	Legal Fees ⁽¹⁾	Variable	Fixed	Not dependent on amount of flow
5031	Safety Program & Supplies	Variable	Fixed	Not dependent on amount of flow
5034	Travel Expense/Tech. Conferences	Variable	Fixed	Not dependent on amount of flow
5036	Laboratory Supplies	Variable	Fixed	Not dependent on amount of flow
5044	Offshore Monitoring	Variable	Fixed	Not dependent on amount of flow
5045	Offshore Biochemistry - 20B	Variable	Fixed	Not dependent on amount of flow
5046	Effluent Chemistry	Variable	Fixed	Not dependent on amount of flow
5058	Maintenance Equip. & Facilities (Common)	Variable	Fixed	Not dependent on amount of flow
5301	Vehicle Pay	Variable	Fixed	Not dependent on amount of flow
5305	Medicare Tax Payments for Employees	Variable	Fixed	Not dependent on amount of flow
5705	Monthly Car Allowance	Variable	Fixed	Not dependent on amount of flow
6500	IT Allocations in to PC's & Depts.	Variable	Fixed	Not dependent on amount of flow

Notes:

- (1) For account codes 5014 (Engineering Misc.), 5015 (Management Support Services), and 5017 (Legal Fees), and any other line items that are identified specifically to an agency that is functionally specific, we recommend that staff should retain the flexibility to distribute charges to agencies or specific functions as needed during the Use Audit process.
- (2) O&M Costs Apportionment (Variable) – Current variable O&M costs for the Outfall are determined on the basis of the average annual flows of each PC Member in a fiscal year apportioned to each PC Member based on the following formula: (a) 5% variable cost component calculated by multiplying 5% of the total variable cost by the ownership percentage and this can be considered a "fixed cost". (b) 95% variable cost component calculated by multiplying 95% of the total variable cost by the average Outfall flows for the preceding calendar year.

3.3 PC-Specific Changes

Several recommended changes are unique to a particular facility (PC) For example, both Coastal and Regional Treatment Plants have changes for a few Apportionment Basis percentages.

J.B. Latham Plant (PC2)

- Ferric Chloride costs at this facility are used to benefit the digester gas processes. Therefore, these costs should be apportioned 100% to the solids Functional Category. The current apportionment is 80% to liquids and 20% to solids. (This change was implemented in the FY18-19 budget based on the results of the Budget Workshop process and by approval of the Board.)
- In general, electricity apportionments are determined based on equipment usage and run times. It is recommended that the calculation for electricity and natural gas at this facility be performed annually with the preparation of the budget.

Coastal Treatment Plant (PC15)

- In general, electricity apportionments are determined based on equipment usage and run times. For the Coastal Treatment Plant, the AWT facility is metered separately to South Coast Water District (SCWD) and paid for by SCWD. Accordingly, the current electricity distribution should be revised to 100% liquids.
- In general, natural gas is apportioned based on gas metering for large equipment at each facility. The AWT facility is metered separately to South Coast Water District (SCWD) and paid for by SCWD. Accordingly, the current gas distribution should be revised to 50% liquids and 50% common.
- It is recommended that the calculation electricity and natural gas at this facility be performed annually with the preparation of the budget.
- Unlike PC2 and PC17, the “Ferric Chloride” costs at this facility are for odor control and are 100% liquids costs. No change is needed, since the apportionment basis already reflects this.

Table 7 illustrates the changes made to “Electricity” and “Natural Gas” Apportionment Basis at PC15 (Coastal WWTP).

Table 7 PC15 Functional Category Changes by Apportionment Basis

Basis	Current			Proposed		
	Liquids	AWT	C/Liquids	Liquids	AWT	C/Liquids
Electricity	94%	2.5%	3.5%	100%	-	-
Natural Gas	95%	-	5%	50%	-	50%

Regional Treatment Plant (PC17)

- Ferric Chloride costs at this facility are used to benefit the digester gas processes (similar to PC2). Therefore, these costs should be apportioned 100% to the solids Functional Category. The current apportionment is 80% to liquids and 20% to solids.
- In general, electricity apportionments are determined based on equipment usage and run times. It is recommended that the calculation electricity and natural gas at this facility be performed annually with the preparation of the budget.

Table 8 shows the recommended change for PC 17 “Ferric Chloride” Apportionment Basis.

Table 8 PC17 Functional Category Changes to Apportionment Basis

Basis	Current		Proposed	
	Liquids	Solids	Liquids	Solids
Ferric Chloride	80%	20%	-	100%

Remaining PCs

In addition to treatment plants and outfalls, the apportionment methodologies for PC8 (Pre-Treatment), PC12 (Permits), and PC21 (ETM) were examined. No changes to the cost apportionment approach are recommended for these PCs.

Section 4

RESULTS

The proposed changes to the cost apportionment method results in the redistribution of expense budgets across Functional Categories, due to changes in Apportionment Basis and PC-specific alterations. This section presents the redistribution of expense budgets by Apportionment Basis, Functional Category, and finally by Member Agency.

4.1 Results by Apportionment Basis

The proposed apportionment methodology revisions reassign certain expenses to a new Apportionment Basis, as described in the previous sections. Table 9 provides details of expenses by Apportionment Basis for each PC before proposed changes were applied. Table 10 shows expenses by Apportionment Basis for each PC after the proposed changes were applied. Finally, Table 11 illustrates the difference between the two, with negative (red) values indicating less expense was distributed to that basis after the proposed revisions (a decrease in budget), and positive (black) values indicating that more expense was distributed to that basis after the proposed revisions (an increase in budget). These proposed adjustments do not change the total budget for any PC, however, the proposed changes do alter the dollar amounts among Apportionment Basis within each PC.

Of the original FY 17-18 budget, the majority of the costs were in Apportionment Basis “Labor – Actual Use” (24%), followed by “Labor – Allocation” (20%), “Solids” (13%), and “Common” (13%). After implementing the proposed changes, these total percentages change only slightly, however these basis remain the largest in terms of total expenses.

After the proposed changes, “Outfall – Fixed” increased by 2.9% (\$524,067), while “Outfall – Variable” decreased by the same amounts. And “Common” increased by 0.7% (\$130,699), which resulted from decreases to “Labor – Actual Use” by -0.3% (-\$46,666) and “Labor – Allocation” by -0.5% (-\$84,033).

Table 9 Expenses by Apportionment Basis Before Proposed Changes

Apportionment Basis	PC2	PC5	PC8	PC12	PC15	PC17	PC21	PC24	Total Expenses	%
Labor - Actual Use	\$ 1,428,833	\$ -	\$ 85,113	\$ 50,586	\$ 875,443	\$ 1,819,549	\$ -	\$ -	\$ 4,259,524	23.7%
Labor - Allocation	\$ 1,085,752	\$ -	\$ 61,961	\$ 37,238	\$ 658,668	\$ 1,675,422	\$ -	\$ -	\$ 3,519,041	19.6%
Labor - Overtime	\$ 22,110	\$ -	\$ -	\$ -	\$ 11,121	\$ 39,345	\$ -	\$ -	\$ 72,576	0.4%
Actual Use - Bills Coded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Common	\$ 811,307	\$ -	\$ 40,427	\$ -	\$ 555,654	\$ 951,232	\$ -	\$ -	\$ 2,358,620	13.1%
Solids	\$ 1,265,000	\$ -	\$ -	\$ -	\$ -	\$ 1,142,000	\$ -	\$ -	\$ 2,407,000	13.4%
Liquids	\$ 280,000	\$ -	\$ -	\$ -	\$ 327,000	\$ 307,000	\$ -	\$ -	\$ 914,000	5.1%
AWT	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ 58,996	\$ -	\$ -	\$ 93,996	0.5%
Outfall - Fixed	\$ -	\$ 166,373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,642	\$ 426,015	2.4%
Outfall - Variable	\$ -	\$ 309,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,576	\$ 524,067	2.9%
ETM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,231	\$ -	\$ 63,231	0.4%
Electricity	\$ 524,000	\$ -	\$ -	\$ -	\$ 283,000	\$ 675,000	\$ -	\$ -	\$ 1,482,000	8.2%
Natural Gas	\$ 65,000	\$ -	\$ -	\$ -	\$ 3,000	\$ 141,000	\$ -	\$ -	\$ 209,000	1.2%
Potable & Reclaimed Water	\$ 15,000	\$ -	\$ -	\$ -	\$ 13,000	\$ 34,000	\$ -	\$ -	\$ 62,000	0.3%
Chlorine/Sodium Hypochlorite	\$ 28,000	\$ -	\$ -	\$ -	\$ 100,000	\$ 350,000	\$ -	\$ -	\$ 478,000	2.7%
Polymer Products	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 406,000	\$ -	\$ -	\$ 408,000	2.3%
Ferric Chloride	\$ 100,000	\$ -	\$ -	\$ -	\$ 30,000	\$ 125,000	\$ -	\$ -	\$ 255,000	1.4%
Odor Control Chemicals	\$ 25,000	\$ -	\$ -	\$ -	\$ 85,000	\$ 50,000	\$ -	\$ -	\$ 160,000	0.9%
Laboratory	\$ 23,500	\$ -	\$ 2,500	\$ -	\$ 19,504	\$ 33,020	\$ -	\$ -	\$ 78,524	0.4%
Petroleum Products	\$ 16,000	\$ -	\$ -	\$ -	\$ 2,000	\$ 42,000	\$ -	\$ -	\$ 60,000	0.3%
Recycled Water Permits	\$ -	\$ -	\$ -	\$ 157,083	\$ -	\$ -	\$ -	\$ -	\$ 157,083	0.9%
Insurance	\$ -	\$ -	\$ 2,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,199	0.0%
Rounding	\$ 54	\$ 20	\$ 24	\$ (35)	\$ (2)	\$ 53	\$ (7)	\$ (22)	\$ 85	
Total	\$ 5,689,556	\$ 475,884	\$ 192,224	\$ 244,872	\$ 3,000,388	\$ 7,849,617	\$ 63,224	\$ 474,196	\$ 17,989,961	100.0%

*Rounding values from Fiscal Year 2017-18 Total Operating Budget Report, Approved June 14, 2017

Table 10 Expenses by Apportionment Basis After Proposed Changes

Apportionment Basis	PC2	PC5	PC8	PC12	PC15	PC17	PC21	PC24	Total Expenses	%
Labor - Actual Use	\$ 1,405,500	\$ -	\$ 85,113	\$ 50,586	\$ 852,110	\$ 1,819,549	\$ -	\$ -	\$ 4,212,858	23.4%
Labor - Allocation	\$ 1,060,252	\$ -	\$ 61,961	\$ 37,238	\$ 645,468	\$ 1,630,089	\$ -	\$ -	\$ 3,435,008	19.1%
Labor - Overtime	\$ 22,110	\$ -	\$ -	\$ -	\$ 11,121	\$ 39,345	\$ -	\$ -	\$ 72,576	0.4%
Actual Use - Bills Coded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Common	\$ 860,140	\$ -	\$ 40,427	\$ -	\$ 592,187	\$ 996,565	\$ -	\$ -	\$ 2,489,319	13.8%
Solids	\$ 1,265,000	\$ -	\$ -	\$ -	\$ -	\$ 1,142,000	\$ -	\$ -	\$ 2,407,000	13.4%
Liquids	\$ 280,000	\$ -	\$ -	\$ -	\$ 327,000	\$ 307,000	\$ -	\$ -	\$ 914,000	5.1%
AWT	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ 58,996	\$ -	\$ -	\$ 93,996	0.5%
Outfall - Fixed	\$ -	\$ 475,864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 474,218	\$ 950,082	5.3%
Outfall - Variable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
ETM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,231	\$ -	\$ 63,231	0.4%
Electricity	\$ 524,000	\$ -	\$ -	\$ -	\$ 283,000	\$ 675,000	\$ -	\$ -	\$ 1,482,000	8.2%
Natural Gas	\$ 65,000	\$ -	\$ -	\$ -	\$ 3,000	\$ 141,000	\$ -	\$ -	\$ 209,000	1.2%
Potable & Reclaimed Water	\$ 15,000	\$ -	\$ -	\$ -	\$ 13,000	\$ 34,000	\$ -	\$ -	\$ 62,000	0.3%
Chlorine/Sodium Hypochlorite	\$ 28,000	\$ -	\$ -	\$ -	\$ 100,000	\$ 350,000	\$ -	\$ -	\$ 478,000	2.7%
Polymer Products	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 406,000	\$ -	\$ -	\$ 408,000	2.3%
Ferric Chloride	\$ 100,000	\$ -	\$ -	\$ -	\$ 30,000	\$ 125,000	\$ -	\$ -	\$ 255,000	1.4%
Odor Control Chemicals	\$ 25,000	\$ -	\$ -	\$ -	\$ 85,000	\$ 50,000	\$ -	\$ -	\$ 160,000	0.9%
Laboratory	\$ 23,500	\$ -	\$ 2,500	\$ -	\$ 19,504	\$ 33,020	\$ -	\$ -	\$ 78,524	0.4%
Petroleum Products	\$ 16,000	\$ -	\$ -	\$ -	\$ 2,000	\$ 42,000	\$ -	\$ -	\$ 60,000	0.3%
Recycled Water Permits	\$ -	\$ -	\$ -	\$ 157,083	\$ -	\$ -	\$ -	\$ -	\$ 157,083	0.9%
Insurance	\$ -	\$ -	\$ 2,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,199	0.0%
Rounding	\$ 54	\$ 20	\$ 24	\$ (35)	\$ (2)	\$ 53	\$ (7)	\$ (22)	\$ 85	
Total	\$ 5,689,556	\$ 475,884	\$ 192,224	\$ 244,872	\$ 3,000,388	\$ 7,849,617	\$ 63,224	\$ 474,196	\$ 17,989,961	100.0%

*Rounding values from Fiscal Year 2017-18 Total Operating Budget Report, Approved June 14, 2017

Table 11 Impacts on Expenses by Apportionment Basis After Proposed Changes

Apportionment Basis	PC2	PC5	PC8	PC12	PC15	PC17	PC21	PC24	Change in Total Expenses	%
Labor - Actual Use	\$ (23,333)	\$ -	\$ -	\$ -	\$ (23,333)	\$ -	\$ -	\$ -	\$ (46,666)	-0.3%
Labor - Allocation	\$ (25,500)	\$ -	\$ -	\$ -	\$ (13,200)	\$ (45,333)	\$ -	\$ -	\$ (84,033)	-0.5%
Labor - Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Actual Use - Bills Coded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Common	\$ 48,833	\$ -	\$ -	\$ -	\$ 36,533	\$ 45,333	\$ -	\$ -	\$ 130,699	0.7%
Solids	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Liquids	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
AWT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Outfall - Fixed	\$ -	\$ 309,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,576	\$ 524,067	2.9%
Outfall - Variable	\$ -	\$ (309,491)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (214,576)	\$ (524,067)	-2.9%
ETM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Electricity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Natural Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Potable & Reclaimed Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Chlorine/Sodium Hypochlorite	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Polymer Products	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Ferric Chloride	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Odor Control Chemicals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Laboratory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Petroleum Products	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Recycled Water Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Total Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Budget Increase / (Budget Decrease)

4.2 Results by Functional Category

The proposed revisions to the cost apportionment methodology results in the redistribution of expenses across Functional Categories, which correspondingly results in changes to the total costs billed to Member Agencies. Table 12 provides detail of expenses distributed by Functional Category prior to the proposed changes. Table 13 shows expenses by Functional Category after the proposed changes were implemented. Table 14 illustrates the difference between the two, with negative (red) values indicating less expense was distributed to that category after the proposed revisions (a decrease in budget), and positive (black) values indicating that more expense was distributed to that category after the proposed revisions (an increase in budget).

These proposed adjustments do not change the total budget for any PC, however, the proposed changes do alter the dollar amounts among Functional Categories within each PC. Because no changes were made to PC8, PC12, and PC21, the Functional Categories for these PCs were grouped in the "All Others" column to simplify the tables.

The proposed changes have a net reduction in Liquids, AWT, and Outfall Flows Functional Categories, and a net increase in Solids, Common, and Capacity Functional Categories. The largest shift occurs at the outfalls (PC5 and PC24) due to the many changes described in Section 3.2 (Ocean Outfall Changes) and Table 6.

Table 12 Expenses by Functional Category Before Proposed Changes

	Treatment Plants					Outfalls		Others	Rounding	PC Total
	Solids	Liquids	AWT	C/Solids	C/Liquids	Outfall Flow	Capacity	All Others		
PC2 JB Latham WWTP	\$2,500,731	\$1,993,963		\$ 597,404	\$ 597,404				\$ 54	\$ 5,689,556
PC5 San Juan Creek Outfall						\$ 309,491	\$ 166,373		\$ 20	\$ 475,884
PC8 Pre-Treatment								\$ 192,200	\$ 24	\$ 192,224
PC12 Recycled Water Permits								\$ 244,907	\$ (35)	\$ 244,872
PC15 Coastal WWTP		\$1,680,516	\$ 378,466		\$ 941,408				\$ (2)	\$ 3,000,388
PC17 Regional WWTP	\$3,529,815	\$2,175,392	\$ 858,752	\$ 641,698	\$ 643,908				\$ 53	\$ 7,849,617
PC21 ETM								\$ 63,231	\$ (7)	\$ 63,224
PC24 Aliso Creek Outfall						\$ 214,576	\$ 259,642		\$ (22)	\$ 474,196
Functional Category Total	\$6,030,546	\$5,849,871	\$1,237,218	\$1,239,101	\$2,182,720	\$ 524,067	\$ 426,015	\$ 500,338	\$ 85	\$ 17,989,961

Table 13 Expenses by Functional Category After Proposed Changes

	Treatment Plants					Outfalls		Others	Rounding	PC Total
	Solids	Liquids	AWT	C/Solids	C/Liquids	Outfall Flow	Capacity	All Others		
PC2 JB Latham WWTP	\$ 2,511,761	\$ 1,963,795		\$ 606,973	\$ 606,973				\$ 54	\$ 5,689,556
PC5 San Juan Creek Outfall						\$ -	\$ 475,864		\$ 20	\$ 475,884
PC8 Pre-Treatment								\$ 192,200	\$ 24	\$ 192,224
PC12 Recycled Water Permits								\$ 244,907	\$ (35)	\$ 244,872
PC15 Coastal WWTP		\$ 1,673,313	\$ 366,642		\$ 960,436				\$ (2)	\$ 3,000,388
PC17 Regional WWTP	\$ 3,541,700	\$ 2,132,453	\$ 849,268	\$ 661,967	\$ 664,177				\$ 53	\$ 7,849,617
PC21 ETM								\$ 63,231	\$ (7)	\$ 63,224
PC24 Aliso Creek Outfall						\$ -	\$ 474,218		\$ (22)	\$ 474,196
Functional Category Total	\$6,053,460	\$5,769,561	\$1,215,910	\$1,268,940	\$2,231,585	\$ -	\$ 950,082	\$ 500,338	\$ 85	\$ 17,989,961

*Rounding values from Fiscal Year 2017-18 Total Operating Budget Report, Approved June 14, 2017

Table 14 Impacts on Expenses by Functional Category After Proposed Changes

	Treatment Plants					Outfalls		Others	PC Total Change
	Solids	Liquids	AWT	C/Solids	C/Liquids	Outfall Flow	Capacity	All Others	
PC2 JB Latham WWTP	\$ 11,029	\$ (30,168)		\$ 9,569	\$ 9,569				\$ -
PC5 San Juan Creek Outfall						\$ (309,491)	\$ 309,491		\$ -
PC8 Pre-Treatment									\$ -
PC12 Recycled Water Permits									\$ -
PC15 Coastal WWTP		\$ (7,203)	\$ (11,824)		\$ 19,027				\$ -
PC17 Regional WWTP	\$ 11,885	\$ (42,939)	\$ (9,484)	\$ 20,269	\$ 20,269				\$ -
PC21 ETM									\$ -
PC24 Aliso Creek Outfall						\$ (214,576)	\$ 214,576		\$ -
Total Functional Category Change	\$ 22,915	\$ (80,310)	\$ (21,308)	\$ 29,838	\$ 48,866	\$ (524,067)	\$ 524,067		\$ -

Budget Increase / (Budget Decrease)

4.3 Results by Member Agency Budget

The proposed cost apportionment methodology revisions have no impact on the total budget for any PC. However, the proposed changes do result in a redistribution of costs among Member Agency budgets within each PC. Table 15 shows the current budget breakdown by Member Agency and PC for FY 17-18, without any of the proposed changes.

Table 16 shows a revised FY 17-18 budget by agency and PC, based on the proposed changes discussed in this TM. Table 17 shows the difference between the two, with negative (red) values indicating less expense was distributed to that member agency after the proposed revisions (a decrease in budget), and positive (black) values indicating that more expense was distributed to that member agency after the proposed revisions (an increase in budget).

The total expense impacts for each PC and Member Agency is the result of the proposed changes made to Apportionment Basis and Functional Categories as described in the previous sections of this TM. After the proposed changes, Regional Treatment Plant (PC17) experiences the largest impacts to the distribution of expenses across Member Agencies. The outfalls (PC5 and PC24) also experience large shifts in the distribution of expenses among Member Agencies due to the Apportionment Basis changes that re-distribute many outfall expenses from "Variable" to "Fixed" Apportionment Basis.

Table 15 Cost Summary by PC Before Apportionment Changes (FY18)

Member Agency	PC2 J.B. Latham	PC5 SJCOO	PC8 Pre-Treatment	PC12 Recycled Water Permits	PC15 Coastal	PC17 Regional	PC21 ETM	PC24 ACOO	Total
City of San Juan Capistrano	\$ 1,505,172	\$ 74,716	\$ 14,692	\$ 24,620					\$ 1,619,200
Moulton Niguel Water District	\$ 1,034,700	\$ 75,632	\$ 41,668	\$ 67,800	\$ 275,196	\$ 6,298,376	\$ 11,144	\$ 174,428	\$ 7,978,944
South Coast Water District	\$ 1,311,176	\$ 65,344	\$ 33,684	\$ 27,984	\$ 1,360,664	\$ 358,752		\$ 46,496	\$ 3,204,100
Santa Margarita Water District	\$ 1,838,508	\$ 173,280	\$ 44,136	\$ 74,320					\$ 2,130,244
El Toro Water District			\$ 9,184			\$ 654,264	\$ 26,040	\$ 94,584	\$ 784,072
Irvine Ranch Water District			\$ 18,488	\$ 25,324			\$ 26,040	\$ 92,284	\$ 162,136
City of San Clemente		\$ 86,912	\$ 15,636						\$ 102,548
Trabuco Canyon Water District				\$ 24,824					\$ 24,824
Emerald Bay Service District			\$ 1,956		\$ 55,732	\$ 16,864		\$ 3,080	\$ 77,632
City of Laguna Beach			\$ 12,780		\$ 1,308,796	\$ 521,360		\$ 63,324	\$ 1,906,260
Total PC Budget	\$ 5,689,556	\$ 475,884	\$ 192,224	\$ 244,872	\$ 3,000,388	\$ 7,849,617	\$ 63,224	\$ 474,196	\$ 17,989,961

Table 16 Cost Summary by PC After Apportionment Changes (FY18)

Member Agency	PC2 J.B. Latham	PC5 SJCOO	PC8 Pre-Treatment	PC12 Recycled Water Permits	PC15 Coastal	PC17 Regional	PC21 ETM	PC24 ACOO	Total
City of San Juan Capistrano	\$ 1,507,203	\$ 52,726	\$ 14,684	\$ 24,620					\$ 1,599,233
Moulton Niguel Water District	\$ 1,036,853	\$ 73,807	\$ 41,665	\$ 67,798	\$ 280,447	\$ 6,277,327	\$ 11,143	\$ 207,936	\$ 7,996,975
South Coast Water District	\$ 1,311,795	\$ 59,340	\$ 33,685	\$ 27,992	\$ 1,352,853	\$ 363,633		\$ 58,376	\$ 3,207,674
Santa Margarita Water District	\$ 1,833,652	\$ 210,903	\$ 44,135	\$ 74,330					\$ 2,163,019
El Toro Water District			\$ 9,174			\$ 663,230	\$ 26,044	\$ 77,307	\$ 775,756
Irvine Ranch Water District			\$ 18,484	\$ 25,335			\$ 26,044	\$ 74,735	\$ 144,599
City of San Clemente		\$ 79,089	\$ 15,634						\$ 94,723
Trabuco Canyon Water District				\$ 24,832					\$ 24,832
Emerald Bay Service District			\$ 1,954		\$ 56,226	\$ 17,122		\$ 3,699	\$ 79,002
City of Laguna Beach			\$ 12,784		\$ 1,310,863	\$ 528,252		\$ 52,164	\$ 1,904,063
<i>Rounding</i>	\$ 54	\$ 20	\$ 24	\$ (35)	\$ (2)	\$ 53	\$ (7)	\$ (22)	\$ 85
Total PC Budget	\$ 5,689,556	\$ 475,884	\$ 192,224	\$ 244,872	\$ 3,000,388	\$ 7,849,617	\$ 63,224	\$ 474,196	\$ 17,989,961

*Rounding values from Fiscal Year 2017-18 Total Operating Budget Report, Approved June 14, 2017

Table 17 Total Expense Impact by PC After Apportionment Changes (FY18)

Member Agency	PC2 J.B. Latham	PC5 SJCOO	PC8 Pre-Treatment*	Recycled Water Permits*	PC15 Coastal	PC17 Regional	PC21 ETM*	PC24 ACOO	Total Change
City of San Juan Capistrano	\$ 2,031	\$ (21,990)	\$ (8)	\$ 0					\$ (19,967)
Moulton Niguel Water District	\$ 2,153	\$ (1,825)	\$ (3)	\$ (2)	\$ 5,251	\$ (21,049)	\$ (1)	\$ 33,508	\$ 18,031
South Coast Water District	\$ 619	\$ (6,004)	\$ 1	\$ 8	\$ (7,811)	\$ 4,881		\$ 11,880	\$ 3,574
Santa Margarita Water District	\$ (4,856)	\$ 37,623	\$ (1)	\$ 10					\$ 32,775
El Toro Water District			\$ (10)			\$ 8,966	\$ 4	\$ (17,277)	\$ (8,317)
Irvine Ranch Water District			\$ (4)	\$ 11			\$ 4	\$ (17,549)	\$ (17,537)
City of San Clemente		\$ (7,823)	\$ (2)						\$ (7,825)
Trabuco Canyon Water District				\$ 8					\$ 8
Emerald Bay Service District			\$ (2)		\$ 494	\$ 258		\$ 619	\$ 1,369
City of Laguna Beach			\$ 4		\$ 2,067	\$ 6,891		\$ (11,160)	\$ (2,197)
<i>Rounding</i>	\$ (54)	\$ (20)	\$ (24)	\$ 35	\$ 2	\$ (53)	\$ 7	\$ 22	\$ (85)
Change in Total PC Budget	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*Rounding may impact these values

Budget Increase / (Budget Decrease)

Appendix A

FY 2017-18 BUDGET ASSUMPTIONS

Exhibits A through H summarize the cost apportionment assumptions from the FY17-18 Budget Book. Each PC has different apportionment methods as described in the FY17-18 Budget Book to apportion costs to the Member Agencies. The applicable functional categories are specific to the processes that occur within each PC.

Exhibit A PC2 (J.B. Latham Treatment Plant) Apportionment Assumptions

		PC2 Latham WWTP				
Member Agency	Abbrev.	FY17-18 Budget Use Projections			FY17-18 Ownership	
		Solids	Liquids	Water	C/Solids	C/Liquids
City of San Juan Capistrano	CSJC	23.82%	27.50%		30.00%	30.77%
Moulton Niguel Water District	MNWD	15.24%	19.49%		21.62%	23.08%
South Coast Water District	SCWD	21.73%	23.91%		20.00%	28.84%
Santa Margarita Water District	SMWD	39.21%	29.10%		28.38%	17.31%
El Toro Water District	ETWD					
Irvine Ranch Water District	IRWD					
City of San Clemente	CSC					
Trabuco Canyon Water District	TCWD					
Emerald Bay Service District	EBSD					
City of Laguna Beach	CLB					
Total		100%	100%		100%	100%

Exhibit B PC5 (SJCOO) Apportionment Assumptions

		PC5 San Juan Creek Ocean Outfall	
		FY17-18 Budget Use	
		Projections	FY17-18 Ownership
Member Agency	Abbrev.	Outfall Flow	Capacity
City of San Juan Capistrano	CSJC	18.56%	11.08%
Moulton Niguel Water District	MNWD	16.13%	15.51%
South Coast Water District	SCWD	14.51%	12.47%
Santa Margarita Water District	SMWD	31.52%	44.32%
El Toro Water District	ETWD		
Irvine Ranch Water District	IRWD		
City of San Clemente	CSC	19.28%	16.62%
Trabuco Canyon Water District	TCWD		
Emerald Bay Service District	EBSD		
City of Laguna Beach	CLB		
Total		100%	100%

Exhibit C PC8 (Pre-Treatment) Apportionment Assumptions

		PC8 Pre-Treatment	
		FY17-18 Ownership	
Member Agency	Abbrev.	Timecard	Insurance
City of San Juan Capistrano	CSJC	7.60%	11.11%
Moulton Niguel Water District	MNWD	21.80%	11.11%
South Coast Water District	SCWD	17.60%	11.11%
Santa Margarita Water District	SMWD	23.10%	11.11%
El Toro Water District	ETWD	4.70%	11.11%
Irvine Ranch Water District	IRWD	9.60%	11.11%
City of San Clemente	CSC	8.10%	11.11%
Trabuco Canyon Water District	TCWD		
Emerald Bay Service District	EBSD	0.90%	11.11%
City of Laguna Beach	CLB	6.60%	11.11%
Total		100%	100%

Exhibit D PC12 (Recycled Water Permits) Apportionment Assumptions

		PC12 Recycled Water Permits	
		FY17-18 Budget Use Projections	FY17-18 Ownership
Member Agency	Abbrev.	Recycled Water Produced in Region 9	Equally
City of San Juan Capistrano	CSJC	3.44%	16.67%
Moulton Niguel Water District	MNWD	38.70%	16.67%
South Coast Water District	SCWD	6.19%	16.67%
Santa Margarita Water District	SMWD	44.03%	16.67%
El Toro Water District	ETWD		
Irvine Ranch Water District	IRWD	4.02%	16.67%
City of San Clemente	CSC		
Trabuco Canyon Water District	TCWD	3.61%	16.67%
Emerald Bay Service District	EBSD		
City of Laguna Beach	CLB		
Total		100%	100%

Exhibit E PC 15 (Coastal Treatment Plant) Apportionment Assumptions

		PC15 Coastal WWTP			
		FY17-18 Budget Use Projections			FY17-18 Ownership
Member Agency	Abbrev.	Solids	Liquids	AWT	C/Liquids
City of San Juan Capistrano	CSJC				
Moulton Niguel Water District	MNWD		-	-	29.2%
South Coast Water District	SCWD		41.8%	100.0%	29.9%
Santa Margarita Water District	SMWD				
El Toro Water District	ETWD				
Irvine Ranch Water District	IRWD				
City of San Clemente	CSC				
Trabuco Canyon Water District	TCWD				
Emerald Bay Service District	EBSD		1.6%	-	3.0%
City of Laguna Beach	CLB		56.6%	-	37.9%
Total		100%	100%	100%	100%

Exhibit F PC17 (Regional Treatment Plant) Apportionment Assumptions

		PC17 Regional WWTP				
		FY17-18 Budget Use Projections			FY17-18 Ownership	
Member Agency	Abbrev.	Solids	Liquids	AWT	C/Solids	C/Liquids
City of San Juan Capistrano	CSJC					
Moulton Niguel Water District	MNWD	63.58%	99.54%	100.00%	58.82%	100.00%
South Coast Water District	SCWD	8.53%	0.10%	-	8.96%	-
Santa Margarita Water District	SMWD					
El Toro Water District	ETWD	14.80%	0.19%	-	20.41%	-
Irvine Ranch Water District	IRWD					
City of San Clemente	CSC					
Trabuco Canyon Water District	TCWD					
Emerald Bay Service District	EBSD	0.37%	0.01%	-	0.59%	-
City of Laguna Beach	CLB	12.72%	0.16%	-	11.22%	-
Total		100%	100%	100%	100%	100%

Exhibit G PC21 (Effluent Transmission Main) Apportionment Assumptions

		PC21 Effluent Transmission Main FY17-18 Budget Ownership	
Member Agency	Abbrev.	Reach B/C/D	Reach E
City of San Juan Capistrano	CSJC		
Moulton Niguel Water District	MNWD	-	53.4%
South Coast Water District	SCWD		
Santa Margarita Water District	SMWD		
El Toro Water District	ETWD	50.0%	23.3%
Irvine Ranch Water District	IRWD	50.0%	23.3%
City of San Clemente	CSC		
Trabuco Canyon Water District	TCWD		
Emerald Bay Service District	EBSD		
City of Laguna Beach	CLB		
Total		100%	100%

Exhibit H PC24 (ACCO) Apportionment Assumptions

		PC24 Aliso Creek Ocean Outfall FY17-18 Budget Use Projections			FY17-18 Ownership
Member Agency	Abbrev.	Solids	Outfall Flow	AWT	Capacity
City of San Juan Capistrano	CSJC				
Moulton Niguel Water District	MNWD		27.4%		43.8%
South Coast Water District	SCWD		6.5%		12.3%
Santa Margarita Water District	SMWD				
El Toro Water District	ETWD		24.8%		16.3%
Irvine Ranch Water District	IRWD		24.4%		15.8%
City of San Clemente	CSC				
Trabuco Canyon Water District	TCWD				
Emerald Bay Service District	EBSD		0.5%		0.8%
City of Laguna Beach	CLB		16.5%		11.0%
Total			100%		100%

Appendix B

COST APPORTIONMENT BASIS

Exhibits I, J, and K provide the proposed revised cost apportionment basis specific to each PC.

Exhibit I Apportionment Basis for PC2, PC5, and PC8

Apportionment Basis	PC2 Latham WWTP					PC5 San Juan Creek Ocean Outfall				PC8 Pre-Treatment	
	Solids	Liquids	AWT	C/Solids	C/Liquids	Solids	Outfall Flows	AWT	Capacity	Timecard	Insurance
Labor - Actual Use (Dept 1)	42.2%	48.4%		4.7%	4.7%					100.0%	-
Labor - Actual Use (Dept 2)	14.8%	55.0%		15.1%	15.1%					100.0%	-
Labor - Allocation (Dept 1)	42.2%	48.4%		4.7%	4.7%					100.0%	-
Labor - Allocation (Dept 2)	14.8%	55.0%		15.1%	15.1%					100.0%	-
Labor - Overtime (Dept 1)	42.2%	48.4%		4.7%	4.7%					100.0%	-
Labor - Overtime (Dept 2)	14.8%	55.0%		15.1%	15.1%					100.0%	-
Actual Use - Bills Coded	-	-		50.0%	50.0%					100.0%	-
Common	-	-		50.0%	50.0%					100.0%	-
Solids	100.0%	-		-	-					100.0%	-
Liquids	-	100.0%		-	-					100.0%	-
AWT										100.0%	-
Outfall - Fixed									100.0%		
Outfall - Variable						100.0%			-		
ETM											
Electricity	25.0%	65.0%		5.0%	5.0%						
Natural Gas	25.0%	65.0%		5.0%	5.0%						
Potable & Reclaimed Water	50.0%	40.0%		5.0%	5.0%						
Chlorine/Sodium Hypochlorite	-	100.0%		-	-						
Polymer Products	20.0%	80.0%		-	-						
Ferric Chloride	100.0%	-		-	-						
Odor Control Chemicals	46.0%	54.0%		-	-						
Laboratory	25.0%	75.0%		-	-					100.0%	-
Petroleum Products	20.0%	80.0%		-	-						
Recycled Water Permits											
Insurance										-	100.0%

Exhibit J Apportionment Basis for PC12, PC15, and PC17

Apportionment Basis	PC12 Recycled Water Permits		PC15 Coastal WWTP				PC17 Regional WWTP					
	Recycled Water Permits	Equally	Solids	Liquids	AWT	C/Liquids	Solids	Liquids	AWT	C/Solids	C/Liquids	
Labor - Actual Use (Dept 1)	50.0%	50.0%		62.5%	13.0%		24.5%	48.0%	37.5%	8.4%	3.1%	3.1%
Labor - Actual Use (Dept 2)	50.0%	50.0%		54.3%	22.8%		22.9%	11.0%	41.5%	32.7%	7.4%	7.4%
Labor - Allocation (Dept 1)	50.0%	50.0%		62.5%	13.0%		24.5%	48.0%	37.5%	8.4%	3.1%	3.1%
Labor - Allocation (Dept 2)	50.0%	50.0%		54.3%	22.8%		22.9%	11.0%	41.5%	32.7%	7.4%	7.4%
Labor - Overtime (Dept 1)	50.0%	50.0%		62.5%	13.0%		24.5%	48.0%	37.5%	8.4%	3.1%	3.1%
Labor - Overtime (Dept 2)	50.0%	50.0%		54.3%	22.8%		22.9%	11.0%	41.5%	32.7%	7.4%	7.4%
Actual Use - Bills Coded				-	-		100.0%	-	-	-	50.0%	50.0%
Common				-	-		100.0%	-	-	-	50.0%	50.0%
Solids								100.0%	-	-	-	-
Liquids				100.0%	-		-	-	100.0%	-	-	-
AWT				-	100.0%		-	-	-	100.0%	-	-
Outfall - Fixed												
Outfall - Variable												
ETM												
Electricity				100.0%	-		-	32.8%	51.5%	5.0%	5.4%	5.4%
Natural Gas				50.0%	-		50.0%	100.0%	-	-	-	-
Potable & Reclaimed Water				90.0%	-		10.0%	56.5%	37.0%	-	-	6.5%
Chlorine/Sodium Hypochlorite				1.0%	99.0%		-	-	4.0%	96.0%	-	-
Polymer Products				43.0%	57.0%		-	82.2%	17.5%	0.3%	-	-
Ferric Chloride				100.0%	-		-	100.0%	-	-	-	-
Odor Control Chemicals				100.0%	-		-	35.0%	65.0%	-	-	-
Laboratory				50.0%	50.0%		-	25.0%	50.0%	25.0%	-	-
Petroleum Products				100.0%	-		-	92.6%	7.4%	-	-	-
Recycled Water Permits	50.0%	50.0%										
Insurance												

Exhibit K Apportionment Basis for PC21 and PC24

Apportionment Basis	PC21		PC24	
	Effluent Transmission Main		Aliso Creek Ocean Outfall	
	Reach B/C/D	Reach E	Outfall Flows	Capacity
Labor - Actual Use (Dept 1)	67.0%	33.0%		
Labor - Actual Use (Dept 2)	67.0%	33.0%		
Labor - Allocation (Dept 1)	67.0%	33.0%		
Labor - Allocation (Dept 2)	67.0%	33.0%		
Labor - Overtime (Dept 1)				
Labor - Overtime (Dept 2)				
Actual Use - Bills Coded				
Common				
Solids				
Liquids				
AWT				
Outfall - Fixed				
Outfall - Variable				
ETM	67.0%	33.0%	100%	-
Electricity				
Natural Gas				
Potable & Reclaimed Water				
Chlorine/Sodium Hypochlorite				
Polymer Products				
Ferric Chloride				
Odor Control Chemicals				
Laboratory				
Petroleum Products				
Recycled Water Permits				
Insurance				

Appendix C

BUDGET BOOK EXPENSE DETAIL

The following pages were extracted from the Fiscal Year 2017-18 Total Operating Budget Report (Approved June 14, 2017). These tables served as the basis for operating expenses used in the model and this report.

**South Orange County Wastewater Authority
FY 2017-18 Total O&M Budget by Project Committee and Member Agency**

	City of Laguna Beach	City of San Clemente	City of San Juan Capistrano	El Toro Water District	Emerald Bay Service District	Irvine Ranch Water District	Moulton Niguel Water District	Santa Margarita Water District	South Coast Water District	Trabuco Canyon Water District	Total
O&M by Project Committee and Member Agency											
PC 2 - Jay B. Latham Plant	-	-	1,505,172	-	-	-	1,034,700	1,838,508	1,311,176	-	5,689,556
PC 5 - San Juan Creek Ocean Outfall	-	86,912	74,716	-	-	-	75,632	173,280	65,344	-	475,884
PC 8 - Pretreatment Program	12,780	15,636	14,692	9,184	1,956	18,488	41,668	44,136	33,684	-	192,224
PC 12 SO- Water Reclamation Permits	-	-	24,620	-	-	25,324	67,800	74,320	27,984	24,824	244,872
PC 15 - Coastal Treatment Plant/AWT	1,308,796	-	-	-	55,732	-	275,196	-	1,360,664	-	3,000,388
PC 17 - Joint Regional Wastewater Reclamation	521,360	-	-	654,264	16,864	-	6,298,376	-	358,752	-	7,849,616
PC 21 Effluent Transmission Main	-	-	-	26,040	-	26,040	11,144	-	-	-	63,224
PC 24 - Aliso Creek Ocean Outfall	63,324	-	-	94,584	3,080	92,284	174,428	-	46,496	-	474,196
Total O&M by Project Committee and Member Agency	1,906,260	102,548	1,619,200	784,072	77,632	162,136	7,978,944	2,130,244	3,204,100	24,824	17,989,960

*Total Administration, General Fund and Residual Engineering Expenses by Member Agency (calculated page 7b)	254,912	48,280	222,026	126,355	45,426	55,106	950,593	280,571	403,591	39,376	2,426,235
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Administration, General Fund and Residual Engineering Expenses Allocation Percentages by Project Committee and Member Agency											
Project Committee											
PC 2 - Jay B. Latham Plant	-	-	93.0%	-	-	-	13.0%	86.3%	40.9%	-	31.6%
PC 5 - San Juan Creek Ocean Outfall	-	84.8%	4.6%	-	-	-	0.9%	8.1%	2.0%	-	2.6%
PC 8 - Pretreatment Program	0.7%	15.2%	0.9%	1.2%	2.5%	11.4%	0.5%	2.1%	1.1%	-	1.1%
PC 12 SO- Water Reclamation Permits	-	-	1.5%	0.0%	-	15.6%	0.8%	3.5%	0.9%	100.0%	1.4%
PC 15 - Coastal Treatment Plant/AWT	68.7%	-	-	-	71.8%	-	3.4%	-	42.5%	-	16.7%
PC 17 - Joint Regional Wastewater Reclamation	27.3%	-	-	83.4%	21.7%	-	78.9%	-	11.2%	-	43.6%
PC 21 Effluent Transmission Main	-	-	-	3.3%	-	16.1%	0.1%	-	-	-	0.4%
PC 24 - Aliso Creek Ocean Outfall	3.3%	-	-	12.1%	4.0%	56.9%	2.2%	-	1.5%	-	2.6%
Total Allocation %'s	100.0%										

Administration, General Fund and Residual Engineering Expenses by Project Committee and Member Agency											
Project Committee											
PC 2 - Jay B. Latham Plant	-	-	206,391	-	-	-	123,272	242,147	165,157	-	736,966
PC 5 - San Juan Creek Ocean Outfall	-	40,919	10,245	-	-	-	9,011	22,822	8,231	-	91,228
PC 8 - Pretreatment Program	1,709	7,361	2,015	1,480	1,145	6,284	4,964	5,813	4,243	-	35,013
PC 12 SO- Water Reclamation Permits	-	-	3,376	-	-	8,607	8,078	9,789	3,525	39,376	72,750
PC 15 - Coastal Treatment Plant/AWT	175,017	-	-	-	32,611	-	32,786	-	171,390	-	411,804
PC 17 - Joint Regional Wastewater Reclamation	69,718	-	-	105,436	9,868	-	750,374	-	45,189	-	980,584
PC 21 Effluent Transmission Main	-	-	-	4,196	-	8,850	1,328	-	-	-	14,374
PC 24 - Aliso Creek Ocean Outfall	8,468	-	-	15,242	1,802	31,365	20,781	-	5,857	-	83,515
Total Administration, General Fund and Residual Engineering Expenses by Project Committee and Member Agency	254,912	48,280	222,026	126,355	45,426	55,106	950,593	280,571	403,591	39,376	2,426,235

Total O&M Budget by Project Committee and Member Agency											
Project Committee											
PC 2 - Jay B. Latham Plant	-	-	1,711,563	-	-	-	1,157,972	2,080,655	1,476,333	-	6,426,522
PC 5 - San Juan Creek Ocean Outfall	-	127,831	84,961	-	-	-	84,643	196,102	73,575	-	567,112
PC 8 - Pretreatment Program	14,489	22,997	16,707	10,664	3,101	24,772	46,632	49,949	37,927	-	227,237
PC 12 SO- Water Reclamation Permits	-	-	27,996	-	-	33,931	75,878	84,109	31,509	64,200	317,622
PC 15 - Coastal Treatment Plant/AWT	1,483,813	-	-	-	88,343	-	307,982	-	1,532,054	-	3,412,192
PC 17 - Joint Regional Wastewater Reclamation	591,078	-	-	759,700	26,732	-	7,048,750	-	403,941	-	8,830,200
PC 21 Effluent Transmission Main	-	-	-	30,236	-	34,890	12,472	-	-	-	77,598
PC 24 - Aliso Creek Ocean Outfall	71,792	-	-	109,826	4,882	123,649	195,209	-	52,353	-	557,711
Total O&M Budget by Project Committee and Member Agency	2,161,172	150,828	1,841,226	910,427	123,058	217,242	8,929,537	2,410,815	3,607,691	64,200	20,416,195

*Member Agency Administration, Residual Engineering and General Fund expenses are distributed by Member Agency on page 7b.

South Orange County Wastewater Authority
Fiscal Year 2017-18 O&M Project Committee Detail
(Does Not Include Administration, Residual Engineering and General Fund Expenses)

	PC 02	PC 12	PC 05	PC 15	PC 17	PC 21	PC 24	PC 08	SOCWA	
Salary and Fringe										
5000--***	Regular Salaries-O&M	1,391,700	50,192	101,732	847,312	1,804,540	-	92,320	83,504	4,371,300
5001--***	Overtime Salaries-O&M	22,112	-	472	11,108	39,344	-	544	1,412	74,992
5306--***	Scheduled Holiday Work	13,796	392	2,500	4,804	14,996	-	3,216	200	39,904
5401--***	Fringe Benefits IN to PC's & Depts.	1,032,652	37,240	75,484	628,708	1,338,984	-	68,488	61,956	3,243,512
5700--***	Standby Pay	23,328	-	-	23,336	23,332	-	-	-	69,996
	Total Payroll Costs	2,483,588	87,824	180,188	1,515,268	3,221,196	-	164,568	147,072	7,799,704
Other Expenses										
5002--***	Electricity	524,000	-	1,000	283,004	675,000	-	996	-	1,484,000
5003--***	Natural Gas	65,012	-	500	3,000	141,000	-	-	-	209,512
5004--***	Potable & Reclaimed Water	15,004	-	-	13,000	34,004	-	-	-	62,008
5005--***	Co-generation Power Credit	-	-	-	-	(250,000)	-	-	-	(250,000)
5006--***	Chlorine/Sodium Hypochlorite	28,000	-	-	99,996	350,004	-	-	-	478,000
5007--***	Polymer Products	301,004	-	-	2,004	406,008	-	-	-	709,016
5008--***	Ferric Chloride	100,004	-	-	30,004	125,004	-	-	-	255,012
5009--***	Odor Control Chemicals	25,000	-	-	85,000	50,000	-	-	-	160,000
5010--***	Other Chemicals - Misc.	1,000	-	-	-	4,000	-	-	-	5,000
5011--***	Laboratory Services	10,500	-	-	9,500	14,000	-	-	2,500	36,500
5012--***	Grit Hauling - 21A	40,000	-	-	30,004	52,004	-	-	-	122,008
5013--***	Landscaping	48,000	-	-	60,008	74,996	-	-	-	183,004
5014--***	Engineering - Misc.	105,000	-	20,004	55,000	130,004	62,496	20,004	-	392,508
5015--***	Management Support Services	17,996	15,992	27,500	9,500	27,508	-	27,504	2,008	128,008
5016--***	Audit - Environmental	-	-	-	-	-	-	-	-	500
5017--***	Legal Fees	1,200	5,000	2,004	-	-	-	2,004	2,008	12,216
5018--***	Public Notices/ Public Relations	-	-	-	-	-	-	-	500	500
5019--***	Contract Services Misc. - 29	95,000	-	-	67,000	125,000	-	-	-	287,000
5021--***	Small Vehicle Expense - 31A	8,004	-	-	5,996	6,000	-	-	900	20,900
5022--***	Miscellaneous Expense	8,004	-	-	2,996	5,996	-	-	1,496	18,492
5023--***	Office Supplies - All	25,008	-	-	6,996	9,996	-	-	-	42,000
5024--***	Petroleum Products	16,004	-	-	2,000	41,996	-	-	-	60,000
5025--***	Uniforms	12,996	-	-	5,996	17,008	-	-	-	36,000
5026--***	Small Vehicle Fuel - 37A	15,000	-	2,496	5,996	12,996	-	-	1,200	37,688
5027--***	Insurance - Property/Liability	70,448	2,740	5,372	34,640	90,252	728	5,364	2,196	211,740
5028--***	Small Tools & Supplies	40,004	-	-	9,000	25,000	-	-	3,472	77,476
5030--***	Trash Disposal	1,000	-	-	2,996	1,004	-	-	-	5,000
5031--***	Safety Supplies	30,396	-	128	24,000	31,352	-	996	-	86,872
5032--***	Equipment Rental	3,000	-	-	1,000	3,004	-	-	-	7,004
5033--***	Recruitment	1,000	-	-	-	-	-	-	-	1,000
5034--***	Travel Expense/Tech. Conferences	16,976	1,256	2,484	17,156	17,156	-	2,480	3,504	61,012
5035--***	Training Expense	17,020	-	-	17,020	17,028	-	-	1,496	52,564
5036--***	Laboratory Supplies	13,004	-	16,000	10,004	19,020	-	16,996	-	75,024
5037--***	Office Equipment	15,500	-	-	1,000	5,996	-	-	-	22,496
5038--***	Permits	22,000	124,996	145,000	6,504	35,000	-	131,992	10,008	475,500
5039--***	Membership Dues/Fees	3,844	-	-	3,800	3,804	-	-	796	12,244
5044--***	Offshore Monitoring - 20A	-	-	20,004	-	-	-	22,004	-	42,008
5046--***	Effluent Chemistry - 20C	-	-	16,000	-	-	-	29,996	-	45,996
5047--***	Access Road Expenses	-	-	-	46,996	-	-	-	-	46,996
5048--***	Storm Damage	-	-	-	19,000	-	-	-	-	19,000
5049--***	Biosolids Disposal - 21B	550,004	-	-	125,000	866,000	-	-	-	1,541,004
5050--***	Contract Services Generators - 29A	9,004	-	-	4,004	8,000	-	-	-	21,008
5052--***	Janitorial Services	40,004	-	-	20,008	40,004	-	-	-	100,016
5053--***	Contract Serv - Digester Cleaning	-	-	-	-	60,004	-	-	-	60,004
5054--***	Diesel Truck Maint - 31B	20,004	-	-	996	19,000	-	-	-	40,000
5055--***	Diesel Truck Fuel - 37B	6,000	-	-	996	7,000	-	-	-	13,996
5056--***	Maintenance Equip. & Facilities	138,000	-	-	-	190,004	-	-	-	328,004
5057--***	Maintenance Equip. & Facilities	240,000	-	-	170,004	164,996	-	-	-	575,000
5058--***	Maintenance Equip. & Facilities	26,000	-	1,004	20,008	25,000	-	996	-	73,008
5059--***	Maintenance Equip. & Facilities	250,000	-	-	-	250,000	-	-	-	500,000
5060--***	Maintenance Equip. & Facilities	-	-	-	35,000	35,000	-	-	-	70,000
5061--***	Mileage	1,492	-	-	1,196	3,000	-	-	-	5,688
5067--***	Port Cleaning	-	-	-	-	-	-	35,000	-	35,000
17-5068-02-04-22	MNWD Lab Services and Supplies	-	-	-	-	23,996	-	-	-	23,996
5069--***	Misc-Capital-Dilution & Metering Study	-	-	15,004	-	-	-	-	-	15,004
5105--***	Co-Generation Power Credit - Offset	-	-	-	-	250,000	-	-	-	250,000
5301--***	Vehicle Pay	7,196	-	4,200	4,200	12,548	-	-	-	28,144
5303--***	Group Insurance Waiver	3,604	-	-	3,596	3,596	-	-	-	10,796
5305--***	Medicare Tax Payments for Employees	3,812	-	2,352	2,964	1,916	-	-	-	11,044
5309--***	Operating Leases	6,000	-	-	-	6,000	-	-	-	12,000
5705--***	Monthly Car Allowance	-	-	-	-	52	-	-	-	52
5706--***	Effluent Pond Cleaning	-	-	-	-	90,004	-	-	-	90,004
6500--***	IT Allocations in to PC's & Depts.	208,920	7,064	14,644	127,032	271,160	-	13,296	12,568	654,684
	Total Other Expenses	3,205,968	157,048	295,696	1,485,120	4,628,420	63,224	309,628	45,152	10,190,256
Total O&M by Project Committee	5,689,556	244,872	475,884	3,000,388	7,849,616	63,224	474,196	192,224	17,989,960	

South Orange County Wastewater Authority Member Agency Allocations

PC 2 Liquids Allocation FY 17/18

Agency	Liquids Ownership Capacity MGD	Ownership Percentage	2016 Flows MGD	FY 17/18 Projected Flows	FY 17/18 Liquids Allocation %
CSJC	4.000	30.77%	1.975	1.975	27.50
MNWD	3.000	23.08%	1.416	1.400	19.49
SCWD	3.750	28.85%	1.717	1.717	23.91
SMWD	2.250	17.30%	2.090	2.090	29.10
	13.000	100.00%	7.198	7.182	100.00

Agency	Solids Ownership Capacity Pounds/Day	Ownership Percentage	3Yr Average Loading #/Day	FY 17/18 Projected Loading #/Day	FY 17/18 Solids Allocation %
CSJC	11,572	30.00	5,402	5,402	23.82
MNWD	8,340	21.62	3,456	3,456	15.24
SCWD	7,715	20.00	4,926	4,926	21.73
SMWD	10,946	28.38	8,890	8,890	39.21
	38,573	100.00	22,674	22,674	100.00

**South Orange County Wastewater Authority
FY 2017-18 PC 2 O&M Budget Detail and Wastewater Code Allocations**

Description	Account #	Total	Wastewater Allocation %				Total
			Liquids	Solids	C/Liquids	C/Solids	
Regular Salaries-O&M	02-5000-01-00-00	1,228,506	48.4%	42.2%	4.7%	4.7%	100.0%
Regular Salaries-O&M	02-5000-02-00-00	163,194	55.0%	14.8%	15.1%	15.1%	100.0%
Overtime Salaries-O&M	02-5001-01-00-00	21,910	48.4%	42.2%	4.7%	4.7%	100.0%
Overtime Salaries-O&M	02-5001-02-00-00	200	55.0%	14.8%	15.1%	15.1%	100.0%
Electricity	02-5002-01-00-00	524,000	65.0%	25.0%	5.0%	5.0%	100.0%
Natural Gas	02-5003-01-00-00	65,000	65.0%	25.0%	5.0%	5.0%	100.0%
Water	02-5004-01-00-00	15,000	40.0%	50.0%	5.0%	5.0%	100.0%
Chlorine/Sodium Hypochlorite	02-5006-01-00-00	28,000	100.0%				100.0%
Polymer Products	02-5007-01-00-00	301,000		100.0%			100.0%
Ferric Chloride	02-5008-01-00-00	100,000		100.0%			100.0%
Odor Control Chemicals	02-5009-01-00-00	25,000	54.0%	46.0%			100.0%
Other Chemicals - Misc.	02-5010-01-00-00	1,000			50.0%	50.0%	100.0%
Laboratory Services	02-5011-02-00-00	10,500	75.0%	25.0%			100.0%
Grit Hauling - 21A	02-5012-01-00-00	40,000	100.0%				100.0%
Landscaping	02-5013-01-00-00	48,000			50.0%	50.0%	100.0%
Engineering - Misc.	02-5014-01-00-00	5,000			50.0%	50.0%	100.0%
Engineering - Misc.	02-5014-02-00-00	100,000			50.0%	50.0%	100.0%
Management Support Services	02-5015-01-00-00	5,000			50.0%	50.0%	100.0%
Management Support Services	02-5015-02-00-00	13,000			50.0%	50.0%	100.0%
Legal Fees	02-5017-01-03-00	1,200			50.0%	50.0%	100.0%
Contract Services Misc. - 29	02-5019-01-00-00	95,000			50.0%	50.0%	100.0%
Small Vehicle Expense - 31A	02-5021-01-00-00	8,000	48.4%	42.2%	4.7%	4.7%	100.0%
Small Vehicle Expense - 31A	02-5021-02-00-00		55.0%	14.8%	15.1%	15.1%	100.0%
Miscellaneous Expense	02-5022-01-00-00	8,000			50.0%	50.0%	100.0%
Office Supplies - All	02-5023-01-00-00	25,000			50.0%	50.0%	100.0%
Petroleum Products	02-5024-01-00-00	16,000	80.0%	20.0%			100.0%
Uniforms	02-5025-01-00-00	13,000	48.4%	42.2%	4.7%	4.7%	100.0%
Small Vehicle Fuel - 37A	02-5026-01-00-00	15,000	48.4%	42.2%	4.7%	4.7%	100.0%
Insurance - Property/Liability	02-5027-01-00-00	70,448			50.0%	50.0%	100.0%
Insurance - Property/Liability	02-5027-02-00-00				50.0%	50.0%	100.0%
Small Tools & Supplies	02-5028-01-00-00	40,000			50.0%	50.0%	100.0%
Small Tools & Supplies	02-5028-02-00-00				50.0%	50.0%	100.0%
Trash Disposal	02-5030-01-00-00	1,000			50.0%	50.0%	100.0%
Safety Supplies	02-5031-01-00-00				50.0%	50.0%	100.0%
Safety Supplies	02-5031-02-00-00	30,400			50.0%	50.0%	100.0%
Equipment Rental	02-5032-01-00-00	3,000			50.0%	50.0%	100.0%
Recruitment	02-5033-01-00-00	1,000	48.4%	42.2%	4.7%	4.7%	100.0%
Recruitment	02-5033-02-00-00		55.0%	14.8%	15.1%	15.1%	100.0%
Travel Expense/Tech. Conferences	02-5034-01-00-00	13,833			50.0%	50.0%	100.0%
Travel Expense/Tech. Conferences	02-5034-02-00-00	3,138			50.0%	50.0%	100.0%
Training Expense	02-5035-01-00-00	15,900			50.0%	50.0%	100.0%
Training Expense	02-5035-02-00-00	1,118			50.0%	50.0%	100.0%
Laboratory Supplies	02-5036-02-00-00	13,000	75.0%	25.0%			100.0%
Office Equipment	02-5037-01-00-00	15,500			50.0%	50.0%	100.0%
Permits	02-5038-01-00-00				50.0%	50.0%	100.0%
Permits	02-5038-02-00-00	22,000			50.0%	50.0%	100.0%
Membership Dues/Fees	02-5039-01-00-00	3,050			50.0%	50.0%	100.0%
Membership Dues/Fees	02-5039-02-00-00	800			50.0%	50.0%	100.0%
Biosolids Disposal - 21B	02-5049-01-00-00	550,000		100.0%			100.0%
Contract Services Generators - 29A	02-5050-01-00-00	9,000			50.0%	50.0%	100.0%
Janitorial Services	02-5052-01-00-00	40,000			50.0%	50.0%	100.0%
Contract Serv - Digester Cleaning- 29E	02-5053-01-00-00				100.0%		100.0%
Diesel Truck Maint - 31B	02-5054-01-00-00	20,000			100.0%		100.0%
Diesel Truck Fuel - 37B	02-5055-01-00-00	6,000			100.0%		100.0%
Maintenance Equip. & Facilities	02-5056-01-00-00	138,000			100.0%		100.0%
Maintenance Equip. & Facilities	02-5057-01-00-00	240,000	100.0%				100.0%
Maintenance Equip. & Facilities	02-5058-01-00-00	26,000			50.0%	50.0%	100.0%
Maintenance Equip. & Facilities	02-5059-01-00-00	250,000			100.0%	0.0%	100.0%
Mileage	02-5061-01-00-00	1,000	48.4%	42.2%	4.7%	4.7%	100.0%
Mileage	02-5061-02-00-00	500	55.0%	14.8%	15.1%	15.1%	100.0%
IT Direct	02-5077-01-03-00				50.0%	50.0%	100.0%
Non-Capital Engineering	02-5114-01-00-00				50.0%	50.0%	100.0%
Non-Capital Engineering	02-5114-02-01-00				50.0%	50.0%	100.0%
Vehicle Pay	02-5301-01-01-00		48.4%	42.2%	4.7%	4.7%	100.0%
Group Insurance Waiver	02-5303-01-01-00	3,600	48.4%	42.2%	4.7%	4.7%	100.0%
Group Insurance Waiver	02-5303-02-00-00		55.0%	14.8%	15.1%	15.1%	100.0%
Medicare Tax Payments for Employees	02-5305-01-00-00	3,811	48.4%	42.2%	4.7%	4.7%	100.0%
Scheduled Holiday Work	02-5306-01-01-00	12,000	48.4%	42.2%	4.7%	4.7%	100.0%
Scheduled Holiday Work	02-5306-02-00-00	1,800	55.0%	14.8%	15.1%	15.1%	100.0%
Operating Leases	02-5309-01-00-00	6,000			50.0%	50.0%	100.0%
Fringe Benefits IN to PC's & Depts.	02-5401-01-00-00	911,551	48.4%	42.2%	4.7%	4.7%	100.0%
Fringe Benefits IN to PC's & Depts.	02-5401-02-00-00	121,090	55.0%	14.8%	15.1%	15.1%	100.0%
Standby Pay	02-5700-01-00-00	23,333	48.4%	42.2%	4.7%	4.7%	100.0%
Monthly Car Allowance	02-5705-01-00-00	7,200	48.4%	42.2%	4.7%	4.7%	100.0%
Monthly Car Allowance	02-5705-02-00-00		55.0%	14.8%	15.1%	15.1%	100.0%
Sales Tax	02-5801-01-00-00				50.0%	50.0%	100.0%
Sales Tax	02-5801-02-00-00				50.0%	50.0%	100.0%
Shipping/Freight	02-5802-01-00-00				50.0%	50.0%	100.0%
IT Allocations in to PC's & Depts.	02-6500-01-00-00	184,882			50.0%	50.0%	100.0%
IT Allocations in to PC's & Depts.	02-6500-02-00-00	24,038			50.0%	50.0%	100.0%
Rounding		54					
Total		5,689,556					

**South Orange County Wastewater Authority
Member Agency Allocations**

PC 5 Projections		
FY 17/18		
Member Agency	Outfall Flows	Outfall Flows
	MGD	Percent
CSC	2.283	19.28
CSJC	2.198	18.56
MNWD	1.91	16.13
SCWD	1.718	14.51
SMWD	3.732	31.52
Totals	11.841	100.00

South Orange County Wastewater Authority
FY 2017-18 PC 5 O&M Budget Detail and Wastewater Code Allocations

Description	Account #	Total	Wastewater Allocation %				
			Fixed	EPS	Var 5%	Var 95%	Total
Regular Salaries-O&M	05-5000-01-11-00	11,245	0.0%		5.0%	95.0%	100.0%
Regular Salaries-O&M	05-5000-02-00-00	90,484	0.0%	0.0%	5.0%	95.0%	100.0%
Overtime Salaries-O&M	05-5001-01-11-00	370	0.0%	0.0%	5.0%	95.0%	100.0%
Overtime Salaries-O&M	05-5001-02-00-00	100	0.0%	0.0%	5.0%	95.0%	100.0%
Electricity	05-5002-01-00-00	1,000			5.0%	95.0%	100.0%
Electricity	05-5002-02-00-00				5.0%	95.0%	100.0%
Natural Gas	05-5003-01-00-00	500			5.0%	95.0%	100.0%
Natural Gas	05-5003-02-00-00				5.0%	95.0%	100.0%
Engineering - Misc.	05-5014-01-00-00				5.0%	95.0%	100.0%
Engineering - Misc.	05-5014-02-00-00	20,000			5.0%	95.0%	100.0%
Management Support Services	05-5015-02-00-00	27,504			5.0%	95.0%	100.0%
Legal Fees	05-5017-01-00-00				5.0%	95.0%	100.0%
Legal Fees	05-5017-02-00-00	2,000			5.0%	95.0%	100.0%
Small Vehicle Fuel	05-5026-01-00-00	2,500	0.0%	0.0%	5.0%	95.0%	100.0%
Small Vehicle Fuel	05-5026-02-00-00		0.0%	0.0%	5.0%	95.0%	100.0%
Insurance/Property & Liability	05-5027-01-00-00	5,373	100.0%				100.0%
Insurance - Property/Liability	05-5027-02-00-00		100.0%				100.0%
Safety Supplies	05-5031-02-00-00	128			5.0%	95.0%	100.0%
Travel Expense/Tech. Conferences	05-5034-02-00-00	2,484			5.0%	95.0%	100.0%
Laboratory Supplies	05-5036-02-00-00	16,000			5.0%	95.0%	100.0%
Permits	05-5038-02-00-00	145,000	100.0%				100.0%
Natural Gas - 11-EPS - PC 5	05-5040-02-00-00			100.0%			100.0%
Electricity - 10-EPS - PC 5	05-5041-02-00-00			100.0%			100.0%
Contract Services - 29-EPS - PC 5	05-5042-02-00-00			100.0%			100.0%
Offshore Monitoring - 20A	05-5044-02-00-00	20,000			5.0%	95.0%	100.0%
Offshore Biochemistry - 20B	05-5045-02-00-00				5.0%	95.0%	100.0%
Effluent Chemistry - 20C	05-5046-02-00-00	16,000			5.0%	95.0%	100.0%
Maintenance Equip & Facilities (Solids) 41-A	05-5056-01-02-00				5.0%	95.0%	100.0%
Maintenance Equip & Facilities (Common)	05-5058-01-00-00	1,000	100.0%				100.0%
Port Cleaning	05-5067-02-00-00				5.0%	95.0%	100.0%
Misc-Capital-Dilution & Metering Study	05-5069-02-00-00	15,000	100.0%				100.0%
Vehicle Pay	05-5301-02-00-00			0.0%	5.0%	95.0%	100.0%
Medicare Tax Payments to Employees	05-5305-02-00-00	2,348		0.0%	5.0%	95.0%	100.0%
Scheduled Holiday Work	05-5306-01-00-00	100	0.0%	0.0%	5.0%	95.0%	100.0%
Scheduled Holiday Work	05-5306-02-00-00	2,400	0.0%	0.0%	5.0%	95.0%	100.0%
Fringe Benefits IN to PC's & Depts.	05-5401-01-11-00	8,344	0.0%	0.0%	5.0%	95.0%	100.0%
Fringe Benefits IN to PC's & Depts.	05-5401-02-00-00	67,139	0.0%	0.0%	5.0%	95.0%	100.0%
Monthly Car Allowance	05-5705-02-00-00	4,200	0.0%	0.0%	5.0%	95.0%	100.0%
Sales Tax	05-5801-02-00-00						0.0%
IT Allocations in to PC's & Depts.	05-6500-01-00-00	1,692			5.0%	95.0%	100.0%
IT Allocations in to PC's & Depts.	05-6500-02-00-00	12,953			5.0%	95.0%	100.0%
Rounding		20					
Total		475,884					

South Orange County Wastewater Authority
FY 2017-18 PC 8 O&M Budget Detail and Wastewater Code Allocations

Description	Account #	Total	Wastewater Allocation %	
			Timecard	Insurance
Regular Salaries-O&M	08-5000-02-00-00	83,505	100.0%	
Overtime Salaries-O&M	08-5001-02-00-00	1,408	100.0%	
Laboratory Services	08-5011-02-00-00	2,500	100.0%	
Management Support Services	08-5015-02-00-00	2,000	100.0%	
Audit - Environmental	08-5016-02-00-00	500	100.0%	
Legal Fees	08-5017-02-00-00	2,000	100.0%	
Public Notices/ Public Relations	08-5018-02-00-00	500	100.0%	
Small Vehicle Expense - 31A	08-5021-02-00-00	896	100.0%	
Miscellaneous Expense	08-5022-02-00-00	1,496	100.0%	
Small Vehicle Fuel - 37A	08-5026-02-00-00	1,196	100.0%	
Insurance - Property/Liability	08-5027-02-00-00	2,199		100.0%
Small Tools & Supplies	08-5028-02-00-00	3,476	100.0%	
Travel Expense/Tech. Conferences	08-5034-02-00-00	3,500	100.0%	
Training Expense	08-5035-02-00-00	1,496	100.0%	
Permits and Fines	08-5038-02-00-00	10,000	100.0%	
Memberships	08-5039-02-00-00	800	100.0%	
Scheduled Holiday Work	08-5306-02-00-00	200	100.0%	
Fringe Benefits IN to PC's & Depts.	08-5401-02-00-00	61,961	100.0%	
IT Allocation	08-6500-02-08-00	12,567	100.0%	
Rounding		24		
Total		192,224		

**South Orange County Wastewater Authority
Member Agency Allocations**

PC 12 Recycled Water Projections

FY 17/18

Member Agency	Region 9 Recycled Use 2016 acft	% RW Use 2016 %
CSJC	577	3.44%
ETWD	0	0
IRWD	675	4.02%
MNWD	6493	38.70%
SCWD	1039	6.19%
SMWD	7388	44.03%
TCWD	606	3.61%
Total	16778	100.00%

South Orange County Wastewater Authority
FY 2017-18 PC 12 O&M Budget Detail and Wastewater Code Allocations

Description	Account #	Total	Wastewater Allocation %	
			Region 9 (Var)	Equally (Fixed)
Regular Salaries-O&M	12-5000-02-00-00	50,186	50.0%	50.0%
Overtime Salaries-O&M	12-5001-02-00-00		50.0%	50.0%
Management Support Services	12-5015-02-00-00	16,000	50.0%	50.0%
Legal Fees	12-5017-02-00-00	5,000	50.0%	50.0%
Insurance	12-5027-02-00-00	2,748	50.0%	50.0%
Travel Expense/Tech. Conferences	12-5034-02-00-00	1,264	50.0%	50.0%
Permits	12-5038-02-00-00	125,000	50.0%	50.0%
Medicare Tax Payments for Employees	12-5305-02-00-00		50.0%	50.0%
Scheduled Holiday Work	12-5306-02-00-00	400	50.0%	50.0%
Fringe Benefits IN to PC's & Depts.	12-5401-02-00-00	37,238	50.0%	50.0%
Monthly Car Allowance	12-5705-02-00-00		50.0%	50.0%
IT Allocations in to PC's & Depts.	12-6500-02-00-00	7,071	50.0%	50.0%
Rounding		-35		
Total		244,872		

**South Orange County Wastewater Authority
Member Agency Allocations**

PC 15 Projections

FY 17-18

Member Agency	Plant Flows MGD	Plant Flow Percent
CLB	1.727	56.59%
EBSB	0.05	1.64%
SCWD	1.275	41.78%
MNWD	0.000	0.00%
Total	3.052	100.00%

South Orange County Wastewater Authority
FY 2017-18 PC 15 O&M Budget Detail and Wastewater Code Allocations

Description	Account #	Total	Wastewater Allocation %					
			Liquids	Solids	C/Liquids	C/Solids	AWT	Total
Regular Salaries-O&M	15-5000-01-00-00	697,358	62.5%	0.0%	24.5%	0.0%	13.0%	100.0%
Regular Salaries-O&M	15-5000-02-00-00	149,952	54.3%	0.0%	22.9%	0.0%	22.8%	100.0%
Overtime Salaries-O&M	15-5001-01-00-00	10,921	62.5%	0.0%	24.5%	0.0%	13.0%	100.0%
Overtime Salaries-O&M	15-5001-02-00-00	200	54.3%	0.0%	22.9%	0.0%	22.8%	100.0%
Electricity	15-5002-01-00-00	283,000	94.0%		3.5%		2.5%	100.0%
Natural Gas	15-5003-01-00-00	3,000	95.0%		5.0%	0.0%	0.0%	100.0%
Water	15-5004-01-00-00	13,000	90.0%		10.0%	0.0%		100.0%
Chlorine/Sodium Hypochlorite	15-5006-01-00-00	100,000	1.0%				99.0%	100.0%
Polymer Products	15-5007-01-00-00	2,000	43.0%				57.0%	100.0%
Ferric Chloride	15-5008-01-00-00	30,000	100.0%					100.0%
Odor Control Chemicals	15-5009-01-00-00	85,000	100.0%					100.0%
Laboratory Services	15-5011-02-00-00	9,500	50.0%				50.0%	100.0%
Grit Hauling - 21A	15-5012-01-00-00	30,000	100.0%					100.0%
Landscaping	15-5013-01-00-00	60,000	0.0%		100.0%	0.0%		100.0%
Engineering - Misc.	15-5014-01-00-00	5,000			100.0%	0.0%		100.0%
Engineering - Misc.	15-5014-02-00-00	50,000			100.0%	0.0%		100.0%
Management Support Services	15-5015-01-00-00	5,000			100.0%	0.0%		100.0%
Management Support Services	15-5015-02-00-00	4,500			100.0%	0.0%		100.0%
Legal Fees	15-5017-01-00-00				100.0%	0.0%		100.0%
Contract Services Misc. - 29	15-5019-01-00-00	67,000			100.0%	0.0%		100.0%
Small Vehicle Expense - 31A	15-5021-01-00-00	6,000	62.5%	0.0%	24.5%	0.0%	13.0%	100.0%
Small Vehicle Expense - 31A	15-5021-02-00-00		54.3%	0.0%	22.9%	0.0%	22.8%	100.0%
Miscellaneous Expense	15-5022-01-00-00	3,000			100.0%	0.0%		100.0%
Office Supplies - All	15-5023-01-00-00	7,000			100.0%	0.0%		100.0%
Petroleum Products	15-5024-01-00-00	2,000	100.0%					100.0%
Uniforms	15-5025-01-00-00	6,000	62.5%	0.0%	24.5%	0.0%	13.0%	100.0%
Small Vehicle Fuel - 37A	15-5026-01-00-00	6,000	62.5%	0.0%	24.5%	0.0%	13.0%	100.0%
Insurance - Property/Liability	15-5027-01-00-00	34,641			100.0%	0.0%		100.0%
Insurance - Property/Liability	15-5027-02-00-00				100.0%	0.0%		100.0%
Small Tools & Supplies	15-5028-01-00-00	9,000			100.0%	0.0%		100.0%
Trash Disposal	15-5030-01-00-00	3,000			100.0%	0.0%		100.0%
Safety Supplies	15-5031-01-00-00				100.0%	0.0%		100.0%
Safety Supplies	15-5031-02-00-00	24,000			100.0%	0.0%		100.0%
Equipment Rental	15-5032-01-00-00	1,000			100.0%	0.0%		100.0%
Travel Expense/Tech. Conferences	15-5034-01-00-00	13,833			100.0%	0.0%		100.0%
Travel Expense/Tech. Conferences	15-5034-02-00-00	3,324			100.0%	0.0%		100.0%
Training Expense	15-5035-01-00-00	15,900			100.0%	0.0%		100.0%
Training Expense	15-5035-02-00-00	1,118			100.0%	0.0%		100.0%
Laboratory Supplies	15-5036-02-00-00	10,004	75.0%				25.0%	100.0%
Office Equipment	15-5037-01-00-00	1,000			100.0%	0.0%		100.0%
Permits	15-5038-01-00-00				100.0%	0.0%		100.0%
Permits	15-5038-02-00-00	6,504			100.0%	0.0%		100.0%
Membership Dues/Fees	15-5039-01-00-00	3,000			100.0%	0.0%		100.0%
Membership Dues/Fees	15-5039-02-00-00	800			100.0%	0.0%		100.0%
Access Road Expenses	15-5047-01-00-00	47,000			100.0%	0.0%		100.0%
Storm Damage	15-5048-01-00-00	19,000			100.0%	0.0%		100.0%
Biosolids Disposal - 21B	15-5049-01-00-00	125,000	100.0%					100.0%
Contract Services Generators	15-5050-01-00-00	4,000			100.0%	0.0%		100.0%
Janitorial Services	15-5052-01-00-00	20,000			100.0%	0.0%		100.0%
Diesel Truck Maint - 31B	15-5054-01-00-00	1,000	100.0%					100.0%
Diesel Truck Maint Fuel	15-5055-01-00-00	1,000	100.0%					100.0%
Maintenance Equip. & Facilities	15-5057-01-00-00	170,000	100.0%					100.0%
Maintenance Equip. & Facilities	15-5058-01-00-00	20,000			100.0%	0.0%		100.0%
Maintenance Equip. & Facilities	15-5060-01-00-00	35,000					100.0%	100.0%
Mileage	15-5061-01-00-00	1,200	62.5%	0.0%	24.5%	0.0%	13.0%	100.0%
IT Direct	15-5077-01-00-00				100.0%	0.0%		100.0%
Group Insurance Waiver	15-5303-01-00-00	3,600	62.5%	0.0%	24.5%	0.0%	13.0%	100.0%
Medicare Tax Payments for Employees	15-5305-01-00-00	2,964	62.5%	0.0%	24.5%	0.0%	13.0%	100.0%
Scheduled Holiday Work	15-5306-01-00-00	3,000	62.5%	0.0%	24.5%	0.0%	13.0%	100.0%
Scheduled Holiday Work	15-5306-02-00-00	1,800	54.3%	0.0%	22.9%	0.0%	22.8%	100.0%
Fringe Benefits IN to PC's & Depts.	15-5401-01-00-00	517,440	62.5%	0.0%	24.5%	0.0%	13.0%	100.0%
Fringe Benefits IN to PC's & Depts.	15-5401-02-00-00	111,264	54.3%	0.0%	22.9%	0.0%	22.8%	100.0%
Standby Pay	15-5700-01-00-00	23,333	62.5%	0.0%	24.5%	0.0%	13.0%	100.0%
Monthly Car Allowance	15-5705-01-00-00	4,200	62.5%	0.0%	24.5%	0.0%	13.0%	100.0%
Sales Tax	15-5801-01-00-00							0.0%
Sales Tax	15-5801-02-00-00							0.0%
Shipping/Freight	15-5802-01-00-00							0.0%
Shipping/Freight	15-5802-02-00-00							0.0%
IT Allocations in to PC's & Depts.	15-6500-01-00-00	104,819			100.0%	0.0%		100.0%
IT Allocations in to PC's & Depts.	15-6500-02-00-00	22,215			100.0%	0.0%		100.0%
Rounding		(2)						
Total		3,000,388						

**South Orange County Wastewater Authority
Member Agency Allocations**

PC 17 Operations Cost Allocation
FY 2017-18

Agency	Liquids Percentages %	Solids Percentages %	AWT Ownership %
CLB	0.16	12.72	0.00
EBSB	0.01	0.37	0.00
ETWD	0.19	14.80	0.00
MNWD	99.54	63.58	100.00
SCWD	0.10	8.53	0.00
	100.00	100.00	100.00

South Orange County Wastewater Authority
FY 2017-18 PC 17 O&M Budget Detail and Wastewater Code Allocations

Description	Account #	Total	Wastewater Allocation %					Total
			Liquids	Solids	C/Liquids	C/Solids	AWT	
Regular Salaries-O&M	17-5000-01-00-00	1,531,656	37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Regular Salaries-O&M	17-5000-02-00-00	272,893	41.5%	10.9%	7.4%	7.4%	32.7%	100.0%
Overtime Salaries-O&M	17-5001-01-00-00	39,145	37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Overtime Salaries-O&M	17-5001-02-00-00	200	41.5%	10.9%	7.4%	7.4%	32.7%	100.0%
Electricity	17-5002-01-00-00	675,000	51.5%	32.8%	5.4%	5.4%	5.0%	100.0%
Natural Gas	17-5003-01-00-00	141,000		100.0%				100.0%
Water	17-5004-01-00-00	34,000	37.0%	56.5%	6.5%			100.0%
MNWD Potable Water Supplies & Svcs.	17-5004-02-00-00		37.0%	56.5%	6.5%			100.0%
Co-generation Power Credit	17-5005-01-00-00	(250,000)		100.0%				100.0%
Chlorine/Sodium Hypochlorite	17-5006-01-00-00	350,000	4.0%				96.0%	100.0%
Polymer Products	17-5007-01-00-00	406,000	17.5%	82.2%			0.3%	100.0%
Ferric Chloride	17-5008-01-00-00	125,000	20.0%	80.0%				100.0%
Odor Control Chemicals	17-5009-01-00-00	50,000	65.0%	35.0%				100.0%
Other Chemicals - Misc.	17-5010-01-00-00	4,000			50.0%	50.0%		100.0%
Laboratory Services	17-5011-02-00-00	14,000	50.0%	25.0%			25.0%	100.0%
Grit Hauling - 21A	17-5012-01-00-00	52,000	100.0%					100.0%
Landscaping	17-5013-01-00-00	75,000			50.0%	50.0%		100.0%
Engineering - Misc.	17-5014-01-00-00	5,000			50.0%	50.0%		100.0%
Engineering - Misc.	17-5014-02-00-00	125,000			50.0%	50.0%		100.0%
Management Support Services	17-5015-01-00-00	5,000			50.0%	50.0%		100.0%
Management Support Services	17-5015-02-00-00	22,500			50.0%	50.0%		100.0%
Legal Fees	17-5017-01-00-00				50.0%	50.0%		100.0%
Contract Services Misc. - 29	17-5019-01-00-00	125,000			50.0%	50.0%		100.0%
Postage	17-5020-01-00-00				50.0%	50.0%		100.0%
Small Vehicle Expense - 31A	17-5021-01-00-00	6,000	37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Miscellaneous Expense	17-5022-01-00-00	6,000			50.0%	50.0%		100.0%
Office Supplies - All	17-5023-01-00-00	10,000			50.0%	50.0%		100.0%
Petroleum Products	17-5024-01-00-00	42,000	7.4%	92.6%				100.0%
Uniforms	17-5025-01-00-00	17,000	37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Small Vehicle Fuel - 37A	17-5026-01-00-00	13,000	37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Insurance - Property/Liability	17-5027-01-00-00	90,249			50.0%	50.0%		100.0%
Insurance - Property/Liability	17-5027-02-00-00				50.0%	50.0%		100.0%
Small Tools & Supplies	17-5028-01-00-00	25,000			50.0%	50.0%		100.0%
Trash Disposal	17-5030-01-00-00	1,000			50.0%	50.0%		100.0%
Safety Supplies	17-5031-01-00-00				50.0%	50.0%		100.0%
Safety Supplies	17-5031-02-00-00	31,352			50.0%	50.0%		100.0%
Equipment Rental	17-5032-01-00-00	3,000			50.0%	50.0%		100.0%
Recruitment	17-5033-01-00-00		37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Travel Expense/Tech. Conferences	17-5034-01-00-00	13,833			50.0%	50.0%		100.0%
Travel Expense/Tech. Conferences	17-5034-02-00-00	3,325			50.0%	50.0%		100.0%
Training Expense	17-5035-01-00-00	15,900			50.0%	50.0%		100.0%
Training Expense	17-5035-02-00-00	1,118			50.0%	50.0%		100.0%
Laboratory Supplies	17-5036-01-00-00		50.0%	25.0%			25.0%	100.0%
Laboratory Supplies	17-5036-02-00-00	19,020	50.0%	25.0%			25.0%	100.0%
Office Equipment	17-5037-01-00-00	6,000			50.0%	50.0%		100.0%
Permits	17-5038-01-00-00				50.0%	50.0%		100.0%
Permits	17-5038-02-00-00	35,000			50.0%	50.0%		100.0%
Membership Dues/Fees	17-5039-01-00-00	3,000			50.0%	50.0%		100.0%
Membership Dues/Fees	17-5039-02-00-00	800			50.0%	50.0%		100.0%
Biosolids Disposal - 21B	17-5049-01-00-00	866,000		100.0%				100.0%
Contract Services Generators	17-5050-01-00-00	8,000			50.0%	50.0%		100.0%
Janitorial Services	17-5052-01-00-00	40,000			50.0%	50.0%		100.0%
Contract Serv - Digester Cleaning	17-5053-01-00-00	60,000		100.0%				100.0%
Diesel Truck Maint - 31B	17-5054-01-00-00	19,000		100.0%				100.0%
Diesel Truck Fuel - 37B	17-5055-01-00-00	7,000		100.0%				100.0%
Maintenance Equip. & Facilities	17-5056-01-00-00	190,000		100.0%				100.0%
Maintenance Equip. & Facilities	17-5057-01-00-00	165,000	100.0%					100.0%
Maintenance Equip. & Facilities	17-5058-01-00-00	25,000			50.0%	50.0%		100.0%
Maintenance Equip. & Facilities	17-5059-01-00-00	250,000		100.0%				100.0%
Maintenance Equip. & Facilities	17-5060-01-00-00	35,000					100.0%	100.0%
Mileage	17-5061-01-00-00	3,000	37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Mileage	17-5061-02-00-00		41.5%	10.9%	7.4%	7.4%	32.7%	100.0%
MNWD Potable Water Supplies & Svcs.	17-5068-02-00-00	23,996					100.0%	100.0%
IT Direct	17-5077-01-00-00				50.0%	50.0%		100.0%
Employee Recognition	17-5101-01-00-00		37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Co-Generation Power Credit - Offset	17-5105-01-00-00	250,000	51.5%	32.8%	5.4%	5.4%	5.0%	100.0%
Group Insurance Waiver	17-5303-02-00-00	3,600	41.5%	10.9%	7.4%	7.4%	32.7%	100.0%
Medicare Tax Payments for Employees	17-5305-01-00-00	1,913	37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Scheduled Holiday Work	17-5306-01-00-00	12,000	37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Scheduled Holiday Work	17-5306-02-00-00	3,000	41.5%	10.9%	7.4%	7.4%	32.7%	100.0%
Operating Leases	17-5309-01-00-00	6,000	37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Fringe Benefits IN to PC's & Depts.	17-5401-01-00-00	1,136,489	37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Fringe Benefits IN to PC's & Depts.	17-5401-02-00-00	202,487	41.5%	10.9%	7.4%	7.4%	32.7%	100.0%
Standby Pay	17-5700-01-00-00	23,333	37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Monthly Car Allowance	17-5705-01-00-00	8,400	37.5%	48.0%	3.1%	3.1%	8.4%	100.0%
Monthly Car Allowance	17-5705-02-00-00	4,200	41.5%	10.9%	7.4%	7.4%	32.7%	100.0%
Effluent Pond Cleaning	17-5706-01-00-00	90,000	100.0%					100.0%
Sales Tax	17-5801-01-00-00				50.0%	50.0%		100.0%
Sales Tax	17-5801-02-00-00				50.0%	50.0%		100.0%
Shipping/Freight	17-5802-01-00-00				50.0%	50.0%		100.0%
Shipping/Freight	17-5802-02-00-00				50.0%	50.0%		100.0%
IT Allocations in to PC's & Depts.	17-6500-01-00-00	230,502			50.0%	50.0%		100.0%
IT Allocations in to PC's & Depts.	17-6500-02-00-00	40,653			50.0%	50.0%		100.0%
Rounding		53						
Total		7,849,616						

South Orange County Wastewater Authority
FY 2017-18 PC 21 O&M Budget Detail and Wastewater Code Allocations

Description	Account #	Total	Wastewater Allocation %		
			Reach B/C/D	Reach E	Total
Regular Salaries-O&M	21-5000-02-00-00		67.0%	33.0%	100.0%
Engineering - Misc.	21-5014-02-00-00	62,500	67.0%	33.0%	100.0%
Contract Services Misc. - 29	21-5019-02-00-00		67.0%	33.0%	100.0%
Insurance - Property/Liability	21-5027-02-00-00	731	67.0%	33.0%	100.0%
Small Tools & Supplies	21-5028-01-00-00		67.0%	33.0%	100.0%
Small Tools & Supplies	21-5028-02-00-00		67.0%	33.0%	100.0%
Misc-Capital-Dilution & Metering Study	21-5069-02-00-00		67.0%	33.0%	100.0%
Fringe Benefits IN to PC's & Depts.	21-5401-02-00-00		67.0%	33.0%	100.0%
Rounding		-7			
Total		63,224			

South Orange County Wastewater Authority Member Agency Allocations

PC 24 Projections

FY 2017-18

Member Agency	Outfall Flow MGD	Variable Cost Percent
CLB	1.727	16.5%
EBSD	0.050	0.5%
ETWD	2.597	24.8%
IRWD	2.554	24.4%
MNWD	2.872	27.4%
SCWD	0.679	6.5%
Total	10.479	100.0%

South Orange County Wastewater Authority
FY 2017-18 PC 24 O&M Budget Detail and Wastewater Code Allocations

Description	Account #	Total	Wastewater Allocation %			
			Var 5%	Var 95%	Fixed	Total
Regular Salaries-O&M	24-5000-01-00-00	6,693	5.0%	95.0%		100.0%
Regular Salaries-O&M	24-5000-02-00-00	85,625	5.0%	95.0%		100.0%
Overtime Salaries-O&M	24-5001-01-00-00	346	5.0%	95.0%		100.0%
Overtime Salaries-O&M	24-5001-02-00-00	200	5.0%	95.0%		100.0%
Electricity	24-5002-01-00-00	1,000	5.0%	95.0%		100.0%
Electricity	24-5002-02-00-00		5.0%	95.0%		100.0%
Engineering - Misc.	24-5014-02-00-00	20,000			100.0%	100.0%
Management Support Services	24-5015-02-00-00	27,504			100.0%	100.0%
Legal	24-5017-02-00-00	2,000			100.0%	100.0%
Insurance - Property/Liability	24-5027-02-00-00	5,366			100.0%	100.0%
Safety Supplies	24-5031-02-00-00	1,000	5.0%	95.0%		100.0%
Travel Expense/Tech. Conferences	24-5034-02-00-00	2,484			100.0%	100.0%
Laboratory Supplies	24-5036-02-00-00	17,000	5.0%	95.0%		100.0%
Permits	24-5038-02-00-00	131,992			100.0%	100.0%
Offshore Monitoring - 20A	24-5044-02-00-00	22,000			100.0%	100.0%
Effluent Chemistry - 20C	24-5046-02-00-00	30,000	5.0%	95.0%		100.0%
Maintenance Equip. & Facilities(Common)	24-5058-01-00-00	1,000	5.0%	95.0%		100.0%
Inspections/Port Cleaning	24-5067-02-00-00	35,000			100.0%	100.0%
Misc-Capital-Dilution & Metering Study	24-5069-02-00-00				100.0%	100.0%
Scheduled Holiday Work	24-5306-01-00-00	100	5.0%	95.0%		100.0%
Scheduled Holiday Work	24-5306-02-00-00	3,112	5.0%	95.0%		100.0%
Fringe Benefits IN to PC's & Depts.	24-5401-01-00-00	4,966	5.0%	95.0%		100.0%
Fringe Benefits IN to PC's & Depts.	24-5401-02-00-00	63,534	5.0%	95.0%		100.0%
IT Allocations in to PC's & Depts.	24-6500-01-00-00	1,007			100.0%	100.0%
IT Allocations in to PC's & Depts.	24-6500-02-00-00	12,289			100.0%	100.0%
Rounding		(22)				
Total		474,196				

Appendix D

OUTFALL COST MEMO

The following memo was developed by SOCWA staff to examine potential options for outfall flow capacity costs to meet requests from the SOCWA Board.

Memorandum

DATE: March 20, 2019

TO: SOCWA Member Agency Finance and Engineering Managers

FROM: Betty Burnett, General Manager

STAFF CONTACT: Amber Baylor, Director of Environmental Compliance
Jim Burror, Director of Operations

SUBJECT: Fixed Costs Recommendation for the Ocean Outfalls

National Pollutant Discharge Elimination System (NPDES) Permit Flow Requirements

The NPDES permit expires in five-year cycles, and annual costs are determined by the permitted flows. Each discharge that is included in the permit requires submittal of the design flow capacity included in the permit application. SOCWA submits the NPDES permits to the San Diego Regional Water Quality Control Board (SDRWQCB) on behalf of member agencies after input from member agencies through the NPDES Technical Advisory Group. SOCWA manages two NPDES permits: the Aliso Creek Ocean Outfall (ACOO) and the San Juan Creek Ocean Outfall (SJCOO). The monitoring costs to comply with the NPDES permits do not change based on flow.

The following table includes the flows that were approved by the TAG for ACOO & SJCOO in 2015. The Report of Waste Discharge was submitted to the SDRWQCB on October 31, 2016, due to the requirement that the permit application be submitted to the SDRWQCB 180 days prior to the expiration of the permits which were May 31, 2016. The permit is under administrative relief due to the expiration of the permits. The SDRWQCB has projected that the ACOO & SJCOO will be brought to the Board at the December 2019 meeting.

ACOO	SJCOO
<ul style="list-style-type: none"> • Regional Treatment Plant: 12.0mgd • Coastal Treatment Plant: 6.7mgd • Los Alisos Water Recycling Plant: 7.5mgd • El Toro Water Reclamation Plant: 6.0mgd • Irvine Desalter Project: 1.0mgd • Shallow Ground Water Unit: 0.85mgd • Aliso Creek Water Harvesting Unit: 0.32mgd 	<ul style="list-style-type: none"> • JB Latham Treatment Plant: 13.0mgd • Chiquita Water Reclamation Plant: 9.0mgd • 3A Water Reclamation Plant: 6.0mgd • City of San Clemente Water Reclamation Plant: 6.98mgd • City of San Juan Ground Water Plant: 2.2mgd • South Coast Water District Ground Water Recovery Facility: 0.6mgd • City of San Clemente Segunda Deschecha Runoff Plant: 1.0mgd • Lake Mission Viejo Brine: 1.0mgd
Total = 34.37mgd	Total = 39.78mgd

Fee Determination Calculation

The California Code of Regulations, Title 23, Division 3, Chapter 9, Article 1 sets the Fee Structure for the water quality fee structures applied in permits. In FY 16-17 it was identified by the California Department of Finance that the State Water Resources Control Board would need to increase fees due to a pending budget shortfall. However, in the FY 17-18 there was a one-time fee reduction of 12.6% that was not seen in FY17-18 but was applied to FY18-19. The NPDES annual fee now equals \$2,268 plus 4,011 multiplied by the permitted flow, in mgd. If there is no permitted effluent flow specified, the fee shall be based on the design flow of the facility. NPDES permitted industrial discharges with a threat/complexity rating of 1A (SJCOO & ACOO both qualify) require an additional \$15,000 and public wastewater treatment facilities with approved pretreatment programs are subject to a surcharge of \$10,000.

	ACOO	SJCOO
FY	Fee (\$)	Fee (\$)
14-15	\$137,375	\$143,454
15-16	\$137,375	\$143,454
16-17	\$137,375	\$143,454
17-18	\$137,375	\$143,454
18-19	\$165,126	\$172,815

Table 1: Cost of Permitted flows for ACOO & SJCOO FY 14-15 through FY 18-19

Unless there is an increase in fees associated with the permit from the SWRCB fee change, the fee structure should stay consistent as demonstrated in FY 14-15 through FY 17-18. The only way to change the cost of the permit is to adjust the flows associated with each facility in the next ROWD or file an amendment in the current

ROWD for a reduction of flows. Tables 2 & 3 provide an analysis of the average flow at each of the facilities for 2018.

Agency	2017 Avg Annual Daily Flow MGD	2018 Avg Annual Daily Flow MGD	2017 Peak Daily Flow MGD	2018 Peak Daily Flow MGD	Outfall Ownership MGD
CLB	1.677	1.555	3.201	2.245	5.500
EBSD(1)	0.053	0.048	0.060	0.052	0.390
ETWD	2.398	2.330	5.997	7.108	8.151
IRWD	2.290	2.416	7.001	6.337	7.880
MNWD	2.788	2.541	13.680	9.330	21.924
SCWD	0.995	0.320	2.847	1.559	6.155
Total	10.203	9.210	32.786	26.631	50.000

(1) Daily data is not available.

Table 2: ACOO Flows 2017 and 2018 Flows

Agency	2017 Avg Annual Daily Flow MGD	2018 Avg Annual Daily Flow MGD	2017 Peak Daily Flow MGD	2018 Peak Daily Flow MGD	Outfall Ownership MGD
CSC	2.106	2.455	5.550	4.420	13.300
SCJC	2.594	2.486	6.639	3.933	8.860
MNWD	1.400	1.400	3.833	2.292	12.410
SCWD	1.822	1.837	5.625	3.976	9.970
SMWD	2.993	1.169	11.523	5.846	35.460
Total	10.916	9.347	33.170	20.467	80.000

Table 3: SJCOO 2017 and 2018 Flows

Cost Impact

Using the flows with the FY 18-19 water quality fee structure, the annual cost could drop to \$64,446 for ACOO and \$65,381 for SJCOO. However, the regulatory risk associated with using the reduced flows includes high flow years and an anti-back sliding trigger that will not allow for more flow should the facility need it. The regulatory risk associated with the savings is displayed in Table 4 below.

	ACOO		SJCOO
Current Permit Cost	\$165,126		\$172,815
2017 Peak Flow Cost	\$137,929		\$101,606
Difference	\$27,197		\$71,209
Capital Share - Fixed Costs versus Variable			
Agency	Current	2017 Peak Flow	Potential Savings/Cost
CLB	\$18,164	\$13,466	\$4,697
EBSD	\$1,288	\$252	\$1,036
ETWD	\$26,919	\$25,229	\$1,690
IRWD	\$26,024	\$29,453	(\$3,429)
MNWD	\$99,212	\$11,741	\$87,471
SCWD	\$41,864	\$29,208	\$12,656
CSC	\$28,730	\$17,001	\$11,730
CSJC	\$19,139	\$20,336	(\$1,197)
SMWD	\$76,600	\$35,297	\$41,303

Table 4: Permit cost distribution for reduced flows based on fixed cost capacity

Staff Recommendation:

The monitoring costs and labor costs remain fixed as those costs do not change with the changing flows on an annual basis. Staff recommends using the fixed cost methodology for PC 5 & PC24. Staff also recommends not reducing the permitted flows from each treatment plant included in the NPDES permits.

This is because reducing the permitted value will expose the agencies to the following risks:

- 1) An exceedance of the average permitted value over the monthly average result in a permit violation and an unauthorized discharge violation, or spill, with minimum mandatory penalties of \$10 per gallon.
- 2) If the permitted discharge value is lowered, the RWQCB will not allow for the permitted value to be increased, due to anti-degradation prohibitions in the Clean Water Act, without physical modifications to the outfall. This includes the associated design, assessment, permit application, and public hearings required for the approval on an increased permitted flow. The costs would be similar to

the costs incurred every five years to renew the permit, plus the capital costs to modify the outfall system. Past estimates for this work is between \$250,000 to \$500,000, and again the outcome of the process is subject to the approval of the RWQCB.

Agenda Item

8

Legal Counsel Review: N/A

Meeting Date: March 26, 2019

TO: Finance Committee

FROM: Betty Burnett, General Manager

STAFF CONTACT: Mary Carey, Finance Controller

SUBJECT: Policy of Capital Funding

Summary:

At the March 5, 2019 combined Finance and Engineering Committee meeting and at the March 7, 2019 Board meeting the member agency representatives discussed addressing capital budget deposits made to SOCWA. It was recommended that staff review the item and suggest a policy for consideration.

The current approach is as follows:

- Planned Capital Expenditures proceed through Engineering Committee for All Project Committees with recommendation to the Board of Directors.
- Adopted Budget is billed as follows:
 - Quarter 1 & 2 Based on Budget
 - Quarter 3 & 4 Based on Adjustments for Actual Expenditure Trends (Construction in Progress) and Issued Contractual Obligations

To improve the current approach SOCWA staff has implemented the Cash Roll Forward Procedure to issue for agency/Board review quarterly updates on Cash on Hand. This has improved the visibility of Cash held for the member agencies. This allows member agencies to readily assess current balances on hand. In addition, contracting improvements at SOCWA include Close Out Procedures which assist in providing for more timely transitioning to the notice of completion/assessment of full contract compliance for completing construction projects. This in turn supports timely “due to” and “due from” assessments in the Use Audit process already in place.

Staff also discussed and assessed the viability of optional approaches to capital funding, as follows:

- ▶ Option 1:
 - Budgeted Projects due on Budget Approval.
 - Positives: Cash on Hand supports Project decisions.
 - Negatives: SOCWA holds larger cash balances for greater periods of time; Member agency cash flows change.

- ▶ Option 2:
Collection with Project Contracting.
 - Positives: Cash on Hand supports Project obligations.
 - Negatives: SOCWA holds larger cash balances for greater periods of time; Member agency cash flows change; impractical due to staffing support needed for increased invoicing activity.

- ▶ Option 3:
Monthly Invoicing for all Capital.
 - Positives: Tighter agency cash flow to SOCWA.
 - Negatives: Impractical due to both engineering and finance staff needed to support more frequent invoicing.

Recommendation:

Staff recommends the Finance Committee recommends the Board of Directors retains the current approach to funding for capital projects.