NOTICE OF SPECIAL MEETING
OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

FINANCE COMMITTEE

April 23, 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 **April 23, 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. Financial Reports for the month of March 2019

The reports included are as follows:

a) Summary of Disbursements for March 2019 (Exhibit A)
b) Schedule of Funds Available for Reinvestment (Exhibit B)
   - Local Agency Investment Fund (LAIF)
c) Schedule of Cash and Investments (Exhibit C)
d) 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)
   - Updated FY 2018-19 Fringe Pool and Rate (Exhibit E-5);

Recommendation:

Staff recommends that the Finance Committee recommend the Board of Directors to ratify the March 2019 disbursements for the period from March 1, 2019, through March 31, 2019, totaling $1,896,583, and to receive and file the March 2019 Financial Reports as submitted.

5. FY 2019/2020 O&M Budget

a) Staff presentation on Outfall Costs.
b) Discussion of Cost Distributions (fixed versus variable) for PC 5 (San Juan Creek Ocean Outfall).
c) Staff presentation on PC 12 Compliance Study

Recommendation:

Finance Committee discussion and direction to staff

6. FY 2019/2020 Budget Preparation

a) Receive Committee additional comments re March 26, 2019 and April 9 Meetings
b) Staff update on March CPI.

Recommendation:

Finance Committee discussion and direction to staff

7. Pension & OPEB Funding Opportunities

a) Report on Meeting with Member Agency Finance Officers and Representatives from 4/17/19 meeting.
b) Committee Questions & Discussion.

Recommendation:

Finance Committee to concur in a recommendation to include in the FY 2019-2020 Budget a savings/pay down program to address PERS Unfunded Liability.

8. SOCWA Administration Costs

a) Staff presentation:
   - Staffing levels and projected costs

b) Allocation to General Fund
- Staff time / salary costs
- Other costs
- Member Agency percentage share of General Fund

Recommendation:

Finance Committee discussion and direction to staff.

9. Policy for Funding of Capital Work

Recommendation:

Staff recommends the Finance Committee recommend to the Board of Directors approval of a Policy for the Collection of Capital Deposits from Member Agencies.

10. Two-Year Capital Budget (Including Small Capital)

a) Staff to provide Powerpoint Presentations

Recommendation:
Information Item

11. Agenda Preparation Software / Audio Visual Hardware

Recommendation:

Staff recommends the Finance Committee recommend the Board of Directors to authorize staff to acquire a limited software/hardware system to increase quality and improve efficiency in agenda/meeting/documentation functions at SOCWA.

12. Internship Program at SOCWA

Recommendation:

Staff recommends that the Finance Committee recommend the Board of Directors establish an internship program policy, with a projection to hire two interns for the period beginning June 24, 2019, to September 15, 2019.

13. Adjournment

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

I hereby certify that the foregoing Notice was posted at least 24 hours prior to the time of the above-referenced Finance Committee at the usual agenda posting location of the South Orange County Wastewater Authority and at www.socwa.com.

Dated this 18th day of April 2019.

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

Agenda Item 4

Finance Committee Meeting
Meeting Date: April 23, 2019

TO: Board of Directors

FROM: Betty Burnett, General Manager

STAFF CONTACT: Mary Carey, Finance Controller

SUBJECT: Financial Reports for the Month of March 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 March 2019 (Exhibit A)
b) Schedule of Funds Available for Reinvestment (Exhibit B)
   - Local Agency Investment Fund (LAIF)
c) Schedule of Cash and Investments (Exhibit C)
d) Budget vs. Actual Expenses:
   - Operations and Environmental Summary (Exhibit E-1)
   - Operations and Environmental by PC (E-1.2)
   - Residual Engineering, after transfer to Capital (Exhibit E-2)
   - Administration (Exhibit E-3)
   - Information Technology (IT) (Exhibit E-4)
   - **Updated FY 2018-19 Fringe Pool and Rate (Exhibit E-5);**
     Rate increased to 75.5% from the Budgeted 72% due to a Lower Labor Base.
     The forecasted rate has replaced the budgeted rate in all of the above Budget vs. Actual financial documents.

Fiscal impact

March 2019 cash disbursements were: $1,896,583.

- 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 the Board of Directors to ratify the March 2019 disbursements for the period from March 1, 2019, through March 31, 2019, totaling $1,896,583, and to receive and file the March 2019 Financial Reports as submitted.

Exhibit A

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

	Actual
General Fund	(624,234)
PC 2 - Jay B. Latham Plant	(358,783)
PC 3 - SOCWA Plant/PCA AWT	-
PC 5 - San Juan Creek Ocean Outfall	(12,053)
PC 8 - Pretreatment Program	(27,268)
PC 12 SO - Water Reclamation Permits	(91,422)
PC 15 - Coastal Treatment Plant/AWT	(183,752)
PC 17 - Joint Regional Wastewater Reclamation	(587,275)
PC 21 - Effluent Transmission Main	(153)
PC 24 - Aliso Creek Ocean Outfall	(11,643)
Total	**($1,896,583)**

Exhibit B

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
SCHEDULE OF FUNDS AVAILABLE FOR REINVESTMENT
as of March 31, 2019

CASH IN BANK: (BEGINNING BAL.)	421,051
L.A.I.F. FUNDS: (BEGINNING BAL.)	17,699,249
DEPOSITS, TRANSFERS & ADJUSTMENTS:	1,398,788
FUND REQUIREMENTS:	
BILLS FOR CONSIDERATION	(1,896,583)
	$ 17,622,505

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.

Exhibit C

South Orange County Wastewater Authority
Schedule of Cash and Investments
as of March 31, 2019

MVA	$	95,975	(A)
A/P Checking	$	646,718	(B)
Payroll Checking	$	(92,712)	(C)
State LAIF	$	16,972,523	(D)
Total Cash in Bank		**17,622,505**	
Petty Cash	$	1,600	(E)
Total Operating Cash		**17,624,105**	
OPEB Trust	$	4,981,462	(F)
Total Cash and Investments	**$**	**22,605,566**	

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.

CALIFORNIA STATE TREASURER
FIONA MA, CPA

PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
03/11/19	2.43	2.38	187
03/12/19	2.43	2.38	185
03/13/19	2.43	2.38	184
03/14/19	2.44	2.38	184
03/15/19	2.44	2.38	183
03/16/19	2.44	2.39	183
03/17/19	2.44	2.39	183
03/18/19	2.44	2.39	179
03/19/19	2.44	2.39	178
03/20/19	2.44	2.39	177
03/21/19	2.44	2.39	178
03/22/19	2.44	2.39	177
03/23/19	2.44	2.39	177
03/24/19	2.44	2.39	177
03/25/19	2.44	2.39	175
03/26/19	2.44	2.39	174
03/27/19	2.44	2.39	175
03/28/19	2.44	2.39	176
03/29/19	2.44	2.39	181
03/30/19	2.44	2.39	181
03/31/19	2.44	2.39	179
04/01/19	2.44	2.44	179
04/02/19	2.44	2.44	184
04/03/19	2.44	2.44	182
04/04/19	2.44	2.44	179
04/05/19	2.44	2.44	179
04/06/19	2.44	2.44	179
04/07/19	2.44	2.44	179
04/08/19	2.44	2.44	181
04/09/19	2.45	2.43	182
04/10/19	2.45	2.43	181

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

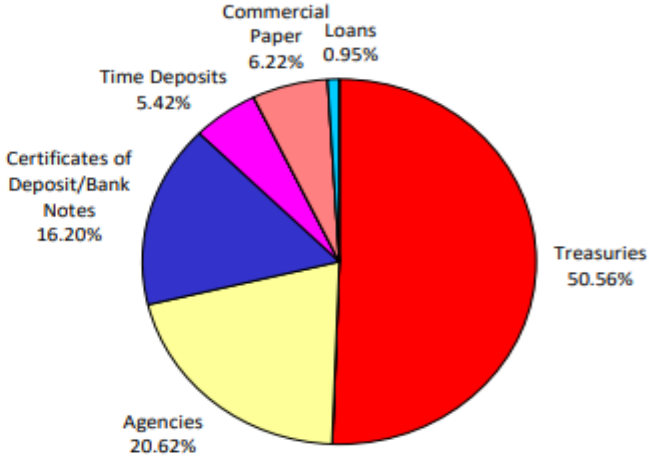
Quarter Ending 12/31/18

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

Mar 2019	2.436
Feb 2019	2.392
Jan 2019	2.355

Pooled Money Investment Account
Portfolio Composition
03/31/19
$86.9 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 04/10/2019

Exhibit E-1

South Orange County Wastewater Authority
O & M & Environmental Safety Costs Summary
For the Period Ended March 31, 2019

		FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended	
Salary and Fringe						
-5000--**-**	Regular Salaries-O&M	4,510,404	3,045,568	1,464,836	67.5%	
-5001--**-**	Overtime Salaries-O&M	115,036	151,877	(36,841)	132.0%	(1)
-5306--**-**	Scheduled Holiday Work	49,860	25,179	24,681	50.5%	
-5315--**-**	Comp Time - O&M	1,828	14,550	(12,722)	795.9%	(1)
-5401--**-**	Fringe Benefits IN to PC's & Depts.	3,247,504	2,299,404	948,100	70.8%	
-5700--**-**	Standby Pay	69,292	50,700	18,592	73.2%	
	Total Payroll Costs	7,993,924	5,587,278	2,406,646	69.9%	
Other Expenses						
-5002--**-**	Electricity	1,055,968	970,649	85,319	91.9%	(2)
-5003--**-**	Natural Gas	148,532	188,660	(40,128)	127.0%	(3)
-5004--**-**	Potable & Reclaimed Water	69,012	55,359	13,653	80.2%	
-5005--**-**	Co-generation Power Credit	(250,012)	(300,696)	50,684	120.3%	
-5006--**-**	Chlorine/Sodium Hypochlorite	489,012	432,437	56,575	88.4%	(4)
-5007--**-**	Polymer Products	658,028	388,615	269,413	59.1%	
-5008--**-**	Ferric Chloride	265,000	261,875	3,125	98.8%	(5)
-5009--**-**	Odor Control Chemicals	163,008	87,134	75,874	53.5%	
-5010--**-**	Other Chemicals - Misc.	5,000	-	5,000	0.0%	
-5011--**-**	Laboratory Services	41,696	24,444	17,252	58.6%	
-5012--**-**	Grit Hauling	134,008	88,540	45,468	66.1%	
-5013--**-**	Landscaping	185,008	128,749	56,259	69.6%	
-5014--**-**	Engineering - Misc.	175,004	22,254	152,750	12.7%	
-5015--**-**	Management Support Services	363,936	57,392	306,544	15.8%	
-5016--**-**	Audit - Environmental	500	-	500	0.0%	
-5017--**-**	Legal Fees	23,020	73,002	(49,982)	317.1%	
-5018--**-**	Public Notices/ Public Relations	2,008	170	1,838	8.5%	
-5019--**-**	Contract Services Misc.	375,012	211,390	163,622	56.4%	
-5021--**-**	Small Vehicle Expense	21,024	21,421	(397)	101.9%	(6)
-5022--**-**	Miscellaneous Expense	18,488	15,253	3,235	82.5%	
-5023--**-**	Office Supplies - All	38,004	24,639	13,365	64.8%	
-5024--**-**	Petroleum Products	59,980	21,842	38,138	36.4%	
-5025--**-**	Uniforms	37,016	38,944	(1,928)	105.2%	(7)
-5026--**-**	Small Vehicle Fuel	35,680	14,359	21,321	40.2%	
-5027--**-**	Insurance - Property/Liability	185,132	123,047	62,085	66.5%	
-5028--**-**	Small Tools & Supplies	85,664	43,841	41,823	51.2%	
-5030--**-**	Trash Disposal	6,992	3,283	3,709	47.0%	
-5031--**-**	Safety Program & Supplies	106,396	80,694	25,702	75.8%	
-5032--**-**	Equipment Rental	7,008	2,006	5,002	28.6%	
-5033--**-**	Recruitment	3,024	1,310	1,715	43.3%	
-5034--**-**	Travel Expense/Tech. Conferences	72,068	43,968	28,100	61.0%	
-5035--**-**	Training Expense	63,380	62,805	575	99.1%	(8)
-5036--**-**	Laboratory Supplies	90,328	57,850	32,478	64.0%	
-5037--**-**	Office Equipment	24,996	13,480	11,516	53.9%	
-5038--**-**	Permits	415,952	398,103	17,849	95.7%	(9)
-5039--**-**	Membership Dues/Fees	11,920	11,497	423	96.5%	
-5044--**-**	Offshore Monitoring	36,000	27,323	8,677	75.9%	
-5045--**-**	Offshore Biochemistry - 20B	110,000	-	110,000	0.0%	
-5046--**-**	Effluent Chemistry	28,004	38,677	(10,673)	138.1%	(10)
-5047--**-**	Access Road Expenses	48,000	28,100	19,900	58.5%	
-5048--**-**	Storm Damage	20,008	130,830	(110,822)	653.9%	(11)
-5049--**-**	Biosolids Disposal	1,639,008	1,021,666	617,342	62.3%	
-5050--**-**	Contract Services Generators	21,004	18,604	2,400	88.6%	
-5051--**-**	Contract Serv - Metering Station - 29B	0	241	(241)	0.0%	
-5052--**-**	Janitorial Services	100,024	54,748	45,276	54.7%	
-5053--**-**	Contract Serv - Digester Cleaning - 29E	60,000	-	60,000	0.0%	
-5054--**-**	Diesel Truck Maint	41,004	15,866	25,138	38.7%	
-5055--**-**	Diesel Truck Fuel	14,004	6,736	7,268	48.1%	
-5056--**-**	Maintenance Equip. & Facilities (Solids)	338,000	321,280	16,720	95.1%	(12)
-5057--**-**	Maintenance Equip. & Facilities (Liquids)	591,996	399,256	192,740	67.4%	
-5058--**-**	Maintenance Equip. & Facilities (Common)	76,004	50,252	25,752	66.1%	
-5059--**-**	Maintenance Equip. & Facilities (Co-Gen)	1,135,016	482,586	652,430	42.5%	
-5060--**-**	Maintenance Equip. & Facilities (AWT)	72,000	49,281	22,719	68.4%	
-5061--**-**	Mileage	2,036	1,677	359	82.4%	
-5067--**-**	Port Cleaning	35,000	-	35,000	0.0%	
-5068--**-**	MNWD Potable Water Supplies & Svcs.	24,484	24,125	359	98.5%	
-5069--**-**	Misc-Capital-Dilution & Metering Study	7,996	-	7,996	0.0%	
-5076--**-**	SCADA Infrastructure	57,000	306	56,694	0.5%	
-5077--**-**	IT Direct	-	2,216	(2,216)	0.0%	
-5101--**-**	Employee Recognition	1,004	-	1,004	0.0%	
-5105--**-**	Co-Generation Power Credit - Offset	249,972	300,696	(50,724)	120.3%	
-5303--**-**	Group Insurance Waiver	10,824	10,800	24	99.8%	
-5305--**-**	Medicare Tax Payments for Employees	9,452	3,736	5,716	39.5%	
-5309--**-**	Operating Leases	31,004	15,006	15,998	48.4%	
-5705--**-**	Monthly Car Allowance	25,376	21,554	3,822	84.9%	
-5706--**-**	Effluent Pond Cleaning	90,000	-	90,000	0.0%	
-6500--**-**	IT Allocations in to PC's & Depts.	646,448	420,903	225,545	65.1%	
	Total Other Expenses	10,707,660	7,115,275	3,592,385	66.5%	
		18,701,584	**12,702,553**	**5,999,031**	**67.9%**	

(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.

(4) 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.

(5) 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.

(6) New vehicles were outfitted with gear for use by staff; elevating expenses for the first quarter.

(7) Uniform expenses are elevated due to new employee change outs and required PPE has been added to employee inventories.

(8) Training expenses have been elevated due to the large number of newer employees in O&M.

(9) 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.

(10) Annual Kelp Survey as required by NPDES permit; expenses are planned to level off.

(11) 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.

(12) 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.

Exhibit E-1.2

South Orange County Wastewater Authority
O & M & Environmental Safety Costs by PC
For the Period Ended March 31, 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	1,021,079	451,857	69.3%	
02-5001-**-**-**	Overtime Salaries-O&M	32,908	54,993	(22,085)	167.1%	(1)
02-5306-**-**-**	Scheduled Holiday Work	14,732	11,523	3,209	78.2%	
02-5315-**-**-**	Comp Time - O&M	752	8,728.59	(7,977)	1160.7%	(1)
02-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	1,060,520	770,915	289,605	72.7%	
02-5700-**-**-**	Standby Pay	27,048	20,638	6,411	76.3%	
	Total Payroll Costs	2,608,896	1,887,876	721,020	72.4%	
Other Expenses						
02-5002-**-**-**	Electricity	374,976	354,965	20,011	94.7%	(2)
02-5003-**-**-**	Natural Gas	120,024	108,241	11,783	90.2%	(3)
02-5004-**-**-**	Potable & Reclaimed Water	20,008	17,034	2,974	85.1%	
02-5006-**-**-**	Chlorine/Sodium Hypochlorite	28,000	-	28,000	0.0%	
02-5007-**-**-**	Polymer Products	250,008	124,923	125,085	50.0%	
02-5008-**-**-**	Ferric Chloride	105,004	90,186	14,818	85.9%	(4)
02-5009-**-**-**	Odor Control Chemicals	28,004	25,754	2,250	92.0%	(5)
02-5010-**-**-**	Other Chemicals - Misc.	1,000	-	1,000	0.0%	
02-5011-**-**-**	Laboratory Services	10,692	5,584	5,109	52.2%	
02-5012-**-**-**	Grit Hauling	50,004	40,360	9,644	80.7%	
02-5013-**-**-**	Landscaping	50,004	44,479	5,525	89.0%	(6)
02-5014-**-**-**	Engineering - Misc.	30,004	15,090	14,914	50.3%	
02-5015-**-**-**	Management Support Services	59,004	32,884	26,120	55.7%	
02-5017-**-**-**	Legal Fees	4,992	473	4,519	9.5%	
02-5019-**-**-**	Contract Services Misc.	115,004	58,486	56,518	50.9%	
02-5021-**-**-**	Small Vehicle Expense	8,004	10,893	(2,889)	136.1%	(7)
02-5022-**-**-**	Miscellaneous Expense	8,000	4,606	3,394	57.6%	
02-5023-**-**-**	Office Supplies - All	27,000	12,695	14,305	47.0%	
02-5024-**-**-**	Petroleum Products	15,992	7,426	8,566	46.4%	
02-5025-**-**-**	Uniforms	13,004	15,096	(2,092)	116.1%	(8)
02-5026-**-**-**	Small Vehicle Fuel	14,980	8,236	6,744	55.0%	
02-5027-**-**-**	Insurance - Property/Liability	65,464	43,510	21,954	66.5%	
02-5028-**-**-**	Small Tools & Supplies	40,004	18,189	21,815	45.5%	
02-5030-**-**-**	Trash Disposal	2,000	1,259	741	63.0%	
02-5031-**-**-**	Safety Supplies	34,704	30,522	4,182	87.9%	
02-5032-**-**-**	Equipment Rental	3,000	1,834	1,166	61.1%	
02-5033-**-**-**	Recruitment	1,024	668	357	65.2%	
02-5034-**-**-**	Travel Expense/Tech. Conferences	18,876	19,192	(316)	101.7%	(9)
02-5035-**-**-**	Training Expense	26,188	29,039	(2,851)	110.9%	(10)
02-5036-**-**-**	Laboratory Supplies	14,296	9,610	4,686	67.2%	
02-5037-**-**-**	Office Equipment	13,000	8,052	4,948	61.9%	
02-5038-**-**-**	Permits	22,432	22,819	(387)	101.7%	(11)
02-5039-**-**-**	Membership Dues/Fees	8,040	5,766	2,274	71.7%	
02-5049-**-**-**	Biosolids Disposal	600,000	288,655	311,345	48.1%	
02-5050-**-**-**	Contract Services Generators	9,000	11,136	(2,136)	123.7%	(12)
02-5052-**-**-**	Janitorial Services	40,004	26,262	13,742	65.6%	
02-5053-**-**-**	Contract Serv - Digester Cleaning - 29E	60,000	-	60,000	0.0%	
02-5054-**-**-**	Diesel Truck Maint	20,996	5,915	15,081	28.2%	
02-5055-**-**-**	Diesel Truck Fuel	6,000	3,121	2,879	52.0%	
02-5056-**-**-**	Maintenance Equip. & Facilities (Solids)	142,004	170,388	(28,384)	120.0%	(13)
02-5057-**-**-**	Maintenance Equip. & Facilities (Liquids)	246,996	169,866	77,130	68.8%	
02-5058-**-**-**	Maintenance Equip. & Facilities (Common)	27,000	26,933	67	99.8%	(14)
02-5059-**-**-**	Maintenance Equip. & Facilities (Co-Gen)	485,004	204,553	280,451	42.2%	
02-5061-**-**-**	Mileage	2,036	699	1,337	34.3%	
02-5076-**-**-**	SCADA Infrastructure	19,000	306	18,694	1.6%	
02-5077-**-**-**	IT Direct	-	1,153	(1,153)	0.0%	
02-5303-**-**-**	Group Insurance Waiver	3,604	2,700	904	74.9%	
02-5305-**-**-**	Medicare Tax Payments for Employees	3,864	2,234	1,630	57.8%	
02-5309-**-**-**	Operating Leases	25,004	15,006	9,998	60.0%	
02-5705-**-**-**	Monthly Car Allowance	8,416	12,635	(4,219)	150.1%	
02-6500-**-**-**	IT Allocations in to PC's & Depts.	211,128	134,315	76,813	63.6%	
	Total Other Expenses	3,492,792	2,243,924	1,248,868	64.2%	
	Total Expenses	6,101,688	4,131,800	1,969,888	67.7%	

South Orange County Wastewater Authority
O & M & Environmental Safety Costs by PC
For the Period Ended March 31, 2019

		FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended	
05 - San Juan Creek Ocean Outfall						
Salary and Fringe						
05-5000-**-**-**	Regular Salaries-O&M	123,972	57,049	66,923	46.0%	
05-5001-**-**-**	Overtime Salaries-O&M	1,116	644	472	57.7%	
05-5306-**-**-**	Scheduled Holiday Work	740	126	614	17.0%	
05-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	89,252	43,072	46,180	48.3%	
	Total Payroll Costs	215,080	100,891	114,189	46.9%	
Other Expenses						
05-5002-**-**-**	Electricity	1,004	-	1,004	0.0%	
05-5003-**-**-**	Natural Gas	512	-	512	0.0%	
05-5014-**-**-**	Engineering - Misc.	10,000	-	10,000	0.0%	
05-5015-**-**-**	Management Support Services	9,404	3,424	5,980	36.4%	
05-5017-**-**-**	Legal Fees	2,000	233	1,768	11.6%	
05-5026-**-**-**	Small Vehicle Fuel - 37A	512	-	512	0.0%	
05-5027-**-**-**	Insurance - Property/Liability	5,756	3,826	1,930	66.5%	
05-5031-**-**-**	Safety Supplies	1,004	-	1,004	0.0%	
05-5034-**-**-**	Travel Expense/Tech. Conferences	4,456	4,057	399	91.1%	
05-5035-**-**-**	Training Expense	564	-	564	0.0%	
05-5036-**-**-**	Laboratory Supplies	19,236	11,319	7,917	58.8%	
05-5038-**-**-**	Permits	155,000	172,815	(17,815)	111.5%	(11)
05-5044-**-**-**	Offshore Monitoring	18,000	13,661	4,339	75.9%	(15)
05-5045-**-**-**	Offshore Biochemistry - 20B	64,996	-	64,996	0.0%	
05-5046-**-**-**	Effluent Chemistry	14,000	15,821	(1,821)	113.0%	(15)
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	9,416	8,356	53.0%	
	Total Other Expenses	340,884	234,572	106,312	68.8%	
	Total Expenses	555,964	335,463	220,501	60.3%	
08 - Pre Treatment						
Salary and Fringe						
08-5000-**-**-**	Regular Salaries-O&M	80,312	55,330	24,982	68.9%	
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	-	2,592.23	(2,592)	0.0%	
08-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	57,824	41,774	16,050	72.2%	
	Total Payroll Costs	139,716	99,696	40,020	71.4%	
Other Expenses						
08-5011-**-**-**	Laboratory Services	3,000	745	2,255	24.8%	(16)
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	15,969	(13,961)	795.3%	
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	1,340	676	66.5%	
08-5028-**-**-**	Small Tools & Supplies	6,648	840	5,808	12.6%	
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	8,079	3,437	70.2%	
	Total Other Expenses	53,864	31,206	22,658	57.9%	
	Total Expenses	193,580	130,902	62,678	67.6%	
12 - Water Reclamation Permits						
Salary and Fringe						
12-5000-**-**-**	Regular Salaries-O&M	30,396	24,511	5,885	80.6%	
12-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	21,880	18,506	3,374	84.6%	
	Total Payroll Costs	52,276	43,017	9,259	67.4%	
Other Expenses						
12-5015-**-**-**	Management Support Services	130,516	4,890	125,626	3.7%	
12-5017-**-**-**	Legal Fees	2,004	1,872	132	93.4%	
12-5027-**-**-**	Insurance - Property/Liability	1,000	665	335	66.5%	
12-5034-**-**-**	Travel Expense/Tech. Conferences	2,240	58	2,182	2.6%	
12-5038-**-**-**	Permits	18,488	16,347	2,141	88.4%	(11)
12-6500-**-**-**	IT Allocations in to PC's & Depts.	4,356	4,546	(190)	104.4%	
	Total Other Expenses	158,604	28,378	130,226	17.9%	
	Total Expenses	210,880	71,394	139,486	33.9%	

South Orange County Wastewater Authority
O & M & Environmental Safety Costs by PC
For the Period Ended March 31, 2019

		FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended	
15 - Coastal Treatment Plant						
Salary and Fringe						
15-5000-**-**-**	Regular Salaries-O&M	897,448	575,828	321,620	64.2%	
15-5001-**-**-**	Overtime Salaries-O&M	21,252	22,621	(1,369)	106.4%	(1)
15-5306-**-**-**	Scheduled Holiday Work	6,548	2,863	3,685	43.7%	
15-5315-**-**-**	Comp Time - O&M	-	581.61	(581.61)	0.0%	(1)
15-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	646,172	434,750	211,422	67.3%	
15-5700-**-**-**	Standby Pay	16,900	3,900	13,000	23.1%	
	Total Payroll Costs	1,588,320	1,040,545	547,775	65.5%	
Other Expenses						
15-5002-**-**-**	Electricity	297,000	165,259	131,741	55.6%	
15-5003-**-**-**	Natural Gas	2,996	1,943	1,053	64.9%	
15-5004-**-**-**	Potable & Reclaimed Water	13,004	18,730	(5,726)	144.0%	(17)
15-5006-**-**-**	Chlorine/Sodium Hypochlorite	100,004	46,975	53,029	47.0%	
15-5007-**-**-**	Polymer Products	2,008	0	2,008	0.0%	
15-5008-**-**-**	Ferric Chloride	30,996	33,170	(2,174)	107.0%	(18)
15-5009-**-**-**	Odor Control Chemicals	85,004	33,990	51,014	40.0%	
15-5011-**-**-**	Laboratory Services	11,500	7,076	4,424	61.5%	
15-5012-**-**-**	Grit Hauling	30,004	15,922	14,082	53.1%	
15-5013-**-**-**	Landscaping	60,008	29,408	30,600	49.0%	
15-5014-**-**-**	Engineering - Misc.	20,000	2,788	17,212	13.9%	
15-5015-**-**-**	Management Support Services	10,000	2,465	7,535	24.6%	
15-5017-**-**-**	Legal Fees	5,000	38,053	(33,053)	761.1%	
15-5019-**-**-**	Contract Services Misc.	110,000	63,423	46,577	57.7%	
15-5021-**-**-**	Small Vehicle Expense	6,004	3,634	2,370	60.5%	
15-5022-**-**-**	Miscellaneous Expense	2,996	2,564	432	85.6%	
15-5023-**-**-**	Office Supplies - All	4,004	3,814	190	95.3%	
15-5024-**-**-**	Petroleum Products	2,000	4,394	(2,394)	219.7%	(19)
15-5025-**-**-**	Uniforms	6,004	5,754	250	95.8%	(8)
15-5026-**-**-**	Small Vehicle Fuel	6,004	842	5,162	14.0%	
15-5027-**-**-**	Insurance - Property/Liability	26,436	17,571	8,865	66.5%	
15-5028-**-**-**	Small Tools & Supplies	11,000	10,093	907	91.8%	(20)
15-5030-**-**-**	Trash Disposal	2,996	1,061	1,935	35.4%	
15-5031-**-**-**	Safety Program & Supplies	34,692	19,081	15,611	55.0%	
15-5032-**-**-**	Equipment Rental	1,000	172	828	17.2%	
15-5033-**-**-**	Recruitment	1,000	0	1,000	0.0%	
15-5034-**-**-**	Travel Expense/Tech. Conferences	18,872	4,722	14,150	25.0%	
15-5035-**-**-**	Training Expense	13,652	6,416	7,236	47.0%	
15-5036-**-**-**	Laboratory Supplies	14,496	9,431	5,065	65.1%	
15-5037-**-**-**	Office Equipment	2,000	2,508	(508)	125.4%	
15-5038-**-**-**	Permits	22,000	2,110	19,890	9.6%	
15-5039-**-**-**	Membership Dues/Fees	968	1,478	(510)	152.7%	(21)
15-5047-**-**-**	Access Road Expenses	48,000	28,100	19,900	58.5%	
15-5048-**-**-**	Storm Damage	20,008	130,830	(110,822)	653.9%	(22)
15-5049-**-**-**	Biosolids Disposal - 21B	125,004	0	125,004	0.0%	
15-5050-**-**-**	Contract Services Generators	4,004	2,604	1,400	65.0%	
15-5051-**-**-**	Contract Serv - Metering Station - 29B	-	241	(241)	0.0%	
15-5052-**-**-**	Janitorial Services	20,008	8,397	11,611	42.0%	
15-5054-**-**-**	Diesel Truck Maint	1,004	115	889	11.4%	
15-5055-**-**-**	Diesel Truck Fuel - 37B	1,004	0	1,004	0.0%	
15-5056-01-00-00	Maintenance Equip. & Facilities (Solids) 41-A	0	53	(53)	0.0%	
15-5057-**-**-**	Maintenance Equip. & Facilities (Liquids)	175,000	65,274	109,726	37.3%	
15-5058-**-**-**	Maintenance Equip. & Facilities (Common)	21,000	2,422	18,578	11.5%	
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	0	19,000	0.0%	
15-5077-**-**-**	IT Direct	-	1,063	(1,063)	0.0%	
15-5303-**-**-**	Group Insurance Waiver	3,600	2,700	900	75.0%	
15-5305-**-**-**	Medicare Tax Payments for Employees	2,996	1,464	1,532	48.9%	
15-5705-**-**-**	Monthly Car Allowance	1,368	3,150	(1,782)	230.3%	
15-6500-**-**-**	IT Allocations in to PC's & Depts.	128,644	81,671	46,973	63.5%	
	Total Other Expenses	1,560,288	891,615	668,673	57.1%	
	Total Expenses	3,148,608	1,932,160	1,216,448	61.4%	

South Orange County Wastewater Authority
O & M & Environmental Safety Costs by PC
For the Period Ended March 31, 2019

		FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended	
17 - Joint Regional Wastewater Reclamation and Sludge Handling						
Salary and Fringe						
17-5000-**-**-**	Regular Salaries-O&M	1,776,684	1,254,390	522,294	70.6%	
17-5001-**-**-**	Overtime Salaries-O&M	57,712	72,376	(14,664)	125.4%	(1)
17-5306-**-**-**	Scheduled Holiday Work	27,320	10,589	16,731	38.8%	
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	947,065	332,135	74.0%	
17-5700-**-**-**	Standby Pay	25,344	26,163	(819)	103.2%	
	Total Payroll Costs	3,167,336	2,313,229	854,107	56.4%	
Other Expenses						
17-5002-**-**-**	Electricity	381,988	450,425	(68,437)	117.9%	(2)
17-5003-**-**-**	Natural Gas	25,000	78,476	(53,476)	313.9%	(3)
17-5004-**-**-**	Potable & Reclaimed Water	36,000	19,595	16,405	54.4%	
17-5005-**-**-**	Co-generation Power Credit	(250,012)	(300,696)	50,684	120.3%	(23)
17-5006-**-**-**	Chlorine/Sodium Hypochlorite	361,008	385,462	(24,454)	106.8%	(24)
17-5007-**-**-**	Polymer Products	406,012	263,692	142,320	64.9%	
17-5008-**-**-**	Ferric Chloride	129,000	138,520	(9,520)	107.4%	(4)
17-5009-**-**-**	Odor Control Chemicals	50,000	27,390	22,610	54.8%	
17-5010-**-**-**	Other Chemicals - Misc.	4,000	-	4,000	0.0%	
17-5011-**-**-**	Laboratory Services	16,504	11,040	5,464	66.9%	
17-5012-**-**-**	Grit Hauling - 21A	54,000	32,258	21,742	59.7%	
17-5013-**-**-**	Landscaping	74,996	54,862	20,134	73.2%	(6)
17-5014-**-**-**	Engineering - Misc.	32,500	2,801	29,699	8.6%	
17-5015-**-**-**	Management Support Services	123,500	6,264.58	117,235	5.1%	
17-5017-**-**-**	Legal Fees	5,008	5,356	(348)	106.9%	
17-5019-**-**-**	Contract Services Misc.	150,008	88,881	61,127	59.3%	
17-5021-**-**-**	Small Vehicle Expense	6,000	6,893	(893)	114.9%	(7)
17-5022-**-**-**	Miscellaneous Expense	5,996	8,084	(2,088)	134.8%	(25)
17-5023-**-**-**	Office Supplies - All	7,000	8,131	(1,131)	116.2%	(26)
17-5024-**-**-**	Petroleum Products	41,988	10,021	31,967	23.9%	
17-5025-**-**-**	Uniforms	18,008	18,094	(86)	100.5%	(8)
17-5026-**-**-**	Small Vehicle Fuel	12,988	5,281	7,707	40.7%	
17-5027-**-**-**	Insurance - Property/Liability	78,860	52,414	26,446	66.5%	
17-5028-**-**-**	Small Tools & Supplies	28,012	14,719	13,293	52.5%	
17-5030-**-**-**	Trash Disposal	1,996	963	1,033	48.2%	
17-5031-**-**-**	Safety Program & Supplies	35,000	31,091	3,909	88.8%	
17-5032-**-**-**	Equipment Rental	3,008	-	3,008	0.0%	
17-5033-**-**-**	Recruitment	1,000	642	358	64.2%	
17-5034-**-**-**	Travel Expense/Tech. Conferences	18,880	10,199	8,681	54.0%	
17-5035-**-**-**	Training Expense	18,584	26,385	(7,801)	142.0%	(10)
17-5036-**-**-**	Laboratory Supplies	22,740	14,662	8,078	64.5%	
17-5037-**-**-**	Office Equipment	9,996	2,920	7,076	29.2%	
17-5038-**-**-**	Permits	40,016	18,887	21,129	47.2%	
17-5039-**-**-**	Membership Dues/Fees	2,588	3,824	(1,236)	147.7%	(21)
17-5049-**-**-**	Biosolids Disposal	914,004	733,010	180,994	80.2%	
17-5050-**-**-**	Contract Services Generators	8,000	4,865	3,135	60.8%	
17-5052-**-**-**	Janitorial Services	40,012	20,088	19,924	50.2%	
17-5054-**-**-**	Diesel Truck Maint	19,004	9,836	9,168	51.8%	
17-5055-**-**-**	Diesel Truck Fuel	7,000	3,616	3,384	51.7%	
17-5056-**-**-**	Maintenance Equip. & Facilities (Solids)	195,996	150,839	45,157	77.0%	
17-5057-**-**-**	Maintenance Equip. & Facilities (Liquids)	170,000	164,116	5,884	96.5%	(27)
17-5058-**-**-**	Maintenance Equip. & Facilities (Common)	26,000	18,779	7,221	72.2%	
17-5059-**-**-**	Maintenance Equip. & Facilities (Co-Gen)	650,012	277,909	372,103	42.8%	
17-5060-**-**-**	Maintenance Equip. & Facilities (AWT)	36,000	40,984	(4,984)	113.8%	(28)
17-5061-**-**-**	Mileage	-	735	(735)	0.0%	
17-5068-**-**-**	MNWD Potable Water Supplies & Svcs.	24,484	24,125	359	98.5%	
17-5076-**-**-**	SCADA Infrastructure	19,000	-	19,000	0.0%	
17-5105-**-**-**	Co-Generation Power Credit - Offset	249,972	300,696	(50,724)	120.3%	(23)
17-5303-**-**-**	Group Insurance Waiver	3,620	5,400	(1,780)	149.2%	
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	5,769	5,619	50.7%	
17-5706-**-**-**	Effluent Pond Cleaning	90,000	-	90,000	0.0%	
17-6500-**-**-**	IT Allocations in to PC's & Depts.	254,744	174,327	80,417	68.4%	
	Total Other Expenses	4,677,540	3,432,963	1,244,577	73.4%	
	Total Expenses	7,844,876	5,746,192	2,098,684	73.2%	

South Orange County Wastewater Authority
O & M & Environmental Safety Costs by PC
For the Period Ended March 31, 2019

		FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended	
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	269	91	64.1%	
	Total Payroll Costs	860	625	235	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	-	600	(600)	0.0%	
21-5027-**-**-**	Insurance - Property/Liability	-	0	0	0.0%	
	Total Other Expenses	64,996	2,175	62,821	3.3%	
	Total Expenses	65,856	2,799	63,057	4.3%	
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	57,025	71,131	44.5%	
24-5001-**-**-**	Overtime Salaries-O&M	668	1,243	(575)	186.0%	(1)
24-5306-**-**-**	Scheduled Holiday Work	320	78	242	24.5%	
24-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	92,296	43,054	49,242	46.6%	
	Total Payroll Costs	221,440	101,401	120,039	45.8%	
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	6,559	18,449	26.2%	
24-5017-**-**-**	Legal Fees	2,008	304	1,704	15.1%	
24-5027-**-**-**	Insurance - Property/Liability	5,600	3,722	1,878	66.5%	
24-5031-**-**-**	Safety Supplies	996	-	996	0.0%	
24-5034-**-**-**	Travel Expense/Tech. Conferences	4,496	3,977	519	88.5%	(9)
24-5035-**-**-**	Training Expense	520	-	520	0.0%	
24-5036-**-**-**	Laboratory Supplies	19,560	12,828	6,732	65.6%	
24-5038-**-**-**	Permits	148,004	165,126	(17,122)	111.6%	(11)
24-5044-**-**-**	Offshore Monitoring	18,000	13,661	4,339	75.9%	(15)
24-5045-**-**-**	Offshore Biochemistry - 20B	45,004	-	45,004	0.0%	
24-5046-**-**-**	Effluent Chemistry	14,004	22,856	(8,852)	163.2%	(15)
24-5058-**-**-**	Maintenance Equip. & Facilities (Common) 41	1,000	2,118	(1,118)	211.8%	(29)
24-5067-**-**-**	Port Cleaning	35,000	-	35,000	0.0%	
24-6500-**-**-**	IT Allocations in to PC's & Depts.	18,288	8,548	9,740	46.7%	
	Total Other Expenses	358,692	239,699	118,993	66.8%	
	Total Expenses	580,132	341,100	239,032	58.8%	
	SOCWA TOTAL	**18,701,584**	**12,702,553**	**5,999,031**	**67.9%**	

South Orange County Wastewater Authority
O & M & Environmental Safety Costs by PC
For the Period Ended March 31, 2019

(1) Elevated overtime costs are associated with several ongoing construction projects, staff vacancies, repair projects at the plants, and PC15 litigation.

(2) The JBL emissions controls system required several upgrades, which required shutdowns that resulted in additional purchases 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.

(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) Odor Control Chemicals have been elevated due to adjustments to better ensure odor control at the Plant.

(6) Several large trees were removed that were in danger of falling onto the adjacent properties; expenses are planned to level off.

(7) New vehicles were outfitted with gear for use by staff elevating expenses.

(8) Uniform expenses are elevated due to new employee change outs and required PPE has been added to employee inventories.

(9) Travel expenses for training have been elevated due to the large number of newer employees in O&M.

(10) Training expenses have been elevated due to the large number of newer employees in O&M.

(11) 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.

(12) Standby Generator maintenance was completed for the Fiscal Year. No additional expenses are anticipated.

(13) Solids expenses included the planned major overhaul of Centrifuge #2 in July; expenses are planned to level off.

(14) Common expenses included several large repairs in anticipation of the winter weather; expenses are planned to level off.

(15) Additional toxicity testing due to NPDES accelerated monitoring at Aliso Creek Ocean Outfall.

(16) These are pass through costs that will be billed to private companies directly and reversed during the year.

(17) Water use is higher than planned to meet a new recommendation for odor scrubber operations to reduce equipment fouling.

(18) Ferric Chloride usage is elevated due to higher than normal hydrogen sulfides in the sewer systems discharging to CTP.

(19) Elevated use of generator fuel at CTP was due to power company work in the area.

(20) Small tools spending is expected to level off.

(21) Several staff membership dues were paid in late summer; expenses are planned to level off.

(22) The FY16-17 storm damage repair was completed and was determined to be a maintenance expense.

(23) The credit for power generated at RTP is higher than projected due to the increased value of the electricity. The value is calculated each month based on SCE rates and has doubled since 2016.

(24) 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.

(25) SOCWA purchased a number of Design Standards, Guidelines, and Operations study manuals for new staff to use at the plant.

(26) Costs are expected to level off.

(27) Liquids expenses included several large repairs in anticipation of the upcoming winter weather; expenses are planned to level off.

(28) Several failed valves were replaced at RTP that could not wait until the annual AWT maintenance shutdown in January.

(29) The Aliso Creek Ocean Outfall sampling station has failed and is in the process of being assessed for potential replacement.

Exhibit E-2

South Orange County Wastewater Authority
Budget vs. Actual Comparison - Residual Engineering, after transfer to Capital
For the Period Ended March 31, 2019

		FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended
Salary and Fringe					
-5000--**-00	Regular Salaries-O&M	199,834	149,259	50,574	74.7%
01-5401-03-00-00	Fringe Benefits IN to PC's & Depts.	143,880	112,691	31,190	78.3%
	Total Payroll Costs	343,714	261,950	81,764	76.2%
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	9,424	(2,764)	141.5%
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	153	147	50.8%
01-5301-03-00-00	Vehicle Pay	4,200	-	4,200	0.0%
01-5309-03-00-00	Operating Leases	20,637	5,021	15,616	24.3%
01-5705-03-00-00	Monthly Car Allowance	-	3,150	(3,150)	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	37,603	22,257	62.8%
	Total Other Expenses	113,741	58,453	55,288	51.4%
	Total Expenses	**457,455**	**320,403**	**137,052**	**70.0%**

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

Exhibit E-3

South Orange County Wastewater Authority
Budget vs. Actual Comparison - Administration
For the Period Ended March 31, 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	676,667	308,685	68.7%	
01-6001-04-00-00	Overtime Salaries-Admin or IT	12,000		12,000	9,217	2,783	76.8%	
01-6315-04-00-00	Comp Time - Admin	10,000		10,000	5,818	4,182	58.2%	
01-6401-04-00-00	Fringe Benefits IN to ADMIN or IT	709,453		709,453	510,884	198,569	72.0%	
	Total Payroll Costs	1,716,805	-	1,716,805	1,202,586	514,219	70.0%	
Other Expenses								
01-5018-04-00-00	Public Notices/ Public Relations	1,400		1,400	-	1,400	0.0%	
01-6101-04-00-00	HR Recruitment & Employee Relations	21,200		21,200	14,657	6,543	69.1%	
01-6102-04-00-00	Subscriptions	3,243		3,243	2,141	1,102	66.0%	
01-6200-04-00-00	Management Support Services	112,500	92,391	204,891	131,628	73,263	64.2%	(1)
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	190,366	59,634	76.1%	(2)
01-6204-04-00-00	Postage	2,319		2,319	1,469	850	63.3%	
01-6223-04-00-00	Office Supplies - Admin	8,471		8,471	4,228	4,243	49.9%	
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	63,123	26,397	70.5%	
01-6239-04-00-00	Travel & Conference	20,800		20,800	21,382	(582)	102.8%	
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	18,795	1,205	94.0%	
01-6311-04-00-00	Mileage	1,000		1,000	689	312	68.8%	
01-6317-04-00-00	Contract Services Misc	4,936		4,936	3,647	1,290	73.9%	
01-6500-04-00-00	IT Allocations in to PC's & Depts.	141,240		141,240	71,646	69,594	50.7%	
01-6601-04-00-00	Shipping/Freight	1,500		1,500	3,027	(1,527)	201.8%	
01-6705-04-00-00	Monthly Car Allowance	12,000		12,000	9,000	3,000	75.0%	
	Total Other Expenses	739,130	92,391	831,521	557,649	273,873	67.1%	
	Total Expenses	**2,455,935**	**92,391**	**2,548,326**	**1,760,235**	**788,092**	**69.1%**	

*** Additional Budget disclosed during Finance Committee meeting 2/19**

(1) 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. The Board approved a Budget increase of $92,391 on March 7, 2019 to cover these costs

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

Exhibit E-4

South Orange County Wastewater Authority
Budget vs. Actual Comparison-IT
For the Period Ended March 31, 2019

		FY 2018-19 Budget	Actual	(Over)/Under Budget	% Expended	
Salary & Fringe						
01-6000-05-00-00	Regular Salaries-Admin or IT	93,378	63,763	29,615	68.3%	
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	48,141	19,091	71.6%	
	Total Salary & Fringe	166,024	115,956	50,067	69.8%	
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	67,132	31,761	67.9%	
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	83,119	(37,319)	181.5%	(1)
01-6303-05-00-00	Telecommunications	129,940	81,905	48,035	63.0%	
01-6305-05-00-00	IT Professional Services	157,000	61,947	95,053	39.5%	
01-6306-05-00-00	Small Hardware Purchases (< $5k)	46,800	55,485	(8,685)	118.6%	
01-6307-05-00-00	Small Software Purchases & Licenses (<$5k)	43,735	22,182	21,553	50.7%	
01-6308-05-00-00	IT Memberships	160	130	30	81.3%	
01-6309-05-00-00	Operating Leases	55,200	35,970	19,230	65.2%	
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	416,429	265,168	61.1%	
	Total Expenses before Allocation	**847,620**	**532,385**	**315,235**	**62.8%**	
IT Allocations (Out) to PC's & Depts						
01-6400-05-00-00	IT Allocations (OUT) to PC's & Depts.	(847,620)	(532,385)	(315,235)	62.8%	
	Total IT Allocations (Out) to PC's & Depts	(847,620)	(532,385)	(315,235)	62.8%	

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

Exhibit E-5

South Orange County Wastewater Authority
FY 2018-19 Fringe Pool and Rate Forecast
Fringe Rate Increase due to Lower Labor Base

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Budget	FY 2018-19 Forecast
457 Plan - Employer Contribution	13,821	83,925	75,524	85,000	70,378
Accrued Administrative Leave	34,879	30,478	23,929	25,114	35,045
Accrued Holiday	221,783	220,371	234,247	257,161	240,964
Accrued Personal Leave	74,238	76,638	83,205	90,895	92,295
Accrued Sick Pay	242,262	262,987	204,767	299,485	221,135
Accrued Vacation	372,526	416,343	345,815	391,291	429,937
Bereavement Pay	1,345	8,088	10,892	8,000	9,155
Jury Duty			5,817		1,402
Disability Insurance - Private	51,728	56,122	57,924	58,373	61,745
Group Medical Insurance	948,341	1,017,679	864,239	1,005,463	930,055
Medicare Tax - Employer	94,167	94,550	96,326	101,154	98,618
Retiree Health Savings Program (RHS)			17,800		24,000
Retiree Health PARS Investment	500,000	504,000	210,000		
Retiree Health Benefits	281,389	384,936	354,582	413,056	423,257
Retirement - Pension Investment					
Retirement - PERS Normal Costs	517,823	500,175	504,975	581,590	562,331
Retirement - PERS Unfunded Liability	432,628	499,903	599,849	743,842	743,843
Unemployment Ins./Reimbursement	1,378	1,234		2,000	0
Workers Compensation Ins.	76,883	212,990	233,538	260,000	159,453
Other Misc.					
Total O&M Budget Fringe Benefits Pool	**3,865,192**	**4,370,418**	**3,923,431**	**4,322,424**	**4,103,612**
Fringe Pool Change $'s		**505,227**	**(446,988)**	**398,993**	**(218,812)**
Fringe Pool Change %			**-10.2%**	**10.2%**	**-5.1%**
Pay for Time Worked Labor Base(Regular Salaries)					
O&M		3,184,417	3,224,868	3,627,186	3,222,818
Environmental		815,299	789,929	883,205	817,520
Engineering including CIP Labor		305,422	377,076	417,610	404,259
Admin		695,744	857,635	985,352	906,683
IT		44,447	84,015	93,378	86,557
Total Pay for Time Worked Labor Base	**4,976,917**	**5,045,329**	**5,333,523**	**6,006,731**	**5,437,837**
Fringe Rate	**78%**	**86.6%**	**73.56%**	**72.0%**	**75.5%**
Labor Base Change $'s		**68,412**	**288,194**	**673,208**	**(568,894)**
Labor Base Change %		**1.4%**	**5.7%**	**12.6%**	**-9.5%**

Rate increased to 75.5% from the Budgeted 72% due to a Lower Labor Base.
The forecasted rate has replaced the budgeted rate in all of the above Budget vs. Actual financial documents.

Agenda Item 5a

Budgeted: No
Proposed Budget amount: PC 5 $524,481; PC 24 $538,956
Line Item: PC 5 & PC24
Legal Counsel Review: No
Meeting Date: April 23, 2019

TO: Finance Committee Members

FROM: Betty Burnett, General Manager

STAFF CONTACT: Amber Baylor, Director Environmental Compliance

SUBJECT: Outfall Budget Projections FY 2019-2020

Summary

At the April 9, 2019 Finance Committee, Committee Representative Rob Grantham requested that SOCWA staff provide more detail as to the costs projected to support PC 5 and PC 24 in the coming year. A review of the costs projections per line item is included in this staff report. There is also a comparison to the Budget from FY 2018-19 to understand the costs for FY 2019-20.

Discussion/Analysis

The Budget approved for FY 2019-20 for PC 5 was $518,447. The requested Budget for FY 2019-20 for PC 5 is $499,256 (due to updated fringe labor rates this is a reduction of almost $20,000 from the FY 2018-19 Budget).

The Budget approved for FY 2019-20 for PC 24 was $522,848. The requested Budget for FY 2019-20 for PC 24 is $492,104 (due to updated fringe labor rates this is a reduction of approximately $30,000 from the FY 2018-19 Budget).

Budget Line Item Review

The proposed PC 5 & PC 24 Budgets are driven by hard costs required in the respective NPDES permits. The two largest drivers in the proposed Budgets are the permit fees and the staff time. The permit fees represent approximately 32-35% of each outfall PC cost. The specific requirements in the NPDES permits related to monitoring or administrative oversight are responsible for the remainder of the cost increases in the cost projections for the two outfalls. The staff time represents approximately 35% of the budget. The two combined drivers represent approximately 70% of the PC budget. The laboratory supplies, miscellaneous engineering support, toxicity testing, outfall monitoring tests, and management support services represent the other 30% of the budget.

Recommendation

Finance Committee discussion and direction to staff

Agenda Item 5b

Legal Counsel Review: Yes

Meeting Date: April 23, 2019

TO: Finance Committee

FROM: Betty Burnett

STAFF CONTACT: Amber Baylor & Jim Burror

SUBJECT: San Juan Creek Ocean Outfall (PC-5) Cost Distributions

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Introduction

The Carollo O&M Cost Distribution Report was adopted as SOCWA Policy at the April 4, 2019 Board Meeting and staff was directed to include the report recommendations in the preparation of the draft FY 2019-20 Budget. In review and discussion at the April 9, 2019 Finance Committee Meeting the Committee representatives asked whether or not SOCWA could consider a revision to cost distributions for the Project Committee 5 (PC-5) Outfall Costs to base distribution not on owned capacity for the outfall but instead on permitted capacity. After reviewing the matter with SOCWA General Counsel, Greg Moser, he determined that any party could request allocation based on a combined flow (variable cost) and owned capacity (fixed) approach. He concluded that a hybrid approach relying on permitted capacity could be approved should the Member Agencies to PC-5 agree to do so unanimously.

Permitted capacity is determined based on the average daily treatment available for each facility expressed per mgd, and for the PC-5 outfall, the permitted capacities are less than the owned capacities. The attached tables outline the potential cost differentials between owned capacity (used as a measurement for fixed costs) versus permitted capacity (substituted as a measurement for fixed costs) between the PC-5 Member Agencies.

Staff reached out to PC-5 Member Agency staff to initiate a discussion on the cost allocation methodologies based on the difference between a variable flow, a permitted flow, or a fixed capital ownership capacity-based allocation.

Four (4) tables were presented to the PC-5 Engineering and Finance Managers. The first two tables show the permitted flows to the outfalls by facility and by agency as follows:

Table 1 – PC5 Permitted Outfall Capacities by Facility

Facility	Permitted Capacity by Facility (mgd)	Agency	Permitted Capacity by Agency (mgd)
SOCWA JBL	13	CSJC	4
		MNWD	3
		SCWD	3.75
		SMWD	2.25
SMWD Chiquita	9	SMWD	9
MNWD 3A	6	MNWD	4
		SMWD	2
San Clemente WRF	6.98	CSC	6.98
San Clemente Segunda	1	CSC	1
San Juan Capistrano GRW	2.2	CSJC	2.2
SCWD GRW	0.6	SCWD	0.6
Total	38.78		38.78

Table 2 – PC5 Permitted Outfall Capacities by Agency

Agency	Permitted Capacity by Agency (mgd)	Permitted Capacity by Agency (%)
CSC	7.98	20.578%
CSJC	6.2	15.988%
MNWD	7	18.051%
SCWD	4.35	11.217%
SMWD	13.25	34.167%
Total	38.78	100.000%

The third table shows the outfall capacity ownership by agency as follows:

Table 3 – PC5 Outfall Capacities (Ownership) by Agency

Agency	Capacity Own by Agency (mgd)	Capacity Own by Agency (%)
CSC	13.3	16.6250%
CSJC	8.86	11.0750%
MNWD	12.41	15.5125%
SCWD	9.97	12.4625%
SMWD	35.46	44.3250%
Total	80	100.0000%

The fourth table shows the costs apportionments for the various scenarios using variable, permit and fixed allocations as follows:

Table 4 – PC5 Potential Costs Apportionment Alternatives

Agency	**Alternative 1** - All Fixed - Outfall Capacity - Final Carollo Recommended	**Alternative 2** - All Fixed - Permitted Capacity	**Alternative 3** - Permitting Variable (Actual Flow Allocation) - All Other Costs Fixed (Outfall Capacity Allocation) - Draft Carollo Recommendation	**Alternative 4** - Permitting Variable (Actual Flow Allocation) - All Other Costs Fixed (Outfall Permitted Capacity Allocation)	**Alternative 5** - Permitting Fixed (Permitted Capacity Allocation) - All Other Costs Fixed (Outfall Capacity Allocation)
CSC	$79,089	$97,921	$86,266	$99,360	$84,827
CSJC	$52,726	$76,079	$65,674	$81,912	$59,842
MNWD	$73,807	$85,896	$76,199	$84,605	$77,490
SCWD	$59,340	$53,378	$62,762	$58,617	$57,524
SMWD	$210,903	$162,589	$184,962	$151,370	$196,181
Total	$475,864	$475,864	$475,864	$475,864	$475,864

Staff recommends retaining the Carollo O&M Cost Distribution methodology (**Alternative 1 in Table 4**) as recently receiving approval of the SOCWA Board and being an outcome of independent study and recommendation by the engineering firm; however, should the PC-5 representatives to the Finance Committee concur in use of the permitted capacity approach staff will proceed to follow that direction for preparation of the draft budget. The matter of the Board vote on the Carollo O&M Cost Distribution methodology for PC-5 can be revisited for concurrence at the Board Budget Workshop on May 23, 2019.

Recommendation

Finance Committee discussion and direction to staff

Agenda Item 5c

Budgeted: No
Budget amount: $150,000
Line Item: PC 12
Legal Counsel Review: No
Meeting Date: April 23, 2019

TO: Finance Committee

FROM: Betty Burnett, General Manager

STAFF CONTACT: Amber Baylor

SUBJECT: PC 12 Compliance Study

Summary

Orange County Public Works (OCPW) is developing a Comprehensive Human Waste Source Reduction Strategy (CHWSRS) Work Plan to meet the requirements of the South Orange County Water Quality Improvement Plan (WQIP) in compliance with the Municipal Separate Storm Sewer System (MS4) permit under the California Industrial General Statewide Permit, Order 2014-0057-DWQ. The CHWSRS plan is the first step in the investigation process of potential inputs that could cause health risks for swimmers and bathers in the SOCWA Service Area. SOCWA has identified background sources of bacteria that could be contributing to false risk to the public.

SOCWA staff presented the information to the Water Quality and Innovation Committee meeting at the Santa Margarita Water District on April 16, 2019. SOCWA PC12 representatives attended the meeting. The meeting requested that SOCWA provide a draft work plan to address the concerns that the OCPW have identified in concert with the MS4 Co-permittees and the San Diego Regional Water Quality Control Board. The molecular work will be accomplished by a coalition of academic and public health researchers. The bacteria speciation work will be completed by SOCWA staff and a student intern over the summer of 2019.

Discussion/Analysis

There is a growing effort to use the Hf183 marker as an investigative tool for non-compliance with bacterial standards in a watershed. The draft OCPW CHWSRS plan uses human fecal marker Hf183 as a proxy for identification of high priority locations within the Aliso Creek and San Juan Creek watersheds that are contributing to high bacterial concentrations. The problem is that the Hf183 scientific method does not have an EPA standard method nor was it recommended by the EPA to be used as a bacterial indicator marker in the 2018 five-year review of 2012 Recreational Water Quality Criteria. There are also questions with the use of this marker as it relates to viability which is at the heart of the molecular research that SOCWA will engage in with academics and other engaged parties.

To address the fundamental human health risk questions related to bacterial Total Maximum Daily Loading (TMDL) compliance, SOCWA began initial investigation of false positives. In March 2019

SOCWA's laboratory began speciation of enterococcus bacteria from colonies growing on membranes using EPA Method 1600. Preliminary results are consistent with the literature indicating naturalized enterococcus species occurring as positive results. Due to limited staffing, a small sample size has been transferred thus far resulting in a false positive rate of up to 40% which is even higher than what has been reported in the literature. Ferguson, et al (2013) evaluated the intertidal and marine sediments in Dana Point and Huntington Beach in Southern California using the matrices of beach water, urban runoff, and wastewater treatment plant influent and effluent and found that there was a 11-26% failure rate of misidentification of enterococcus species in regulatory samples.

The SOCWA laboratory will continue speciation based on the positive test results through analysis of sample location with historically high enterococcus concentrations in dry and wet weather. SOCWA conducts weekly sampling of the shoreline between Laguna Beach and San Clemente as required by the Unified Beach Monitoring Program in the NPDES permits. There are significant negative ramifications that could be the result of erroneously identifying wastewater facilities as being the source of contaminants in the environment that may be causing harm. Therefore, it is recommended that PC12 members support efforts that are being proposed by SOCWA and others to perform additional testing to evaluate the viability of the Hf183 marker in recycled water and wastewater matrices by California State University, Fullerton and other interested parties.

The research questions that SOCWA will be answering in the study are the following:

1. How effective is the PMA treatment in providing consistent results for targeting Hf183 & enterococcus in matrices that include seawater, wastewater, and reclaimed water?
2. Are the concentration results reliable after PMA treatment in identifying true sources of pollution?
3. How viable is the Hf183 target after PMA treatment?
4. What are the background concentrations of *enterococcus* species over wet weather and dry weather?

Recommendation:

Finance Committee recommends the Board of Directors approve the additional requested budget for PC12 member special study and associated work by the proposed intern.

Attachment(s) None.

Agenda Item 7

Legal Counsel Review: N/A

Meeting Date: April 23, 2019

TO: Finance Committee

FROM: Betty Burnett, General Manager

STAFF CONTACT: Mary Carey, Finance Controller

SUBJECT: Addressing Pension & Retiree Medical (OPEB) Unfunded Liability

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Summary:

Following the presentation by Julio Morales of UFI Financial Solutions at the April 9, 2019 Finance Committee meeting, SOCWA Finance Controller, Mary Carey, arranged a meeting with Member Agency Finance Officers to discuss restart of funding for SOCWA OPEB liability in the coming FY Budget and initiating a savings program for PERS Unfunded Liability (UAL). The presentation and information shared at the April 9, 2019, Finance Committee Meeting was reviewed again at the follow on meeting on April 17, 2019. Attendees included representatives of MNWD< SMWD< ETWD and SCWD in addition to SOCWA staff and Mr. Morales attended as well. A robust discussion of the long-term liability impacts as well as potential funding scenarios were discussed including:

- Varying levels of funding
- Pros/Cons of a PERS direct funding versus 115 Trust Savings approach
- Strengths and Weaknesses in PERS quoted discount rate and long-term investment wisdom
- Continuing growth of UAL/OPEB obligations into the future

The recommendation of SOCWA staff and Mr. Morales was to start a funding program either by set dollar contributions to SOCWA (for either version of investing in a 115 Trust or PERS paydown), or setting aside any return monies from SOCWA (as a result of cash roll forward/capital distributions back to agencies) and allocating the same to OPEB/PERS liability reduction.

The recommendation of the finance representatives in attendance at the meeting was that in consideration of the capital program costs in the coming two fiscal years and in light of the capital commitments of each of the agencies for work now underway, a savings program is advisable but should not be funded in the coming fiscal year budget.

SOCWA staff and member agency representatives were in concurrence that a presentation from UFI Financial Solutions to the full SOCWA Board should take place and the same will be scheduled for the May 23, 2019 Board Budget Workshop.

Recommendation:

Finance Committee to direct SOCWA staff with respect to the finance representatives comments.

South Orange County Wastewater Authority

Finance Committee Presentation

Addressing Pension & Retiree Medical (OPEB) Liability Issues

UFI Financial Solutions

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

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 PEPRA	2,959	3,065	106
Total	**$867,337**	**$898,228**	**$30,891**

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

CalPERS Unfunded Costs as of June 30, 2017

	Tier 1-Classic	Tier 2-Classic	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%**

Goal: 80% Funded for Tier 1-Classic

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%

UFI

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2. CalPERS vs 115 Trust

CalPERS

- No investment strategy choice
- Locked In to Higher Payments
- Likely Higher Long-Term Return
- Reduces Balance Sheet pension liability (GASB) reporting
- CalPERS is "Easier"
- Choose UAL Bases to Pay (Long Term 1st)
- **CalPERS assumes investment risk**

115 Trust

- Choose from Range of investment strategies (flexible)
- Flexible Payment Schedule
- Likely Lower Long-Term Return
- Assets do not count toward book value of pension liability
- **SOCWA assumes Investment Risk**

Section 115 Trust

Can place monies in legally restricted trust

- ***Can only use monies to pay for (pension) designated costs***
- ***Tool to manage pension liabilities***
  - ***Alternative investment vehicle to CalPERS***
  - ***Manage timing risk***
  - ***Pension Cost stabilization fund***
  - ***Make additional annual payments***

UFI

Additional Payments is the Key

	%	Allocation
LB	10.6%	$ 26,549
SC	0.7%	1,666
SJC	10.3%	25,829
EB	0.5%	1,136
El Toro	3.6%	8,938
IRWD	0.8%	1,932
MNWD	45.3%	113,165
SCWD	18.4%	45,902
SMWD	9.9%	24,845
TCWD	0.0%	38
	100%	$ 250,000

		UAL AMORTIZATION		15-Year Amortization			10-Year Amortization		
		Balance	Required Payments	Balance	Payments	Additional Payments	Balance	Payments	Payments
1	2020	$ 13,334,179	891,567	$ 13,334,179	1,212,489	320,922	$ 13,334,179	1,653,696	762,129
2	2021	13,377,586	988,596	13,045,234	1,247,348	258,752	12,588,313	1,701,240	712,644
3	2022	13,323,655	1,096,177	12,699,241	1,283,209	187,032	11,739,135	1,750,150	653,973
4	2023	13,154,402	1,178,745	12,291,024	1,320,102	141,357	10,777,739	1,800,467	621,722
5	2024	12,887,369	1,210,022	11,815,005	1,358,055	148,033	9,694,534	1,852,231	642,209
6	2025	12,568,586	1,244,810	11,265,169	1,397,099	152,289	8,479,188	1,905,482	660,672
7	2026	12,190,663	1,280,599	10,635,037	1,437,265	156,666	7,120,582	1,960,265	679,666
8	2027	11,748,278	1,317,416	9,917,622	1,478,587	161,171	5,606,742	2,016,622	699,206
9	2028	11,235,692	1,355,291	9,105,402	1,521,096	165,805	3,924,786	2,074,600	719,309
10	2029	10,646,718	1,394,256	8,190,273	1,564,828	170,572	2,060,844	2,134,245	739,989
11	2030	9,974,692	1,434,341	7,163,507	1,609,816	175,475			
12	2031	9,212,431	1,475,578	6,015,710	1,656,099	180,521			
13	2032	8,352,200	1,518,001	4,736,767	1,703,711	185,710			
14	2033	7,385,668	1,499,518	3,315,793	1,752,693	253,175			
15	2034	6,368,205	1,478,718	1,741,071	1,803,083	324,365			
16	2035	5,298,516	1,430,842		-				
17	2036	4,200,855	1,350,592		-			-	
18	2037	3,106,718	596,732	-	-		-	-	
19	2038	2,713,981	557,005	-	-		-	-	
20	2039	2,333,903	514,501	-	-		-	-	
21	2040	1,970,230	497,484	-	-		-	-	
22	2041	1,597,869	511,787	-	-		-	-	
23	2042	1,183,700	406,784	-	-		-	-	
24	2043	848,247	388,158	-	-		-	-	
25	2044	507,762	313,030	-	-		-	-	
26	2045	220,396	165,996	-	-		-	-	
27	2046	64,471	52,826	-	-		-	-	
28	2047	14,425	14,930	-	-		-	-	
		$ -	$ 26,164,303	$ -	$ 22,345,480	$ 2,981,844	$ -	$ 18,848,998	$ 6,891,519

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Primer: Understanding Your Retirement Costs

6

CalPERS Annual Payment

2 Components:

1. **Normal Costs** = Benefits Earned by Employees during the Year
2. **UAL Payments** = Payments for prior Benefits Earned + Adjustments

Total Liability
$48.1 Million

1. Normal Costs = $618,745
+
2. UAL Payments = $891,567

FY 19-20 TOTAL = $1,510,313

Schedule of Amortization Bases

	SOCWA PLAN						
	Year	Reason	Ramp Up	Years	Balance 6/30/2019	Payment FY 19-20
1	6/30/2013	Share of pre-2013 Pool	NO	17	$ 4,953,812	$ 412,465
2	6/30/2013	Asset (gain)/loss	100%	26	4,839,470	323,840
3	6/30/2013	Non-Asset (gain)/loss	100%	26	(44,635)	(2,987)
4	6/30/2014	Asset (gain)/loss	80%	27	(3,657,872)	(193,706)
5	6/30/2014	Non-Asset (gain)/loss	80%	27	4,140	219
6	6/30/2014	Life Expectancy+2.0/2.5 years	80%	17	2,316,971	171,910
7	6/30/2015	Asset (gain)/loss	60%	28	2,295,017	91,374
8	6/30/2015	Non-Asset (gain)/loss	60%	28	(192,440)	(7,662)
9	6/30/2016	Asset (gain)/loss	40%	29	2,814,485	75,854
10	6/30/2016	Non-Asset (gain)/loss	40%	29	(356,942)	(9,620)
11	6/30/2016	Discount: 7.50% to 7.375%	40%	19	874,748	32,212
12	6/30/2017	Asset (gain)/loss	20%	30	(1,396,007)	(19,350)
13	6/30/2017	Non-Asset (gain)/loss	20%	30	(74,103)	(1,027)
14	6/30/2017	Discount: 7.375% to 7.25%	20%	20	957,535	18,045
	FY 2019-20				$ 13,334,179	$ 891,567

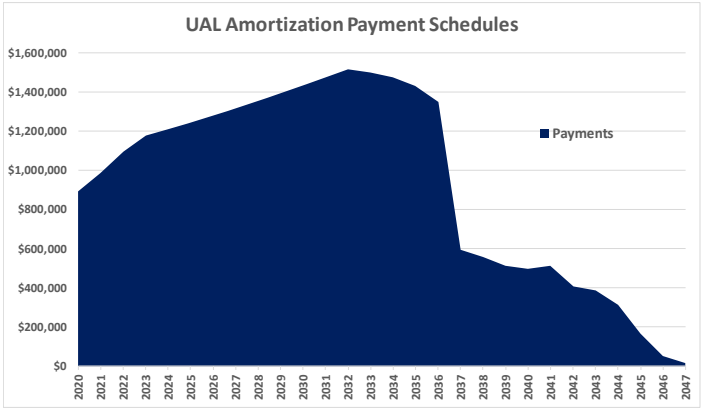
Bases incorporates market (gains)/losses, additional benefits, and changes to assumptions made each year

8

Amortization Schedules

		1	2	3	4	5	6	7	8	9	10	11	12	13	14		
	UAL	$ 4,953,812	$ 4,839,470	$ (44,635)	$ (3,657,872)	$ 4,140	$ 2,316,971	$ 2,295,017	$ (192,440)	$ 2,814,485	$ (356,942)	$ 874,748	$ (1,396,007)	$ (74,103)	$ 957,535		$ 13,334,179
	Date Est.	6/30/2013	6/30/2013	6/30/2013	6/30/2014	6/30/2014	6/30/2014	6/30/2015	6/30/2015	6/30/2016	6/30/2016	6/30/2016	6/30/2017	6/30/2017	6/30/2017		
	Years	17	26	26	27	27	17	28	28	29	29	19	30	30	20		
	Type	no ramp	5-year Ramp	5-year Ramp	5-year Ramp	5-year Ramp	5-year Ramp	5-year Ramp	5-year Ramp	5-year Ramp	5-year Ramp	5-year Ramp	5-year Ramp	5-year Ramp	5-year Ramp		
	Final Year	2036	2045	2045	2046	2046	2036	2047	2047	2048	2048	2038	2049	2049	2039	PAYMENTS	BALANCE
1	2020	412,465	323,840	(2,987)	(193,706)	219	171,910	91,374	(7,662)	75,854	(9,620)	32,212	(19,350)	(1,027)	18,045	891,567	13,334,179
2	2021	424,323	333,150	(3,073)	(249,094)	282	221,066	125,335	(10,510)	117,052	(14,845)	49,707	(39,812)	(2,113)	37,128	988,596	13,377,586
3	2022	436,523	342,728	(3,161)	(256,255)	290	227,421	161,173	(13,515)	160,557	(20,362)	68,182	(61,435)	(3,261)	57,293	1,096,177	13,323,655
4	2023	449,073	352,582	(3,252)	(263,623)	298	233,960	165,806	(13,903)	206,466	(26,185)	87,677	(84,268)	(4,473)	78,586	1,178,745	13,154,402
5	2024	461,984	362,719	(3,346)	(271,202)	307	240,686	170,573	(14,303)	212,402	(26,937)	90,198	(108,363)	(5,751)	101,057	1,210,022	12,887,369
6	2025	475,266	373,147	(3,442)	(278,999)	315	247,606	175,477	(14,714)	218,508	(27,712)	92,791	(111,479)	(5,917)	103,962	1,244,810	12,568,586
7	2026	488,929	383,875	(3,541)	(287,020)	324	254,724	180,522	(15,137)	224,790	(28,508)	95,459	(114,684)	(6,087)	106,951	1,280,599	12,190,663
8	2027	502,986	394,911	(3,643)	(295,272)	334	262,048	185,712	(15,573)	231,253	(29,328)	98,203	(117,981)	(6,262)	110,026	1,317,416	11,748,278
9	2028	517,447	406,265	(3,747)	(303,761)	343	269,581	191,051	(16,020)	237,902	(30,171)	101,027	(121,373)	(6,442)	113,189	1,355,291	11,235,692
10	2029	532,324	417,945	(3,855)	(312,494)	353	277,332	196,544	(16,481)	244,741	(31,039)	103,931	(124,862)	(6,627)	116,444	1,394,256	10,646,718
11	2030	547,628	429,961	(3,966)	(321,478)	363	285,305	202,195	(16,955)	251,778	(31,931)	106,919	(128,452)	(6,818)	119,791	1,434,341	9,974,692
12	2031	563,372	442,322	(4,080)	(330,721)	374	293,508	208,008	(17,442)	259,016	(32,849)	109,993	(132,145)	(7,014)	123,235	1,475,578	9,212,431
13	2032	579,569	455,039	(4,197)	(340,229)	385	301,946	213,988	(17,944)	266,463	(33,794)	113,156	(135,944)	(7,215)	126,778	1,518,001	8,352,200
14	2033	596,232	468,121	(4,318)	(350,011)	396	248,502	220,140	(18,459)	274,124	(34,765)	116,409	(139,852)	(7,423)	130,423	1,499,518	7,385,668
15	2034	613,373	481,580	(4,442)	(360,073)	407	191,735	226,469	(18,990)	282,005	(35,765)	119,756	(143,873)	(7,636)	134,173	1,478,718	6,368,205
16	2035	631,008	495,425	(4,570)	(370,425)	419	131,498	232,980	(19,536)	290,112	(36,793)	98,559	(148,010)	(7,856)	138,030	1,430,842	5,298,516
17	2036	649,149	509,669	(4,701)	(381,075)	431	67,639	239,678	(20,098)	298,453	(37,851)	76,044	(152,265)	(8,082)	113,599	1,350,592	4,200,855
18	2037	-	524,322	(4,836)	(392,031)	443	-	246,569	(20,676)	307,034	(38,939)	52,154	(156,642)	(8,314)	87,649	596,732	3,106,718
19	2038	-	539,396	(4,975)	(403,302)	456	-	253,658	(21,270)	315,861	(40,058)	26,827	(161,146)	(8,553)	60,112	557,005	2,713,981
20	2039	-	554,904	(5,118)	(414,897)	469	-	260,951	(21,882)	324,942	(41,210)	-	(165,779)	(8,799)	30,920	514,501	2,333,903
21	2040	-	570,857	(5,265)	(426,825)	483	-	268,453	(22,511)	334,284	(42,395)	-	(170,545)	(9,052)	-	497,484	1,970,230
22	2041	-	587,269	(5,417)	(439,096)	496	-	276,171	(23,158)	343,895	(43,614)	-	(175,448)	(9,312)	-	511,787	1,597,869
23	2042	-	483,323	(4,458)	(451,720)	511	-	284,111	(23,824)	353,782	(44,867)	-	(180,492)	(9,580)	-	406,784	1,183,700
24	2043	-	372,914	(3,440)	(371,766)	420	-	292,279	(24,509)	363,953	(46,157)	-	(185,681)	(9,855)	-	388,158	848,247
25	2044	-	255,757	(2,359)	(286,841)	324	-	240,546	(20,171)	374,416	(47,484)	-	(191,020)	(10,139)	-	313,030	507,762
26	2045	-	131,555	(1,213)	(196,725)	222	-	185,596	(15,563)	308,145	(39,080)	-	(196,512)	(10,430)	-	165,996	220,396
27	2046	-	-	-	(101,190)	114	-	127,288	(10,674)	237,753	(30,152)	-	(161,729)	(8,584)	-	52,826	64,471
28	2047	-	-	-	-	-	-	65,474	(5,490)	163,059	(20,680)	-	(124,784)	(6,623)	-	14,930	14,425
29	2048	-	-	-	-	-	-	-	-	83,873	(10,637)	-	(85,581)	(4,542)	-	-	(58,050)
30	2049	-	-	-	-	-	-	-	-	-	-	-	(44,021)	(2,336)	-	-	(44,830)
	PAYMENT	$ 8,881,651	$10,993,575	$ (101,401)	$ (8,649,831)	$ 9,779	$ 3,926,465	$ 5,688,122	$ (476,967)	$ 7,362,470	$ (933,727)	$1,639,204	$ (3,883,526)	$ (206,122)	$1,907,393	$ 26,164,303	

UAL Amortization Schedule



UAL AMORTIZATION			
		Payments	Balance
1	2020	891,567	$ 13,334,179
2	2021	988,596	13,377,586
3	2022	1,096,177	13,323,655
4	2023	1,178,745	13,154,402
5	2024	1,210,022	12,887,369
6	2025	1,244,810	12,568,586
7	2026	1,280,599	12,190,663
8	2027	1,317,416	11,748,278
9	2028	1,355,291	11,235,692
10	2029	1,394,256	10,646,718
11	2030	1,434,341	9,974,692
12	2031	1,475,578	9,212,431
13	2032	1,518,001	8,352,200
14	2033	1,499,518	7,385,668
15	2034	1,478,718	6,368,205
16	2035	1,430,842	5,298,516
17	2036	1,350,592	4,200,855
18	2037	596,732	3,106,718
19	2038	557,005	2,713,981
20	2039	514,501	2,333,903
21	2040	497,484	1,970,230
22	2041	511,787	1,597,869
23	2042	406,784	1,183,700
24	2043	388,158	848,247
25	2044	313,030	507,762
26	2045	165,996	220,396
27	2046	52,826	64,471
28	2047	14,930	14,425
		$ 26,164,303	$ -

Understanding Your OPEB (Retiree Medical) Liability

Retiree Medical Costs (OPEB)

Other Post Employment Benefits (OPEB) Retiree Medical:

1. **Pay-Go (Premiums)** = Medical premiums paid on behalf of retirees.
2. **Net OPEB Liability=** Unfunded Accrued Liabilities (UAL): Total Liability – Market Value of Assets (MVA)

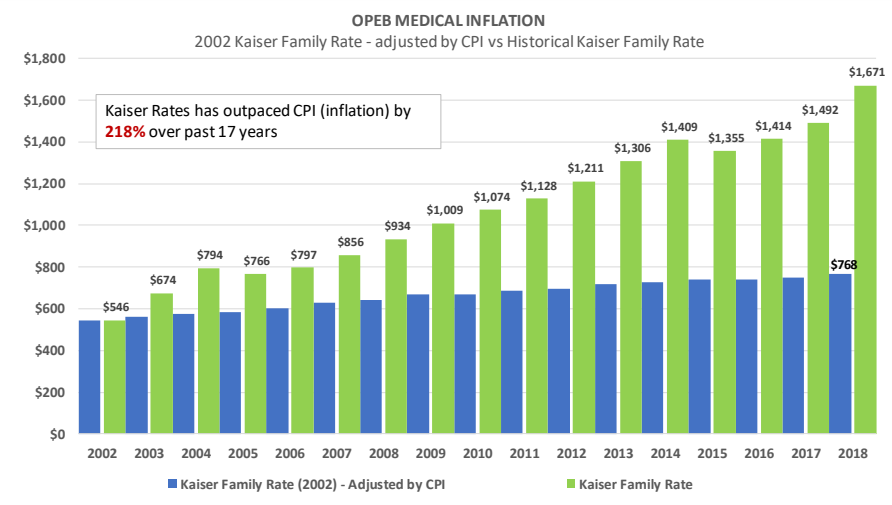
NET OPEN LIABILITY		
Accrued Liability (AL)	$	9,602,387
Market Value Assets (MVA)		4,269,924
UAL = AL-MVA	$	5,332,463
		44%
COMBINED PENSION + OPEB	**$**	**18,147,867**

Balance as of June 30, 2017 (Page 5)

Lifetime Medical Employee + Spouse

- Pay-Go Costs (retiree premiums)= $355,000
- 31 Retirees
- 58 Active Employees (30 age 50+)

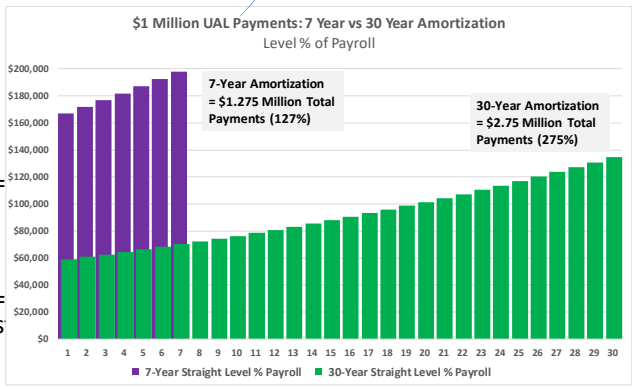
Medical Inflation



Approach to Pension Liability Management

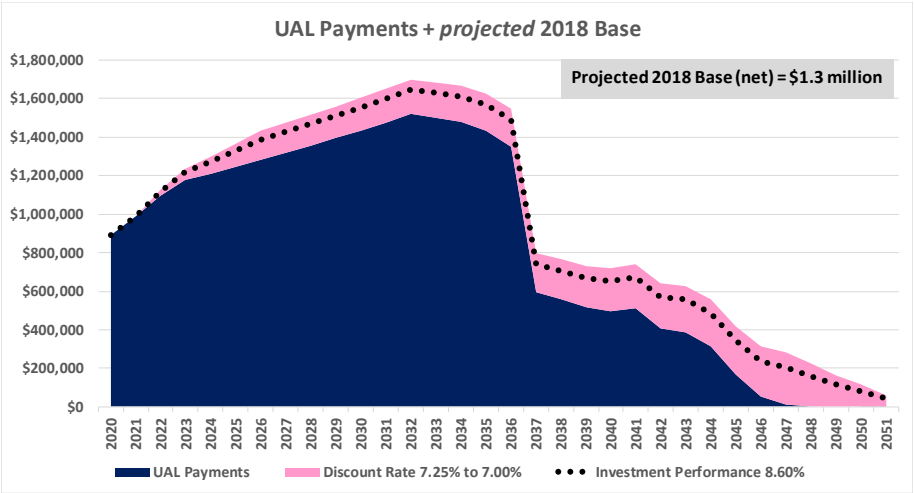
Targeting Strategies

- Target by Amortization Base not funding level.
  - Short UAL Amortization = greater cash flow relief
  - Longer UAL Amortization = greater interes cost savings

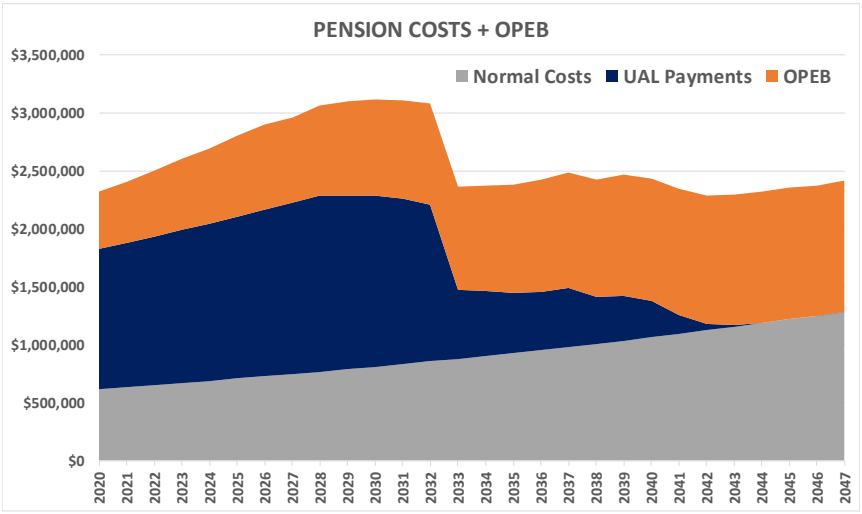


Continual Process

Bases added each year: actively manage pension liability



Total Annual Retirement Costs



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Solutions to Addressing your Pension & OPEB Liabilities

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Solutions to Pension & OPEB

1. Allocation of UAL
2. 1-time Monies & Contributions
3. Synthetic Fresh Start
4. Adjust Benefit Levels & Eligibility for OPEBs

1. Fully Allocate Pension Costs /UAL

Bartel & Nyart – Actuarial Joint Study

Allocation methodology among member agencies for both Pension & OPEB costs

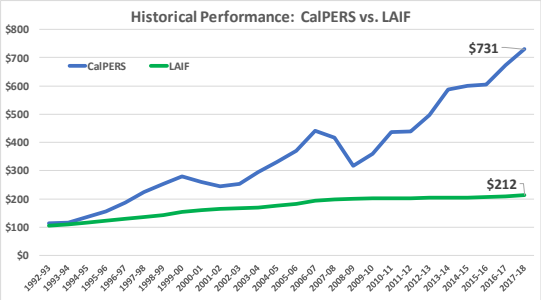
	Average Labor	%	UAL Allocation
City of Laguna Beach	$ 701,000	10.62%	$ 1,360,945
City of San Clemente	44,000	0.67%	85,423
City of San Juan Capistrano	682,000	10.33%	1,324,058
Emerald Bay	30,000	0.45%	58,243
El Toro	236,000	3.58%	458,178
Irvine Ranch	51,000	0.77%	99,013
Moulton Niguel	2,988,000	45.27%	5,801,004
South Coast	1,212,000	18.36%	2,353,018
Santa Margarita	656,000	9.94%	1,273,581
Trabuco Canyon	1,000	0.02%	1,941
TOTAL	$ 6,601,000	100%	$ 12,815,404

2. One-Time Monies & Contributions

LAIF earns 2-3% vs UAL increases @ 7.0%

Short-Term Money Market Returns vs.
Equities/Fixed Income Bonds/Alternative Investments

- UAL past-due liability with FIXED payments
- Pre-Payments (ADPs) provide significant interest cost savings
- Target 30-year Bases: 2.75X

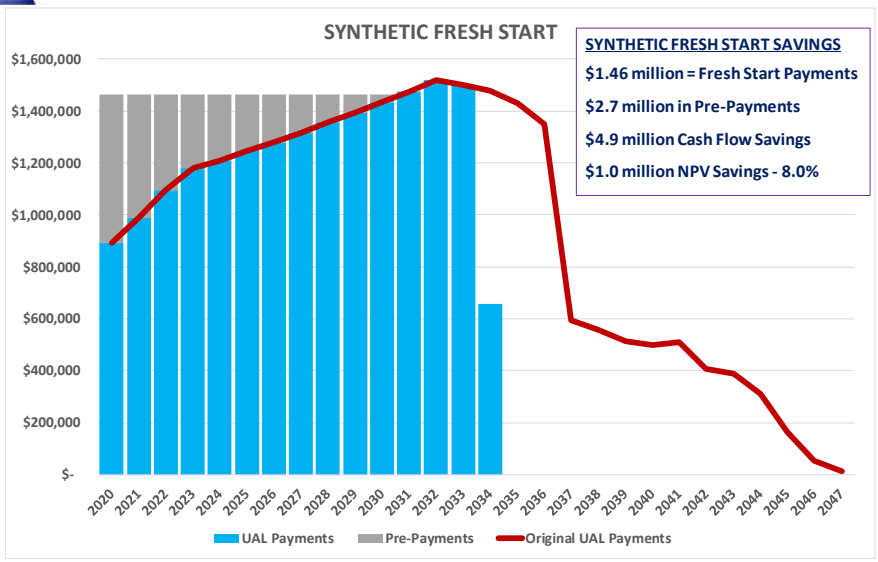


2. CalPERS vs PARS Performance

	PARS Diversified Portfolios					CalPERS
	Conservative	Moderately Conservative	Moderate	Balanced	Capital Appreciation	
Fixed Income	80%	65%	45%	35%	25%	28%
2009	8.5%	-15.9%	-23.4%	-26.2%	-26.2%	-5.1%
2009	15.1%	18.2%	21.0%	20.9%	23.3%	-24.0%
2010	8.2%	10.0%	11.9%	13.6%	12.5%	13.3%
2011	1.7%	1.3%	0.1%	-1.0%	-1.9%	21.7%
2012	8.0%	10.4%	11.8%	12.8%	13.4%	0.1%
2013	3.2%	6.8%	13.1%	16.0%	19.8%	13.2%
2014	3.4%	3.9%	4.3%	4.2%	5.6%	18.4%
2015	-0.2%	-0.2%	-0.4%	-0.5%	-0.8%	2.4%
2016	3.7%	4.4%	6.0%	6.3%	8.3%	0.6%
2017	6.2%	9.1%	12.7%	15.0%	16.2%	11.2%
2018	-1.9%	-3.1%	-4.5%	-5.4%	-6.3%	8.6%
CAGR	5.49%	4.10%	4.51%	4.64%	5.35%	5.20%
	Calendar	Calendar	Calendar	Calendar	Calendar	Fiscal Year

CalPERS - $364 Billion (70% funding ratio) - $22.9 Billion Annual Payments - $1.9 million members
Allocation - 50% Global Equity, 28% Fixed Income, 13% Real Estate, 8% Private Equity, 1% Liquidity

3. 15-Year Synthetic Fresh Start



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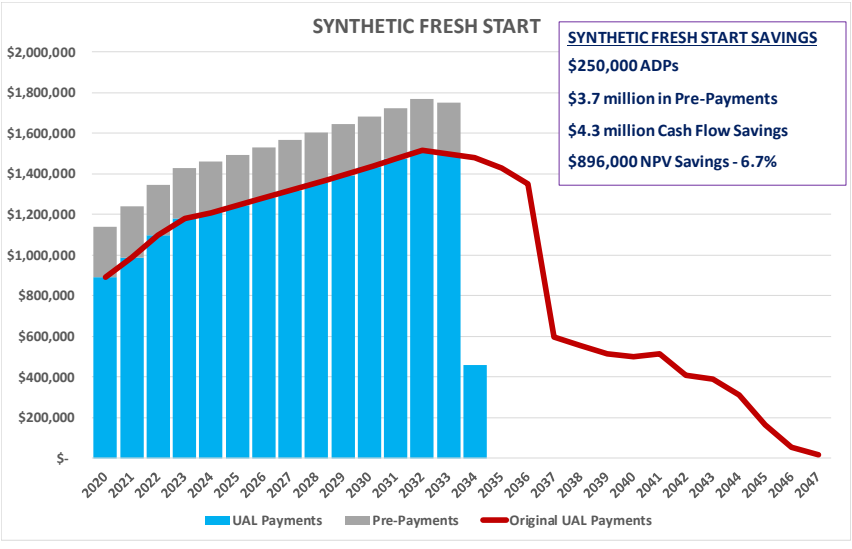
3. Synthetic Fresh Start - $250,000



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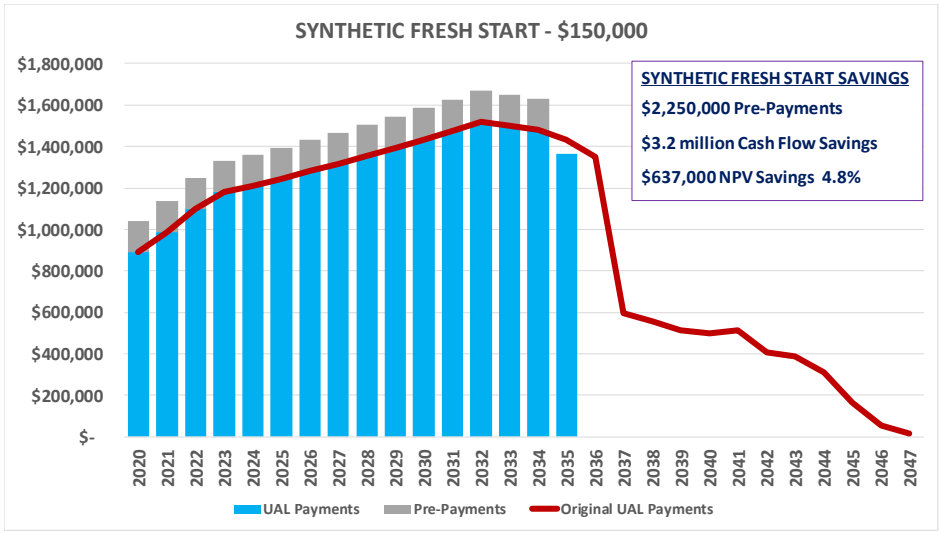
3. Synthetic Fresh Start - $150,000



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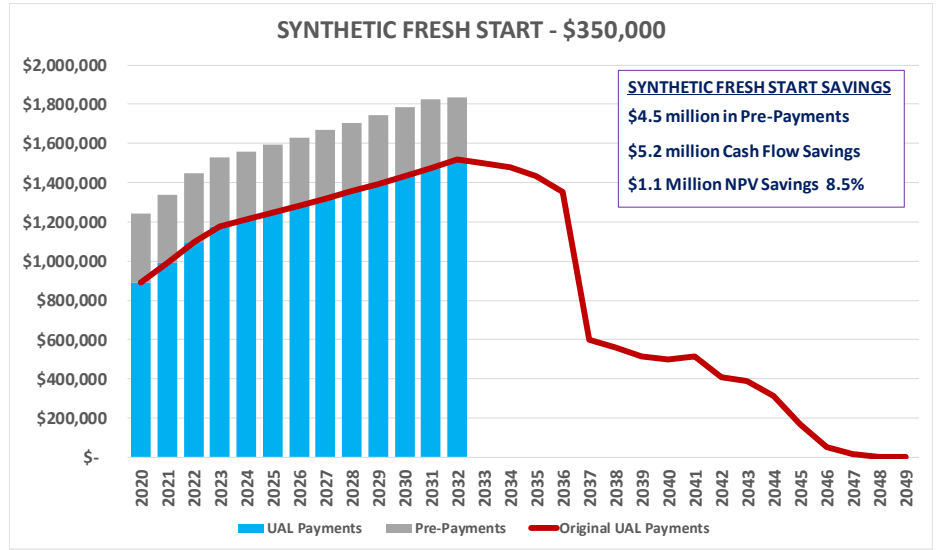
3. Synthetic Fresh Start - $350,000



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4. OPEB Benefit Levels & Eligibility

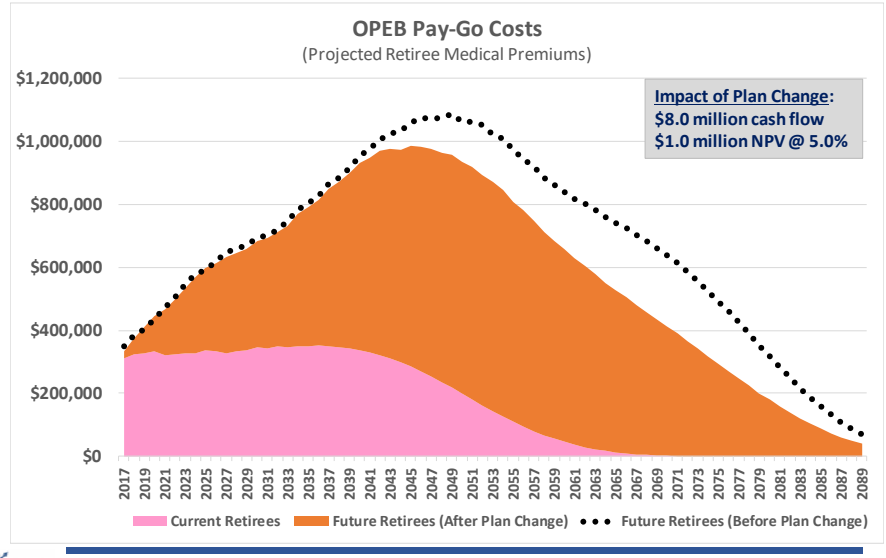
Previously, retiree medical was a minor portion of retirement benefits

- Life Expectancy 82-85 years
  - Medicare represents 75% of lifetime costs
- Extending OPEB eligibility age
  - Match OPEB eligibility age to CalPERS / Medicare
  - Definition = Lowest Cost HMO
  - Link to Medicare or Social Security Eligibility Age

Lifetime Medical Premiums (50 to 85) - CalPERS Avg. Rate (2019)								
	PEMCHA		Employee Only		Spouse/Dependent		FAMILY	
Age	Total	% Savings	Total	% Savings	Total	% Savings	Total	% Savings
50	$ 10,321		$ 35,542		$ 71,200		$ 101,909	
55	9,600	-7%	32,047	-10%	64,174	-10%	92,792	-9%
60	8,724	-15%	27,796	-22%	55,625	-22%	81,699	-20%
62	8,322	-19%	25,847	-27%	51,708	-27%	76,616	-25%
65	7,657	-26%	22,623	-36%	45,225	-36%	68,203	-33%

Assumes 4% Inflation & supplemental Medicare rate @ age 65

Retiree Medical "Pay-Go" Premiums



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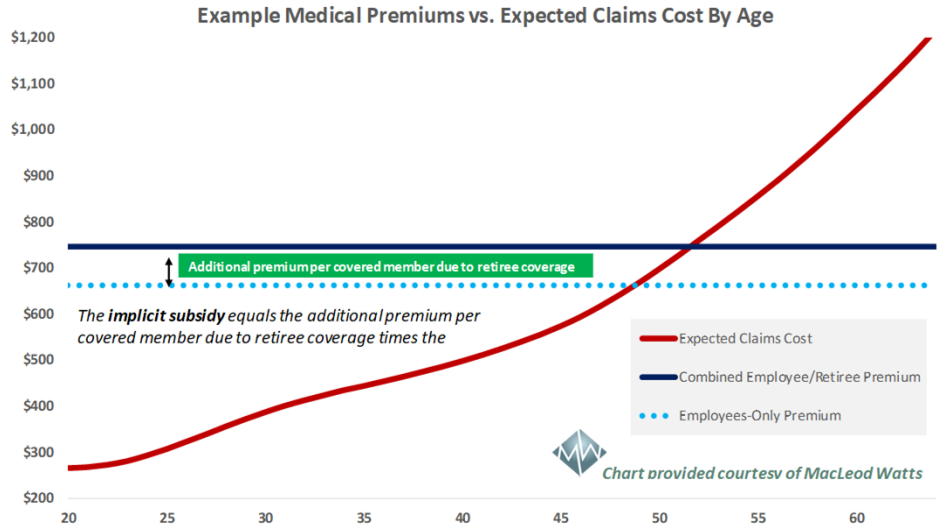
4. Implicit Subsidy



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APPENDIX

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Primary Contributing Factors

CA League of Cities Pension Sustainability Report (2018)

5 Key factors that impact (unsustainability) of CalPERS System:

1. Enhanced & Retroactive Benefits
   - SB 400 (1999) – Safety
   - AB 616 (2001) - General
2. Investment Losses
3. Cost of Living Adjustments (COLA)
4. Demographics (life expectancy)
5. CalPERS Contribution Policy

CalPERS Contribution Policy
(Prior to the Great Recession)

1. Did not require agencies to pay interest on their UAL.
2. CalPERS allowed agencies to make partial payments
3. CalPERS did not require or accept contributions if fully funded

Policies were intended to ease burden on employers. However, resulted in pushing unfunded liability payments into future.

OPEB Trusts Established

Agency Type	CalPERS	PARS	TOTAL	%
Special Districts	326	74	667	60%
Counties	13	23	58	62%
Schools	66	46	1,049	11%
Cities	144	66	482	44%
TOTAL	**549**	**209**	**2,256**	**24%**

Schools Districts: 560 Elementarry, 330 USD, 87 High School, 58 County, 6 Special, 8 Charter

Source: CERBT / PARS / Wikipedia

OPEB Trust (CERBT)

Funded status by employer type

Agency Type	OPEB Liabilities ($ Billions)	CERBT Assets ($ Billions)	Funding Status
Other Special Districts	$1.7	$1.1	66%
Sanitation	$0.5	$0.3	52%
Water	$1.8	$0.9	47%
Counties	$4.3	$2.0	46%
Cities	$6.2	$1.6	27%
Fire	$0.8	$0.2	25%
Courts	$0.4	$0.1	17%
Schools	$21.5	$1.1	5%
TOTAL	**$37.2**	**$7.2**	**19.3%**
State of California	*$68.0*	*$0.8*	*1%*

550 Agencies have funded OPEB Trusts (CERBT) with CalPERS

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Pew Charitable Trust - 2013 Pension Funding Status

Rank	State	% Funded	10-Year Return	Rank	State	%	10-Year Return
1	Wisconsin	99%	5.20%	27	Alabama	67%	5.34%
2	South Dakota	97%	6.80%	28	North Dakota	66%	4.81%
3	Tennessee	94%	6.03%	29	New Mexico	65%	4.62%
4	New York	91%	5.69%	30	Kansas	65%	6.20%
5	Nebraska	89%	6.00%	31	Maryland	65%	4.90%
6	North Carolina	88%	5.50%	32	Vermont	64%	4.60%
7	Idaho	88%	6.00%	33	Michigan	64%	6.10%
8	Utah	86%	5.47%	34	Indiana	63%	5.00%
9	Washintgon	84%	6.18%	35	Alaska	63%	5.47%
10	Iowa	82%	6.31%	36	Arizona	60%	6.00%
11	Delaware	81%	6.50%	37	Louisiana	60%	5.90%
12	Oregon	81%	6.00%	38	New Hampshire	58%	6.00%
13	Florida	79%	5.85%	39	Massachusetts	58%	5.70%
14	Maine	77%	5.20%	40	Mississippi	58%	5.90%
15	Arkansas	77%	5.97%	41	South Carolina	54%	4.49%
16	Missouri	77%	5.90%	42	Rhode Island	54%	4.80%
17	Georgia	76%	6.40%	43	Minnesota	53%	6.50%
18	Wyoming	73%	4.10%	44	Pennsylvania	53%	4.30%
19	Texas	73%	5.27%	45	Hawaii	51%	5.66%
20	Virginia	72%	5.60%	46	Colorado	46%	5.20%
21	Nevada	72%	6.30%	47	Connecticut	41%	5.14%
22	Ohio	72%	5.11%	48	Illinois	36%	5.00%
23	West Virginia	72%	6.20%	49	Kentucky	31%	5.02%
24	Oklahoma	72%	6.20%	50	New Jersey	31%	5.92%
25	Montana	71%	5.89%		**Average**	**68%**	**5.59%**
26	**California**	**69%**	**5.10%**				

Source: 2016 Pension & OPEB Funding Study

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Pew Charitable Trust OPEB Funding Status

	State	FUNDING STATUS Liability $Billions	% Funded	ANNUAL EXPENSES ARC $Millions	Expenses $Millions	%
1	Arizona	$ 2.2	73%	$ 156	156	100%
2	Ohio	24.9	63%	1,724	329	19%
3	Oregon	0.6	56%	73	61	84%
4	Wisconsin	2.2	52%	190	96	50%
5	Alaska	17.4	43%	950	535	56%
6	North Dakota	0.2	43%	16	14	84%
7	Utah	0.4	37%	40	40	102%
8	Kentucky	6.4	25%	529	384	73%
9	Virginia	6.5	21%	593	380	64%
10	Idaho	0.1	21%	13	10	81%
11	Indiana	0.4	19%	32	19	60%
12	West Virginia	3.3	18%	290	171	59%
13	Colorado	2.1	14%	149	95	64%
14	Michigan	24.6	11%	2,271	1,778	78%
15	Maine	2.1	11%	149	101	68%
16	Alabama	12.5	10%	1,055	457	43%
17	Rhode Island	0.8	8%	58	58	100%
18	South Carolina	10.1	7%	828	416	50%
19	Georgia	19.3	6%	1,683	627	37%
20	New Mexico	3.9	6%	354	135	38%
21	North Carolina	26.9	5%	2,085	913	44%
22	Delaware	6.0	4%	484	209	43%
23	Missouri	3.3	4%	267	107	40%
24	Massachusetts	15.8	3%	1,251	585	47%
25	Kansas	0.5	3%	87	66	76%
26	Maryland	9.0	2%	705	407	58%
27	California	$ 80.3	1%	$ 6,658	$ 2,196	33%
28	Texas	61.7	1%	4,640	1,272	27%
29	Connecticut	22.7	1%	1,452	570	39%
30	Pennsylvania	18.9	1%	1,281	832	65%
31	New Hampshire	2.6	1%	182	101	56%
32	Vermont	1.7	1%	113	26	23%
33	New York	69.5	0%	3,399	1,446	43%
34	New Jersey	66.8	0%	6,351	1,839	29%
35	Illinois	56.3	0%	4,003	856	21%
36	Hawaii	13.7	0%	995	278	28%
37	Louisiana	8.5	0%	584	271	46%
38	Florida	7.5	0%	453	129	28%
39	Washintgon	7.4	0%	684	136	20%
40	Arkansas	2.1	0%	228	59	26%
41	Tennessee	1.4	0%	152	70	46%
42	Nevada	1.3	0%	141	59	42%
43	Minnesota	1.0	0%	117	60	52%
44	Mississippi	0.7	0%	45	29	66%
45	Iowa	0.5	0%	57	26	46%
46	Montana	0.4	0%	45	-	0%
47	Wyoming	0.2	0%	19	9	47%
48	South Dakota	0.1	0%	8	4	47%
49	Oklahoma	0.0	0%	0	0	57%
50	Nebraska	-		-	-	0%

Based on 2013 Reported Data - 2016 Pension & OPEB Funding Study

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Workshop: Reading your CalPERS Actuarial Report

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Page 4 Pre-Pay Annual UAL

CALPERS ACTUARIAL VALUATION - June 30, 2017
Miscellaneous First Tier Plan of the South Orange County Wastewater Authority
CalPERS ID: 7221942610

Required Employer Contributions

Required Employer Contributions		Fiscal Year 2019-20
Employer Normal Cost Rate		**11.432%**
Plus, Either		
1) Monthly Employer Dollar UAL Payment	**$**	**74,297.33**
Or		
2) Annual Lump Sum Prepayment Option	**$**	**860,906**

Pre-Pay Annual UAL Payment ~3.5% discount

*The total minimum required employer contribution is the **sum** of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) **plus** the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).*

*Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**. Plan Normal Cost contributions will be made as part of the payroll reporting process. If there is contractual cost sharing or other change, this amount will change.*

In accordance with Sections 20537 and 20572 of the Public Employees' Retirement Law, if a contracting agency fails to remit the required contributions when due, interest and penalties may apply.

Page 4 – Required Contributions

		Fiscal Year 2018-19		Fiscal Year 2019-20
Development of Normal Cost as a Percentage of Payroll[1]				
Base Total Normal Cost for Formula		17.970%		18.774%
Surcharge for Class 1 Benefits[2]				
a) FAC 1		0.587%		0.609%
Phase out of Normal Cost Difference[3]		0.000%		0.000%
Plan's Total Normal Cost		18.557%		19.383%
Formula's Expected Employee Contribution Rate *employee share*		7.948%		7.951%
Employer Normal Cost Rate **Normal Costs: % of Payroll**		10.609%		11.432%
Projected Payroll for the Contribution Fiscal Year	$	3,916,420	$	3,440,663
Estimated Employer Contributions Based on Projected Payroll **UAL Annual Payment** (No discount)				
Plan's Estimated Employer Normal Cost	$	415,493	$	393,337
Plan's Payment on Amortization Bases[4]		737,901		891,568
% of Projected Payroll (illustrative only)		18.841%		25.913%
Estimated Total Employer Contribution	$	1,153,394	$	1,284,905
% of Projected Payroll (illustrative only)		29.450%		37.345%

Total Pension Payments: 1. Normal + 2. UAL

Page 5 – Plan's Funded Status (UAL)

Plan's Funded Status

	June 30, 2016		June 30, 2017	
1. Present Value of Projected Benefits (PVB)	48,866,572	$	51,396,430	
2. Entry Age Normal Accrued Liability (AL)	45,416,817		48,122,154	Total Accrued Liability
3. Plan's Market Value of Assets (MVA)	32,602,074		35,351,202	Market Value Assets
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	12,814,743		12,770,952	(UAL) Unfunded Accrued Liability
5. Funded Ratio [(3) / (2)]	71.8%		73.5%	

	Required Contribution	Projected Future Employer Contributions (Assumes 7.25% Return for Fiscal Year 2017-18)				
Fiscal Year	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Normal Cost %	11.432%	12.2%	12.2%	12.2%	12.2%	12.2%
UAL Payment	$891,568	$1,003,000	$1,139,000	$1,251,000	$1,314,000	$1,382,000

Projected Normal Costs & UAL over next following years

CalPERS Annual Payment

MISCELLANEOUS

Group	Benefit	Active	Retired	Payroll FY 19-20	Normal FY 19-20	$ Annual Normal Cost
Classic	2.5% @ 55	31	64	$ 3,440,663	11.43%	$ 393,337
2nd Tier	2.0% @ 55	7	0	955,836	10.22%	$ 97,696
PEPRA	2.0% @ 62	21	0	1,828,384	6.99%	127,713
	TOTAL	**59**	**64**	**$ 6,224,883**	**9.94%**	**$ 618,745**

Ratio Active / Retirees 92%

FY 19-20 ANNUAL NORMAL COSTS	$ 618,745
FY 19-20 ANNUAL UAL PAYMENTS	891,567
FY 19-20 CalPERS PAYMENT	**$ 1,510,313**

Source: CalPERS June 30, 2017 Acturial Reports D-1 Normal Cost by Benefit Group

CalPERS Unfunded Actuarial Laibility (UAL)

Accrued Liability (AL)	$ 48,122,154
Market Value Assets (MVA)	35,351,202
UAL = AL - MVA	**$ 12,770,952**
	73%
2nd Tier	**$ 25,103**
PEPRA	**$ 19,349**
COMBINED PENSION + OPEB	**$ 12,815,404**

Balance as of June 30, 2017 (Page 5)

FY 19-20 Payments determined based on Actuarial Valuation 2 years prior

Page 9 / 16 Amortization Bases

CalPERS Actuarial Reports project payment 2 years forward FY 19-20

Reason for Base	Date Established	Ramp Up/Down 2019-20	Amortization Period	Balance 6/30/17	Payment 2017-18	Balance 6/30/18	Payment 2018-19	Amounts for Fiscal 2019-20 Balance 6/30/19	Amounts for Fiscal 2019-20 Scheduled Payment for 2019-20
SHARE OF PRE-2013 POOL UAL	06/30/13	No Ramp	17	$5,049,119	$394,444	$5,006,688	$401,559	$4,953,812	$412,465
ASSET (GAIN)/LOSS	06/30/13	100% →	26	$4,614,248	$186,321	$4,755,824	$252,170	$4,839,470	$323,840
NON-ASSET (GAIN)/LOSS	06/30/13	100% →	26	$(42,559)	$(1,719)	$(43,864)	$(2,326)	$(44,635)	$(2,987)
ASSET (GAIN)/LOSS	06/30/14	80% ↗	27	$(3,397,090)	$(92,928)	$(3,547,141)	$(141,401)	$(3,657,872)	$(193,706)
NON-ASSET (GAIN)/LOSS	06/30/14	80% ↗	27	$3,845	$105	$4,015	$160	$4,140	$219
ASSUMPTION CHANGE	06/30/14	80% ↗	17	$2,206,639	$82,148	$2,281,547	$125,518	$2,316,971	$171,910
ASSET (GAIN)/LOSS	06/30/15	60% ↗	28	$2,076,840	$29,245	$2,197,124	$59,287	$2,295,017	$91,374
NON-ASSET (GAIN)/LOSS	06/30/15	60% ↗	28	$(174,145)	$(2,452)	$(184,231)	$(4,971)	$(192,440)	$(7,662)
ASSET (GAIN)/LOSS	06/30/16	40% ↗	29	$2,480,064	$0	$2,659,869	$36,910	$2,814,485	$75,854
NON-ASSET (GAIN)/LOSS	06/30/16	40% ↗	29	$(314,530)	$0	$(337,333)	$(4,681)	$(356,942)	$(9,620)
ASSUMPTION CHANGE	06/30/16	40% ↗	19	$758,698	$(16,464)	$830,754	$15,677	$874,748	$32,212
ASSET (GAIN)/LOSS	06/30/17	20% ↗	30	$(1,213,649)	$0	$(1,301,638)	$0	$(1,396,007)	$(19,350)
NON-ASSET (GAIN)/LOSS	06/30/17	20% ↗	30	$(64,423)	$0	$(69,094)	$0	$(74,103)	$(1,027)
ASSUMPTION CHANGE	06/30/17	20% ↗	20	$787,894	$(23,553)	$869,409	$(24,231)	$957,535	$18,045
TOTAL				**$12,770,951**	**$555,147**	**$13,121,929**	**$713,671**	**$13,334,179**	**$891,567**

CalPERS incorporates Amortization Bases (each year) that reflect:

- *Investment performance (gains)/losses*
- *Changes in assumptions*
- *Additional benefits*
- *Plan Changes*

Page 11 Amortization Schedule

Amortization Schedule is aggregate of 14 underlying UAL Amortization Bases & Corresponding Amortization Schedules

Date	Current Amortization Schedule Balance	Current Amortization Schedule Payment	Alternate Schedules: 15 Year Amortization Balance	15 Year Amortization Payment	10 Year Amortization Balance	10 Year Amortization Payment
6/30/2019	13,334,180	891,568	13,334,180	1,212,489	13,334,180	1,653,696
6/30/2020	13,377,586	988,597	13,045,235	1,247,348	12,588,314	1,701,240
6/30/2021	13,323,654	1,096,178	12,699,241	1,283,209	11,739,137	1,750,150
6/30/2022	13,154,400	1,178,746	12,291,024	1,320,102	10,777,741	1,800,467
6/30/2023	12,887,366	1,210,024	11,815,005	1,358,055	9,694,535	1,852,231
6/30/2024	12,568,580	1,244,812	11,265,170	1,397,099	8,479,190	1,905,482
6/30/2025	12,190,655	1,280,600	10,635,038	1,437,265	7,120,584	1,960,265
6/30/2026	11,748,268	1,317,418	9,917,623	1,478,587	5,606,745	2,016,622
6/30/2027	11,235,678	1,355,293	9,105,403	1,521,096	3,924,788	2,074,600
6/30/2028	10,646,702	1,394,258	8,190,274	1,564,828	2,060,846	2,134,245
6/30/2029	9,974,672	1,434,343	7,163,509	1,609,816		
6/30/2030	9,212,408	1,475,580	6,015,712	1,656,099		
6/30/2031	8,352,173	1,518,003	4,736,770	1,703,711		
6/30/2032	7,385,637	1,499,520	3,315,795	1,752,693		
6/30/2033	6,368,169	1,478,720	1,741,073	1,803,083		
6/30/2034	5,298,475	1,430,845				
6/30/2035	4,200,809	1,350,594				
6/30/2036	3,106,671	596,734				
6/30/2037	2,713,917	557,007				
6/30/2038	2,333,831	514,503				
6/30/2039	1,970,207	497,485				
6/30/2040	1,597,844	511,787				
6/30/2041	1,183,673	406,785				
6/30/2042	848,216	388,158				
6/30/2043	507,729	313,030				
6/30/2044	220,361	165,995				
6/30/2045	64,430	52,825				
6/30/2046	14,394	14,907				
6/30/2047						
6/30/2048						
Totals		**26,164,318**		**22,345,480**		**18,848,998**
Interest Paid		**12,830,138**		**9,011,300**		**5,514,818**
Estimated Savings				**3,818,838**		**7,315,320**

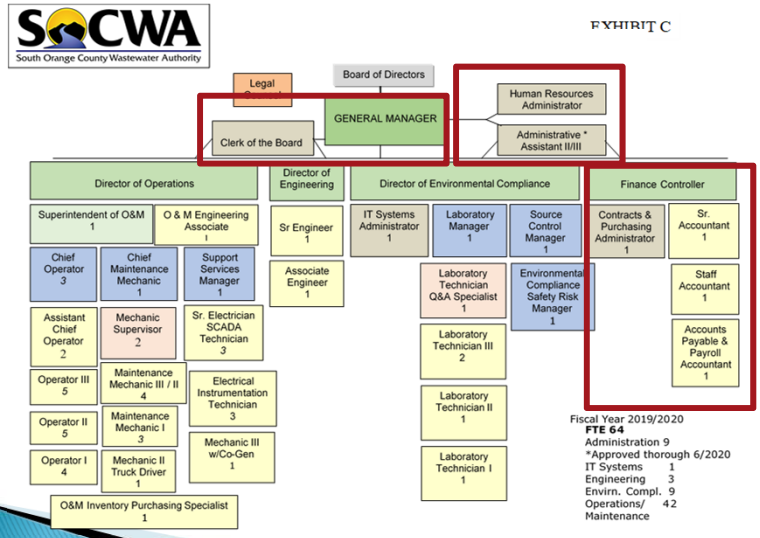
Agenda Item 8

Administration Expenses

FY 2019-2020 Proposed Budget

1

FY 2019/20 Organizational Chart



Administration Cost Distribution

- Cost Distribution is noted each year in Budget and written into SOCWA's Assumptions:
  - *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.*

3

What is in Administration Detail?

- Administrative Expenses by line item, including salaries, overtime and fringe benefits
- Other Expenses, including legal, recruiting, management support, board fees, administrative training, and audit costs
- A portion of AE is allocated to the General Fund (discussed on 3/26 and 4/9)
  - Focus is on a different sharing % for some costs
- Residual Engineering

4

FY 2019-20
Prior Year to Proposed Budget

2018/19	2019/2020
Salaries $1,007,352*	Salaries: $1,041,455*
Fringe Benefits: $709,453**	Fringe Benefits: $741,332**
Other Expense: $739,130	Other Expenses: $730,583
Budget Total: $2,455,935	Budget Total: $2,513,360
*COLA 3.8%; Merit 3%	*COLA 2.7%; Merit 3%
**Budgeted Fringe 72%	**Planned Fringe 71.9%

5

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

Prior Year to Proposed Budget Residual Engineering

2018/19	2019/2020
Salaries: $199,834	Salaries: $207,349
Fringe Benefits: $143,880	Fringe Benefits: $149,173
Other Expense: $113,741	Other Expenses: $100,986
Budget Total: $457,455	Budget Total: $457,508
Distribution to Capital	Distribution to Capital
$374,357	$388,534

7

Administration Time Study FY 2019-20 Budget

Office of the General Manager

GM			
PC Direct	ALL SOCWA	Board-Executive-Finance-Engr-Various PCs	Total
20.2%	59.3%	20.5%	100.0%
Meetings	Compliance	JPA	
Board Matters	Legal/Policies	Legal	
Insurance	Operations	Planning	
Contracts	Engineering	Financial Matters	
Compliance	Insurance		
Permits	Contracts		
Safety	MOU		
	Employee Management		
	Labor		
	Safety		
	Financial Matters		

(1) PC Direct - Work identified and benefits a project committee
(2) All SOCWA- Work benefits the Authority

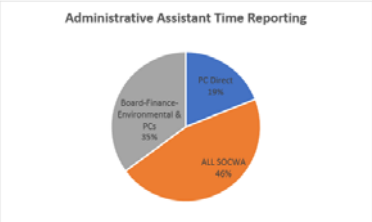
FY 2018-19 50% General Fund; remainder Administration

9

Administrative Assistant

Administrative Assistant			
PC Direct	ALL SOCWA	Board-Finance-Environmental &	Total
19.0%	45.9%	35.0%	100.0%
PC - 15	GM Scheduling	Board Meetings	
PC- 2	GM Administration	Finance Support	
PC - 17	Safety	Finance Committee	
Env. Permits & Filings	Legal Counsel	Scheduling	

(1) PC Direct - Work identified and benefits a project committee
(2) All SOCWA- Work benefits Office of GM, Finance, HR and Environmental



FY 2018-19 50% General Fund; remainder Administration

10

Clerk of the Board

Clerk of the Board			
PC Direct	ALL SOCWA	Board-Executive-Engr	Total
19.8%	28.7%	51.5%	100.0%
PC 15 Matter	Engr. Support Ops Support	Board and Exec. Comm. Engineering Committee Scheduling • Meetings • JPA Compliance PRA Response	

(1) PC Direct - Work identified and benefits a project committee
(2) All SOCWA- Work benefits the Board, Executive Committee, Engr. And Ops.

FY 2018-19 50% General Fund; remainder Administration

11

South Orange County Wastewater Authority
FY 2019-20 Administration Expenses
(*Includes General Fund Expenses)

		FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget
Salary and Fringe						
01-6000-04-00-00	Regular Salaries-Admin & IT	667,234	695,744	857,635	985,352	1,030,445
01-6001-04-00-00	Overtime Salaries-Admin & IT	21,816	27,883	29,661	12,000	6,000
01-6315-04-00-00	Comp Time - Admin		1,914	10,469	10,000	5,000
01-6401-04-00-00	Fringe Benefits IN to PC's & Depts.	520,442	602,675	630,891	709,453	741,332
	Total Payroll Costs	1,209,491	1,328,215	1,528,656	1,716,805	1,782,777
Other Expenses						
01-5018-04-00-00	Public Notices/ Public Relations	1,350			1,400	
01-5027-04-00-00	Insurance - Property/Liability	74	28			
01-5304-04-00-00	Earned Benefit	2,211			-	
01-6101-04-00-00	HR Recruitment & Employee Relations	22,310	35,803	45,075	21,200	34,200
01-6102-04-00-00	Subscriptions	0	1,334	2,677	3,243	2,000
01-6200-04-00-00	Management Support Services	180,895	162,229	219,478	112,500	100,000
01-6201-04-00-00	Audit	22,900	34,700	55,000	40,000	45,000
01-6202-04-00-00	Legal	76,861	188,130	282,388	250,000	250,000
01-6203-04-00-00	Outside Services	0	5,110			
01-6204-04-00-00	Postage	3,512	2,521	2,348	2,319	2,400
01-6220-04-00-00	Board of Directors - Fees	10,854				
01-6223-04-00-00	Office Supplies - Admin	2,705	4,041	5,561	8,470	6,000
01-6224-04-00-00	Office Equipment Admin or IT	7,814	9,132	6,722	8,000	400
01-6234-04-00-00	Memberships & Trainings	56,335	75,467	71,655	89,520	90,000
01-6239-04-00-00	Travel & Conference	24,734	23,794	27,680	20,800	21,500
01-6240-04-00-00	Scholarship/Education reimbursement	1,000	1,000		1,000	
01-6310-04-00-00	Miscellaneous	18,236	20,831	28,056	20,000	23,000
01-6311-04-00-00	Mileage	328	941	1,164	1,000	1,188
01-6317-04-00-00	Contract Services Misc	4,225	8,070	4,855	4,936	5,500
01-6500-04-00-00	IT Allocations in to PC's & Depts.	80,556	80,812	104,057	141,240	133,729
01-6601-04-00-00	Shipping/Freight	1,067	2,647	3,595	1,500	3,667
01-6705-04-00-00	Monthly Car Allowance	11,608	12,231	12,000	12,000	12,000
	Total Other Expenses	529,575	668,821	872,312	739,130	730,583
	Total Administration Expenses	**1,739,067**	**1,997,036**	**2,400,967**	**2,455,935**	**2,513,360**

***Expenses included in the General Fund and the pro rata share are detailed on page 31.** 2.34%

South Orange County Wastewater Authority
FY 2019-20 Residual Engineering Expenses

		FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Actual	FY 18-19 Budget	FY 2019-20 Budget
Salary and Fringe						
01-5000-03-00-00	Regular Salaries-O&M	43,715	153,513	192,301	199,834	207,349
01-5001-03-00-00	Overtime Salaries-O&M			101		
01-5306-03-00-00	Scheduled Holiday Work			48		
01-5401-03-00-00	Fringe Benefits IN to PC's & Depts.	34,097	126,599	136,870	143,880	149,173
	Total Payroll Costs	**77,812**	**280,112**	**329,320**	**343,714**	**356,522**
Other Expenses						
01-5014-03-00-00	Engineering - Misc.	3,186		3,064		
01-5015-03-00-00	Management Support Services	16,004		513	7,500	9,600
01-5017-03-00-00	Legal Fees		830			
01-5022-03-00-00	Miscellaneous Expense	7,437		1,586	3,060	3,121
01-5023-03-00-00	Office Supplies - All	37	-	248	200	204
01-5031-03-00-00	Safety Supplies					300
01-5033-03-00-00	Recruitment	29,815	265			
01-5034-03-00-00	Travel Expense/Tech. Conferences	974	1,893	7,817	6,659	12,625
01-5035-03-00-00	Training Expense	594	2,131	3,708	4,000	4,400
01-5037-03-00-00	Office Equipment				5,000	400
01-5039-03-00-00	Membership Dues/Fees	862	779	930	2,025	1,350
01-5061-03-00-00	Mileage	98	147	220	300	500
01-5077-03-00-00	IT Direct					
01-5309-03-00-00	Operating Leases	15,348	18,637	8,706	20,637	6,695
01-5705-03-00-00	Monthly Car Allowance	1,938	4,281	4,200	4,200	5,250
01-5802-03-00-00	Shipping/Freight	-	79		300	306
01-6500-03-00-00	IT Allocations in to PC's & Depts.	45,721	34,864	54,654	59,860	56,235
	Total Other Expenses	**122,014**	**63,906**	**85,646**	**113,741**	**100,986**
	Total Residual Engineering Expenses	**199,826**	**344,018**	**414,966**	**457,455**	**457,508**
	Engineering Labor & Fringe to Capital				**374,357**	**388,534**

South Orange County Wastewater Authority
FY 2019-20 General Fund Expenses
(Taken From Administration Expenses)

		Finance Committee Recommended General Fund %'s	FY 2017-18 Actual	FY 18-19 Budget	FY 2019-20 Budget
Salary and Fringe					
01-6000-04-00-00	Regular Salaries-Admin & IT	Footnote #1	110,595	219,977	223,834
01-6001-04-00-00	Overtime Salaries-Admin & IT	50%	150,343	6,000	3,000
01-6315-04-00-00	Comp Time - Admin	50%	14,831	5,000	2,500
01-6401-04-00-00	Fringe Benefits IN to PC's & Depts.		5,235	158,384	161,033
	Total Payroll Costs		281,002	389,361	390,367
Other Expenses					
01-5018-04-00-00	Public Notices/ Public Relations	100%		1,400	
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%	55,000	40,000	45,000
01-6202-04-00-00	Legal	40%	112,955	100,000	100,000
01-6203-04-00-00	Outside Services	100%			
01-6204-04-00-00	Postage	20%	470	464	480
01-6220-04-00-00	Board of Directors - Fees				
01-6223-04-00-00	Office Supplies - Admin	100%	5,561	8,470	6,000
01-6224-04-00-00	Office Equipment	100%	6,722	8,000	400
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%	5,611	4,000	4,600
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%	5,203	7,062	6,686
01-6601-04-00-00	Shipping/Freight				
01-6705-04-00-00	Monthly Car Allowance				
	Total Other Expenses		191,522	169,396	163,166
	Total General Fund Expenses		**472,524**	**558,757**	**553,533**

	Time Allocation	
(1)	Executive Assistant	50%
	Clerk of the Board	50%
	GM	50%
	Controller	5%

Agenda Item 9

Legal Counsel Review: N/A

Meeting Date: April 23, 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. The Finance Committee discussed policy options at the March 26, 2019 meeting. The discussion included an overview of the current approach 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

Discussion at the Finance Committee included a general consensus in support of the current approach, but the Directors were cautious that should cash flow needs change in Quarter 2, whereby capital deposits for a project are reasonable to delay due to changes in a project, that staff should work to make adjustments in Quarter 2 as well. With that direction, staff would recommend that the Finance Committee recommend the current approach to the Board as a Capital Funding Policy.

Recommendation:

Staff recommends the Finance Committee recommend the Board of Directors approval of a Policy for the Collection of Capital Deposits from Member Agencies.

Agenda Item 10

SOCWA Capital Improvements Budget Fiscal Years 2019/20 and 2020/21

Two Year Large Capital Proposed

Project Committee 2

Project Committee 5

Project Committee 15

Project Committee 17

Project Committee 21

Project Committee 24

2

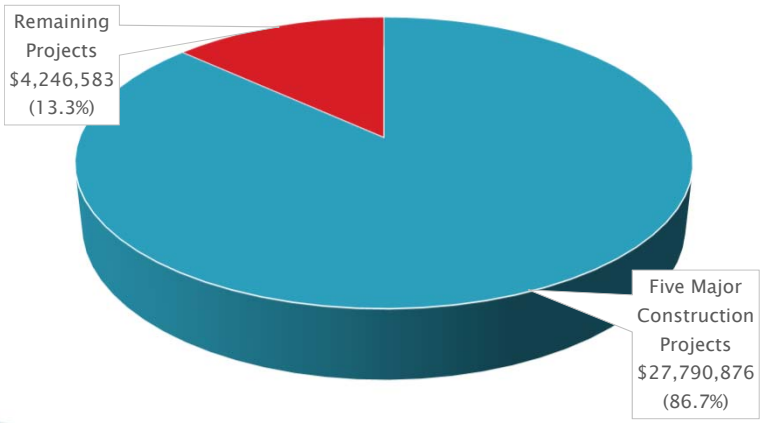
Proposed Large Capital FY 2019/20 & 2020/21

Project Committee	Fiscal Year 2019/20	Fiscal Year 2020/21
2	$9,806,594	$10,924,776
5	$75,729	$541,025
15	$11,740,354	$7,461,501
17	$9,978,865	$2,471,531
21	$329,664	$688,745
24	$106,253	$50,703
Total	$32,037,459	$22,138,280

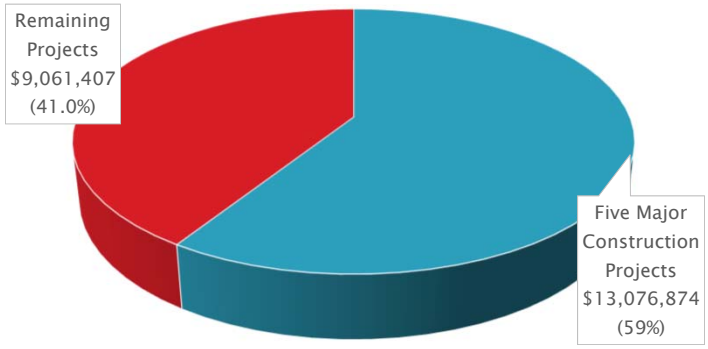
Construction Dominance of Capital Budget in Fiscal Years 2019/20 and 2020/21

- Five Major Projects Bidding In Fiscal Year 2018/19:
  - JBLTP Package 'B' (Project Awarded)
  - RTP Miscellaneous Improvements 2018 (Bids Received)
  - CTP Facility Improvements Project (Bids Received)
  - RTP Aeration and AWT Upgrade (Bids Expected End of May, 2019)
  - CTP Export Sludge (Awaiting Final Permits)

Fiscal Year 2019/20 Major Capital Improvements



Fiscal Year 2020/21 Major Capital Improvements



J. B. Latham Treatment Plant (PC 2) Fiscal Year 2019/20

- Large Capital Projects $9.81M

- Package 'B' Upgrade $9.30M
- Condition Assessments/Studies $0.23M
- Hydraulic Model/Flow Eval. $0.18M
- Solids Management $0.10M

San Juan Creek Ocean Outfall (PC 5) Fiscal Years 2019/20 and 2020/21

- Large Capital Projects (2019/20): $0.08M
  - Monitoring Evaluation Options: $0.08M

- Large Capital Projects (2020/21) $0.54M
  - Junction Structure Field Work $0.49M
  - Condition Assessment $0.05M

Coastal Treatment Plant (PC 15) Liquids Fiscal Year 2019/20

- Large Capital Projects: $11.74M
  - Facility Improvements Project $6.97M
  - Export Sludge Replacement $4.52M
  - Condition Assessments/Studies $0.10M
  - Small Construction Projects $0.15M

Coastal Treatment Plant (PC 15) Liquids Fiscal Year 2020/21

- Large Capital Projects: $7.22M
  - Facility Improvements Project $4.66M
  - Aeration Upgrade $2.66M
  - Condition Assessments/Studies $0.10M
  - Off Site Projects $0.15M

Coastal Treatment Plant (PC 15) AWT Fiscal Year 2020/21

- Large Capital Projects: $0.24M
- Contact Basin Upgrades $0.24M

Regional Treatment Plant (PC 17) Liquids Fiscal Year 2019/20

- Large Capital Projects: $7.92M
- Facility Improvements 2018 $1.64M
- Aeration/AWT Upgrade $5.13M
- Miscellaneous Improvements 2020 $1.15M
  (Safety, Sewer, Shade)

Regional Treatment Plant (PC 17) Liquids Fiscal Year 2020/21

- Large Capital Projects: $1.35M
  - Facility Improvements 2020 (Lighting, Safety) $1.05M
  - MCC Upgrade $0.25M
  - Condition Assessments $0.05M

Regional Treatment Plant (PC 17) Common Fiscal Year 2019/20

- Large Capital Projects: $0.31M
  - Facility Improvements 2018 $0.06M
  - Miscellaneous Improvements 2019 (Lighting) $0.09M
  - Condition Assessments $0.16M

Regional Treatment Plant (PC 17) Common Fiscal Year 2020/21

- Large Capital Projects: $1.00M
  - Facility Improvements 2020 (Lighting) $0.45M
  - Site Projects $0.32M
  - MCC Upgrade $0.15M
  - Condition Assessments $0.08M

Regional Treatment Plant (PC 17) Solids Fiscal Year 2019/20

- Large Capital Projects $1.75M
  - Facility Improvements 2018 $0.17M
  - Miscellaneous Improvements 2019 (Piping, Shade, CEMS Relocation) $1.44M
  - Miscellaneous Improvements 2020 (Safety) $0.14M

Regional Treatment Plant (PC 17) Solids Fiscal Year 2020/21

- Large Capital Projects: $0.11M
  - MCC Upgrade $0.11M

Effluent Transmission Main (PC 21) Fiscal Year 2019/20

- Large Capital Projects: $0.33M
  - Trail Bridge Crossing $0.16M
  - Air Vacuum Valve Replacement $0.17M

Effluent Transmission Main (PC 21) Fiscal Year 2020/21

Large Capital Projects:	$0.69M
Trail Bridge Crossing	$0.10M
Air Vacuum Valve Replacement	$0.59M

Aliso Creek Ocean Outfall (PC 24) Fiscal Years 2019/20 and 2020/21

Large Capital Projects (2019/20):	$0.11M
Sampling System Rehabilitation	$0.11M
Large Capital Projects (2020/21):	$0.05M
Creek Section Replacement Update	$0.05M

QUESTIONS

SOCWA
Small Internal Capital Budget Overview
April 23, 2019

O&M and Capital

About $30M in this type of equipment at SOCWA

Facilities 2/3rds Depreciated (2018 Audit)

Moving Equipment ~60% Fully Depreciated

Large Versus Small Capital

- Major Systems Repairs
- Design requirements (ex. structural engineering)
- New regulations
- Complex shutdowns and tie-ins
- Large (multiyear) efforts
- New Services/ Processes

- Point/Temporary Repairs
- Emergency Repairs
- Standalone items
- IT and Security
- Obsolescence issues
- Limit scope items
- Limited staffing in Engineering to support
- Near term or critical need (Planned or unplanned in CIP project)

Large Cap

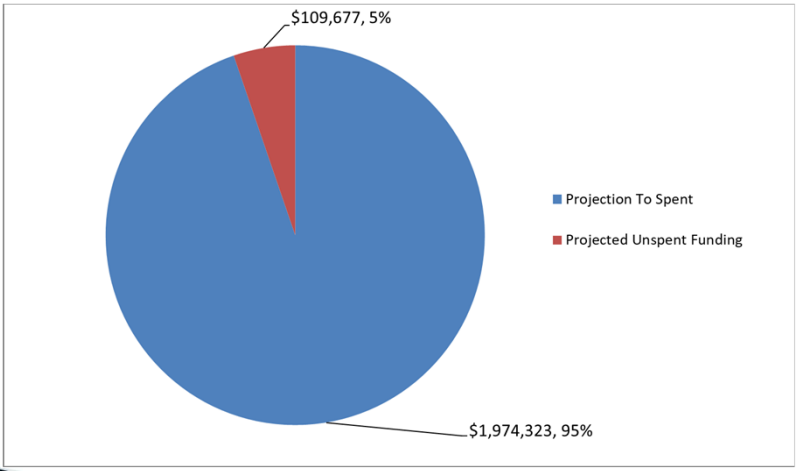
Small Cap

Managed Maintenance Program Highlights (2018)

- Pumps and other driven equipment with Preventative Maintenance (PM) programs:
  - 20,675 PM tasks
  - 1441 Equipment failures (Corrective) – 6.97%
  - 121 Callbacks failures reoccurred – 8.40%
- Lifecycle Engineering indicates that an effective PM program is at least 6:1 (under 16%)
- Callbacks should range between 3% and 10%

77 Projects
in FY18-19

FY18-19 small capital spending projection



Small internal capital budget request

PC/FY	FY18/19	FY19/20	Delta
PC2	$751,000	$685,000	($66,000)
PC5	$0	$2,750	$2,750
PC15	$702,000	$621,000	($81,000)
PC17	$631,000	$736,000	$105,000
PC24	$0	$2,750	$2,750
Total	$2,084,000	$2,047,500	($36,500)

QUESTIONS

Agenda Item 11

Budgeted: No
Funding: Small Capital (PC2)
Recommended Spending: $133,600
Legal Counsel Review: N/A
Meeting Date: April 23, 2019

TO: Finance Committee

FROM: Betty Burnett, General Manager

STAFF CONTACT: David Lloyd, IT Administrator

SUBJECT: Agenda Preparation Software / Audio Visual Hardware

Summary:

Administrative staff have been interested for some time in betterment of the ability to prepare board packets, keep meeting records and prepare accurate minutes. The existing use of the hand-held recording system is antiquated and with the number of meeting attendees and speakers over the last several years increasing, the preparation of documents is cumbersome and challenging. The recording system frequently fails to pick up the speaker over the rustling of papers and background noise.

Staff considered budgeting for these improvements in the coming year, however, with the availability of some funding in the SOCWA small capital budget as projected for the close of the current fiscal year, staff would like to purchase an improved system at this time. There are a number of key advantages to adding the new systems:

- Agenda preparation software would offer the option of paperless agendas with links to agenda topics that would eliminate up/down scrolling for those using electronic devices.
- The software would include the ability for live streaming video via online access through SOCWA's website, which would give SOCWA greater transparency for all public meetings.

In January 2019, David Lloyd, IT Administrator, and Danita Hirsh, Administrative Assistant II/III collaborated on evaluating a complete integrated system with the following goals in mind:

- Agenda Automation (i.e., postings, routing/tracking staff reports, attachments, etc.)
- Improved audio functionality to isolate speakers and control microphone input
- Meeting Management functionality (i.e., timestamping, voting, motions, etc.)
- Video Streaming (i.e., live and on-demand viewing)
- Voting capabilities; and
- Document Management (i.e., automated meeting archiving and retrieval)

Staff solicited advice and proposals from 5 vendors for Agenda Automation as well as AV equipment providers. Staff is interested in bringing technology in-house to allow for efficiency and clarity in managing meetings and documentation so they also consulted with Chris Cardenas

of SOCTV Productions who has been attending and video recording meetings here at SOCWA for some time.

Staff focused on purchasing a limited system that would meet immediate needs. Two software systems were evaluated and based on features and cost considerations, the PrimeGov system is recommended. In contrast to the Granicus System, it offers similar features in agenda preparation, meeting tracking and minutes development but at a lower cost. PrimeGov also has the advantage of providing a one-stop shop for Agenda automation, videoing integration, and voting functions. We also found that AVI-SPl would be the top choice for video cameras, audio speakers, microphones, transmitter, receiver, media display, and necessary hardware. Based on these two options, a small and efficient system can be purchased for:

- $15,000 Software cost (with a 3% annual increase)
- $118,600 Hardware cost

Funding for this project would come from the FY 2018-19 small capital budget for PC 2. Staff recommends redistribution of the costs equally across all project committees with the preparation of the FY Use Audit.

Recommendation:

Staff recommends the Finance Committee to recommend to the Board of Directors to authorize staff to acquire a limited software/hardware system to increase quality and improve efficiency in agenda/meeting/documentation functions at SOCWA.

Agenda Item 12

Budgeted: No
Budget amount: Planned for FY 19/20 **Estimated:** $16,000-$19,000
Line Item: Department Based
Legal Counsel Review: No
Meeting Date: April 23, 2019

TO: Finance Committee

FROM: Betty Burnett, General Manager

STAFF CONTACT: Dina Ash, HR Administrator

SUBJECT: Internship Program at SOCWA

Summary

At the April 9, 2019 Finance Committee meeting a suggestion to develop an internship program at SOCWA was brought forward by Finance Committee Member Katheryn Freshley representing the El Toro Water District. Director Freshley inquired as to the feasibility of incorporating an internship program at SOCWA. An internship program offers SOCWA the ability to introduce students to work here at SOCWA as well as gain project support to the Environmental and Engineering Departments. Staff has identified two specific areas of work in Engineering and Environmental Compliance where an internship program could be beneficial in the coming summer months.

Discussion/Analysis

Before SOCWA offers internship opportunities at SOCWA an Internship Program approach should be established by Board policy adoption. SOCWA staff reviewed five internship programs in California that represented a mix of both small agencies and large government institutions. Following review, SOCWA staff built on the student intern program from the State of California, and staff modified the program to meet the specific needs of SOCWA for the program. The program was chosen because it met both the business needs of SOCWA while also providing relevant training to future interns in a focused manner. The program attached to this staff report includes templates and program checks to allow for successful deployment beginning July 1, 2019.

The draft 2019/2020 Budget includes funding for two departments to support the hiring of two interns, one in Environmental Compliance and one in Engineering. The estimated cost for summer 2019 would be $16,000 to $19,000 based on intern hire/service time period.

Recommendation
Finance Committee review and comments to staff on draft program document. Staff recommends that the Finance Committee recommend to the Board establishing an internship program policy, with a projection to hire two interns for the period beginning June 24, 2019 to September 15, 2019.

Attachment(s): SOCWA Student Internship Program

SOCWA

Student

Internship

Program

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Welcome New Intern!

We are pleased to welcome you to South Orange County Wastewater Authority (SOCWA), and to congratulate you on reaching this most exciting stage in your career.

Interning in a field of choice will stand out on a student's resume and help them with their job search after graduation. Participating interns gain on-the-job training that integrates education, career development and public service, while agencies hosting interns benefit from the contributions of creative and innovative students.

In the next several weeks and months you will be working alongside our experienced staff of wastewater professionals who operate a sophisticated wastewater treatment facility that provides high quality wastewater and related services for the residents and businesses of South Orange County.

Your time here at the Agency will be spent developing the knowledge and skills needed to successfully transition into a career in a wastewater utility, and you will also play an integral role in supporting the Agency's mission of protecting the environment and public health.

Everyone a student meets during the course of their internship is now a contact. These people can help guide their career path as they make their way into the business world. These people know other people in the industry as well and can provide introductions. The fellow interns they meet may also become great contacts in the future.

We strive to promote and support our Student Internship Program which reinforces a key value of the Agency to foster professional growth, teamwork, and job satisfaction within a diverse workforce.

We hope you will find your internship interesting, meaningful, and rewarding.

Sincerely,

Betty Burnett
General Manager

Why Provide Internships?

Internships allow students the opportunity to apply their knowledge and skills in a professional setting while still in school.

Internships offer carefully planned and monitored work experience the Intern's goal is to gain additional knowledge from on the job exposure.

Internships may also be part of an educational program in which students can earn academic credits from their college. Internships may be arranged independently from the curriculum in which students would gain work experience only.

Benefits to Department

- Immediate assistance to support projects
- Students will provide new ideas and viewpoints
- Salary Savings = Low cost to SOCWA
- Effective public relations ambassadors for SOCWA; Recruitment and Workforce Planning
- SOCWA ties are strengthened and communication is improved
- SOCWA employees can be relieved from performing minor or routine tasks allowing them to perform higher priority work
- Students energize a workplace with their enthusiasm and desire to learn

Benefits to Students

- Career related experience
- Gains practical knowledge
- Opportunity to explore career avenues
- Valuable work experience for their resumes
- Potential to earn academic credit
- Increased self-confidence
- Enhances conventional classroom learning methods
- Letter of recommendation from supervisor

Supervision

Student opportunities may exist throughout SOCWA. Each responsible Supervisor will provide a duty statement for each internship.

INTERNS

Internships allow students the opportunity to apply their knowledge and skills in a professional setting while still in school.

Internships offer carefully planned and monitored work experience with the goal being to gain additional knowledge from on the job exposure.

How to Begin

Interns should:

1) Analyze their skills, values and interests to determine the location and working environment desired.
2) Prepare a resume and cover letter and have them critiqued at their career center.

How to Apply

Internships are advertised on SOCWA website. Please follow the directions on each individual internship flyer.

Responsibilities

Interns should:

- Adhere to agency policies, procedures, and rules governing professional behavior.
- Be punctual and work the required number of hours at times agreed to by the intern and their supervisor.
- Notify their supervisor if they are unable to attend as planned.
- Behave and dress appropriately to the workplace.
- Respect the confidentiality of the workplace, its clients and its employees.
- If things are slow, take the initiative and volunteer for different tasks or other work.
- Discuss any problems with their supervisor and, if necessary, with Human Resources.

Intern Rights

The department extends worker's compensation coverage, 457(b) deferred compensation; further information can be obtained from the Human Resources Department.

Internship Completion

At the end of the internship:

- The intern supervisor will provide the student with a letter of recommendation.
- The student Intern will evaluate the overall internship experience. The evaluation form must be returned to the Human Resources Department.

SUPERVISING AN INTERN

An intern must have a designated supervisor who is responsible for providing orientation and supervision. This will be someone who is available to the student regularly, and who possesses expertise in the area in which the intern will work. Even if the intern will rotate through various departments to gain broad-based experience, there still should be a single overall supervisor who oversees the internship as a whole.

Because an internship is defined as a learning experience, proper supervision of the intern is essential. The supervisor serves as a teacher, mentor, critic, and boss. Ongoing supervision of the student intern is the key to the success of the internship. This is especially true for students who do not have extensive work experience. Acknowledging and identifying the different expectations between the workplace and school can help interns make a successful transition to the world of work.

An effective method of intern supervision is to have a set time (bi-weekly is recommended) to meet with the intern to review progress on projects, touch base, and provide feedback.

The supervisor will oversee and assign the student intern's work. If appropriate, the intern supervisor will also provide the student with a letter of recommendation.

How to Begin

To determine if an intern is the right choice for your department, ask yourself the following questions:

- Do you have a specific project or assignment that will provide a quality working and learning opportunity for an intern?
- Can you provide a quality scope of work for the intern?
- Can you commit time to develop a student, promote community goodwill, and offer insight into your organization?
- Can you benefit from the latest technology, perspectives, and relevant skills being used in our schools?
- Do you want to help mold the future of California's talent?

Hiring an Intern

Step 1: Determine if an intern is right for your agency (see questions above)?

Step 2: Determine the scope of work or project/assignment the intern will be working on. Complete the Intern Proposal Form and attach a Duty Statement for the intern position. Submit documents to the Human Resources Department.

Step 3: Before internship employment, Human Resources shall verify the employment eligibility and identity of all employees hired to work:

- Reference check
- Background check (if required)

Student Work Schedules

Work schedules will be flexible, but not to exceed 400 hours per internship per fiscal year (weekend hours may be requested for individual projects).

Training

Training is as important as supervision. SOCWA will provide a training program that will give the intern a clear understanding of what is expected and include information about the duties that will be supervised and evaluated. Refer to the internship duty statement.

Discuss the following with your intern:

- What will the specific duties/responsibilities of the intern be.
- How will you provide the intern with regular feedback, guidance and support.
- What training will the intern receive (if applicable).
- What will the intern need to do if they will be absent from work.

Orientation

Establish goals and objectives, clarify these goals and objectives before the intern begins working. Some interns need more guidance than others, and many factors must be taken into consideration. For example, consider the intern's educational background, life experience, motivations for the internship and recommendations. Evaluate his or her level of confidence. Is the intern a critical thinker or a creative problem-solver?

Plan to include the following in your orientation:

- **Information about the organization.** Review documents that are important for them to understand the big picture. Include an organizational chart that explains various roles and responsibilities of employees.
- **Location.** Introduce the intern to the work facility and familiarize them with areas on and off limits for their daily work. Explain basic safety requirements on each site.
- **Structure.** Interns might not be familiar with formal workplace procedures (e.g., attendance policies, break times, days off). Make sure to clarify relevant policies and procedures to interns on their first day.
- **Introductions.** Take time in the beginning of the internship to introduce the intern. Allow more time for conversation with those employees who are likely to interact with the intern regularly. Some interns may be reluctant to seek out co-workers on their own. By making a special effort to encourage those contacts early on, interns will feel more comfortable asking for advice or support later.

Ongoing Training

Interns, as students, appreciate any opportunity to learn new skills or increase their knowledge. Developing a plan for training throughout the internship will keep students interested in the position and ready to tackle new challenges. Ongoing training may include the following:

- **Skill development.** There may be a need for training in specific skills such as computer programs, office equipment, or other tasks directly related to the job.

- **Shadowing.** Allow interns to participate in activities and meetings. Interns may have leadership potential but not understand the culture of our organization.

- **Questions.** Interns might not know when to speak or how or what to ask. Assist them in actively learning by explaining and clarifying everything. Suggest and encourage questions at appropriate times.

- **Professional conferences or association meetings.** If possible, offer interns the opportunity to attend training or networking events. It helps interns to get a feel for the overall mission of your organization, and at the same time make them feel that they are valued.

Mentoring

A mentor is a counselor, guide, tutor, or coach. Valuable internship experiences not only include effective supervision, but also, a large component of mentoring. Most interns seek out internships to develop their own career goals.

Mentors help guide students though their experience. This may mean allowing or encouraging the student to participate in events that may not normally be open to entry- level professionals, such as certain staff meetings, consultations, or other work- related events. Even though these events may not be directly tied to the intern's specific job duties, they will help provide a broad overview of our business and organization.

A mentoring relationship is valuable for both the intern and the professional. The intern has the opportunity to consider his or her experience. The mentor can pass on a wealth of experience and knowledge, and benefits from a fresh viewpoint and new ways of thinking.

Evaluations

Evaluation is important to an intern's development and is an opportunity to identify strengths and weaknesses. It is helpful if supervisors evaluate throughout the entire internship, not just at the end. The evaluation should be planned as a learning experience and an opportunity for two-sided feedback.

Regularly scheduled evaluations help avoid common problems with internships, including miscommunication, misunderstanding of job roles, and lack of specific goals and objectives. You may find it helpful to schedule a preliminary evaluation early in the internship (in the second or third week). This will help you understand whether the intern's orientation and training is sufficient or if there are specific areas in which the intern has questions or needs further training.

Criteria to consider when evaluating an intern:

- Progress towards or accomplishment of learning objectives as stated in the learning agreement.
- Skill development or job knowledge gained over the course of the internship.
- Overall contribution to the mission of the organization.
- Dependability, punctuality, attendance.
- Relations with others, overall attitude.
- Potential in the field.

The student will also evaluate the internship experience, which is important in determining the value of the work experience for future interns. Categories might include:

- Was there educational value or merit in the assignment?
- Did the position live up to its initial description?
- Was the supervisor receptive to your ideas?
- Does the experience relate to your major or career goals?
- Did you receive a proper job orientation?
- Was the supervisor willing and/or capable of answering questions?
- Did you develop good work habits?

Internship Completion

An internship should have a clearly stated end date that is identified before the internship begins. Completing a formal evaluation process such as the one described above can help both the site supervisor and the intern bring closure to the experience. If appropriate, a letter of recommendation from the Intern supervisor shall be given to the intern on the last day of work.

You also may want to have some form of acknowledgment such as a lunch with co- workers in the final week of the internship. Because co-workers often have extensive contact with interns, this type of event can be a positive way to recognize the contribution of other employees as well as the intern.

At the end of the internship, the intern's supervisor will:

- Provide the student with a letter of recommendation, if appropriate.
- Evaluate the overall internship experience. This feedback is not only essential for making necessary program improvements, but also for recognizing those departments that provide outstanding learning opportunities. The evaluation form must be returned to the Human Resources Department.

Attachments: Forms