

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

**BOARD OF DIRECTORS
BUDGET WORKSHOP**

**TELECONFERENCE PHONE NUMBER: (213) 279-1455
TELECONFERENCE ID: 887 560 672**

**May 21, 2020
8:30 a.m.**

NOTICE IS HEREBY GIVEN that a Special Meeting of the South Orange County Wastewater Authority (SOCWA) Budget Workshop was called by the Chairman to be held by Teleconference on **May 21, 2020 at 8:30 a.m.** SOCWA staff will be present and conducting the call at the SOCWA Administrative Office located at 34156 Del Obispo Street, Dana Point, California. This meeting is being conducted via Teleconference pursuant to the California Governor Executive Order N-29-20.

MEMBERS OF THE PUBLIC ARE INVITED TO PARTICIPATE IN THIS TELECONFERENCE MEETING AND MAY JOIN THE MEETING VIA THE TELECONFERENCE PHONE NUMBER AND ENTER THE ID CODE. THIS IS A PHONE CALL MEETING AND NOT A WEB-CAST MEETING SO PLEASE REFER TO AGENDA MATERIALS AS POSTED WITH THE AGENDA THE WEB-SITE WWW.SOCWA.COM. ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5452 AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SCHEDULED MEETING TO REQUEST DISABILITY RELATED ACCOMMODATIONS. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON 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 BOARD OF DIRECTORS BUDGET WORKSHOP IN CONNECTION WITH A MATTER SUBJECT FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE BOARD OF DIRECTORS BUDGET WORKSHOP ARE AVAILABLE BY PHONE REQUEST MADE TO THE AUTHORITY ADMINISTRATIVE OFFICE AT 949-234-5452. THE AUTHORITY ADMINISTRATIVE OFFICES ARE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE"). IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS LESS THAN TWENTY-FOUR (24) HOURS PRIOR TO THE MEETING, THEY WILL BE SENT TO PARTICIPANTS REQUESTING VIA EMAIL DELIVERY. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IMMEDIATELY ON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES.

AGENDA

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

THOSE WISHING TO ADDRESS THE BOARD OF DIRECTORS ON ANY ITEM LISTED ON THE AGENDA WILL BE REQUESTED TO IDENTIFY AT THE OPENING OF THE MEETING AND PRIOR TO THE CLOSE OF THE MEETING. THE AUTHORITY REQUESTS THAT YOU STATE YOUR NAME WHEN MAKING THE REQUEST IN ORDER THAT YOUR NAME MAY BE CALLED TO SPEAK ON THE ITEM OF INTEREST. THE

CHAIR OF THE MEETING WILL RECOGNIZE SPEAKERS FOR COMMENT AND GENERAL MEETING DECORUM SHOULD BE OBSERVED IN ORDER THAT SPEAKERS ARE NOT TALKING OVER EACH OTHER DURING THE CALL.

3. SOCWA Performance Measurement Study Results

Recommended Action: Informational Item; Questions and Discussion

4. Budget Workshop – Review of Proposed SOCWA FY 2020-21 Total Operating Budget

A. Update on Finance Committee Review

B. Budget Overview & Key Assumptions Proposed Budget \$21,721,077

- (i) Operations, Maintenance, including Environmental and Safety
- (ii) Capital Programs (Small Internal and Large Capital), and Engineering
- (iii) Administration
- (iv) General Fund

Recommended Action: Informational Item. Board Questions and Comments.

Adjournment

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the SOCWA Board of Directors at least 24 hours prior to the scheduled time of the Budget Workshop 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 Board of Directors at the usual agenda posting location of the South Orange County Wastewater Authority and at www.socwa.com.

Dated this 13th day of May 2020.



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

Agenda Item

3

Board of Directors Meeting

Meeting Date: May 21, 2020

TO: Board of Directors
FROM: Betty Burnett, General Manager
STAFF CONTACT: Jim Burror, Director of Operations
SUBJECT: SOCWA Performance Measurement Study

Summary/Discussion

During the past fiscal year, SOCWA has been at work on a performance measurement study to compare its performance in various areas of organizational and operational metrics for efficiency and effectiveness against other wastewater agency peers. The anticipated use of the study is to assess SOCWA within its areas of service to identify opportunities for improvement. Approximately 20 agencies that provide wastewater services throughout California were invited to participate in the study. Ultimately, a total of 16 agencies that represent a range of small and large organizations, with varying treatment capacities and facilities, were able to gather and provide SOCWA with the data required for the performance measures. Despite the variety of capacities and volume of services among the participating agencies, the study metrics normalize the data for comparative purposes.

The 27 key performance indicators (KPIs) selected for the study were based on industry best practices recommended by EPA, AMWA, AWWA, WEF, WERF, and other professional organizations under the Effective Utility Management (EUM) program. The 2018 AWWA Utility Benchmarking Study and 2018 NACWA Financial Survey were also used to benchmark and compare participating agencies across a number of the KPIs. The KPIs were organized according to the following EUM performance measure categories:

- **Employee and Leadership Development:** Organization recruits, develops, and retains a workforce that is competent, motivated, adaptive, and safety-focused. Establishes a participatory, collaborative organization dedicated to continual learning, improvement, and innovation.
- **Enterprise Resiliency:** Organization ensures utility leadership and staff work together internally, and coordinate with external partners, to anticipate, respond to, and avoid problems.
- **Product Quality:** Organization produces “fit for purpose” water and other recovered resources that meet or exceed full compliance with regulatory and reliability requirements and consistent with customer, public health, ecological, and economic needs.
- **Infrastructure Stability:** Organization understands the condition of and costs associated with critical infrastructure assets. Plans infrastructure investments consistent with community needs, anticipated growth, system reliability goals, and relevant community priorities.
- **Financial Viability:** Organization understands and plans for the full life-cycle cost of utility operations and value of water resources. Establishes and maintains an effective balance

- between long-term debt, asset values, operations and maintenance expenditures, and operating revenues.
- Operational Optimization: Organization ensures ongoing, timely, cost-effective, reliable, and sustainable performance improvements in all facets of its operations in service to public health and environmental protection.

The results of the performance measurement study illustrate that SOCWA is at or above the mean in terms of operational and management performance for the majority of the selected KPIs when compared to its peer agencies. SOCWA demonstrates strong performance in planned maintenance and investment against its high level of depreciation. SOCWA evidences strong training and fiscal management. However, there are a few specific areas identified in the study where SOCWA is below the benchmarks in terms of performance. These areas include percentage of capital budget expended and opportunities to improve safety training. It is helpful to SOCWA to assess its program qualities against peer agencies, understand its challenges and work into the future to address them. SOCWA intends to share the results of the performance measurement study with the participating agencies, and to continue to monitor and update its performance on the KPIs to support its endeavor for ongoing improvement.

Carollo Engineering representatives Kyle Rhorer and Dan Baker supported SOCWA for the Performance Measurement Study and will join the Board Meeting teleconference on May 21, 2020 to provide an overview of the metrics and study results as shown on the attached slides.

Recommended Action: Informational Item, Questions and Discussion

Performance Measurement Study

Benchmarking SOCWA Performance with Comparable Agencies

Summary Report
May 2020



South Orange County Wastewater Authority

A white graphic of a water drop with a thin blue outline, containing the text 'WATER OUR FOCUS OUR BUSINESS OUR PASSION'.

WATER
OUR FOCUS
OUR BUSINESS
OUR PASSION

The logo for Carollo, featuring a stylized blue wave icon to the left of the word 'carollo' in a blue, lowercase, sans-serif font.

carollo
Engineers...Working Wonders With Water®

Performance Measurement Overview

Performance measures were compared to available benchmarks from 2018 AWWA Utility Benchmarking and 2018 NACWA Financial Survey. Performance measure categories were based on the ten attributes of Effective Utility Management (EUM) as recommended by EPA, AMWA, AWWA, WEF, WERF, and others:

EL = Employee and Leadership Development: Recruits, develops, and retains a workforce that is competent, motivated, adaptive, and safety-focused. Establishes a participatory, collaborative organization dedicated to continual learning, improvement, and innovation.

ER = Enterprise Resiliency: Ensures utility leadership and staff work together internally, and coordinate with external partners, to anticipate, respond to, and avoid problems.

PQ = Product Quality: Produces “fit for purpose” water and other recovered resources that meet or exceed full compliance with regulatory and reliability requirements and consistent with customer, public health, ecological, and economic needs.

IS = Infrastructure Stability: Understands the condition of and costs associated with critical infrastructure assets. Plans infrastructure investments consistent with community needs, anticipated growth, system reliability goals, and relevant community priorities.

FV = Financial Viability: Understands and plans for the full life-cycle cost of utility operations and value of water resources. Establishes and maintains an effective balance between long-term debt, asset values, operations and maintenance expenditures, and operating revenues.

OO = Operational Optimization: Ensures ongoing, timely, cost-effective, reliable, and sustainable performance improvements in all facets of its operations in service to public health and environmental protection.

Participating Agencies

A total of 16 agencies that provide wastewater treatment services participated in the study*. Data was collected from a variety of sources including available public information (e.g. CAFR, CWIQS) and agency self-reported performance measures. Data was not available for all agencies for all performance measures. The following agency abbreviations are used in charts:

CCCSD = Central Contra Costa Sanitation District

CMSA = Central Marin Sanitation Agency

DDSD = Delta Diablo Sanitation District

EBMUD = East Bay Municipal Utilities District

EMWD = Eastern Municipal Water District

EWA = Encina Wastewater Authority

FSSD = Fairfield-Suisun Sanitation District

IEUA = Inland Empire Utilities Agency

MOW = Monterey One Water

OCSD = Orange County Sanitation District

OLSD = Oro Loma Sanitary District

San Diego = City of San Diego

SOCWA = South Orange County Wastewater Authority

SRCSD = Sacramento Regional Sanitation District

SVWD = Silicon Valley Water District

* One agency requested to remain confidential

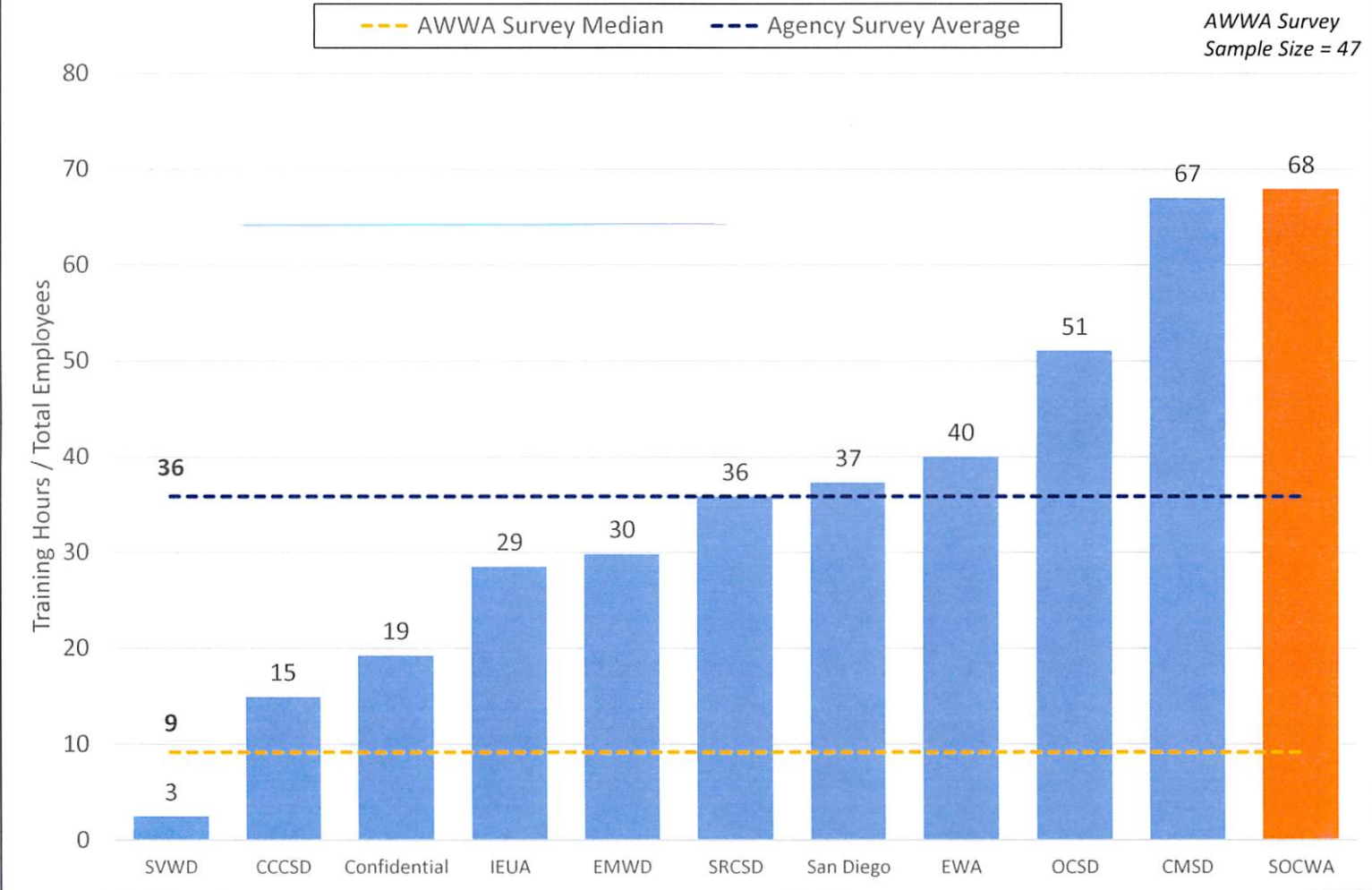
Agency Summary Information

Agency	Treatment Facilities	Discharge Type	Rated Flow Capacity (MGD)	Total Employees	Capital Budget (FY 2019)	O&M Budget (FY 2019)
CMSA	1 tertiary treatment plant	Bay outfall	10	47	\$2.8 M	\$11 M
DDSD	1 secondary treatment plant; 1 tertiary treatment plant	Slough outfall	19.5	75	\$24 M	\$29 M
OLSD	1 secondary treatment plant	Bay outfall	20	43	\$19 M	\$21 M
FSSD	1 tertiary treatment plant	Marsh/reservoir outfall	23.7	58	\$5.6 M	\$22 M
SVWD	1 tertiary treatment plant	Bay outfall	29	79	\$1.5 M	\$24 M
MOW	1 secondary treatment plant; 1 tertiary treatment plant	Ocean outfall	29.6	90	\$19 M	\$29 M
SOCWA	3 secondary treatment plants	Ocean outfall	31.7	64	\$25 M	\$21 M
EWA	1 secondary treatment plant	Ocean outfall	43.3	70	\$22 M	\$16 M

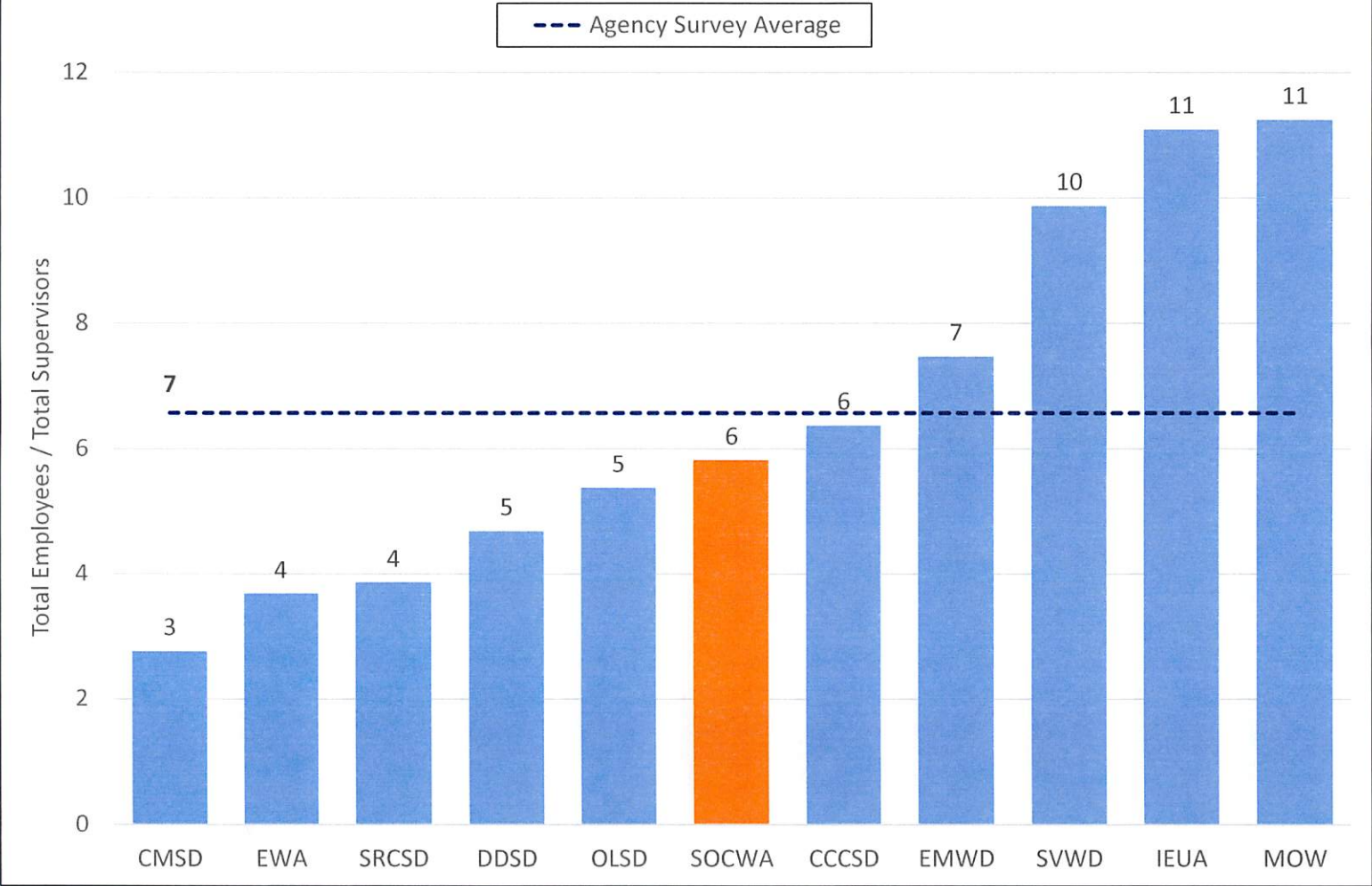
Agency Summary Information

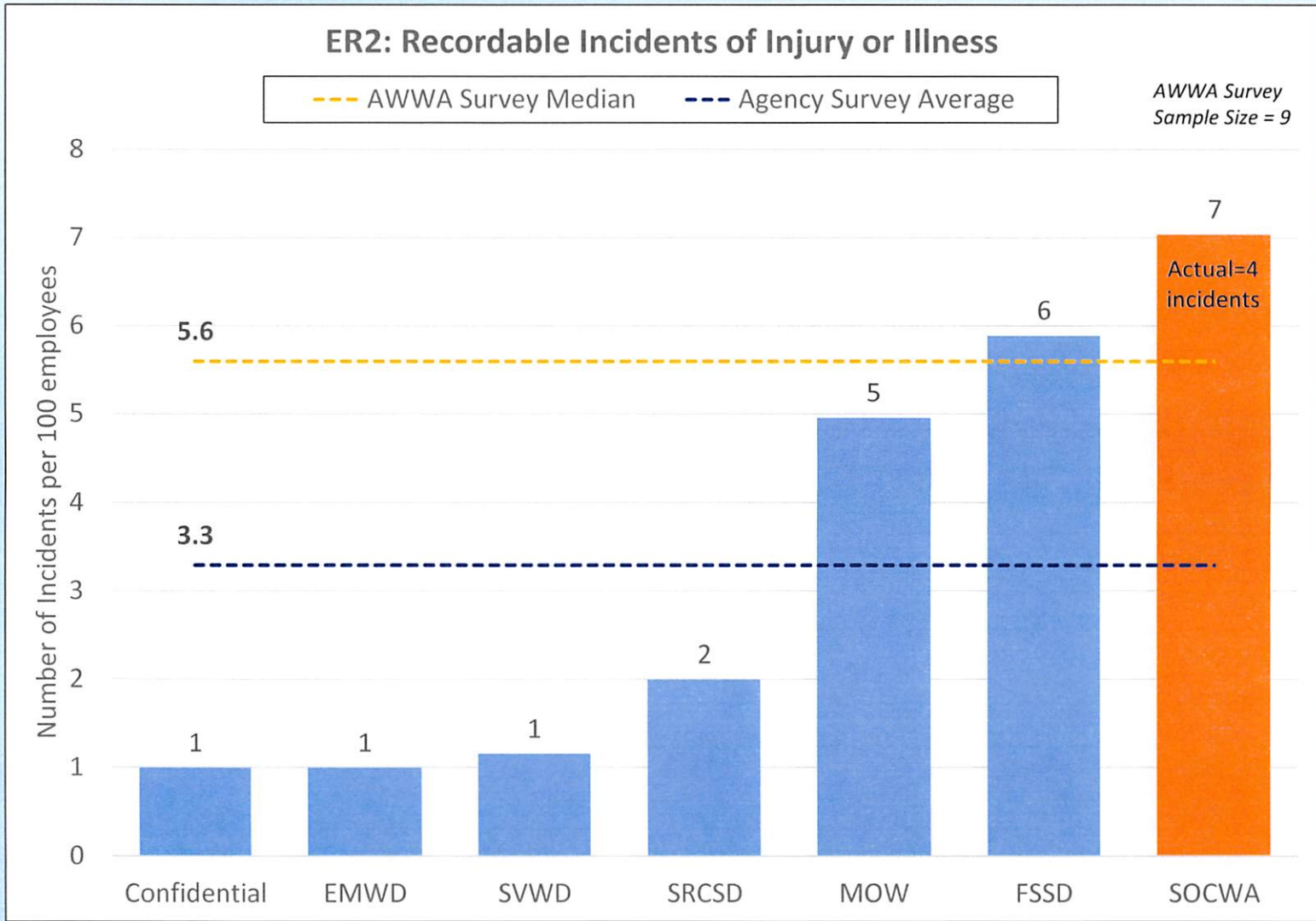
Agency	Treatment Facilities	Discharge Type	Rated Flow Capacity (MGD)	Total Employees	Capital Budget (FY 2019)	O&M Budget (FY 2019)
CCCSD	1 secondary treatment plant; 1 tertiary treatment plant	Bay outfall	53.8	274	\$45 M	\$89 M
EMWD	5 tertiary treatment plants	River outfall	75	112	\$109 M	\$177 M
IEUA	4 tertiary treatment plants	River outfall; Groundwater basins	85.7	233	\$73 M	\$94 M
SRCSD	1 tertiary treatment plant	River outfall	181	475	\$498 M	\$188 M
San Diego	2 tertiary treatment plants; 1 primary treatment plant	Ocean outfall	285	261	\$213 M	\$231 M
EBMUD	1 secondary treatment plant	Bay outfall	320	1,909	\$51 M	\$73 M
OCSD	2 secondary treatment plants	Ocean outfall	332	636	\$174 M	\$161 M

EL1: Training Hours per Employee

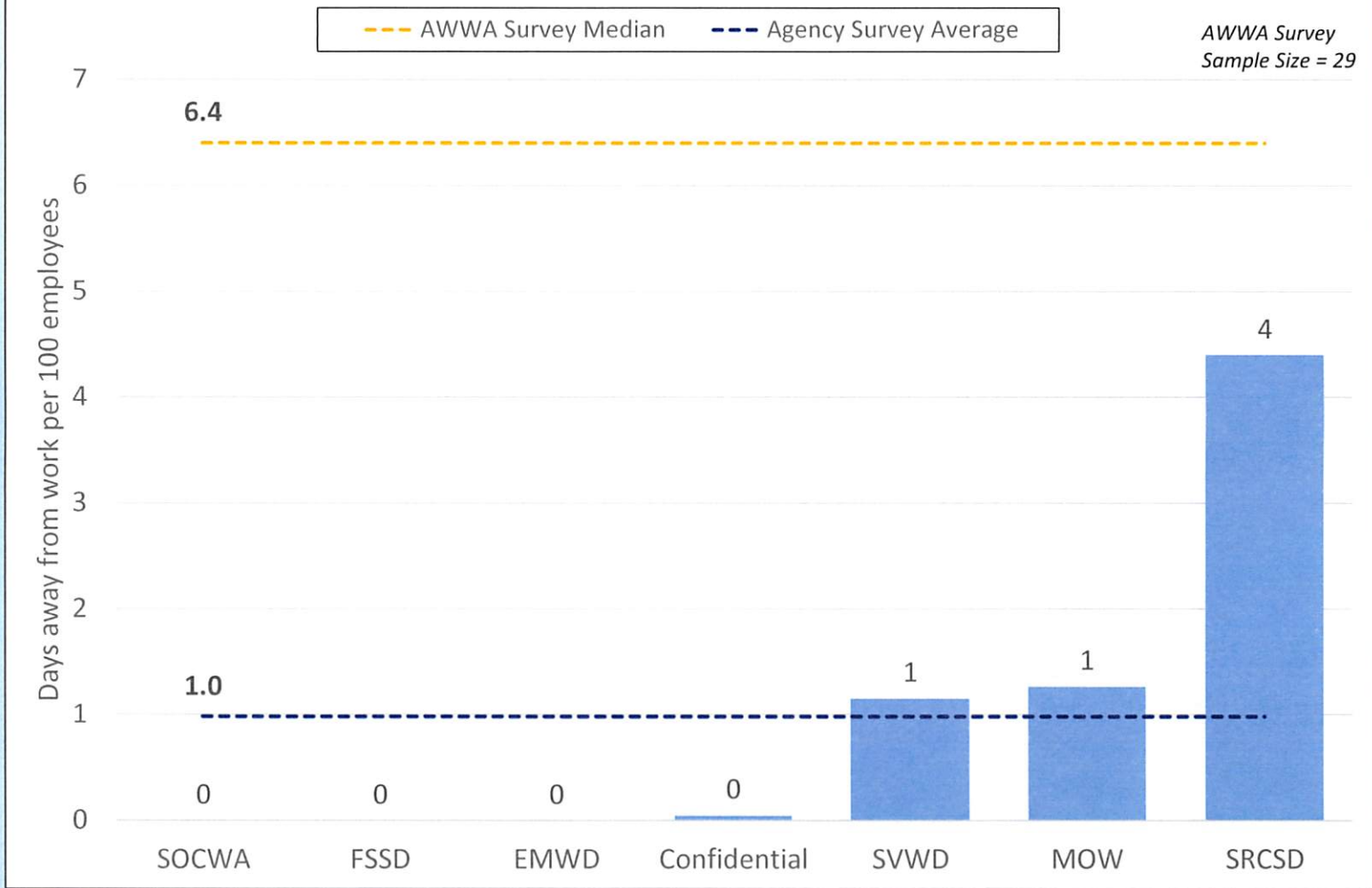


EL2: Span of Control – Number of Employees per Supervisor

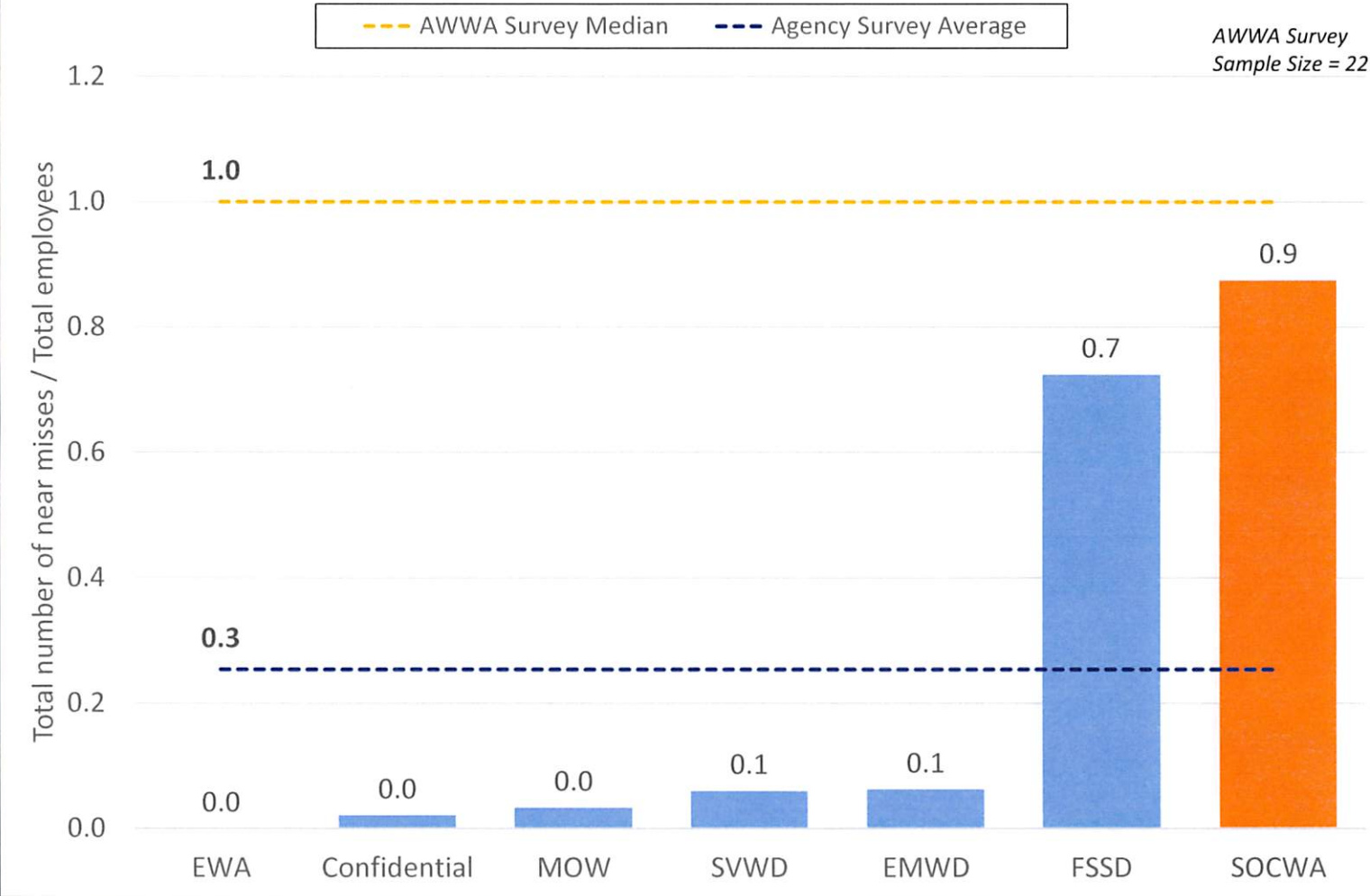




ER1: Employee Health and Safety Severity Rate



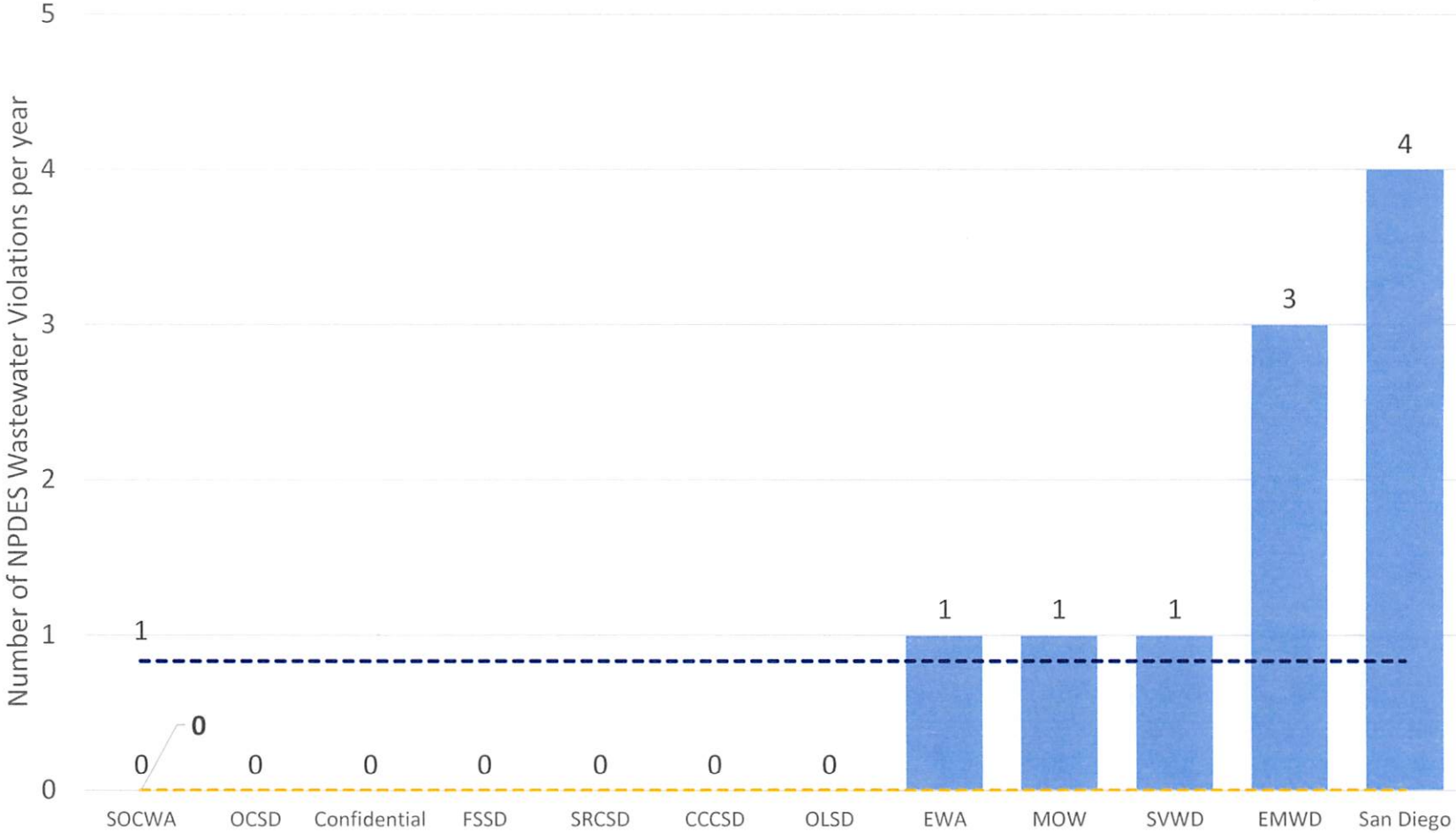
ER3: Safety – Near Misses Reported per Employee

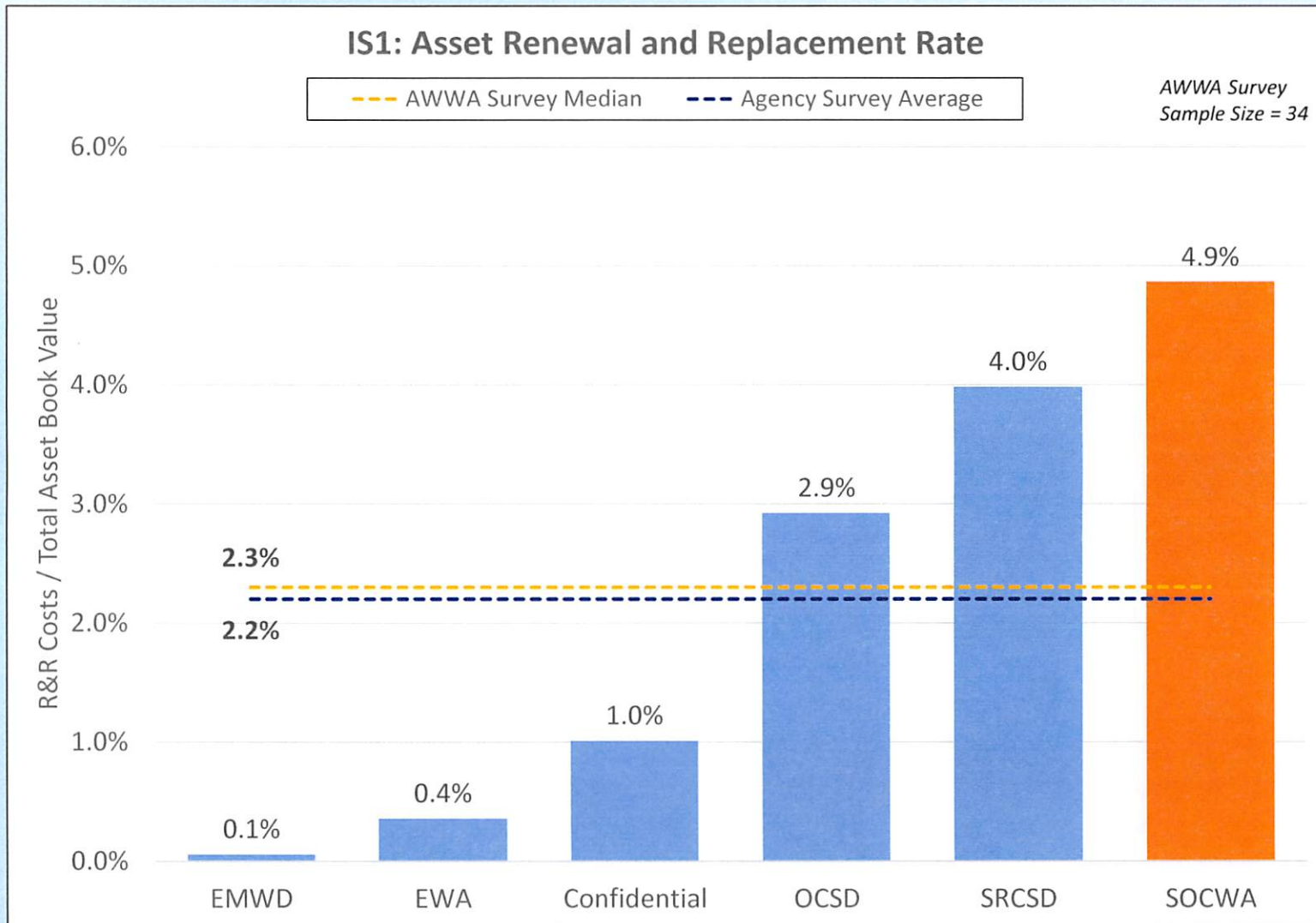


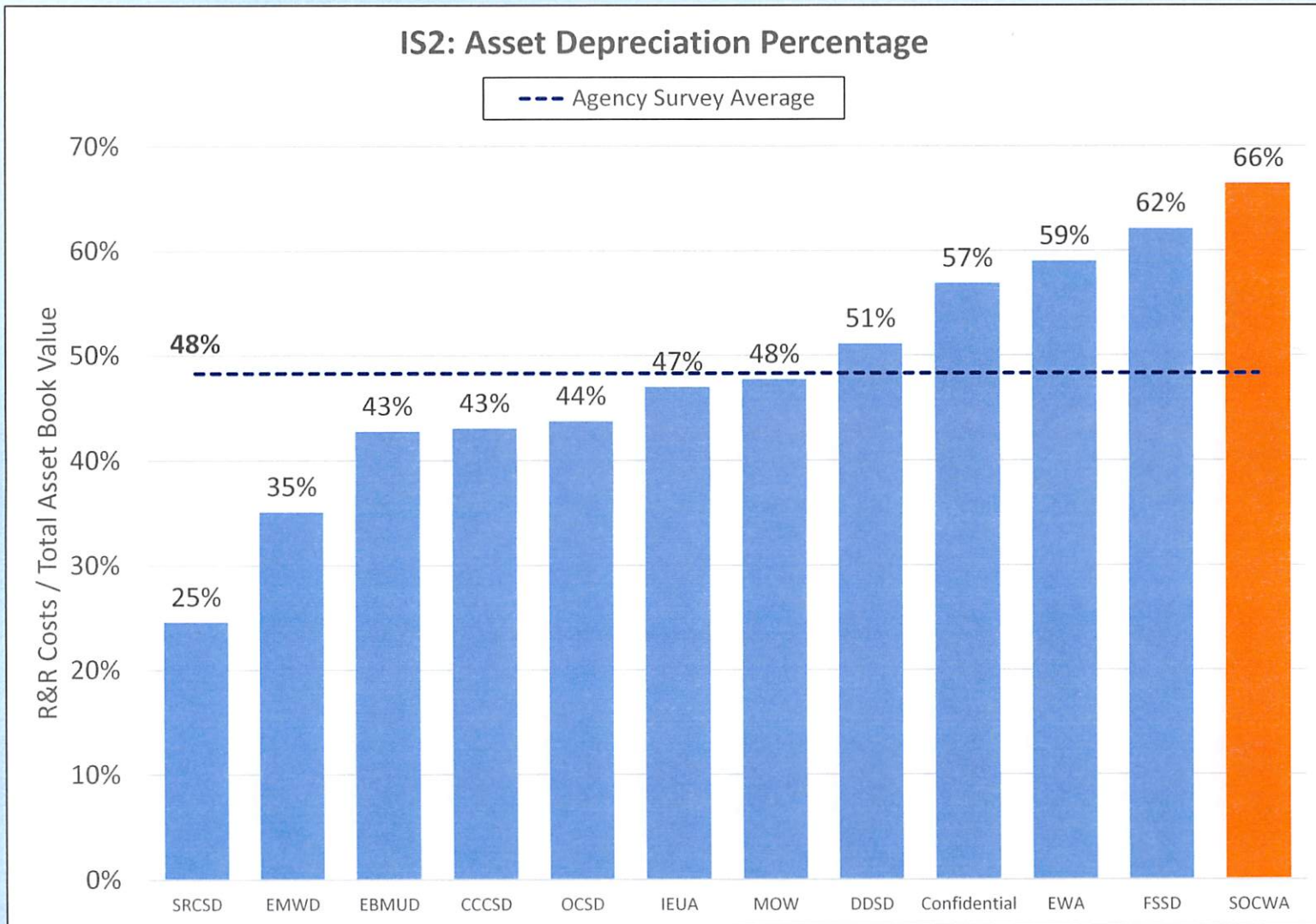
PQ1: NPDES Wastewater Permit Violations

--- AWWA Survey Median - - - Agency Survey Average

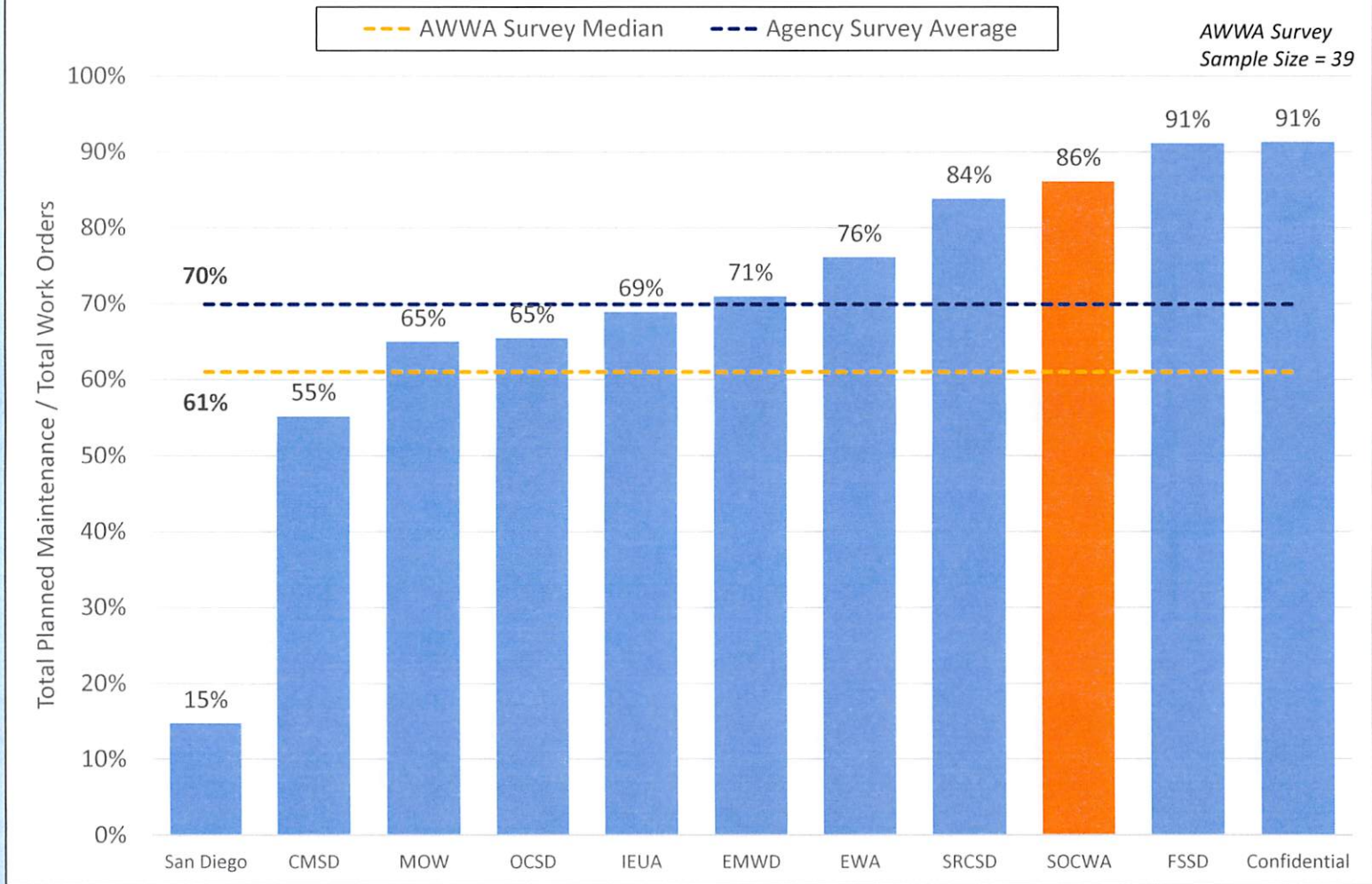
AWWA Survey
Sample Size = 65



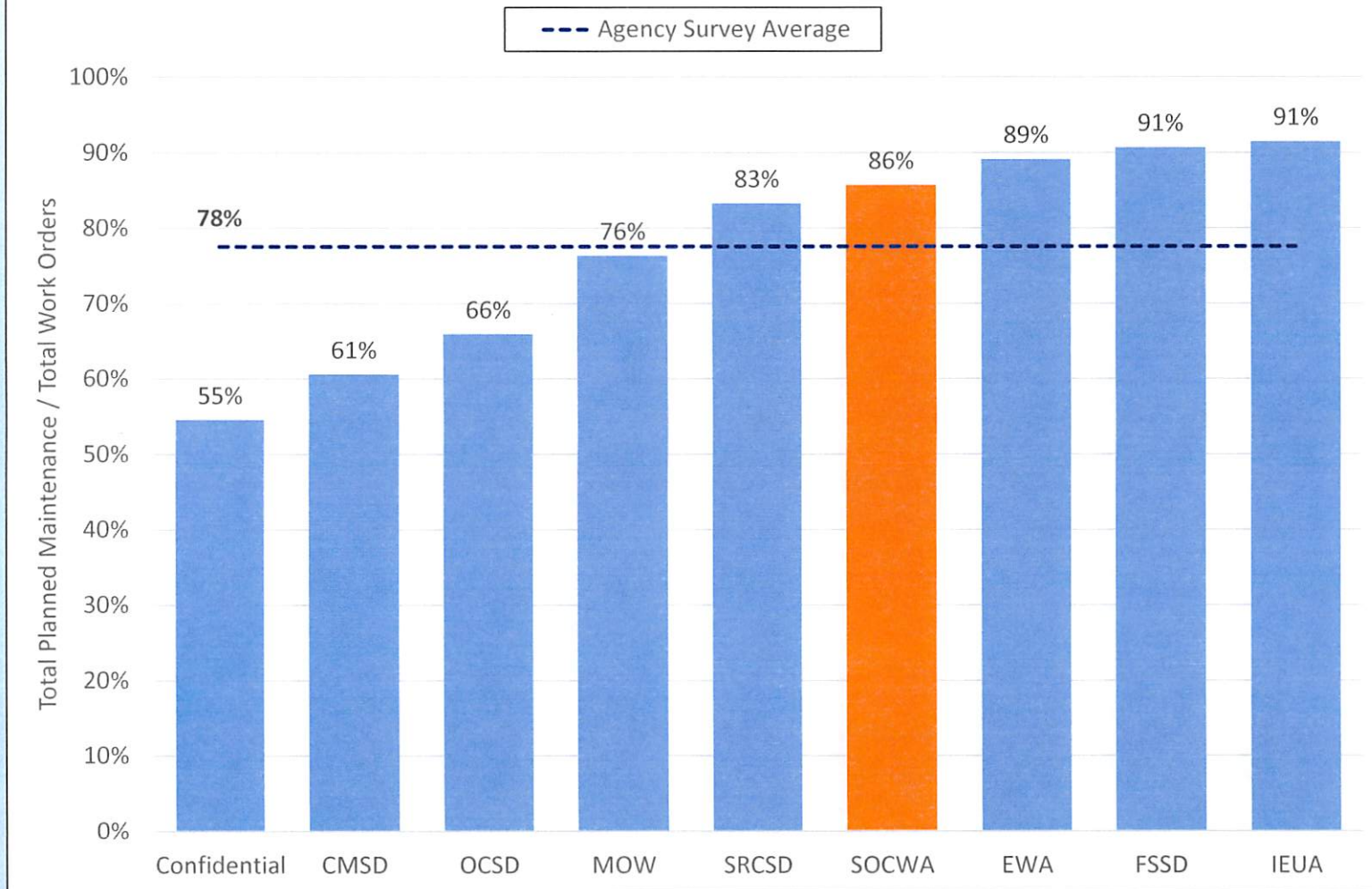




IS3: Planned Maintenance – All Equipment

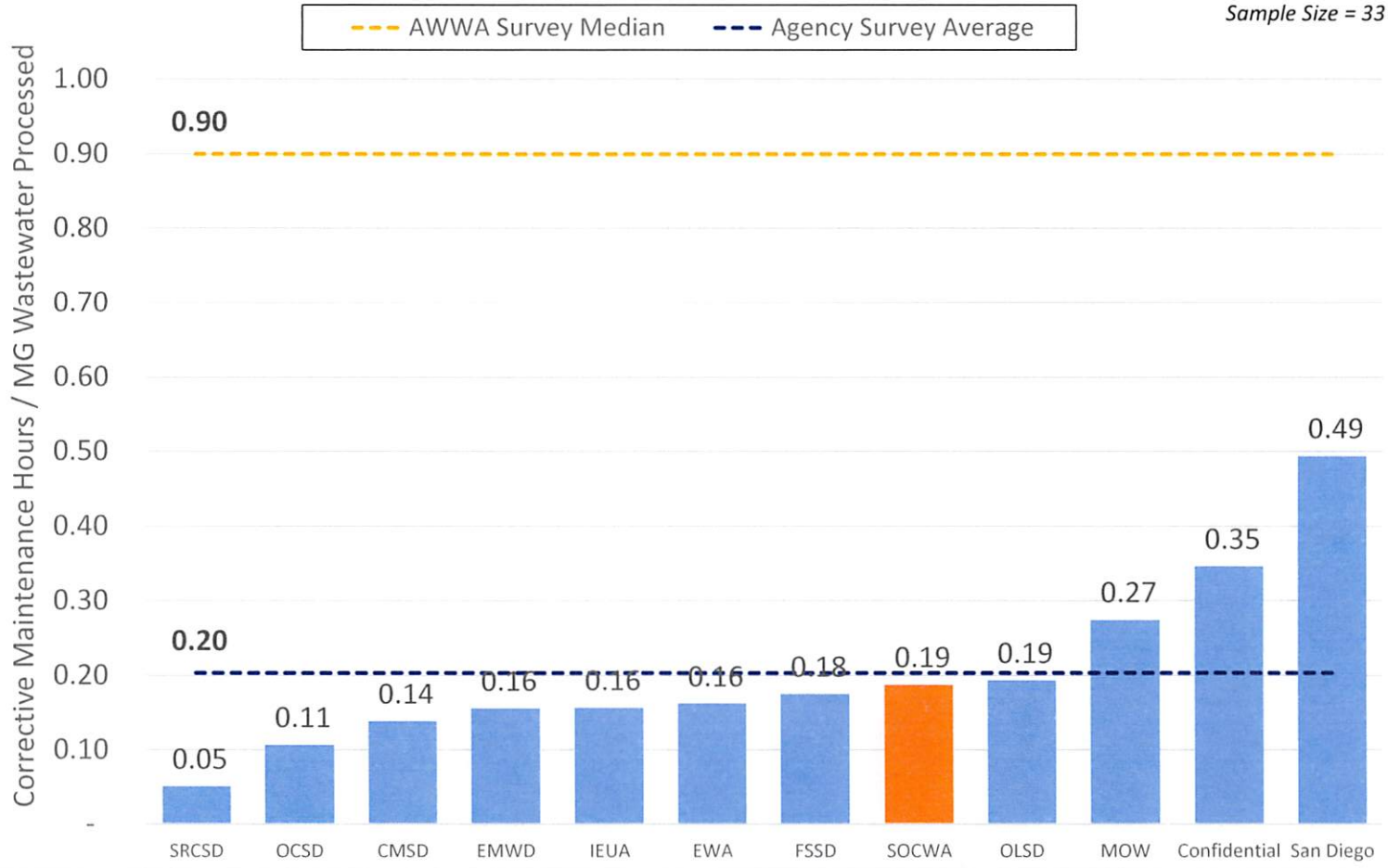


IS4: Planned Maintenance – Driven Equipment

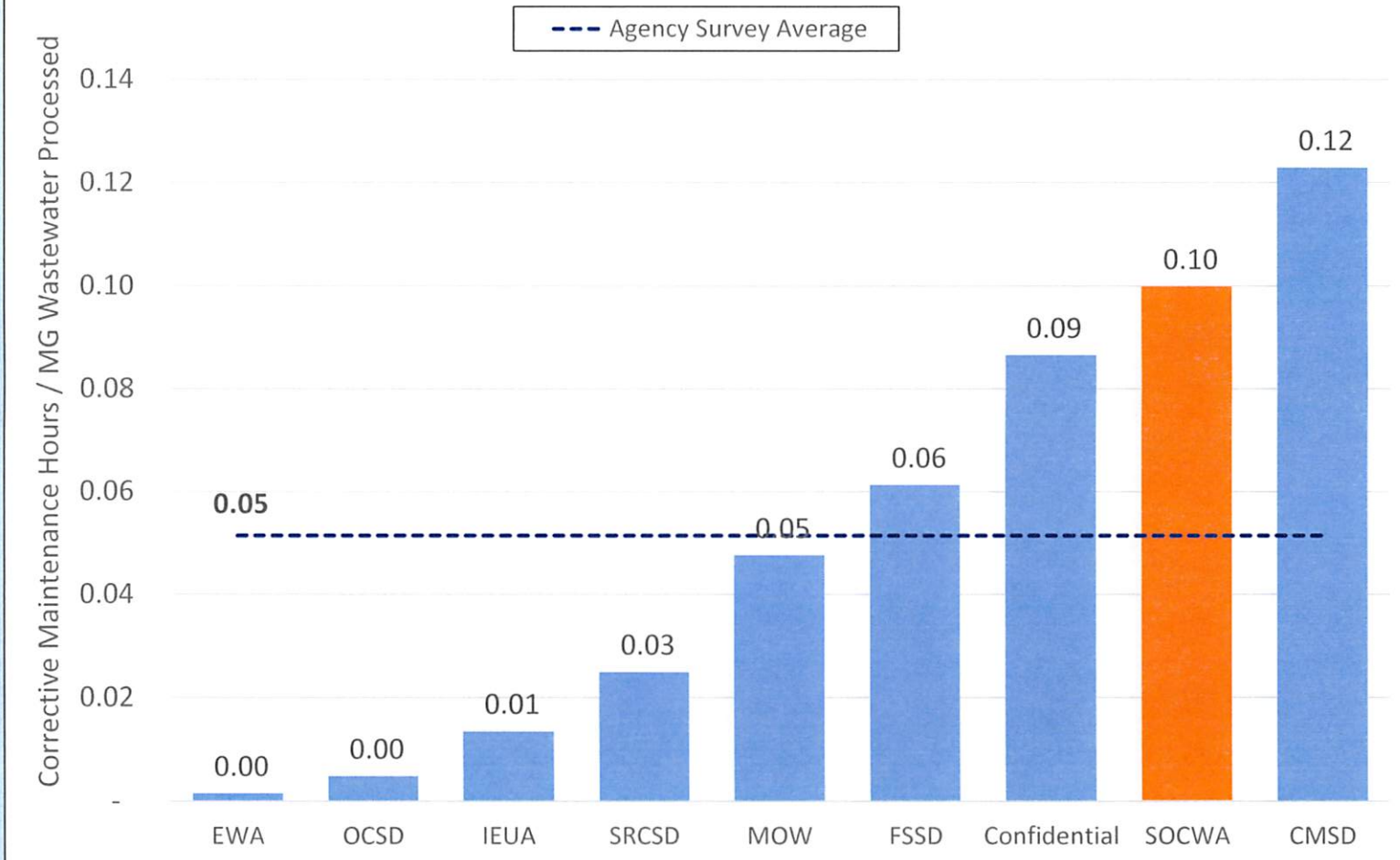


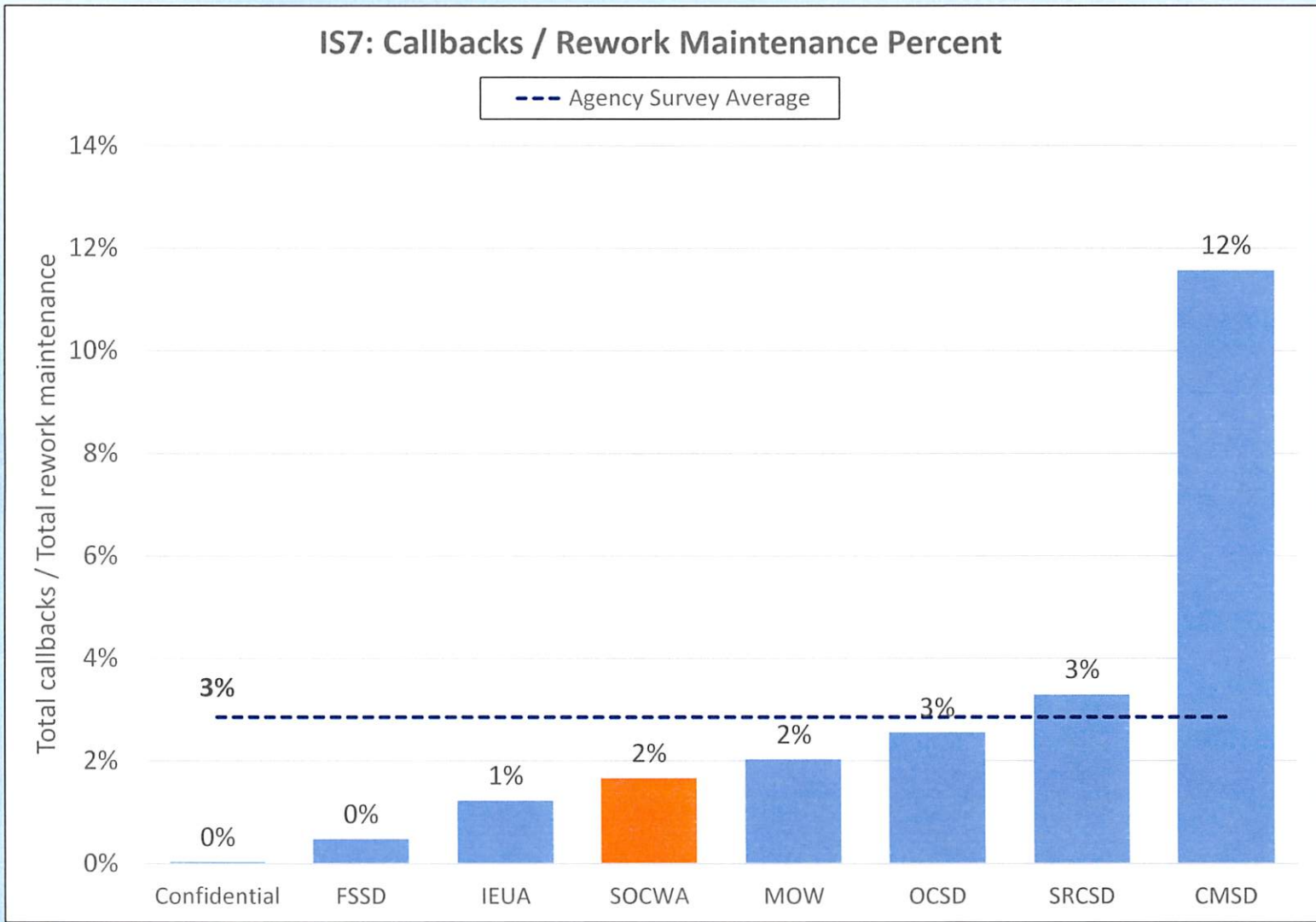
IS5: Corrective Maintenance to Wastewater Processed – All Equipment

AWWA Survey
Sample Size = 33

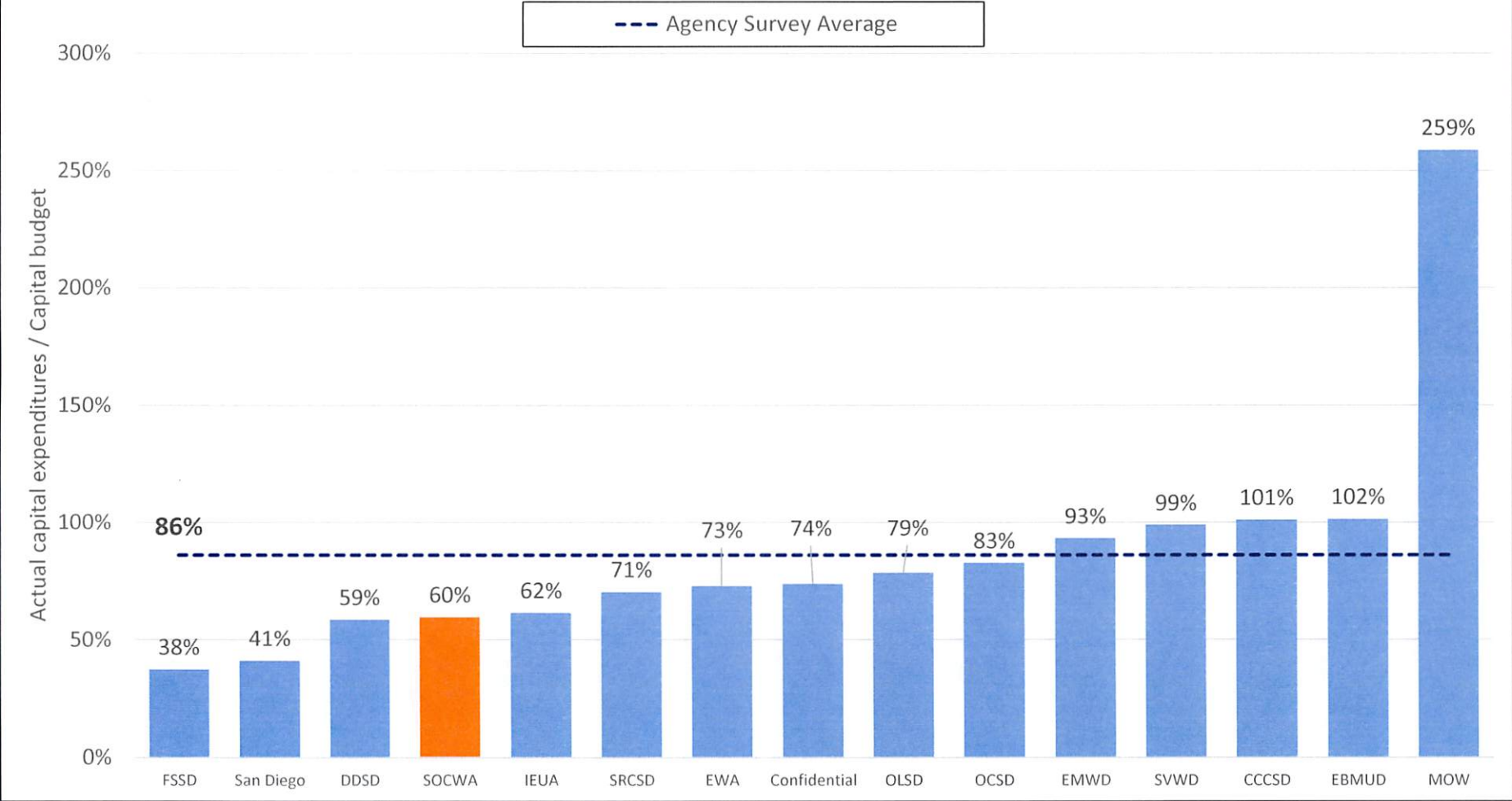


IS6: Corrective Maintenance to Wastewater Processed – Driven Equipment



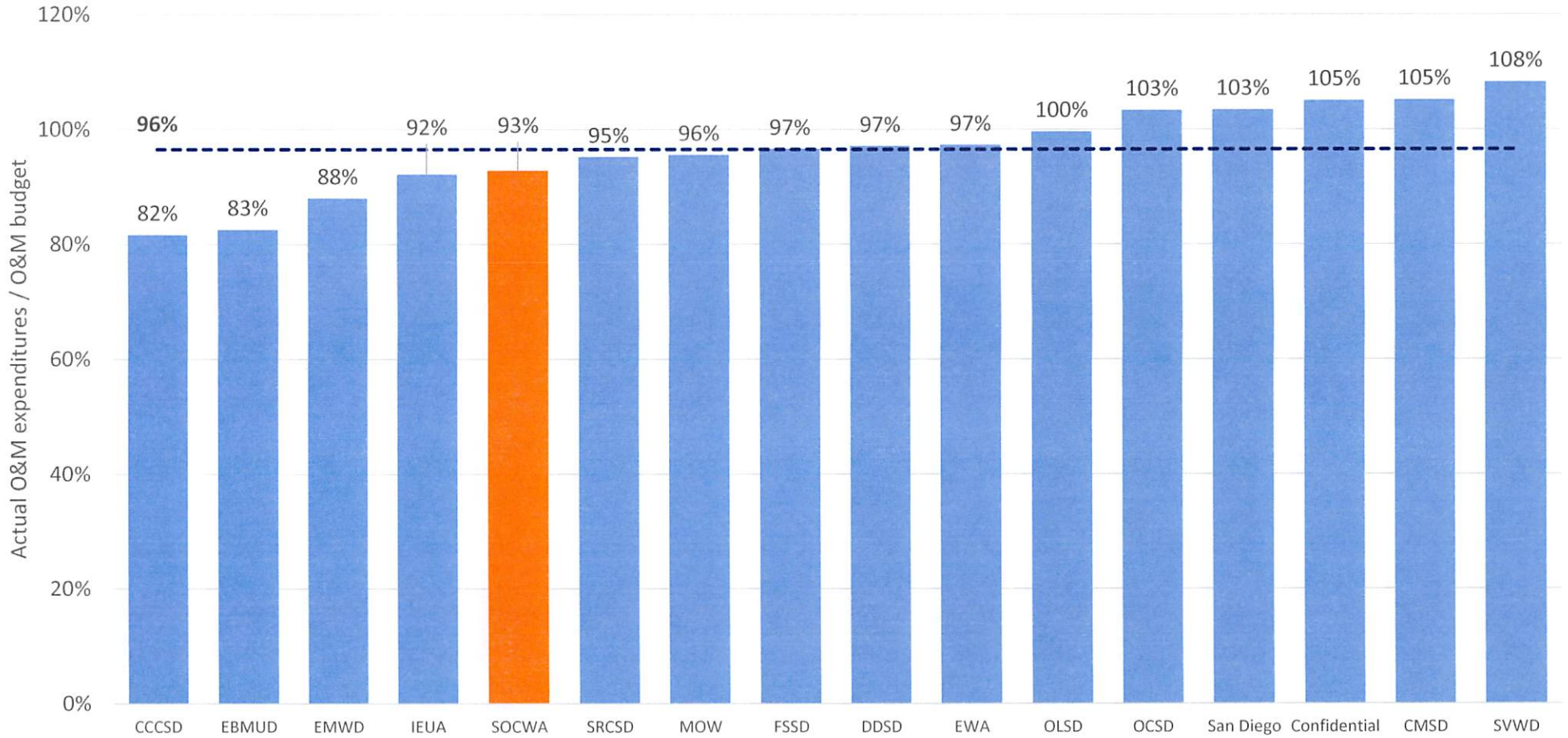


FV1: Annual Capital Budget Spending Percent

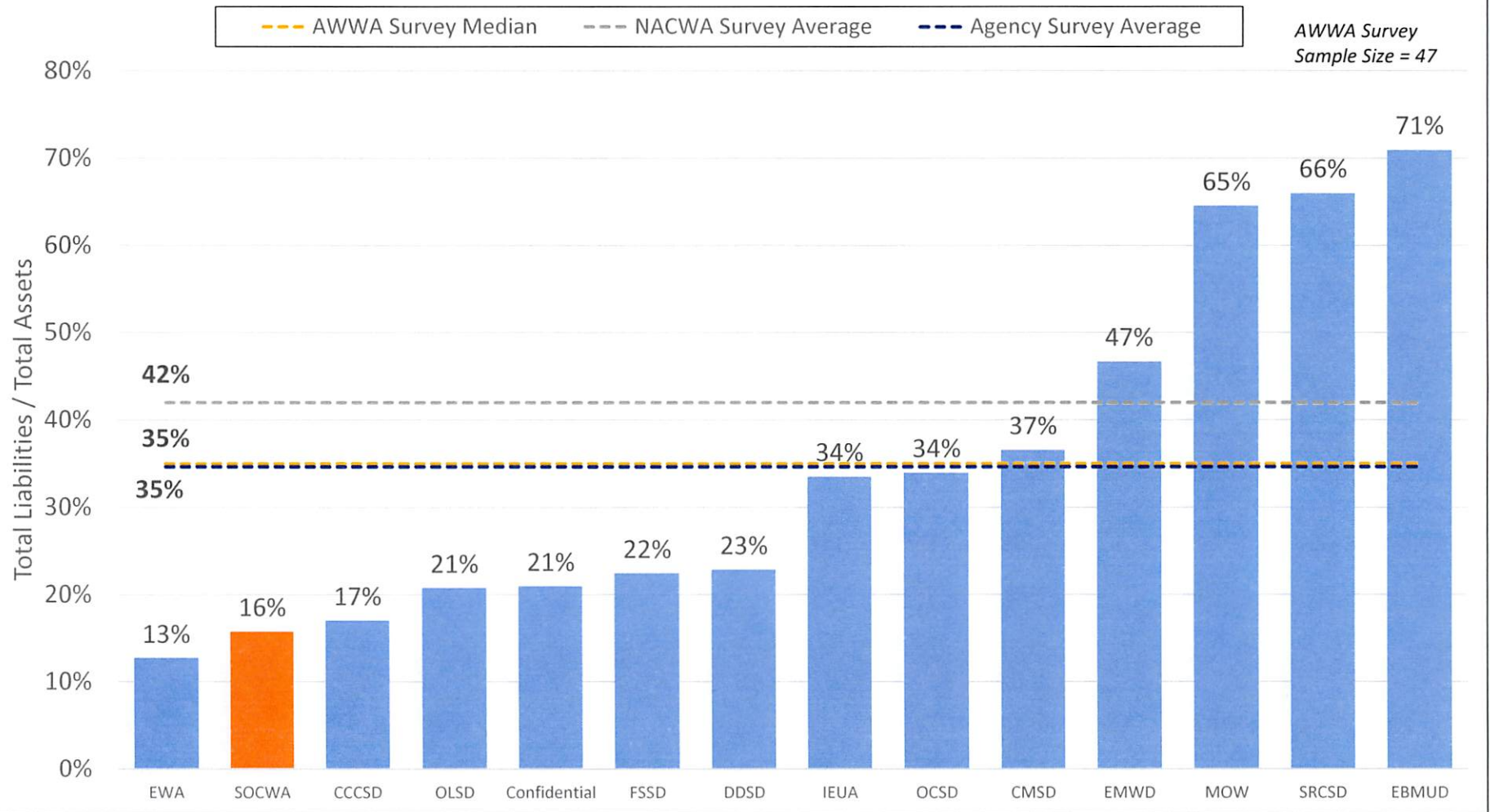


FV2: Annual O&M Budget Spending Percent

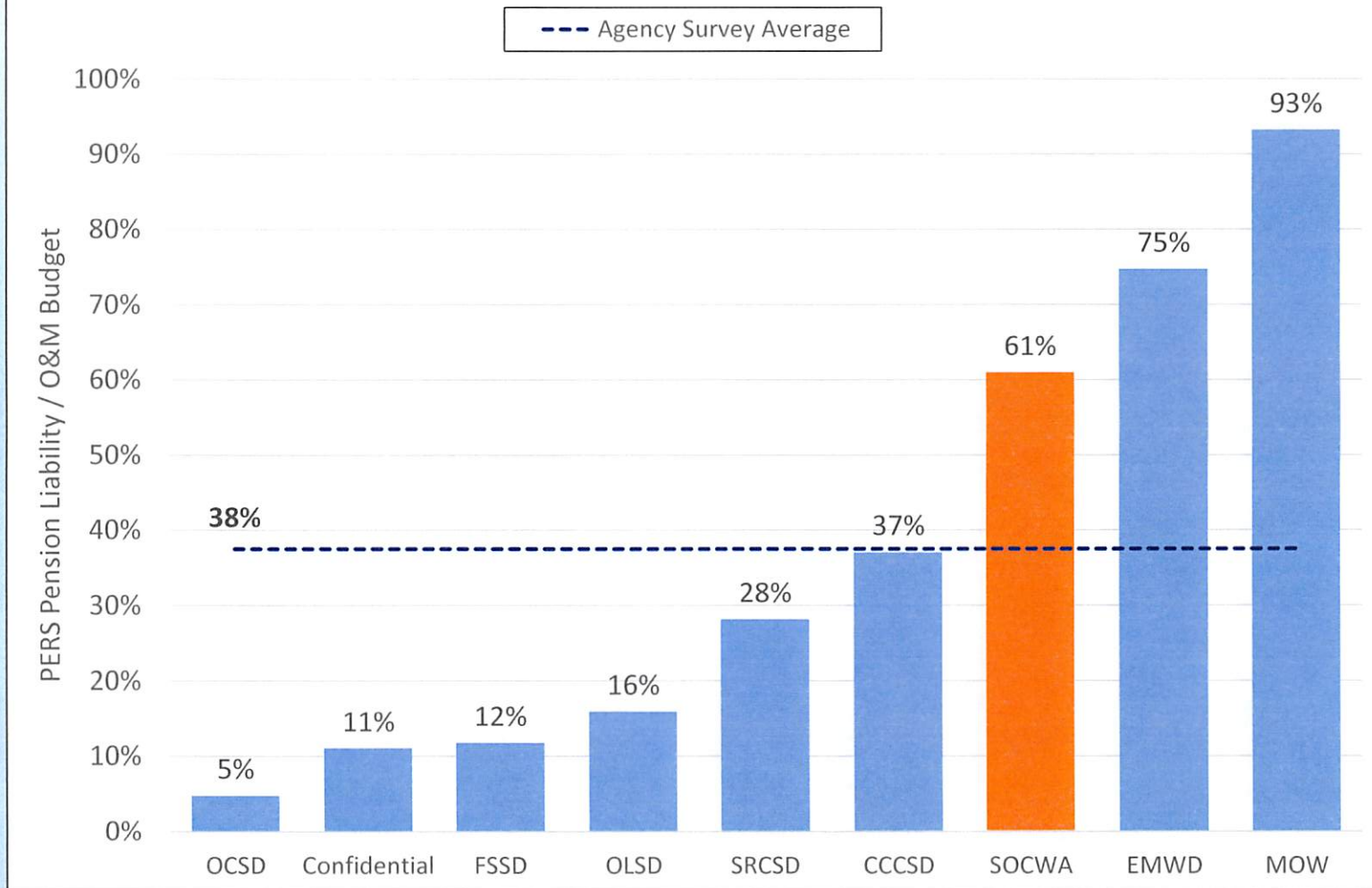
--- Agency Survey Average



FV3: Debt Ratio



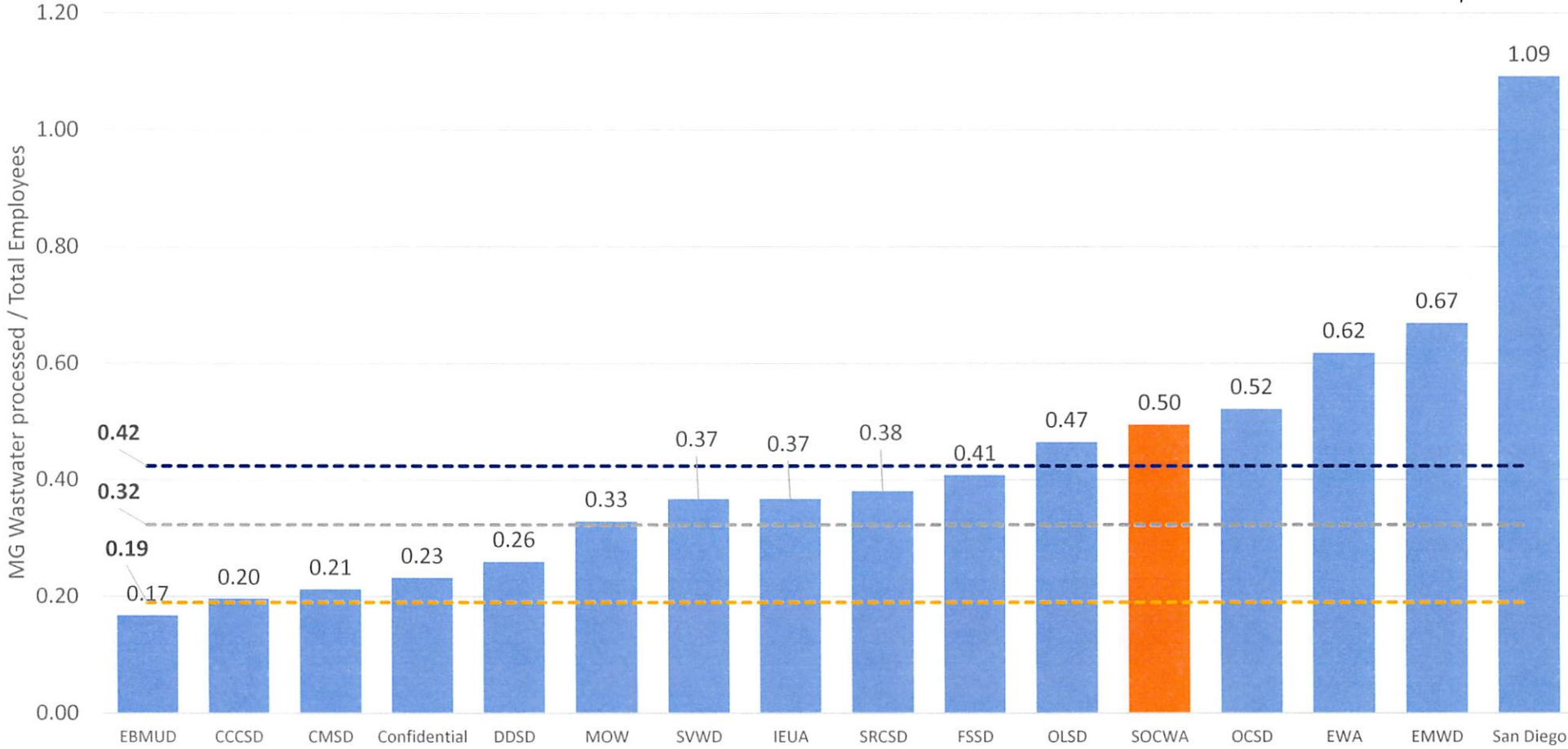
FV4: PERS Pension Liability as Percent of O&M Budget



001: Wastewater Processed per Employee

- - - AWWA Survey Median
 - - - NACWA Survey Average
 - - - Agency Survey Average

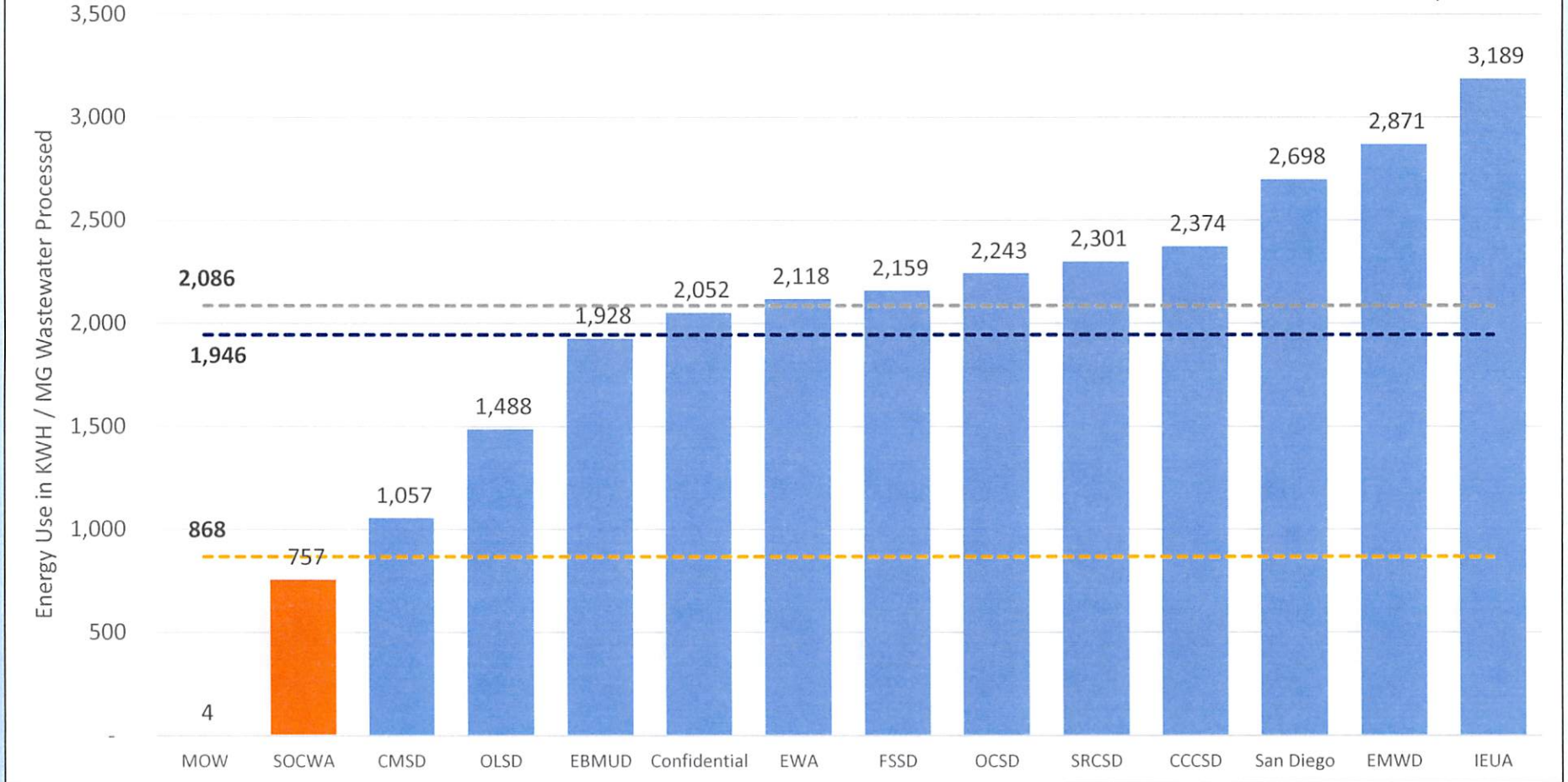
AWWA Survey
Sample Size = 70



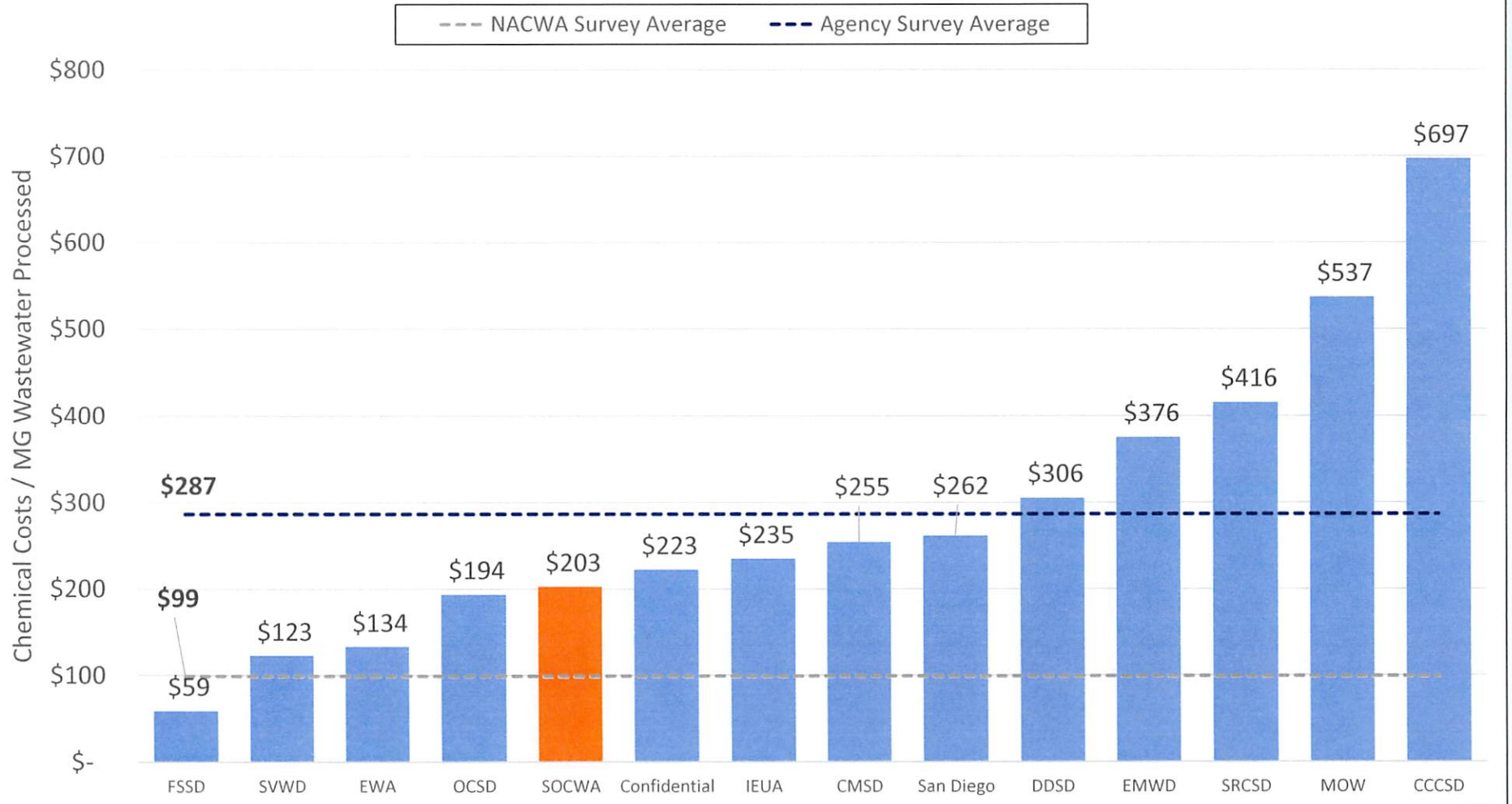
002: Energy Usage by Volume of Wastewater Processed

- - - AWWA Survey Median
 - - - NACWA Survey Average
 - - - Agency Survey Average

*AWWA Survey
Sample Size = 60*



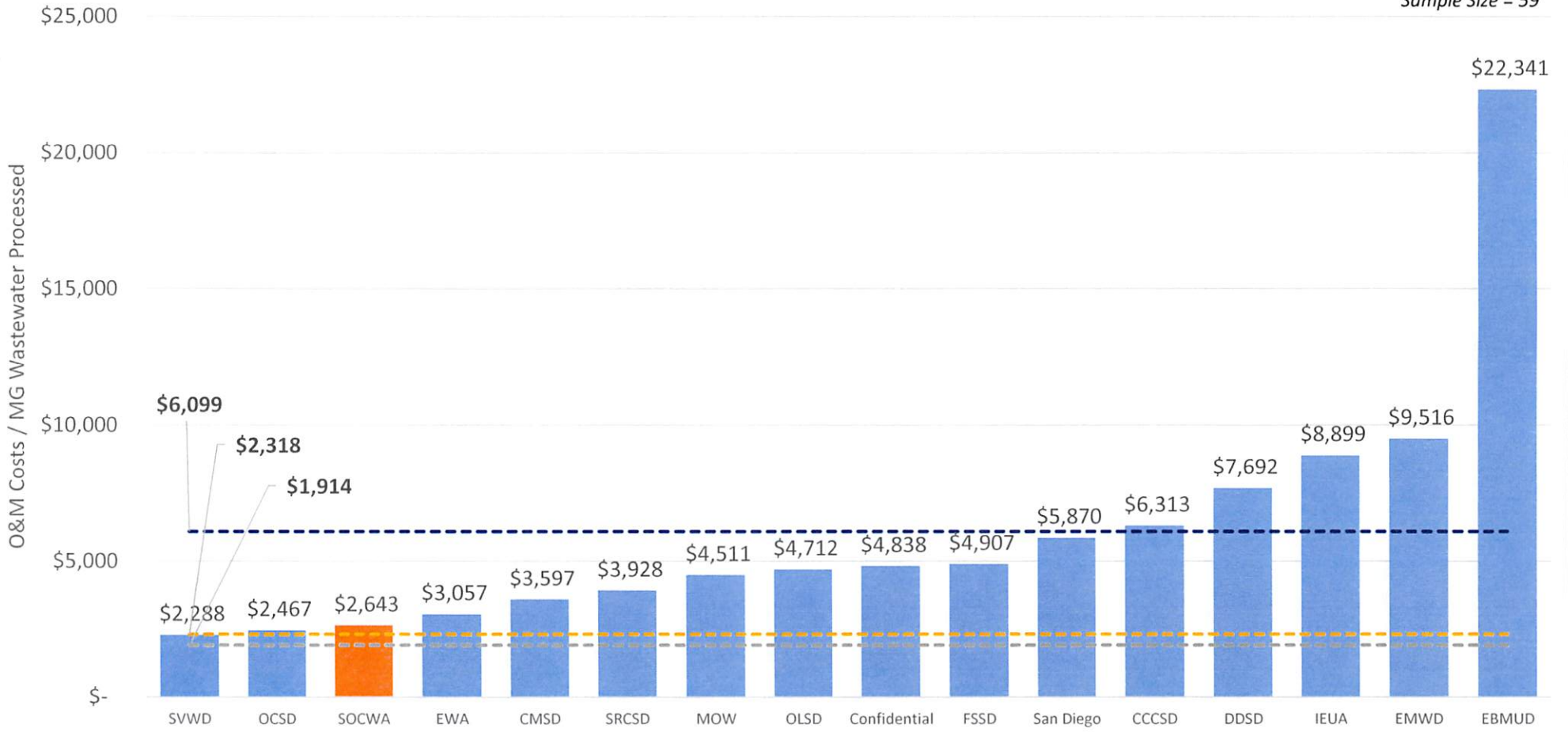
003: Chemical Cost by Volume of Wastewater Processed



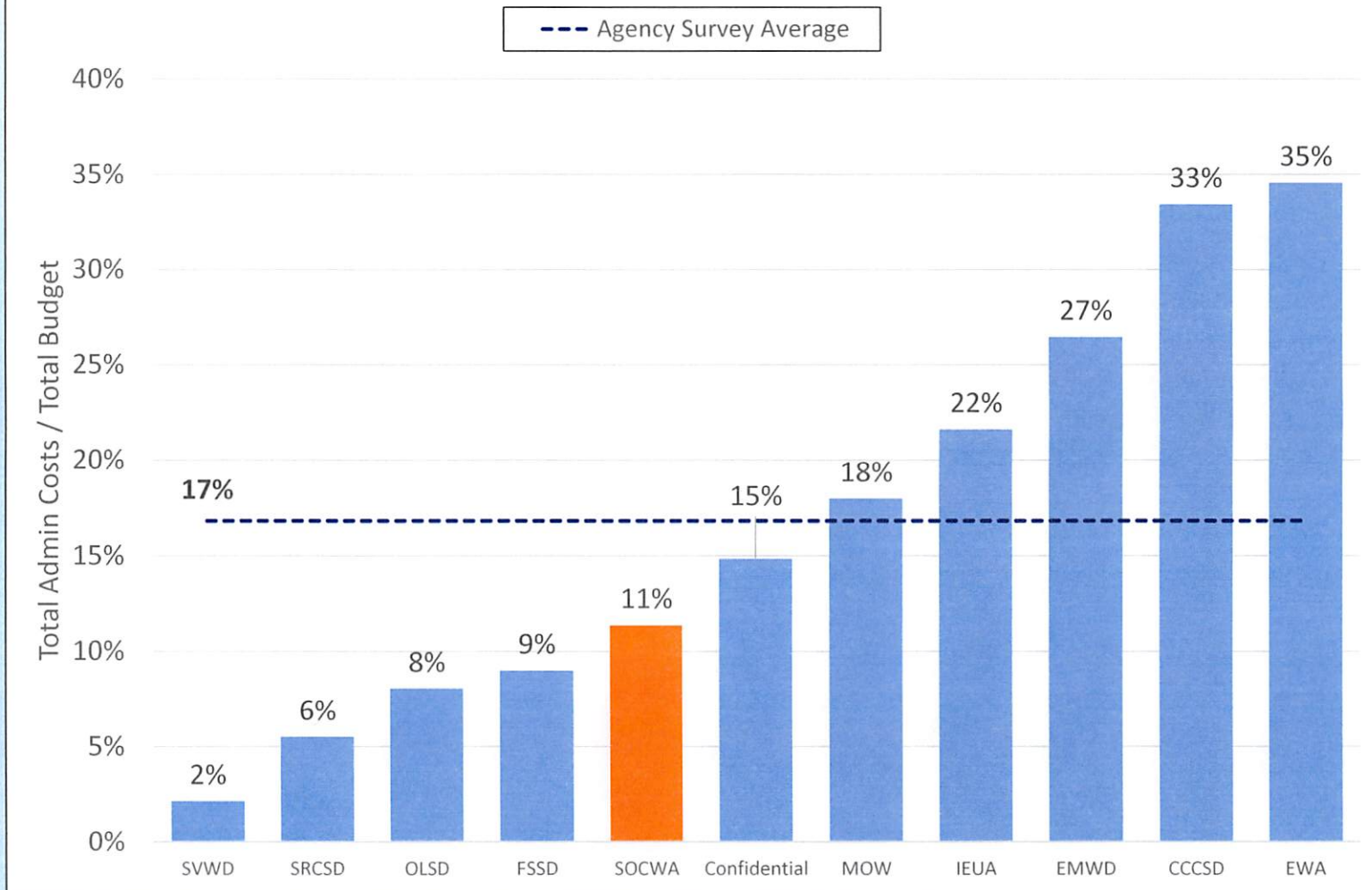
004: O&M Cost per Volume of Wastewater Processed

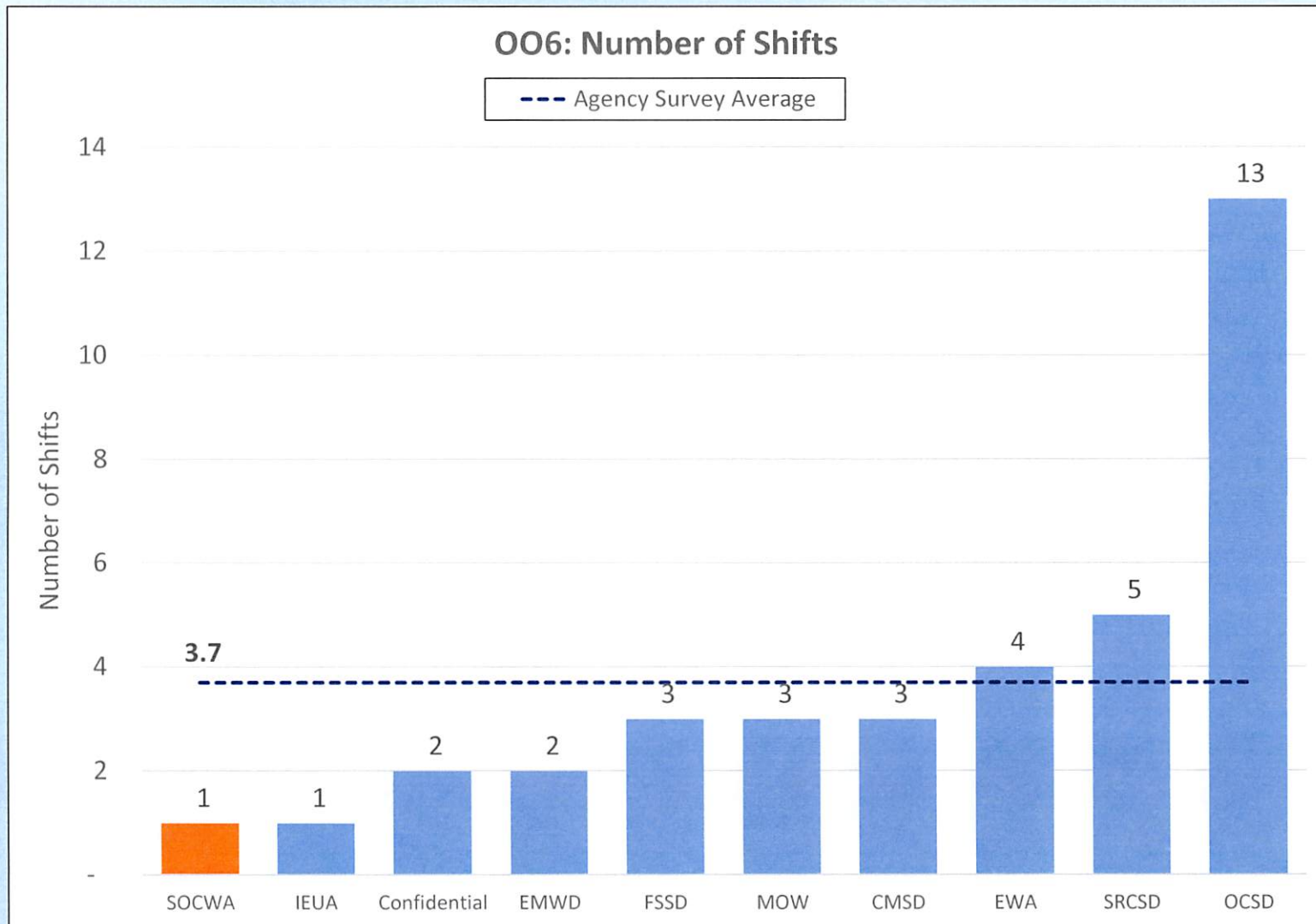
NACWA Survey Average
 Agency Survey Average
 AWWA Survey Median

AWWA Survey
Sample Size = 59



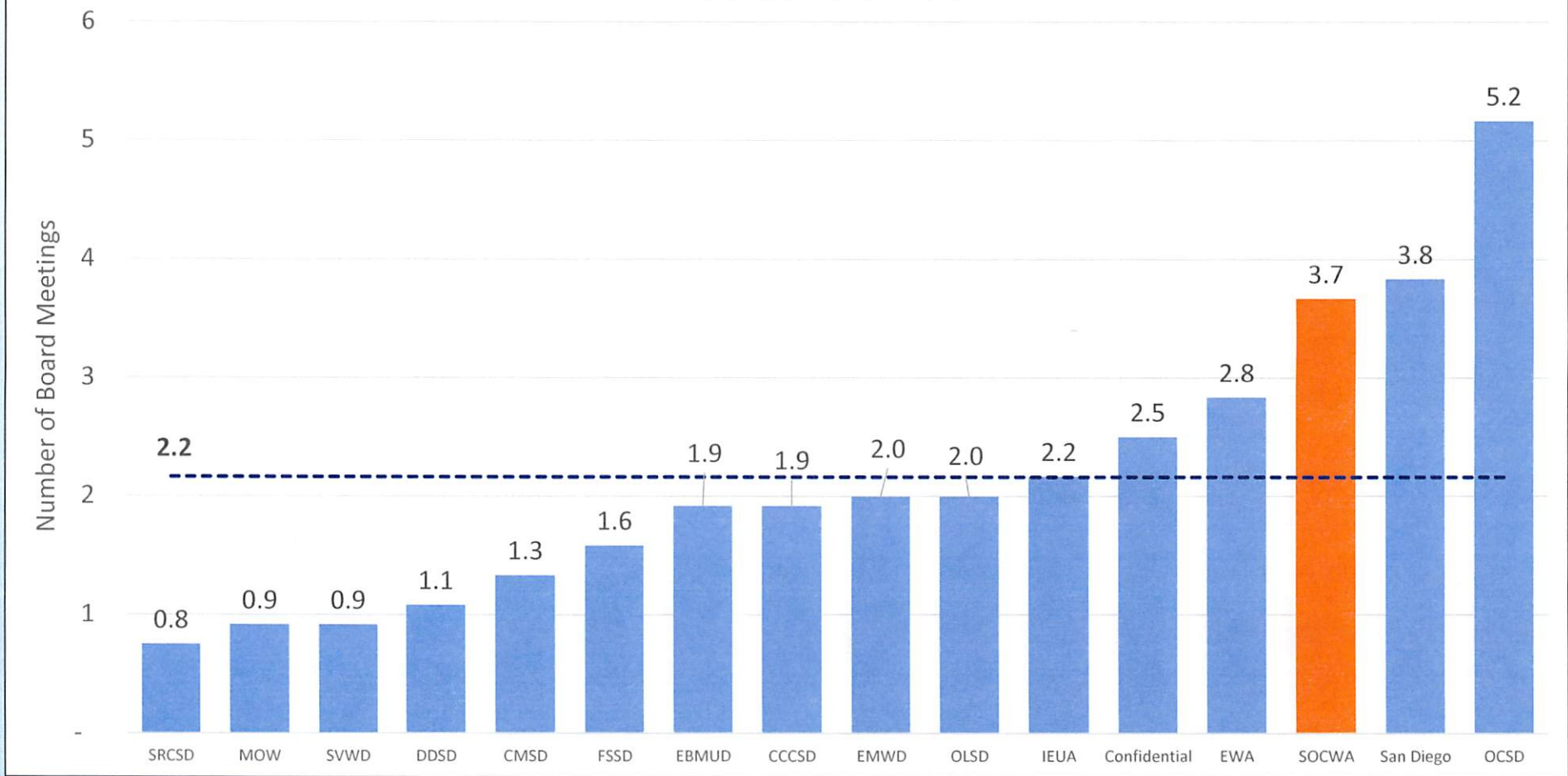
OO5: Administrative Costs as Percent of Total Budget





OO7: Number of Board Meetings per Month

--- Agency Survey Average



Agenda Item

4

Board of Directors Meeting

Meeting Date: May 21, 2020

TO: Board of Directors

FROM: Betty Burnett, General Manager

STAFF CONTACT: Mary Carey, Finance Controller

SUBJECT: Board Workshop - Fiscal Year 2020-2021 Budget Review

Summary/Discussion

The Finance Committee held Budget development meetings for the FY 2020-2021 Budget in March, April and May 2020. At the March 24, 2020 meeting the Finance Committee received a staff presentation on the Preliminary Total Budget for FY 2020-21 in the amount of \$22,771,581. The first draft of the Budget was up \$1,456,735 or 6.8% over the prior year budget of \$21,314,846. Director Cafferty requested information on what was driving the change. The budget change details were provided at the next Finance Committee meeting held April 21, 2020.

Subsequent to the March 24, 2020 Finance Committee Meeting, staff identified \$1.6 million or 6.8% in changes which brought down the proposed budget to \$21,217,268. These recommended changes, including economic hardship cost deferrals were presented to the Finance Committee at the April 21st Finance Committee Meeting, as follows:

- Use PARS Savings to pay FY 20-21 Retiree Health Pay-Go costs, \$504 thousand
- Plume Tracking Analysis for Outfalls movement into next fiscal year, \$450 thousand savings
- IT projects moved out, \$135 thousand savings
- COLA at MOU minimum (2% lower than projected 3.2%), \$102 thousand savings
- Defer new hire, Lab Tech, to meet State regulatory requirements, \$99 thousand savings
- Defer Admin Assistant, Part-Time, Contract Employee, \$86 thousand savings
- Training reduced by 50%, \$90 thousand savings
- Legal costs reduced by \$50 thousand

The Finance Committee accepted all recommendations except the usage of the PARS savings account because it would lock in the recent financial market downturn.

Therefore, the Preliminary FY 2020-21 Budget was reduced by \$1.1 million, excluding PARS Savings usage, and is currently proposed at \$21,721,077 for an increase of \$406 thousand or 1.9% over FY 2019-20 Budget of \$21,314,846. The attached powerpoint slides detail the proposed Budget by Member Agency.

The \$406 thousand budget increase is due to:

- O&M operating costs, i.e., utilities, biosolids hauling and disposal, maintenance, property and liability insurance and chemicals, \$318 thousand.
- Unfunded Pension Liability (UAL) and OPEB (Retiree Health Pay-Go) annual payments, \$194 thousand.

- Payroll costs, not including UAL and OPEB, was relatively flat due to headcount reductions of three full-time employees (FTE's) two in O&M and 1 in Administration which offset the 3% average merit and 2% COLA (cost of living adjustment).

Staff will provide an overview of the O&M including Environmental and Safety, Capital, Administration and General Fund areas of the Budget at the May 21, 2020 Workshop.

Finance Committee members may wish to comment for the Board on the proposed Budget.

Recommended Action: Informational Item, Board Questions and Comments.

SOCWA
Board Budget Workshop
2020/2021 Fiscal Year
May 21, 2020

FY 2020-21 Budget Prep Overview

March 24, 2020 Meeting – Key Assumptions / O&M

- ❖ Staffing Overview
- ❖ Funding PERS/OPEB Costs
 - ▶ Unfunded Pension Liability and OPEB (Retiree Health)
 - ▶ Payments Removal from Fringe Pool
- ❖ General Assumptions
 - ▶ Pension Lump Sum Payment; Group Insurance; Ops Costs
 - ▶ Legal Expenditures forecast
- ❖ Major Cost Drivers
- ❖ Summary O&M By Member Agency

April 21, 2020 Meeting – Budget Review Continued

- ❖ Member Agency PERS Payments & Benefits
- ❖ O&M Cost Comparison to Prior Year
- ❖ One-Time Cost Reductions (Economic Hardship Reductions)
- ❖ Two Year Capital Program
- ❖ Administration & General Fund
- ❖ IT Budget

May 12, 2020 Meeting – Budget Review with Finance Committee Completed

- ❖ **Finance Committee reviews proposed FY 2020-2021 Budget of \$21,721,077**
- ❖ Director Cafferty requested an explanation of the Fluctuations
- ❖ Information has been provided

May 21, 2020 Meeting – Board Budget Workshop

June 4, 2020 Meeting – Board Consideration of Budget for Approval

South Orange County Wastewater Authority Total Budget by Member Agency (SOCWA Total Cost Base/All Costs)

	FY 2018-19 Actual	Change %	FY 2019-20 Budget	Change %	¹ FY 2020-21 Budget	Change %	UAL & OPEB	Allocation %'s	Total Budget	Change %
O&M Budget by Member Agency										
City of Laguna Beach	\$2,197,880	10.3%	\$2,397,061	9.1%	\$2,202,526	-8.1%	\$159,859	10.69%	\$2,362,384	-1.4%
City of San Clemente	155,352	-0.6%	146,259	-5.9%	159,049	8.7%	10,034	0.67%	169,083	15.6%
City of San Juan Capistrano	2,262,176	4.8%	2,195,284	-3.0%	2,215,658	0.9%	155,343	10.39%	2,371,001	8.0%
El Toro Water District	875,388	8.8%	889,672	1.6%	883,193	-0.7%	52,946	3.54%	936,139	5.2%
Emerald Bay Service District	147,131	17.2%	154,448	5.0%	134,200	-13.1%	6,894	0.46%	141,094	-8.6%
Irvine Ranch Water District	163,057	-2.9%	163,390	0.2%	158,116	-3.2%	11,430	0.76%	169,546	3.8%
Moulton Niguel Water District	8,895,527	4.6%	9,149,541	2.9%	8,700,162	-4.9%	675,054	45.15%	9,375,217	2.5%
Santa Margarita Water District	1,532,718	-19.2%	2,210,538	44.2%	1,813,701	-18.0%	147,523	9.87%	1,961,224	-11.3%
South Coast Water District	3,799,657	11.9%	3,946,386	3.9%	3,912,938	-0.8%	275,799	18.45%	4,188,737	6.1%
Trabuco Canyon Water District	34,905	-37.8%	62,266	78.4%	46,488	-25.3%	163	0.01%	46,652	-25.1%
	\$20,063,792	4.2%	\$21,314,846	6.2%	\$20,226,031	-5.1%	\$1,495,046	100.00%	\$21,721,077	1.9%

¹ FY 2020-21 Budget presentation has been modified to present costs applicable to current activity vs. costs related to prior years unfunded liabilities. The above Budget Costs reflects removal of UAL and OPEB payments from the Fringe Pool.

Budget Change Year over Year

FY 2020-21 Budget increased \$406 thousand or 1.9% from FY 2019-20 primarily due to:

- O&M operating costs, i.e., utilities, biosolids hauling and disposal, maintenance, property and liability insurance and chemicals, \$318 thousand.
- Unfunded Pension Liability (UAL) and OPEB (Retiree Health Pay-Go) annual payments, \$194 thousand.
- Payroll costs, not including UAL and OPEB, were relatively flat due to headcount reductions of three full-time employees (FTE's) two in O&M and 1 in Administration which offset the 3% average merit and 2% COLA (cost of living adjustment).

Economic Hardship Deferrals & Other Reductions, \$1.1million

- ▶ Initial Draft Budget was Presented at \$22,771,581

Deferrals and Reductions

- ▶ COLA at MOU minimum, \$102 thousand (COLA is not a deferred cost, actual CPI-U of 1.9% was less than initial projection of 3.2%) – MOU Cap is 2%
- ▶ Plume Tracking Analysis for Outfall cost moved to next fiscal year, \$450 thousand
- ▶ IT projects moved out, \$135 thousand
- ▶ New Hire, Lab Tech, to meet State Regulatory Requirements, \$99 thousand deferred to next year
- ▶ Admin Assistant, Part-Time, Contract Position, \$86 thousand deferred to next year
- ▶ Training reduced by 50%, \$90 thousand
- ▶ Legal, recurring tasks, reduced \$50 thousand

South Orange County Wastewater Authority 5-Year Budget by Member Agency Including UAL and OPEB Costs (SOCWA Total Cost Base/All Costs)

	FY 2019-20 Budget	Change %	FY 2020-21 Budget	Change %	FY 2021-22 Budget	Change %	FY 2022-23 Budget	Change %	FY 2023-24 Budget	Change %	FY 2024-25 Budget	Change %
Total O&M Budget by Member Agency												
City of Laguna Beach	\$2,397,061	9.1%	\$2,362,384	-1.4%	\$2,502,058	5.9%	\$2,583,987	3.3%	\$2,672,494	3.4%	\$2,780,597	4.0%
City of San Clemente	146,259	-5.9%	169,083	15.6%	205,297	21.4%	170,084	-17.2%	183,305	7.8%	183,399	0.1%
City of San Juan Capistrano	2,195,284	-3.0%	2,371,001	8.0%	2,496,644	5.3%	2,552,383	2.2%	2,660,442	4.2%	2,760,435	3.8%
El Toro Water District	889,672	1.6%	936,139	5.2%	979,058	4.6%	997,978	1.9%	1,019,664	2.2%	1,056,367	3.6%
Emerald Bay Service District	154,448	5.0%	141,094	-8.6%	154,623	9.6%	158,920	2.8%	164,933	3.8%	171,205	3.8%
Irvine Ranch Water District	163,390	0.2%	169,546	3.8%	207,002	22.1%	174,281	-15.8%	187,222	7.4%	188,031	0.4%
Moulton Niguel Water District	9,149,541	2.9%	9,375,217	2.5%	9,786,656	4.4%	10,117,308	3.4%	10,441,538	3.2%	10,837,299	3.8%
Santa Margarita Water District	2,210,538	44.2%	1,961,224	-11.3%	2,085,703	6.3%	2,037,316	-2.3%	2,136,360	4.9%	2,200,746	3.0%
South Coast Water District	3,946,386	3.9%	4,188,737	6.1%	4,437,703	5.9%	4,539,224	2.3%	4,720,323	4.0%	4,903,310	3.9%
Trabuco Canyon Water District	62,266	78.4%	46,652	-25.1%	32,621	-30.1%	31,679	-2.9%	32,996	4.2%	34,355	4.1%
Total	\$21,314,846	6.2%	\$21,721,077	1.9%	\$22,887,364	5.4%	\$23,363,160	2.1%	\$24,219,279	3.7%	\$25,115,743	3.7%

South Orange County Wastewater Authority
5-Year Total Cost Base
Cost Drivers Prioritized by Major Expenditures
Includes UAL and OPEB
(SOCWA Total Cost Base)

	FY 2018-19 Actual	Mix %	FY 2019-20 Budget	Mix %	FY 2020-21 Budget	Mix %	FY 2021-22 Budget	Mix %	FY 2022-23 Budget	Mix %	FY 2023-24 Budget	Mix %	FY 2024-25 Budget	Mix %	Total 5 Years	5 Year Mix %
Payroll Costs Including Fringe Benefits	9,961,588	49.6%	10,854,730	50.9%	9,380,547	43.2%	9,938,513	43.4%	10,390,165	44.5%	10,871,443	44.9%	11,385,447	45.3%	51,966,114	44.3%
UAL and OPEB					1,495,046	6.9%	1,664,953	7.3%	1,816,247	7.8%	1,921,462	7.9%	2,034,680	8.1%	8,932,389	7.6%
Chemicals	1,567,210	7.8%	1,797,992	8.4%	1,822,896	8.4%	1,869,008	8.2%	1,915,996	8.2%	1,967,000	8.1%	2,013,992	8.0%	9,588,892	8.2%
Utilities	1,679,008	8.4%	1,374,064	6.4%	1,465,548	6.7%	1,514,000	6.6%	1,564,676	6.7%	1,617,624	6.7%	1,672,844	6.7%	7,834,692	6.7%
Biosolids Hauling and Disposal	1,381,075	6.9%	1,355,004	6.4%	1,429,996	6.6%	1,466,004	6.4%	1,501,996	6.4%	1,540,000	6.4%	1,577,996	6.3%	7,515,992	6.4%
Maintenance - Equip. & Facilities	1,917,785	9.6%	2,138,008	10.0%	2,151,008	9.9%	2,125,008	9.3%	2,238,016	9.6%	2,249,008	9.3%	2,352,000	9.4%	11,115,040	9.5%
IT	544,825	2.7%	611,140	2.9%	576,061	2.7%	587,582	2.6%	599,333	2.6%	611,320	2.5%	623,547	2.5%	2,997,842	2.6%
Environmental & Safety	934,829	4.7%	1,002,612	4.7%	1,126,540	5.2%	1,126,452	4.9%	1,151,704	4.9%	1,246,664	5.1%	1,201,612	4.8%	5,852,972	5.0%
Engineering Misc	34,824	0.2%	1,000	0.0%												0.0%
Management Support Services	367,347	1.8%	469,812	2.2%	472,504	2.2%	663,796	2.9%	199,425	0.9%	201,995	0.8%	204,616	0.8%	1,742,336	1.5%
IT Direct	2,216		16,080	0.1%	10,000	0.0%	10,000	0.0%	10,000	0.0%	10,000	0.0%	10,000	0.0%	50,000	0.0%
Contract Services - Misc	302,907	1.5%	205,496	1.0%	261,622	1.2%	266,722	1.2%	272,841	1.2%	278,953	1.2%	286,076	1.1%	1,366,215	1.2%
Audit & Legal	372,347	1.9%	323,352	1.5%	277,255	1.3%	298,422	1.3%	303,490	1.3%	310,658	1.3%	314,920	1.3%	1,504,744	1.3%
Facilities	251,002	1.3%	268,996	1.3%	307,000	1.4%	313,996	1.4%	323,008	1.4%	330,004	1.4%	337,016	1.3%	1,611,024	1.4%
Insurance	203,645	1.0%	210,096	1.0%	275,584	1.3%	330,664	1.4%	363,744	1.6%	400,116	1.7%	440,148	1.8%	1,810,256	1.5%
Grit Hauling	114,827	0.6%	128,252	0.6%	124,996	0.6%	128,004	0.6%	131,004	0.6%	134,004	0.6%	136,996	0.5%	655,004	0.6%
Engineering transfer to Capital	(330,809)	-1.6%	(388,534)	-1.8%	(327,434)	-1.5%	(344,002)	-1.5%	(361,409)	-1.5%	(379,696)	-1.6%	(398,909)	-1.6%	(1,811,450)	-1.5%
Other Miscellaneous	759,166	3.8%	946,745	4.4%	871,909	4.0%	928,243	4.1%	942,923	4.0%	908,723	3.8%	922,763	3.7%	4,574,561	3.9%
Total SOCWA Cost Base	20,063,792	100.0%	21,314,846	100.0%	21,721,077	100.0%	22,887,364	100.0%	23,363,160	100.0%	24,219,279	100.0%	25,115,743	100.0%	117,306,623	100.0%

Cost Drivers	18,388,492	19,604,362	19,920,146	20,955,316	21,377,559	22,226,516	23,066,733	107,546,269
% Total Cost Base	91.7%	92.0%	91.7%	91.6%	91.5%	91.8%	91.8%	91.7%

Over 90% of SOCWA's Cost Base (Total Costs) are in the above highlighted group.

Admin Budget



Costs less than anticipated for legal fees



Overall salary decrease



Contracted Administrative support deferred



Legal/Manager meeting costs fund JPA changes



2019/2020 goal to prepare a UAL Funding Plan/GASB compliance (first set in '18/'19)



Segregate UAL from fringe pool

Administration Budget

	FY 2019-20 Budget	FY 2020-21 Budget	Change %
Regular Salaries-Admin & IT	1,030,445	944,542	-8.3%
Overtime Salaries-Admin & IT	6,000	20,000	233.3%
Comp Time - Admin	5,000	15,000	200.0%
Fringe Benefits IN to PC's & Depts.	741,332	497,236	-32.9%
Total Payroll Costs	<u>1,782,777</u>	<u>1,476,778</u>	<u>-17.2%</u>
Public Notices/ Public Relations			
HR Recruitment & Employee Relations	34,200	26,500	-22.5%
Subscriptions	2,000	2,040	2.0%
Contract Labor			0.0%
Management Support Services	100,000	102,000	2.0%
Audit	45,000	44,900	-0.2%
Legal	250,000	200,000	-20.0%
Postage	2,400	4,000	66.7%
Office Supplies - Admin	6,000	6,120	2.0%
Office Equipment Admin or IT	400	1,000	150.0%
Memberships & Trainings	90,000	88,950	-1.2%
Travel & Conference	21,500	10,965	-49.0%
Scholarship/Education reimbursement			0.0%
Education Reimbursement		3,000	0.0%
Miscellaneous	23,000	23,460	2.0%
Mileage	1,188	1,211	2.0%
Contract Services Misc	5,500	5,610	2.0%
IT Allocations in to PC's & Depts.	132,191	116,634	-11.8%
Shipping/Freight	3,667	3,740	2.0%
Monthly Car Allowance	12,000	12,000	0.0%
Total Other Expenses	<u>729,045</u>	<u>652,131</u>	<u>-10.6%</u>
Total Administration Expenses	2,511,822	2,128,909	-15.2%

General Fund - No Change

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

General Fund - Agency Shares

SMWD	10.81%
SCWD	16.22%
SJC	10.81%
San Clemente	5.41%
TCWD	2.7%
MNWD	16.22%
EBSD	10.81%
CLB	10.81%
IRWD	8.11%
ETWD	8.11%

General Fund Budget FY 2020-21 compared to FY 2019-20

(Included Within Administration Expenses)

	Finance Committee Recommended General Fund %'s	FY 2019-20 Budget	FY 2020-21 Budget	Change %
Regular Salaries-Admin & IT	Footnote #1	223,834	167,925	-25.0%
Overtime Salaries-Admin & IT	50%	3,000	10,000	233.3%
Comp Time - Admin	50%	2,500	7,500	200.0%
Fringe Benefits IN to PC's & Depts.		161,033	88,401	-45.1%
Total Payroll Costs		390,367	273,826	-29.9%
Public Notices/ Public Relations	100%			
Contract Labor ²	50%		-	
Recruitment & Employee Relations				
Subscriptions				
Management Support Services				
Audit	100%	45,000	44,900	-0.2%
Legal	40%	100,000	80,000	-20.0%
Outside Services	100%			
Postage	20%	480	800	66.7%
Board of Directors - Fees				
Office Supplies - Admin	100%	6,000	6,120	2.0%
Office Equipment	100%	400	1,000	150.0%
Memberships & Trainings				
Travel & Conference				
Scholarship Sponsorship				
Miscellaneous	20%	4,600	4,692	2.0%
Mileage				
Contract Services Misc				
IT Allocations in to PC's & Depts.	5%	6,610	5,832	-11.8%
Shipping/Freight				
Monthly Car Allowance				
Total Other Expenses		163,090	143,344	-12.1%
		553,456	417,170	-24.6%

**Total General Fund Expenses
Percentage Change YOY**

Time Allocation		
(1)	Executive Assistant	50%
	Contract Labor	50%
	GM	50%
	Controller	5%

² Deferred Until FY 21-22

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South Orange County Wastewater Authority Member Agency General Fund Expenses and Member Distribution Percentages

	FY 2019-20 Budget	Finance Committee Recommended General Fund %'s	FY 2020-21 Budget	Finance Committee Recommended General Fund %'s	Change %
City of Laguna Beach	59,833	10.8%	45,099	10.8%	-24.6%
City of San Clemente	29,917	5.4%	22,550	5.4%	-24.6%
City of San Juan Capistrano	59,833	10.8%	45,099	10.8%	-24.6%
El Toro Water District	44,875	8.1%	33,825	8.1%	-24.6%
Emerald Bay Service District	59,833	10.8%	45,099	10.8%	-24.6%
Irvine Ranch Water District	44,875	8.1%	33,825	8.1%	-24.6%
Moulton Niguel Water District	89,750	16.2%	67,649	16.2%	-24.6%
Santa Margarita Water District	59,833	10.8%	45,099	10.8%	-24.6%
South Coast Water District	89,750	16.2%	67,649	16.2%	-24.6%
Trabuco Canyon Water District	14,958	2.7%	11,275	2.7%	-24.6%
	553,456	100.0%	417,170	100.0%	

Member Agency PERS Funding Options to Reduce Long- Term Liabilities

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Unfunded Liability – Long Term Impacts of Minimum Annual Payments

FY 2020 Unfunded Pension Liability(UAL)					
Member Agency	%	Current UAL	Amortized 25 Years	Interest Payments	Interest % Principal
City of Laguna Beach	10.69%	\$1,617,370	\$2,993,047	\$1,375,676	85%
City of San Clemente	0.67%	101,523	187,875	86,352	85%
City of San Juan Capistrano	10.39%	1,571,687	2,908,507	1,336,820	85%
Emerald Bay Service District	0.46%	69,751	129,079	59,328	85%
El Toro Water District	3.54%	535,681	991,313	455,631	85%
Irvine Ranch Water District	0.76%	115,642	214,004	98,361	85%
Moulton Niguel Water District	45.15%	6,829,870	12,639,108	5,809,238	85%
South Coast Water District	18.45%	2,790,396	5,163,804	2,373,408	85%
Santa Margarita Water District	9.87%	1,492,570	2,762,095	1,269,525	85%
Trabuco Canyon Water District	0.01%	1,651	3,055	1,404	85%
Total Net Pension Liability	100.00%	\$15,126,143	\$27,991,887	\$12,865,744	85%

Interest Payments are 85% of the Principal or Present Value of the UAL Amount if Amortized over 25 Years.

South Orange County Wastewater Authority
UAL and OPEB by Member Agency
Based on Board Approved Percentages for FY 2018-19

Member Agencies	UAL		OPEB		Total	
	Amount	Allocation %	Amount	Allocation %	Amount	Allocation %
City of Laguna Beach	\$105,989	10.69%	\$53,870	10.69%	\$159,859	10.69%
City of San Clemente	6,653	0.67%	3,381	0.67%	10,034	0.67%
City of San Juan Capistrano	102,995	10.39%	52,348	10.39%	155,343	10.39%
Emerald Bay Service District	4,571	0.46%	2,323	0.46%	6,894	0.46%
El Toro Water District	35,104	3.54%	17,842	3.54%	52,946	3.54%
Irvine Ranch Water District	7,578	0.76%	3,852	0.76%	11,430	0.76%
Moulton Niguel Water District	447,571	45.15%	227,484	45.15%	675,054	45.15%
South Coast Water District	182,858	18.45%	92,940	18.45%	275,799	18.45%
Santa Margarita Water District	97,810	9.87%	49,713	9.87%	147,523	9.87%
Trabuco Canyon Water District	108	0.01%	55	0.01%	163	0.01%
Total	\$991,237	100.00%	\$503,809	100.00%	\$1,495,046	100.00%


SOCWA

Pre-Pay Options

FY 20-21 UAL \$15.3 million

Member UAL Payments based on FY 18-19 Board-Approved Percentages

	UAL Allocation	%	FY 2021 UAL Payments	TOTAL UAL Payments
Laguna Beach	\$ 1,617,370	10.7%	\$ 107,940	\$ 2,993,058
San Clemente	101,523	0.7%	6,775	187,876
San Juan Capistrano	1,571,687	10.4%	104,892	2,908,518
Emerald Bay	69,751	0.5%	4,655	129,079
El Toro	535,681	3.5%	35,750	991,316
Irvine Ranch	115,642	0.8%	7,718	214,004
Moulton Niguel	6,829,872	45.2%	455,814	12,639,158
South Coast	2,790,397	18.4%	186,226	5,163,825
Santa Margarita	1,492,570	9.9%	99,611	2,762,106
Trabuco Canyon	1,651	0.0%	110	3,055
TOTAL	\$ 15,126,145	100%	\$ 1,009,492	\$27,991,995



CalPERS FY 20-21 Classic UAL determined in June 30, 2018 Actuarial Report
2nd Tier = \$93, 136 & PEPR = \$123, 103 have been excluded.

Pre-Pay Option & Methodology

Methodology:

- Member pre-pays current UAL
 - Eliminates liability Bases #1-18.
- SOCWA selects long-term base that maximize total savings
 - Apply to Base #10
- % allocation rebalanced among remaining members
- Member required to pay share of New Base - #19 & beyond

SOCWA UAL FY 20-21						
	Year	Term	Balance		Payment	
1	2013	16	\$ 4,861,047	\$	418,565	
2	2013	25	(44,555)		(3,022)	
3	2013	25	4,830,854		327,711	
4	2014	26	4,194		277	
5	2014	26	(3,704,246)		(244,950)	
6	2014	16	2,295,392		218,267	
7	2015	27	(197,498)		(10,330)	
8	2015	27	2,355,350		123,194	
9	2016	28	(371,080)		(14,583)	
10	2016	28	2,925,968		114,987	
11	2016	18	900,458		49,025	
12	2017	29	(78,044)		(2,075)	
13	2017	29	(1,470,230)		(39,081)	
14	2017	19	1,003,539		36,594	
15	2018	30	226,015		3,087	
16	2018	30	(441,269)		(6,027)	
17	2018	20	1,587,700		29,602	
18	2018	20	442,550		8,251	
FY 20-21			\$ 15,126,145	\$	1,009,492	

Pre-Pay Base #10 (28 Years)

Maximize Savings: Pre-Pay Longest Base

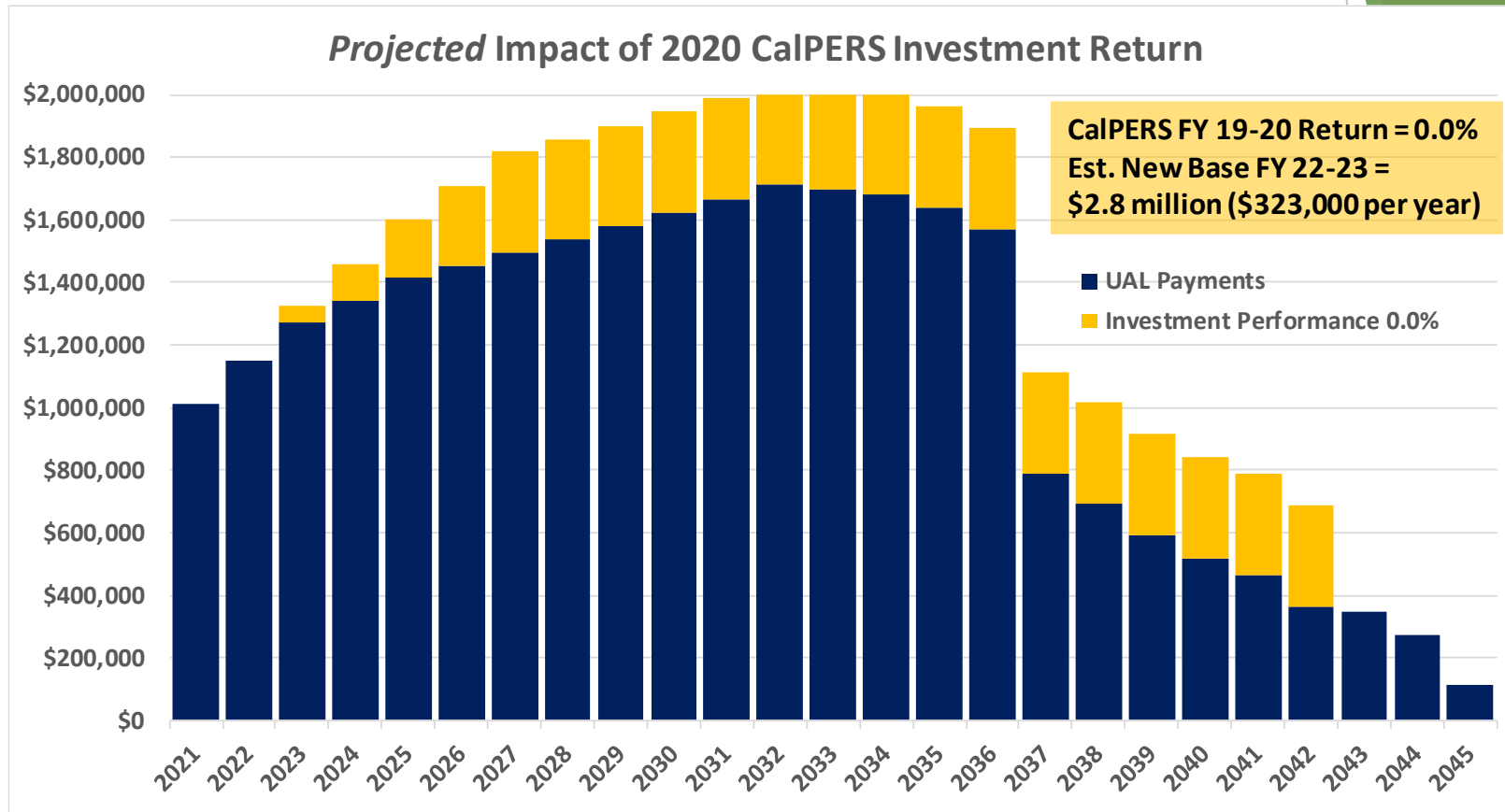
Example Only: South Coast Water District

- **18.45% of total liability = \$2,790,397**
- Pre-Pay 95% of Base #10
- **South Coast eliminates \$5.1 million UAL payments**
 - South Coast pays of share of Base #1-#18
 - South Coast responsible for share of New Bases only
- **UAL Payment schedule adjusted**
- **Other Members save \$1.4 million**

	Net Member UAL Payments	After Pre- Payment	Savings
1	823,266	898,279	(75,013)
2	938,632	998,592	(59,960)
3	1,035,427	1,073,954	(38,527)
4	1,092,771	1,138,888	(46,117)
5	1,154,558	1,209,122	(54,564)
6	1,186,308	1,242,373	(56,065)
7	1,218,932	1,276,538	(57,606)
8	1,252,453	1,311,643	(59,191)
9	1,286,895	1,347,713	(60,818)
10	1,322,285	1,384,775	(62,491)
11	1,358,647	1,422,857	(64,209)
12	1,396,010	1,461,985	(65,975)
13	1,385,102	1,441,739	(56,638)
14	1,372,537	1,419,274	(46,737)
15	1,338,750	1,370,592	(31,842)
16	1,279,651	1,290,672	(11,021)
17	641,764	500,835	140,929
18	565,652	399,638	166,014
19	484,868	217,215	267,653
20	421,529	-	421,529
21	380,011	-	380,011
22	296,844	-	296,844
23	281,303	-	281,303
24	221,736	-	221,736
25	92,238	-	92,238
26	-	-	-
27	-	-	-
28	-	-	-
	\$ 22,828,170	\$21,406,686	\$1,421,484

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Impact on UAL



- CalPERS actuary projects year-end return = 0.0%
- 0.0% return, effectively 7% loss
- New base = \$2.8 million (\$300,000)

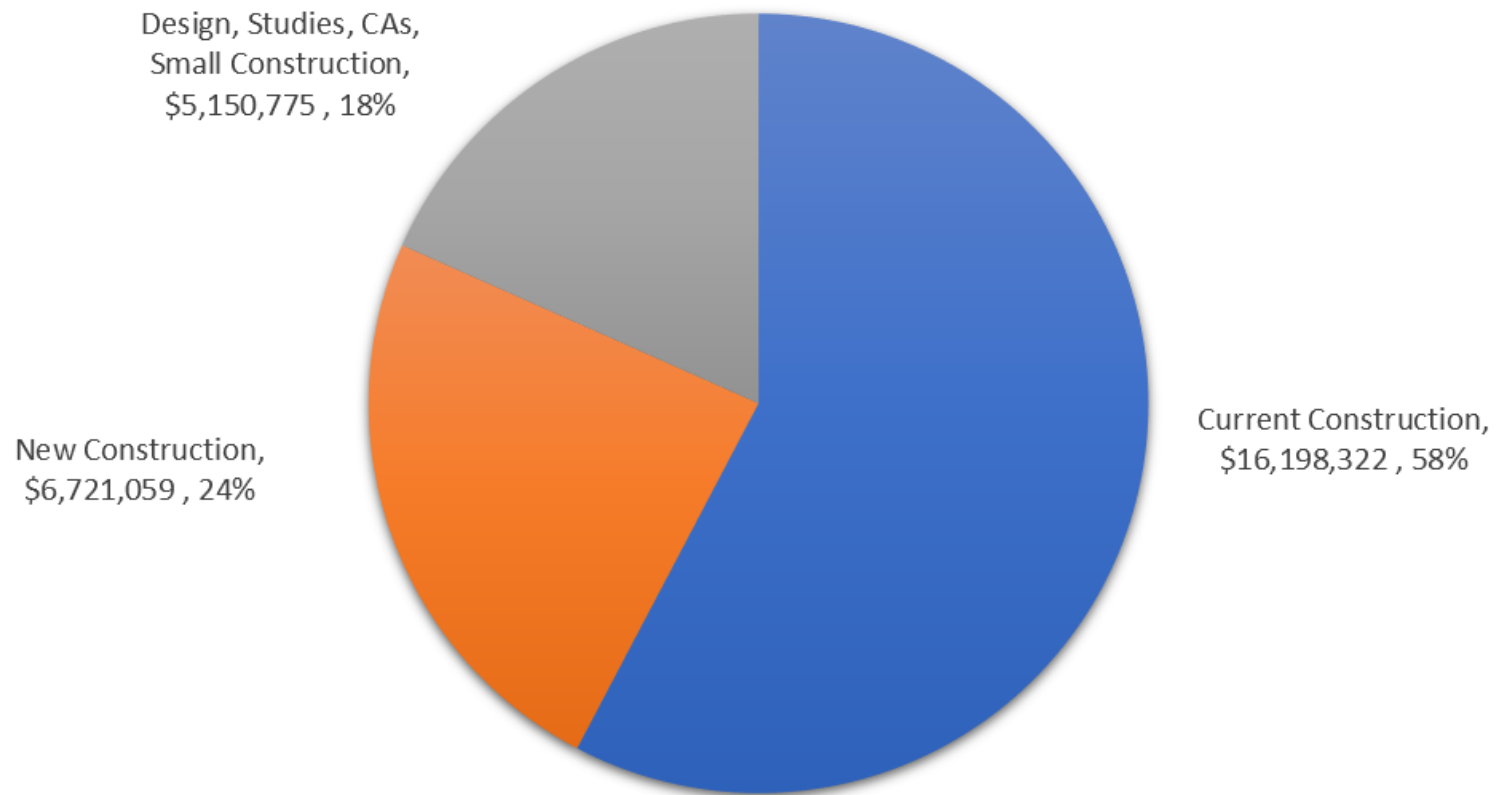
FY 2020-2022 Capital Program

Two Year Capital Program

	FY 2016-17 Actual Expenditures	FY 2017-18 Actual Expenditures	FY 2018-19 Actual Expenditures	FY 2019-20 Budget	FY 2020-21 Budget	FY 2021-22 Forecast
Total Capital Budget						
Member Agency						
City of Laguna Beach	857,725	1,047,324	525,844	4,962,557	4,155,760	2,505,772
City of San Clemente	9,387	396	3,571	14,745	218,724	-
City of San Juan Capistrano	886,145	698,567	645,880	3,247,868	3,903,153	2,034,712
El Toro Water District	673,966	433,008	174,214	642,576	1,296,413	717,084
Emerald Bay Service District	58,190	76,782	40,038	383,631	323,477	189,632
Irvine Ranch Water District	19,893	48,848	88,323	159,724	1,046,183	213,752
Moulton Niguel Water District	4,729,584	4,411,148	1,962,020	16,026,273	9,430,195	16,184,840
Santa Margarita Water District	818,783	520,859	480,709	2,525,591	3,356,987	1,541,004
South Coast Water District	1,798,353	1,853,786	1,974,351	6,546,999	6,767,142	3,671,016
Total Member Agency	9,852,026	9,090,717	5,894,949	34,509,964	30,498,034	27,057,813

FY 2021 Proposed Budget by Spending Type

SOCWA FY2021 Proposed CIP Budget
Total \$28,070,155

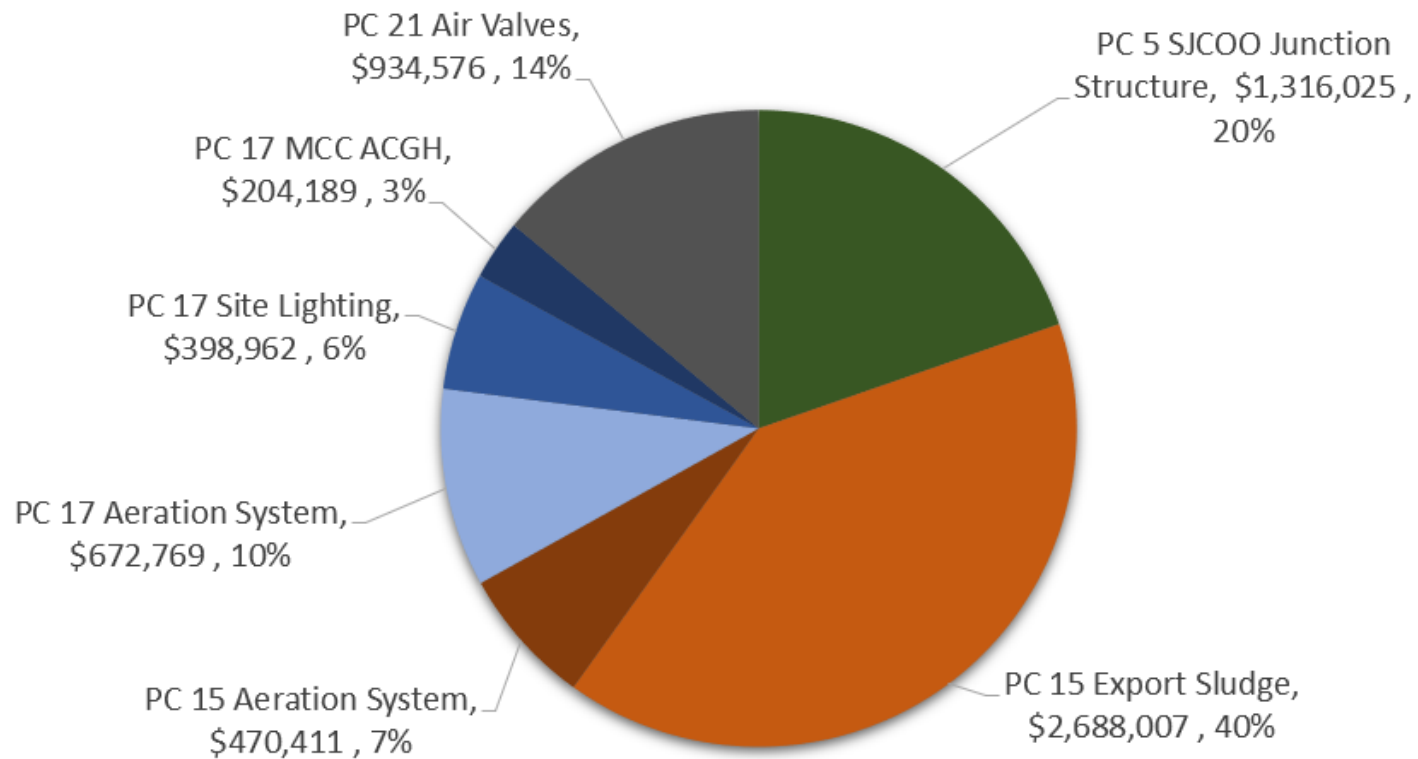


* Excludes Small Capital

FY 2021 Proposed New Construction Projects

New Construction (FY2021)

Total \$6,721,059



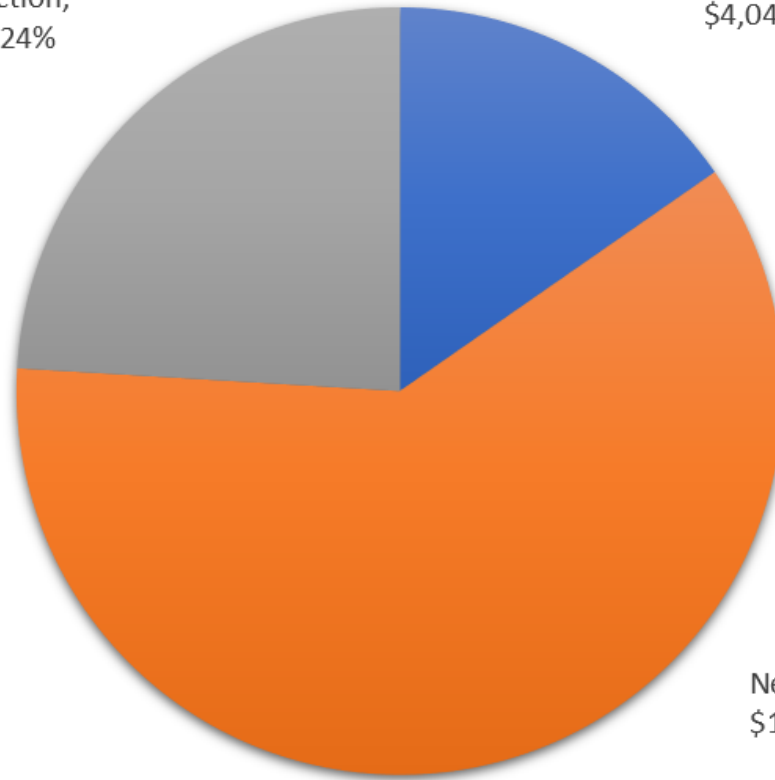
FY 2022 Proposed Budget by Spending Type

SOCWA FY2022 Proposed CIP Budget

Total \$26,405,872

Design, Studies, CAs,
Small Construction,
\$6,351,317 , 24%

Current Construction,
\$4,049,580 , 15%



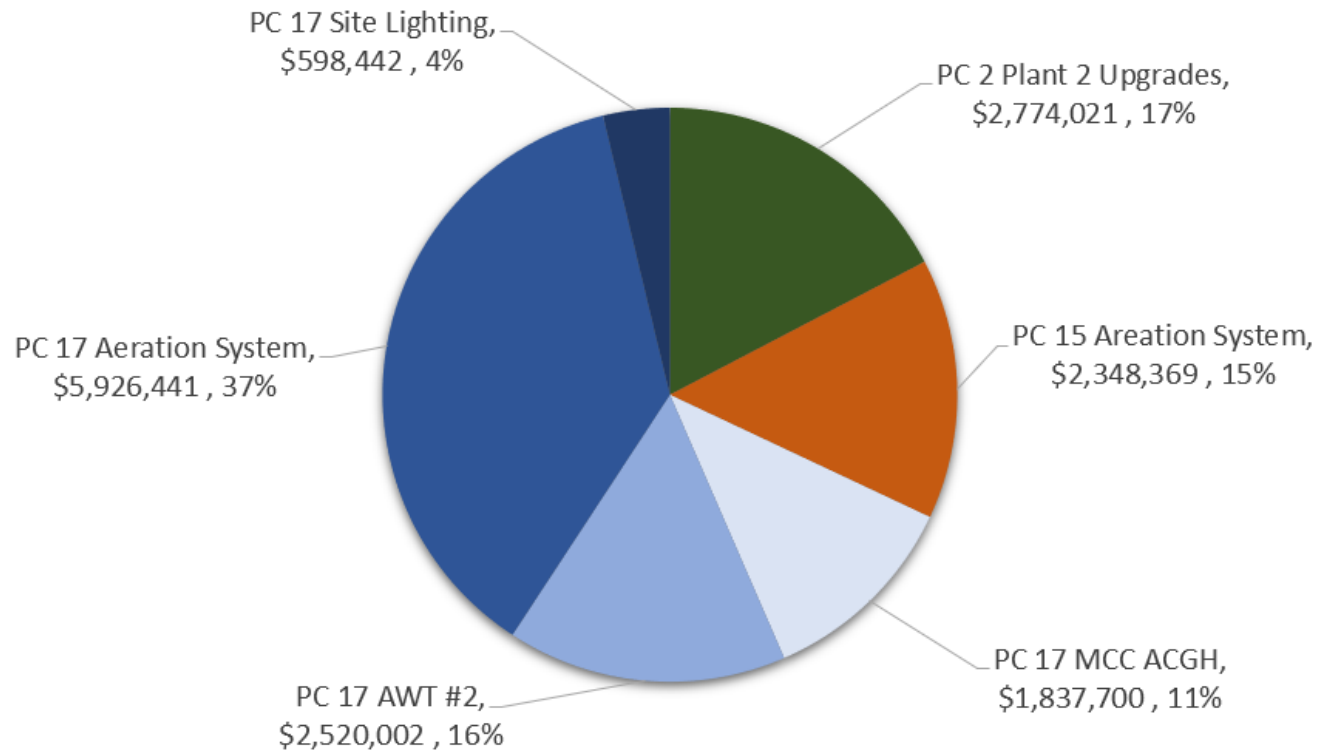
New Construction,
\$16,004,975 , 61%

* Excludes Small Capital

FY 2022 Proposed New Construction Projects

New Construction (FY2022)

Total \$16,004,975



Questions

61

28