

**NOTICE OF SPECIAL MEETING
OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
BOARD OF DIRECTORS
MANAGERS ROUNDTABLE WORKSHOP
TELECONFERENCE MEETING**

**TELECONFERENCE PHONE NUMBER: (213) 279-1455
TELECONFERENCE ID: 775 248 826**

**August 11, 2020
7:30 a.m.**

NOTICE IS HEREBY GIVEN that a Special Meeting of the South Orange County Wastewater Authority (SOCWA) JPA Workshop was called to be held by Teleconference on **August 11, 2020 at 7:30 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.

This meeting is set as a meeting of the SOCWA Agency General Managers and due to the number of Managers on the SOCWA Board it is required to be posted and held as an open and public special meeting of the Board.

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 ON 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 FOR THE JPA WORKSHOP IN CONNECTION WITH A MATTER OR SUBJECT FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING 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 OF THE JPA WORKSHOP 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. Welcome – Opening Remarks**
Betty Burnett, General Manager and Secretary

2. Status of Amendment and Restatement of SOCWA JPA Agreement

General Counsel Report on Draft Preparation and Agency Counsel consideration of draft recommendations

- Policy Issues
- Discussion – Questions – Recommendations

3. Task Force Report – Alternative Delivery of Wastewater Treatment Services

MNWD Presentation

- Discussion – Questions – Recommendations

4. Task-Force Report – Alternatives for Transition to Contract Services with SOCWA (under separate cover)

SMWD Presentation

- Discussion – Questions – Recommendations

5. Concluding Remarks & Adjournment

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the SOCWA Agency Managers 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 JPA Workshop at the usual agenda posting location at the South Orange County Wastewater Authority Administrative Offices and at www.socwa.com and at the DoubleTree Hotel meeting location identified herein.

Dated this 6th day of August 2020.



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



PROCOPIO
525 B Street
Suite 2200
San Diego, CA 92101
T. 619.238.1900
F. 619.235.0398

DEL MAR HEIGHTS
LAS VEGAS
PHOENIX
SAN DIEGO
SILICON VALLEY

MEMORANDUM

VIA E-MAIL

TO: Board of Directors
South Orange County Wastewater Authority

FILE NO: 126694/000001

FROM: Gregory V. Moser; Adriana Ochoa
SOCWA General Counsel

CC: Betty Burnett

DATE: August 3, 2020

RE: Status of Amendment and Restatement of SOCWA Joint Powers Agreement

The purpose of this memorandum is to provide an update on our efforts to bring proposed revisions to the SOCWA joint powers agreement to the Board and the Member Agencies. Continuing our discussions from last year with both general counsel for the member agencies and the general managers and city managers, we transmitted a new draft to the general counsels in May 2020. That draft included provisions to implement the key concepts presented and discussed last year to address: (1) uninsured liabilities; (2) unfunded pension obligations; (3) emergency responses; (4) rolling over the prior years' general, operations and maintenance budgets if not all member agencies have approved the new year's budgets; and (5) accounting for revenues from byproducts. But it also included a significant new proposal: superseding the thousands of pages of PC agreements with a simple, accessible exhibit to the joint powers agreement reflecting, by PC, the capacities owned by each agency and setting forth all PC-specific exceptions to the general rules of SOCWA for allocation of costs, voting or other matters. In addition, the draft contained language providing details regarding the scope of activities of SOCWA, as well as budgeting and financial procedures.

In response, we received comments from the majority of SOCWA agency general counsel, many of which were quite detailed. We met with all member agency counsel on June 22, 2020 and discussed the issues raised. Both the written comments and the discussion showed a near consensus on some issues. In addition, we have continued discussions with some general counsel since that meeting.

Near Consensus: The proposed provisions on handling uninsured liabilities, unfunded pension obligations emergency responses, rolling over general and operations and maintenance budgets, and allocating revenues from byproducts were generally supported, along with suggestions for improvement. We have incorporated those suggestions into our current draft.

Replacing PC Agreements? We were pleased to hear general support for the idea of replacing the PC agreements with an exhibit capturing the surviving terms of the PCs. We are

currently reviewing each PC in detail, along with the budget assumptions and protocols that have been adopted over time. Our goal is to present the participating agencies with charters showing the surviving terms of each PC. Then we should be in a position to prepare a comprehensive exhibit to the joint powers agreement replacing thousands of pages of largely irrelevant historical documentation.

New Issues Framed on Withdrawal: Several new issues surfaced in our discussions. Irvine Ranch Water District would like to explore withdrawal from SOCWA, in favor of a contractual agreement for specified services, and no role in governance. Santa Margarita Water District and the City of San Juan Capistrano would like to explore assignment of the city's rights and obligations to the District in a manner consistent with LAFCO proceedings that are contemplated. Others have suggested that there should be a defined process for withdrawal of an agency from a PC when the facilities involved are no longer needed. To date, none of these options have been fleshed out in detail.

Language clarifying budget formulation and financial operations of SOCWA in greater detail is being drafted.

Next Steps: We expect to circulate the next draft of the restated joint powers agreement to the general counsels this week. Next week, the general managers will meet to discuss the joint powers agreement draft. We hope to complete the draft exhibit extracting the extant provisions of the PC agreements by September so that the Board and Member Agencies can consider finalizing an updated agreement.

GVM:lcb
Attachment

Task Force Report: Alternative Delivery of Wastewater Treatment Services

SOCWA Managers Meeting
August 11, 2020



Background

- September 19, 2019 SOCWA Managers Meeting
- Formation of Task Force for Alternative Delivery of Wastewater Treatment Services
 - Participants: ETWD, MNWD, SMWD, SCWD
- Several Meetings Between September and February
 - Final memorandum from Task Force provided to SOCWA managers on March 4, 2020



Purpose of the Task Force

- Develop a summary of areas to be evaluated to consider potential alternative delivery of services
 - Does not consider privatization of operations, at this time
- Focus was on wastewater treatment services
- Process did not include an evaluation of specific alternatives or options
- Comprehensive list of areas to be evaluated, but likely not exhaustive of all areas



Areas to be Addressed in Proposal



Areas to be Considered in Evaluating a Proposal

- Staff Qualifications
- Agency Qualifications
- Agency Approach for Transition and Implementation
- Cost Summary
- Cost Assessment



Governance Model

New Project Agreement

- Participating Agencies Identify Operating Agency
- Assets Move to Operating Agency
- Similar Models
 - JRWSS – SCWD
 - Baker WTP – IRWD
 - Upper Chiquita - SMWD

Utilize Existing JPA

- Participating Agencies Identify Operating Agency
- Assets Stay with JPA
- Similar Models
 - Santiago Aqueduct Commission - IRWD
 - AWMA



Next Steps for the Task Force

- Finalize Memorandum based on feedback from member agencies
 - All comments/feedback by **August 31st**
- What do you want us to do next?



March 4, 2020

South Orange County Wastewater Authority
Dan Ferons, Board Chairman
34156 Del Obispo St
Dana Point, CA 92629

RE: Recommended Areas of Analysis for Alternative Delivery of Wastewater Treatment Services

Dear Mr. Ferons,

At the last meeting of the South Orange County Wastewater Authority (SOCWA) member agency General Managers on September 19, 2019, the meeting attendees participated in several roundtable discussions focused on one of four categories:

1. **Exit/Change of Governance** – Should we make changes to the structure, service profile and governance of SOCWA?
2. **Alternative Delivery of Wastewater Treatment Services** – What would need to be analyzed to determine viability of another service provider?
3. **Alternative Delivery of Other SOCWA Services** – What services should be delivered by SOCWA or are there alternative service options?
4. **Re-Vision SOCWA with a future focus** – Should the current governance structure be retained or are there alternatives to update the structure?

A summary of the discussion from that meeting was provided to the attendees and the SOCWA Board of Directors. One output from that meeting was the formation of a task force to further discuss item #2 above, Alternative Delivery of Wastewater Treatment Services. Specifically, the task force was asked to develop a summary of the elements that should be evaluated to consider potential alternative service provider(s) for wastewater treatment, if desired. The task force consisted of Don Bunts (SMWD), Dennis Cafferty (ETWD), Matt Collings (MNWD), and Marc Serna (SCWD). Following several meetings of the task force, the attached documents were developed to provide a preliminary report to the member agency General Managers.

At your direction, we are available to present a summary of our efforts to the member agency General Managers for further discussion and consideration of possible next steps.

With Regards,



Matt Collings



Attachments:

1. Summary of 9/19/19 Table Discussion
2. Recommended Components of Analysis/Proposal for Alternative Delivery of Treatment Services
3. Recommended Elements for Consideration of Alternative Delivery of Treatment Services
4. High-Level Summary of Two Potential Governance Structures for Alternative Delivery of Treatment Services



Update and Re-Vision SOCWA Charrette Table Team Discussion Summary

Table 2

Topic: Services Provided by Plant (Who/How)

Table Leader: Joone Lopez

Question: There are two paths - Member agency/agencies versus an outside firm. What are the positives and negatives of each option?

Discussion/Analysis:

Issues/Considerations:

- Economically viable/Cost effective for all member agencies
- Expertise/Resources
- Efficiency
- What functions will be assumed? (admin, ops, finance, compliance)
- Benefits of change
- Liability/Responsibility
- Who's responsible when cost escalates in the future?

For outside party:

What happens when they go out of business?

Concerns with privatization:

- Accountability/reliability
- Types of facility: Outfall

SOCRA model worked:

- Agencies with greater interest / stake

Current JPA Agreement allows one or more member agencies to operate facility

Similar SOCWA

Agreement between operating
Agency and SOCWA
(SOCRA model)
Asset can stay with SOCWA

Different from SOCWA

Agreement among Agencies involved
Asset to operator

Consensus Summary: See above

Recommended Components of Analysis/Proposal for Alternative Delivery of Treatment Services

I. Define Scope of Proposal

- a. What is the location(s) of the service to be provided?
- b. Who is the proposed service provider?
- c. What is the purpose for the proposal/analysis?

II. Define Operations and Maintenance (O&M) Approach

- a. What are the operational compliance points/permit conditions to be met?
- b. How will those compliance points be measured and reported?
- c. What is the proposed staffing to be allocated for O&M?
 - i. What schedule is proposed?
- d. What contract services will be utilized to support O&M?
- e. Is there an approach/objective to reuse of treated wastewater?
- f. What is your approach to standby and emergency response?
- g. What is your approach to safety and risk management?
 - i. Describe your safety record, including spill response, workers compensation, property, and liability claims.
 - ii. Define the proposed insurance coverage for services.
 - iii. What is the allocation of liability and risk?
- h. What is your approach to evaluating energy consumption?
- i. What is your approach to evaluating emerging technologies?
- j. How would you approach preventative maintenance planning and execution?
- k. What software solutions will be utilized to support O&M?

III. Define Engineering Approach

- a. How will short-term and long-range capital planning be developed?
- b. How do you handle unanticipated or emergency projects that are identified?
- c. What is your approach to asset management?
- d. What is the approach to executing capital projects?
- e. What is the proposed staffing to be allocated for capital projects?
- f. What contract services will be utilized to support capital engineering?
- g. Will any software solutions be utilized to support capital engineering?

IV. Define Management and Administrative Support

- a. What services are included in the alternative delivery, i.e. finance, human resources, information technology, purchasing and procurement, etc.
 - i. What contract services, if any, will be utilized to support management and administrative support?
- b. Finance:
 - i. How will you set-up your account structure?
 - ii. Can it be reviewed and audited on a regular basis?
 - iii. How will financial reporting be provided?
- c. What is the proposed staffing to be allocated to support management and administrative?
- d. How will operational and financial data be provided to other entities?
- e. What software solutions exist or will be added to support provided functions?

V. Define SCADA Approach

- a. What SCADA solution would you provide and what is your plan for communicating with the treatment plants remotely?
- b. Is that an existing solution within your organization?
- c. What is the integration and translation process?
- d. What is your approach to alarm response and communication?

VI. Regulatory Compliance/Lab Services

- a. NPDES Discharge requirements:
 - i. Who will provide compliance oversight?
 - ii. How will sampling for compliance testing be performed?
 - iii. What resources do you have/need to provide compliance reporting?
- b. Recycled Water Use Permit:
 - i. Who will provide compliance oversight?
 - ii. How will sampling for compliance testing be performed?
 - iii. What resources do you have/need to provide compliance reporting?
- c. Air Quality Permit:
 - i. Who will provide compliance oversight?
 - ii. How will sampling for compliance testing be performed?
 - iii. What resources do you have/need to provide compliance reporting?
- d. Pretreatment/Industrial Dischargers and Diversions:
 - i. Who will provide compliance oversight?
 - ii. How will sampling for compliance testing be performed?
 - iii. What resources do you have/need to provide compliance reporting?
- e. Lab Services:
 - i. Who will provide laboratory services for the Plant?
 - ii. How will laboratory reporting be provided?

VII. Budgeting and Finance

- a. What is the proposed budget for the services?
- b. Please provide a five-year forecast for annual costs.
- c. How has your agency's budget and forecasts compared to actuals over the past three years?
- d. Please provide a five-year capital improvement program.
- e. What are the provisions if the forecast is exceeded?
- f. How will the long-term liabilities (Pension and OPEB) be addressed?
- g. What is the organizational approach and process to budgeting and long-range financial forecasting?
- h. What is your approach to invoicing for expenses?
- i. What type of financial reporting will be provided and how often?
- j. How will the fixed assets be managed and tracked?
- k. What annual data will be provided to agencies with capacity rights to complete their financial reporting?

VIII. What is the Agreement Structure?

Recommended Elements for Consideration of Alternative Delivery of Treatment Services

I. Staff Qualifications

- a. Proposed Staffing
- b. Staff Experience and Qualifications in Wastewater Plant Operations and Management
 - i. Current
 - ii. Minimum Proposed for all positions
- c. Contract Services Proposed and qualifications
- d. Comparative Analysis to existing and future planned SOCWA Staffing
- e. Staff engagement with wastewater industry organizations, e.g. CASA
- f. Other relevant qualifications

II. Agency Qualifications

- a. Direct Wastewater Plant Operations Experience
- b. Summary of Performance metrics over 10 years
- c. Summary of Operational efficiency metrics over 10 years
- d. Agency Level of Service Commitments and performance over 10 years
- e. What is the agency Financial position and/or stability?
- f. What is the proposed Agency Organizational Structure with Wastewater Plant Operations?
- g. What is the compliance record in Wastewater Plant Operations?
- h. What is the compliance record in Wastewater System Operations?
- i. What is the safety record for Wastewater Plant Operations?
- j. What is the summary of Wastewater, Recycled Water, Biosolids, and Energy Production Performance over 10 years?
- k. What is the agency O&M Budget vs. Actual performance over 10 years?
- l. What is the agency Capital Budget vs. Actual performance over 10 years?
- m. Does the agency have a defined Asset Management Program for both Vertical and Horizontal Assets?
- n. Agency engagement with wastewater industry organizations, e.g. CASA
- o. Other relevant qualifications?

III. Agency Approach for Transition and Implementation

- a. Level of Service Proposed
- b. Level of Service Comparative Analysis to existing SOCWA Plant Operations
- c. O&M Approach
- d. Engineering Approach
- e. Management and Administrative Support Approach
- f. Instrumentation and Controls / SCADA / GIS / CMMS Approach
- g. Regulatory Compliance
- h. Lab Services
- i. Finance Approach - Budgeting, Budget Management, Forecasting, Asset Mgmt, CIP and O&M Prioritization, PC Reporting
- j. Transition Approach
- k. SOCWA Organizational Impact and Staff Restructuring Proposed
 - l. Agreement Structure
- m. Overall Program Implementation
- n. Member Agency Coordination
- o. Other relevant required information

IV. Cost Summary

- a. Annual O&M Expenses over next 10 years
- b. Capital Delivery Expenses over next 10 years
- c. Administrative Expenses over next 10 years
- d. Comparative costs to existing SOCWA WW plant operations
- e. Net Impact to overall plant operations at remaining plants and facilities
- f. Guarantees / Performance provisions
- g. Cost Escalation / Indices / etc.

V. Cost Assessment

- a. Key Cost / Economic Metrics and Assumptions
- b. Net annual cost impact to PC members of Plant
- c. Net annual cost impact to all PC Members at remaining plants / facilities
- d. Positive / Negative impacts to Direct PC members of Plant
- e. Positive / Negative impacts to all PC members at remaining plants / facilities
- f. Long-Term Liability impacts to all PC members

High-Level Summary of Two Potential Governance Structures for Alternative Delivery of Treatment Services

I. Services Provided under a New Project Agreement

- Participating agencies contract with one agency (“Operating Agency”) to provide wastewater treatment services
- Operating Agency maintains assets on its books; Participating agencies have contract rights
- Similar Models:
 - Joint Regional Water Supply System – South Coast Water District
 - Baker Water Treatment Plant – Irvine Ranch Water District
 - Upper Chiquita Reservoir – Santa Margarita Water District

II. Services Provided under Existing Joint Powers Authority

- Participating agencies contract with one agency (“Operating Agency”) to provide wastewater treatment services
- SOCWA maintains assets on its books; Participating agencies have contract rights
- Similar Models:
 - Santiago Aqueduct Commission
 - Previous versions of AWMA