



ORANGE COUNTY SANITATION DISTRICT **SPECIAL NOTICE REGARDING CORONAVIRUS (COVID-19)** **AND ATTENDANCE AT PUBLIC MEETINGS**

On March 4, 2020, Governor Newsom proclaimed a State of Emergency in California as a result of the threat of COVID-19. On March 12, 2020 and March 18, 2020, Governor Newsom issued Executive Order N-25-20 and Executive Order N-29-20, which temporarily suspend portions of the Brown Act which addresses the conduct of public meetings.

The General Manager and the Chairman of the Board of Directors have determined that due to the size of the Orange County Sanitation District's Board of Directors (25), and the health and safety of the members, the Board of Directors will be participating in meetings of the Board telephonically and Internet accessibility.

PUBLIC PARTICIPATION

Your participation is always welcome. The Board of Directors meeting will be available to the public online at:

<https://ocsd.legistar.com/Calendar.aspx>

You may submit your comments and questions in writing for the Board's consideration by sending them to OCSDClerk@ocsd.com with the subject line "PUBLIC COMMENT ITEM #" (insert the item number relevant to your comment) or "PUBLIC COMMENT NON-AGENDA ITEM". Submit your written comments by 6:00 p.m. on Tuesday, April 21, 2020. All public comments will be provided to the Board and may be read into the record or compiled as part of the record.

Thank you.

Serving:

Orange County Sanitation District

10844 Ellis Avenue, Fountain Valley, CA 92708
714.962.2411 • www.ocsd.com

Anaheim

Brea

Buena Park

Cypress

Fountain Valley

Fullerton

Garden Grove

Huntington Beach

Irvine

La Habra

La Palma

Los Alamitos

Newport Beach

Orange

Placentia

Santa Ana

Seal Beach

Stanton

Tustin

Villa Park

County of Orange

Costa Mesa
Sanitary District

Midway City
Sanitary District

Irvine Ranch
Water District

Yorba Linda
Water District

April 15, 2020

**NOTICE OF
REGULAR MEETING**

BOARD OF DIRECTORS

ORANGE COUNTY SANITATION DISTRICT

Wednesday, April 22, 2020 – 6:00 P.M.

ACCESSIBILITY FOR THE GENERAL PUBLIC

Due to the spread of COVID-19, the Orange County Sanitation District will be holding all upcoming Board and Committee meetings by teleconferencing and Internet accessibility. This meeting will be available to the public online at:

<https://ocsd.legistar.com/Calendar.aspx>

The Regular Meeting of the Board of Directors of the Orange County Sanitation District will be held in the manner indicated above on
Wednesday, April 22, 2020 at 6:00 p.m.


Clerk of the Board

Upcoming Meetings:

**Steering Committee -
Board Meeting -**

**Wednesday, May 27, 2020 at 5:00 p.m.
Wednesday, May 27, 2020 at 6:00 p.m.**

Our Mission: To protect public health and the environment by providing effective wastewater collection, treatment, and recycling.



BOARD MEETING DATES

May 27, 2020

June 24, 2020

July 22, 2020

August 26, 2020

September 23, 2020

October 28, 2020

November 18, 2020 *

December 16, 2020 *

January 27, 2021

February 24, 2021

March 24, 2021

April 28, 2021

**** Meeting will be held on the third Wednesday of the month***

ORANGE COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS
Complete Roster

Effective 02/19/2020

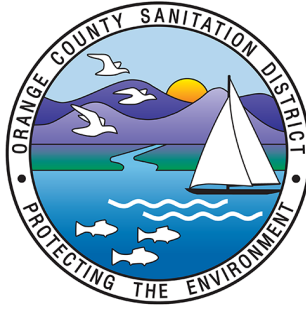
AGENCY/CITIES	ACTIVE DIRECTOR	ALTERNATE DIRECTOR
Anaheim	Lucille Kring	Denise Barnes
Brea	Glenn Parker	Cecilia Hupp
Buena Park	Fred Smith	Connor Traut
Cypress	Mariellen Yarc	Stacy Berry
Fountain Valley	Steve Nagel	Patrick Harper
Fullerton	Jesus J. Silva	Jan Flory
Garden Grove	Steve Jones	John O'Neill
Huntington Beach	Erik Peterson	Lyn Semeta
Irvine	Christina Shea	Anthony Kuo
La Habra	Tim Shaw	Rose Espinoza
La Palma	Peter Kim	Nitesh Patel
Los Alamitos	Richard Murphy	Dean Grose
Newport Beach	Brad Avery	Joy Brenner
Orange	Mark Murphy	Kim Nichols
Placentia	Chad Wanke	Ward Smith
Santa Ana	Cecilia Iglesias	David Penaloza
Seal Beach	Sandra Massa-Lavitt	Schelly Sustarsic
Stanton	David Shawver	Carol Warren
Tustin	Allan Bernstein	Chuck Puckett
Villa Park	Robert Collacott	Chad Zimmerman

Sanitary/Water Districts

Costa Mesa Sanitary District	James M. Ferryman	Bob Ooten
Midway City Sanitary District	Andrew Nguyen	Margie L. Rice
Irvine Ranch Water District	John Withers	Douglas Reinhart
Yorba Linda Water District	Brooke Jones	Phil Hawkins

County Areas

Board of Supervisors	Doug Chaffee	Donald P. Wagner
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**Orange County Sanitation District
BOARD OF DIRECTORS
Regular Meeting Agenda
Wednesday, April 22, 2020 - 6:00 PM
Board Room
Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433**

AGENDA POSTING: In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted outside the main gate of the Sanitation District's Administration Building located at 10844 Ellis Avenue, Fountain Valley, California, and on the Sanitation District's website at www.ocsd.com not less than 72 hours prior to the meeting date and time above. All public records relating to each agenda item, including any public records distributed less than 72 hours prior to the meeting to all, or a majority of the Board of Directors, are available for public inspection in the office of the Clerk of the Board.

AGENDA DESCRIPTION: The agenda provides a brief general description of each item of business to be considered or discussed. The recommended action does not indicate what action will be taken. The Board of Directors may take any action which is deemed appropriate.

MEETING AUDIO: An audio recording of this meeting is available within 24 hours after adjournment of the meeting. Please contact the Clerk of the Board's office at (714) 593-7433 to request the audio file.

NOTICE TO DIRECTORS: To place items on the agenda for a Committee or Board Meeting, the item must be submitted in writing to the Clerk of the Board: Kelly A. Lore, MMC, (714) 593-7433 / klore@ocsd.com at least 14 days before the meeting.

FOR ANY QUESTIONS ON THE AGENDA, BOARD MEMBERS MAY CONTACT STAFF AT:

General Manager: Jim Herberg, jherberg@ocsd.com / (714) 593-7300
Asst. General Manager: Lorenzo Tyner, ltyners@ocsd.com / (714) 593-7550
Asst. General Manager: Rob Thompson, rthompson@ocsd.com / (714) 593-7310
Director of Human Resources: Celia Chandler, cchandler@ocsd.com / (714) 593-7202
Director of Engineering: Kathy Millea, kmillea@ocsd.com / (714) 593-7365
Director of Environmental Services: Lan Wiborg, lwiborg@ocsd.com / (714) 593-7450

CALL TO ORDER

(Board Chairman David Shawver)

INVOCATION AND PLEDGE OF ALLEGIANCE

Brad Avery, City of Newport Beach

ROLL CALL

Clerk of the Board

DECLARATION OF QUORUM

PUBLIC COMMENTS:

You may submit your comments and questions in writing for the Board of Directors' consideration by sending them to OCSDClerk@ocsd.com with the subject line "PUBLIC COMMENT ITEM #" (insert the item number relevant to your comment) or "PUBLIC COMMENT NON-AGENDA ITEM". Submit your written comments by 6:00 p.m. on April 21, 2020. All public comments will be provided to the Board of Directors and may be read into the record or compiled as part of the record.

SPECIAL PRESENTATIONS:

None.

REPORTS:

The Board Chairperson and the General Manager may present verbal reports on miscellaneous matters of general interest to the Directors. These reports are for information only and require no action by the Directors.

CONSENT CALENDAR:

Consent Calendar Items are considered to be routine and will be enacted, by the Board of Directors, after one motion, without discussion. Any items withdrawn from the Consent Calendar for separate discussion will be considered in the regular order of business.

1. APPROVAL OF MINUTES [2020-1000](#)

RECOMMENDATION:

Approve Minutes of the Regular Meeting of the Board of Directors held March 25, 2020.

Originator: Kelly Lore

Attachments: [Agenda Report](#)
[03-25-2020 Board Meeting Minutes](#)

2. PLANT NO. 2 CENTRAL GENERATION STEAM TURBINE REHABILITATION, PROJECT NO. MP-105 [2019-796](#)

RECOMMENDATION:

- A. Approve a Change Order to the Sole Source Purchase Order with Dresser-Rand for the Central Generation Steam Turbine Rehabilitation at Plant No. 2, for an additional amount not to exceed \$238,796 plus applicable taxes and shipping, for a total amount not to exceed \$484,220 plus applicable taxes and shipping; and
- B. Decrease contingency from \$49,085 (20%) to \$12,271 (5%).

Originator: Kathy Millea

Attachments: [Agenda Report](#)

3. 12KV DISTRIBUTION B AND EAST RAS PUMP STATION ROOFING REPLACEMENT, PROJECT NO. FE18-19 [2019-828](#)

RECOMMENDATION:

- A. Receive and file Bid Tabulation for 12kV Distribution B and East RAS Pump Station Roofing Replacement, Project No. FE18-19;
- B. Reject single low bid from H2M Construction, Inc. as non-responsive; and
- C. Authorize the Purchasing Manager to conduct a Negotiated Procurement for a construction contract for 12kV Distribution B and East RAS Pump Station Roofing Replacement, Project No. FE 18-19, in accordance with Purchasing Ordinance No. OCSD-52.

Originator: Kathy Millea

Attachments: [Agenda Report](#)

4. TRUCKLINE SAMPLER POWER FEED AT PLANT NO. 2, PROJECT NO. FE18-17 [2019-831](#)

RECOMMENDATION:

- A. Receive and file Bid Tabulation and Recommendation for Truckline Sampler Power Feed at Plant No. 2, Project No. FE18-17;
- B. Award a Construction Contract to M. Brey Electric, Inc. for Truckline Sampler Power Feed at Plant No. 2, Project No. FE18-17, for an amount not to exceed \$101,050; and
- C. Approve a contingency of \$20,210 (20%).

Originator: Kathy Millea

Attachments: [Agenda Report](#)
[FE18-17 Contract](#)

5. GEOTECHNICAL TESTING SERVICES [2020-1002](#)**RECOMMENDATION:**

Approve an amendment to the Professional Services Agreement with Ninyo and Moore to provide on-call Materials Testing, Inspection, and Geotechnical Testing Services for Collection System and Treatment Plant projects, PSA2019-003, for an additional amount not to exceed \$300,000, for a total contract amount of \$600,000.

Originator: Kathy Millea

Attachments: [Agenda Report](#)
[PSA2019-003 Ninyo and Moore Amendment No. 1](#)

6. SURVEYING SERVICES [2020-1003](#)**RECOMMENDATION:**

Approve a Professional Services Agreement to provide on-call Surveying Services for Collection System and Treatment Plant projects, PSA2019-002, effective May 1, 2020 through April 30, 2022, for an amount not to exceed \$150,000 with Cannon Corporation.

Originator: Kathy Millea

Attachments: [Agenda Report](#)
[PSA2019-002 Professional Services Agreement](#)

7. PLANT NO. 1 PEPS PUMP NO. 2 REPAIR [2020-959](#)**RECOMMENDATION:**

A. Approve a Sole Source Purchase Order for Cortech Engineering to rebuild Primary Effluent Pump Station Pump No. 2 at Plant No. 1 for a total amount not to exceed \$150,888, plus applicable tax and shipping; and

B. Approve a contingency of \$15,089 (10%).

Originator: Rob Thompson

Attachments: [Agenda Report](#)

8. PLANT NO. 2, REPLACE FOUR PUTZMEISTER HYDRAULIC CYLINDERS FOR TRUCKLOADING SLIDING FRAMES [2020-988](#)**RECOMMENDATION:**

A. Approve a Sole Source Purchase Order for Pumpaction Corp. to procure four Putzmeister Hydraulic Cylinders on the Solid Storage and Truck Loading Bin

sliding frames for \$355,254, plus applicable sales tax and shipping; and

B. Approve a contingency of \$35,526 (10%).

Originator: Rob Thompson

Attachments: [Agenda Report](#)

9. APPROVE PURCHASE OF AN EPA 624.1 PURGE & TRAP GAS CHROMATOGRAPH-MASS SPECTROMETRY (GC-MS) SYSTEM [2020-986](#)

RECOMMENDATION:

Approve a purchase order to VWR for a Purge & Trap Gas Chromatograph-Mass Spectrometry (GC-MS) System in the amount of \$115,226 plus applicable sales tax, which includes the GC-MS system, freight, and three (3) additional years of service at a discounted rate.

Originator: Lan Wiborg

Attachments: [Agenda Report](#)

10. APPROVE THE ADDITION OF FUNDS TO EXISTING CONVENIENCE BLANKET PURCHASE ORDER - VWR [2020-992](#)

RECOMMENDATION:

Ratify the approval of additional funds of \$15,000 to be added to existing convenience blanket purchase order 104316 OA with VWR for the purchase of miscellaneous laboratory supplies throughout the year for a total purchase order amount not to exceed \$110,000 to cover the cost of outstanding invoices.

Originator: Lan Wiborg

Attachments: [Agenda Report](#)

11. PLANT NO. 2 TRICKLING FILTER SOLIDS RETURN SECONDARY SLUDGE PUMP REPAIR [2020-1028](#)

RECOMMENDATION:

A. Approve a sole source purchase order contract for the repair of ten (10) Return Secondary Sludge pumps at the Plant No. 2 Trickling Filter Clarifiers, for a total amount not to exceed \$194,234, plus applicable shipping and taxes, to Vaughan's Industrial Repair Co., Inc.; and

B. Approve a contingency of \$19,424 (10%).

Originator: Rob Thompson

Attachments: [Agenda Report](#)

12. **ADDITION OF CONTRACTS TO THE BIOSOLIDS ACCOUNT POOL, EFFECTIVE NOVEMBER 16, 2016** [2020-1025](#)

RECOMMENDATION:

Ratify the addition of Denali Water Solutions, Inland Empire Regional Composting Authority, Liberty Composting Inc., and Nursery Products, LLC. biosolids contracts to the Biosolids Account Pool, effective November 16, 2016.

Attachments: [Agenda Report](#)

RECEIVE AND FILE:

13. **REPORT OF THE INVESTMENT TRANSACTIONS FOR THE MONTH OF MARCH 2020** [2020-906](#)

RECOMMENDATION: Receive and file the following:

Report of the Investment Transactions for the month of March 2020.

Originator: Lorenzo Tyner

Attachments: [Agenda Report](#)
[Investment Transactions for the Month of March 2020](#)

14. **COMMITTEE MEETING MINUTES** [2020-1004](#)

RECOMMENDATION: Receive and file the following:

Minutes of the Steering Committee Meeting held February 26, 2020.

Originator: Kelly Lore

Attachments: [Agenda Report](#)
[02-26-2020 Steering Committee Minutes](#)

OPERATIONS COMMITTEE:

None.

ADMINISTRATION COMMITTEE:

None.

LEGISLATIVE AND PUBLIC AFFAIRS COMMITTEE:

None.

STEERING COMMITTEE:**15. 2020-23 SPONSORSHIP OF THE CENTER FOR DEMOGRAPHIC RESEARCH [2020-1039](#)****RECOMMENDATION:**

Approve a three-year Memorandum of Understanding with California State University Fullerton Auxiliary Services Corporation for operation of the Center for Demographic Research for the period July 1, 2020 through June 30, 2023, for a total amount not to exceed \$331,504.

Originator: Kathy Millea

Attachments: [Agenda Report](#)
[CDR MOU 2020-23](#)

16. ELECTRONIC SIGNATURES POLICY [2020-1040](#)**RECOMMENDATION:**

Adopt a policy for the use of electronic signatures.

Originator: Lorenzo Tyner

Attachments: [Agenda Report](#)
[Electronic Signatures Policy](#)

17. RATIFY AMENDMENTS TO PERSONNEL POLICIES AND PROCEDURES IN RESPONSE TO COVID-19 PANDEMIC [2020-1041](#)**RECOMMENDATION:**

Pursuant to Resolution No. OCSD 20-01, ratify amendments to Orange County Sanitation District Board of Directors' Personnel Policies and Procedures: 1.4 Recruitment & Selection, 1.11 - Temporary & Contract Worker, 1.12 - Student Internship Program, 3.1.2 - Hours of Work - Exempt Employees, 3.2 - Attendance, 3.3 - Leave-of-Absence with Pay, and 3.4 - Leave-of-Absence Without Pay, effective March 25, 2020 through December 31, 2020 or as soon as the State emergency related to the COVID-19 pandemic is lifted.

Originator: Celia Chandler

- Attachments:** [Agenda Report](#)
[1.4 - Recruitment and Selection](#)
[1.11 - Temporary & Contract Worker](#)
[1.12 - Student Internship Policy](#)
[3.1.2 - Hours of Work Exempt](#)
[3.2 - Attendance](#)
[3.3 - Leave of Absence with Pay](#)
[3.4 - Leave of Absence Without Pay](#)

NON-CONSENT:

None.

INFORMATION ITEMS:

- 18. COVID-19 FINANCIAL IMPACT UPDATE [2020-1034](#)**
RECOMMENDATION:
Information Item.
Originator: Lorenzo Tyner
Attachments: [Agenda Report](#)
[Message from OCERS - Response to COVID](#)
[Understanding California's Property Taxes](#)
- 19. FY 2020-21 PROPERTY - LIABILITY INSURANCE UPDATE [2020-1017](#)**
RECOMMENDATION:
Information Item.
Originator: Lorenzo Tyner
Attachments: [Agenda Report](#)
[Alliant Insurance Presentation 2020-04-22](#)
- 20. FY 2020-21 AND FY 2021-22 OPERATING BUDGET UPDATE [2020-1015](#)**
RECOMMENDATION:
Information Item.
Originator: Lorenzo Tyner
Attachments: [Agenda Report](#)
[FY2020-21 & 2021-22 Budget - Expenditure Summary](#)
[FY2020-21 & 2021-22 Budget - Additional Detail](#)
[FY2020-21 & 2021-22 Budget - Expenditure PowerPoint](#)

AB 1234 DISCLOSURE REPORTS:

This item allows Board members to provide a brief oral report regarding the disclosure of outside committees, conferences, training, seminars, etc. attended at the Agency's expense, per Government Code §53232.3(d).

CLOSED SESSION:

None.

BOARD OF DIRECTORS INITIATED ITEMS FOR A FUTURE MEETING:

At this time Board members may request staff to place an item on a future agenda.

ADJOURNMENT:

Adjourn the Board meeting until the Regular Meeting of the Board of Directors on May 27, 2020 at 6:00 p.m.



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

BOARD OF DIRECTORS

Agenda Report

File #: 2020-1000

Agenda Date: 4/22/2020

Agenda Item No: 1.

FROM: James D. Herberg, General Manager
Originator: Kelly A. Lore, Clerk of the Board

SUBJECT:

APPROVAL OF MINUTES

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Approve Minutes of the Regular Meeting of the Board of Directors held March 25, 2020.

BACKGROUND

In accordance with the Board of Directors Rules of Procedure, an accurate record of each meeting will be provided to the Directors for subsequent approval at the following meeting.

RELEVANT STANDARDS

- Resolution No. OCSD 19-19

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

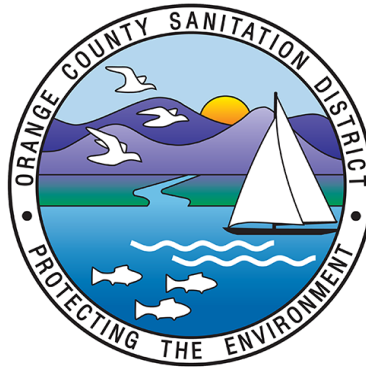
- Minutes of the Board of Directors meeting held March 25, 2020

ORANGE COUNTY SANITATION DISTRICT

MINUTES

BOARD OF DIRECTORS

MARCH 25, 2020



**Board Room Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433**

**MEETING HELD TELEPHONICALLY IN ACCORDANCE WITH THE
GOVERNOR'S EXECUTIVE ORDER NO. N-29-20, DUE TO THE
CORONAVIRUS PANDEMIC (COVID-19)**

CALL TO ORDER

A regular meeting of the Board of Directors of the Orange County Sanitation District was called to order by Board Chairman David Shawver on March 25, 2020 at 6:04 p.m. in the Administration Building. Director Richard Murphy delivered the invocation and led the Pledge of Allegiance. Chair Shawver announced that the meeting was held telephonically in accordance with the Governor's Executive Order No. N-29-20, due to the Coronavirus Pandemic (COVID-19).

The Clerk of the Board announced the teleconference meeting guidelines and stated that votes will be taken by roll call.

ROLL CALL AND DECLARATION OF QUORUM

The Clerk of the Board declared a quorum present as follows:

PRESENT: Brad Avery, Robert Collacott, James Ferryman, Cecilia Iglesias, Steve Jones, Brooke Jones, Peter Kim, Lucille Kring, Sandra Massa-Lavitt, Mark Murphy, Richard Murphy, Steve Nagel, Andrew Nguyen, Glenn Parker, Erik Peterson, Tim Shaw, David Shawver, Christina Shea, Jesus Silva, Fred Smith, Chad Wanke, John Withers, Mariellen Yarc and Donald Wagner (Alternate)

ABSENT: Allan Bernstein

STAFF MEMBERS PRESENT: Jim Herberg, General Manager; Rob Thompson, Assistant General Manager; Lorenzo Tyner, Assistant General Manager; Kelly Lore, Clerk of the Board; Brian Engeln; and Tina Knapp.

OTHERS PRESENT: Brad Hogin (General Counsel).

PUBLIC COMMENTS:

None.

SPECIAL PRESENTATIONS:

None.

REPORTS:

Chair Shawver announced the cancellation of the Committee meetings in April due to a lack of urgent/critical items and staff telecommuting from home or working on prioritized Plant operations. He stated that all items that were scheduled for April committees will be heard at the Steering and Board meetings of April 22.

Mr. Herberg provided an update on OCSD operations in response to COVID-19, noting the following:

- Onsite staff has been reduced significantly. Approximately half of employees remain onsite and are performing critical on-site job functions. The majority are working in the laboratory, treatment plants, and the collections system.
- Operations continue to run in a normal state with all critical infrastructure online and available.
- Construction on public work projects continues as scheduled.
- No permit or regulatory issues to-date.
- Monitoring the situation daily and following all the recommendations of the CDC, the Orange County Healthcare Agency, and the Governor.
- Will continue to provide updates as the situation evolves.

CONSENT CALENDAR:**1. APPROVAL OF MINUTES**[2020-968](#)**Originator:** Kelly Lore

MOVED, SECONDED, AND DULY CARRIED TO:

Approve Minutes of the Regular Meeting of the Board of Directors held February 26 2020.

AYES: Brad Avery, Robert Collacott, James Ferryman, Cecilia Iglesias, Steve Jones, Brooke Jones, Peter Kim, Lucille Kring, Sandra Massa-Lavitt, Mark Murphy, Richard Murphy, Steve Nagel, Glenn Parker, Erik Peterson, Tim Shaw, David Shawver, Christina Shea, Jesus Silva, Fred Smith, Chad Wanke, John Withers and Mariellen Yarc**NOES:** None**ABSENT:** Allan Bernstein and Andrew Nguyen**ABSTENTIONS:** Donald Wagner (Alternate)**RECEIVE AND FILE:****2. REPORT OF THE INVESTMENT TRANSACTIONS FOR THE MONTH OF FEBRUARY 2020**[2020-905](#)**Originator:** Lorenzo Tyner

WITHOUT OBJECTION ACTION TAKEN TO RECEIVE AND FILE THE:

Report of the Investment Transactions for the month of February 2020.

3. COMMITTEE MEETING MINUTES[2020-962](#)**Originator:** Kelly Lore

WITHOUT OBJECTION ACTION TAKEN TO RECEIVE AND FILE THE:

- A. Minutes of the Steering Committee Meeting held January 22, 2020
- B. Minutes of the Operations Committee Meeting held February 5, 2020
- C. Minutes of the Legislative and Public Affairs Committee held February 10, 2020
- D. Minutes of the Administration Committee Meeting held February 19, 2020

OPERATIONS COMMITTEE:

4. HEADWORKS EXPLOSIVE GAS MONITORING SYSTEMS AT PLANT NOS. 1 AND 2, PROJECT NO. FE18-11 [2020-963](#)

Originator: Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

- A. Receive and file Bid Tabulation and Recommendation for Headworks Explosive Gas Monitoring Systems at Plant Nos. 1 and 2, Project No. FE18-11;
- B. Ratify withdrawal of low bid from RP Controls at its request due to an inadvertent bid error and omission made by RP Controls and its equipment supplier regarding the contract design requirements and return of its bid security as allowed under Public Contract Code §5100 et seq.;
- C. Award Construction Contract to Baker Electric, Inc. for Headworks Explosive Gas Monitoring Systems at Plant Nos. 1 and 2, Project No. FE18-11, for a total amount not to exceed \$223,984; and
- D. Approve a contingency of \$22,398 (10%).

AYES: Brad Avery, Robert Collacott, James Ferryman, Cecilia Iglesias, Steve Jones, Brooke Jones, Peter Kim, Lucille Kring, Sandra Massa-Lavitt, Mark Murphy, Richard Murphy, Steve Nagel, Andrew Nguyen, Glenn Parker, Erik Peterson, Tim Shaw, David Shawver, Christina Shea, Jesus Silva, Fred Smith, Chad Wanke, John Withers, Mariellen Yarc and Donald Wagner (Alternate)

NOES: None

ABSENT: Allan Bernstein

ABSTENTIONS: None

5. REDHILL RELIEF SEWER RELOCATION AT STATE ROUTE 55, PROJECT NO. FE18-13 [2020-964](#)

Originator: Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

Approve Utility Agreement No. OCSD-1005 between the Orange County Sanitation District and the Orange County Transportation Authority agreeing to specific terms, conditions, and funding obligations regarding the relocation and protection of the Redhill Relief Sewer at State Route 55 in the City of Santa Ana.

AYES: Brad Avery, Robert Collacott, James Ferryman, Cecilia Iglesias, Steve Jones, Brooke Jones, Peter Kim, Lucille Kring, Sandra Massa-Lavitt, Mark Murphy, Richard Murphy, Steve Nagel, Andrew Nguyen, Glenn Parker, Erik Peterson, Tim Shaw, David Shawver, Christina Shea, Jesus Silva, Fred Smith, Chad Wanke, John Withers, Mariellen Yarc and Donald Wagner (Alternate)

NOES: None

ABSENT: Allan Bernstein

ABSTENTIONS: None

6. OCEAN OUTFALL CONDITION ASSESSMENT AND SCOPING STUDY, PROJECT NO. PS18-09 [2020-965](#)

Originator: Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

A. Approve a Professional Services Agreement with Carollo Engineers, Inc. to provide engineering services for the Ocean Outfall Condition Assessment and Scoping Study, Project No. PS18-09, for an amount not to exceed \$2,744,000; and

B. Approve a contingency of \$274,400 (10%).

AYES: Brad Avery, Robert Collacott, James Ferryman, Cecilia Iglesias, Steve Jones, Brooke Jones, Peter Kim, Lucille Kring, Sandra Massa-Lavitt, Mark Murphy, Richard Murphy, Steve Nagel, Andrew Nguyen, Glenn Parker, Erik Peterson, Tim Shaw, David Shawver, Christina Shea, Jesus Silva, Fred Smith, Chad Wanke, John Withers, Mariellen Yarc and Donald Wagner (Alternate)

NOES: None

ABSENT: Allan Bernstein

ABSTENTIONS: None

7. ELECTRICAL POWER DISTRIBUTION SYSTEM IMPROVEMENTS, PROJECT NO. J-98 [2020-966](#)

Originator: Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

A. Approve a Professional Services Agreement with SEL Engineering Services, Inc. to provide final design, programming, testing, commissioning, and training for a load-shedding system and electrical power protective relay system for Electrical Power Distribution System Improvements, Project No. J-98, for a total amount not to exceed \$1,296,878; and

B. Approve a contingency of \$129,687 (10%).

AYES: Brad Avery, Robert Collacott, James Ferryman, Cecilia Iglesias, Steve Jones, Brooke Jones, Peter Kim, Lucille Kring, Sandra Massa-Lavitt, Mark Murphy, Richard Murphy, Steve Nagel, Andrew Nguyen, Glenn Parker, Erik Peterson, Tim Shaw, David Shawver, Christina Shea, Jesus Silva, Fred Smith, Chad Wanke, John Withers, Mariellen Yarc and Donald Wagner (Alternate)

NOES: None

ABSENT: Allan Bernstein

ABSTENTIONS: None

ADMINISTRATION COMMITTEE:

8. **ORANGE COUNTY SANITATION DISTRICT ASSET MANAGEMENT PROGRAM** [2020-987](#)

Originator: Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

Receive and file the Orange County Sanitation District Asset Management Program report.

AYES: Brad Avery, Robert Collacott, James Ferryman, Cecilia Iglesias, Steve Jones, Brooke Jones, Peter Kim, Lucille Kring, Sandra Massa-Lavitt, Mark Murphy, Richard Murphy, Steve Nagel, Andrew Nguyen, Glenn Parker, Erik Peterson, Tim Shaw, David Shawver, Christina Shea, Jesus Silva, Fred Smith, Chad Wanke, John Withers, Mariellen Yarc and Donald Wagner (Alternate)

NOES: None

ABSENT: Allan Bernstein

ABSTENTIONS: None

LEGISLATIVE AND PUBLIC AFFAIRS COMMITTEE:

9. **PUBLIC AFFAIRS UPDATE FOR THE MONTH OF FEBRUARY 2020** [2020-977](#)

Originator: Jim Herberg

WITHOUT OBJECTION ACTION TAKEN TO:

Receive and file the Public Affairs Update for the month of February 2020.

10. LEGISLATIVE AFFAIRS UPDATE FOR THE MONTH OF FEBRUARY 2020 [2020-978](#)

Originator: Jim Herberg

WITHOUT OBJECTION ACTION TAKEN TO:

Receive and file the Legislative Affairs Update for the month of February 2020.

11. COMMUNICATIONS AUDIT REPORT [2020-979](#)

Originator: Jim Herberg

WITHOUT OBJECTION ACTION TAKEN TO:

Receive and file the Communications Audit Report.

STEERING COMMITTEE:

12. RESOLUTION GRANTING EMERGENCY POWER TO THE GENERAL MANAGER IN THE EVENT THE PUBLIC HEALTH AND SAFETY IS ENDANGERED DUE TO A DISRUPTION OF SEWER SERVICE [2020-998](#)

Originator: Lorenzo Tyner

Chair Shawver stated that the Steering Committee had approved this Resolution and also instructed the General Manager to immediately notify the Board of Directors of any changes that are made to Board-approved policies and procedures or resolution, and to keep a running log of such changes.

MOVED, SECONDED, AND DULY CARRIED TO:

Adopt Resolution No. OCSD 20-01 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District, Granting Emergency Power to the General Manager in the Event the Public Health and Safety is Endangered due to a disruption of Sewer Service; and repealing Resolution No. 75-160".

AYES: Brad Avery, Robert Collacott, James Ferryman, Cecilia Iglesias, Steve Jones, Brooke Jones, Peter Kim, Lucille Kring, Sandra Massa-Lavitt, Mark Murphy, Steve Nagel, Andrew Nguyen, Glenn Parker, Erik Peterson, Tim Shaw, David Shawver, Christina Shea, Jesus Silva, Fred Smith, Chad Wanke, John Withers, Mariellen Yarc and Donald Wagner (Alternate)

NOES: None

ABSENT: Allan Bernstein and Richard Murphy

ABSTENTIONS: None

NON-CONSENT:

None.

INFORMATION ITEMS:

None.

AB 1234 DISCLOSURE REPORTS:

None.

CLOSED SESSION:**CONVENED IN CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(2):**

The Board convened in closed session at 6:20 p.m. to discuss one item with two cases. Confidential minutes of the Closed Session have been prepared in accordance with the above Government Code Section and are maintained by the Clerk of the Board in the Official Book of Confidential Minutes of Board and Committee Closed Session Meetings.

**CS-1 CONFERENCE WITH LEGAL COUNSEL RE ANTICIPATED
LITIGATION - GOVERNMENT CODE SECTION 54956.9(d)(2)**

[2020-972](#)

CONVENED IN CLOSED SESSION:

Number of Potential Cases: 2

Claim for damages from Ignacio Castro and claim for damages from Arlen Blazevic

RECONVENED IN REGULAR SESSION.

The Board reconvened in regular session at 6:31 p.m.

CONSIDERATION OF ACTION, IF ANY, ON MATTERS CONSIDERED IN CLOSED SESSION:

General Counsel Brad Hogin did not provide a report.

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:

None.

BOARD OF DIRECTORS INITIATED ITEMS FOR A FUTURE MEETING:

None.

ADJOURNMENT:

Chair Shawver said a few remarks about former Board Member Al Krippner who recently passed away and stated that he would adjourn the meeting in memory of him .

At 6:33 p.m., Chair Shawver adjourned the meeting until the Regular Meeting of the Board of Directors to be held on April 22, 2020 at 6:00 p.m. in memory of former Board Member Al Krippner.

Submitted by:

Kelly A. Lore, MMC
Clerk of the Board



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

BOARD OF DIRECTORS

Agenda Report

File #: 2019-796

Agenda Date: 4/22/2020

Agenda Item No: 2.

FROM: James D. Herberg, General Manager
Originator: Kathy Millea, Director of Engineering

SUBJECT:

PLANT NO. 2 CENTRAL GENERATION STEAM TURBINE REHABILITATION, PROJECT NO. MP-105

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Approve a Change Order to the Sole Source Purchase Order with Dresser-Rand for the Central Generation Steam Turbine Rehabilitation at Plant No. 2, for an additional amount not to exceed \$238,796 plus applicable taxes and shipping, for a total amount not to exceed \$484,220 plus applicable taxes and shipping; and
- B. Decrease contingency from \$49,085 (20%) to \$12,271 (5%).

BACKGROUND

The Orange County Sanitation District (Sanitation District) operates eight Central Generation engines between both treatment plants. The engines generate approximately two-thirds of the power demand and the majority of the process heat used in the solids digestion process. The Plant No. 2 facility also includes a steam turbine to make up to 1 MW of additional electrical energy from waste engine exhaust heat.

RELEVANT STANDARDS

- Maintain a proactive asset management program
- Use all practical and effective means for recovering energy

PROBLEM

In March 2018, the Board of Directors approved a sole source purchase order with Dresser-Rand, the successor company to the original steam turbine manufacturer, to complete an assessment and standard overhaul. Staff had anticipated that if the turbine's rotor was in poor condition, a spare rotor in the Sanitation District warehouse could be used to complete the rebuild. After removal and disassembly of the steam turbine, Dresser-Rand's assessment found the rotor in the turbine could not be reliably refurbished. Also, it was subsequently determined that the Sanitation District's spare rotor in its warehouse had already been used and could also not be reliably refurbished. To provide a

functional steam turbine system, a new rotor is needed, along with additional repairs identified by the disassembly assessment.

PROPOSED SOLUTION

Approve a change order for the purchase of a new rotor and additional repairs identified by the assessment. The original purchase order was for \$245,424. The proposed Change Order is for an additional \$238,796 for a total of \$484,220. Now that the assessment is complete, the original approved contingency can be reduced from 20% to 5% to match the reduced uncertainty of the remaining work.

TIMING CONCERNS

Without the additional repairs and replacement of the rotor, the steam turbine system could not be operated and annually 3.1 million kWh of electric power would not be captured.

RAMIFICATIONS OF NOT TAKING ACTION

Failure to take action will reduce electricity generation, resulting in an annual cost of approximately \$125,000 for additional electricity purchases.

PRIOR COMMITTEE/BOARD ACTIONS

December 2018 and May 2019 - Approved modifications to the Sanitation District's standard Terms and Conditions following negotiations with Dresser-Rand.

March 2018 - Approved a Sole Source Purchase Order to Dresser-Rand for the assessment and standard overhaul of the Steam Turbine at Plant No. 2, for an amount not to exceed \$245,424, including applicable tax and freight, and a contingency of \$49,085 (20%).

ADDITIONAL INFORMATION

The Plant No. 2 steam turbine has been in operation for approximately 175,000 hours, with 70,000 hours (approximately 8 years) since the last overhaul. A thorough assessment of the steam turbine and supporting safety systems was needed to identify, address, and correct any deficiencies.

CEQA

The project is exempt from CEQA under the Class 1 categorical exemptions set forth in California Code of Regulations Sections 15301 because the project involves repairs, replacement, and/or minor alteration of existing facilities involving no expansion of use or capacity. A Notice of Exemption was filed with the OC Clerk-Recorder on June 4, 2019 after the Sanitation District's Board of Directors approved the assessment and standard overhaul.

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. This item has been budgeted in the FY19/20 Budget Update, Operations and Maintenance (Line Item:

Repairs and Maintenance, Page 47).

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

N/A

ML:dm:sa:gc



Orange County Sanitation District

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BOARD OF DIRECTORS

Agenda Report

File #: 2019-828

Agenda Date: 4/22/2020

Agenda Item No: 3.

FROM: James D. Herberg, General Manager
Originator: Kathy Millea, Director of Engineering

SUBJECT:

12KV DISTRIBUTION B AND EAST RAS PUMP STATION ROOFING REPLACEMENT, PROJECT NO. FE18-19

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Receive and file Bid Tabulation for 12kV Distribution B and East RAS Pump Station Roofing Replacement, Project No. FE18-19;
- B. Reject single low bid from H2M Construction, Inc. as non-responsive; and
- C. Authorize the Purchasing Manager to conduct a Negotiated Procurement for a construction contract for 12kV Distribution B and East RAS Pump Station Roofing Replacement, Project No. FE 18-19, in accordance with Purchasing Ordinance No. OCSD-52.

BACKGROUND

The 12kV Distribution B and East RAS Pump Station buildings provide electrical power to critical operating facilities at Orange County Sanitation District (Sanitation District) Plant No. 2.

RELEVANT STANDARDS

- Comply with California Public Contract Code Section 20103.8, award construction contract to lowest responsive, responsible bidder
- Commitment to safety & reducing risk in all operations

PROBLEM

The 12kV Distribution B and East RAS Pump Station buildings were built in 1977 and are currently experiencing roof leaks. Staff has been protecting electrical equipment using temporary measures.

The Sanitation District advertised for bids and only one sealed bid was received. The Sanitation District's evaluation team determined this bid was non-responsive based on not meeting the minimum experience requirements.

PROPOSED SOLUTION

Reject the single bid as non-responsive. Since no valid bids were received, authorize the Purchasing Manager to conduct a negotiated procurement per Sanitation District's Purchasing Ordinance No. OCSD-52. The negotiated procurement should result in a construction contract subject to award by the Board of Directors.

TIMING CONCERNS

Delaying the construction contract will directly lengthen the time that a leaking roof could cause damage to electrical equipment.

RAMIFICATIONS OF NOT TAKING ACTION

The construction of this project will be deferred and electrical equipment will continue to be at risk of damage.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

The Sanitation District advertised 12kV Distribution B and East RAS Pump Station Roofing Replacement, Project No. FE18-19, for bids on January 10, 2020. A single, sealed bid was received on February 13, 2020.

Engineer's Estimate	\$662,100
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<u>Bidder</u>	<u>Amount of Bid</u>
H2M Construction, Inc.	\$658,000

The bid was evaluated in accordance with the Sanitation District's policies and procedures. The evaluation concluded that H2M Construction, Inc. did not meet the experience requirements for projects of similar cost and complexity, nor for a public owner. A notice was sent to H2M Construction, Inc. on February 27, 2020 informing them of the bid rejection.

Pursuant to Ordinance No. OCSD-52, Section 5.02.A.(1).(c), when the Sanitation District does not receive valid bids for a particular project, the Sanitation District's Board of Directors may authorize the Purchasing Manager to conduct a negotiated procurement and present his or her recommendation to the Board for approval. A Negotiated Procurement is defined as a selection process whereby the Purchasing Manager identifies one or more prospective contractors of his or her choice and negotiates with one or more of them.

Staff has developed a list of three contractors currently working on Sanitation District projects who expressed interest in providing bids for this project. Pursuant to Board approval of the negotiated procurement, staff intends to contact the three contractors on the list and obtain comparative pricing. After completion of the negotiations, staff will bring this item back to the Operations Committee and

the Board of Directors for approval and award of the construction contract.

CEQA

The project is exempt from CEQA under the Class 1 categorical exemptions set forth in California Code of Regulations Sections 15301 because the project involves repairs, replacement, and or minor alteration of existing facilities involving no expansion of use or capacity. A Notice of Exemption will be filed with the OC Clerk-Recorder after the Sanitation District's Board of Directors approves the construction contract.

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. This item has been budgeted (Budget Update, FY 2019-20, Appendix A, Page A-8, Small Construction Projects Program, Project M-FE) and the budget is sufficient for the recommended action.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCS D website (www.ocsd.com) with the complete agenda package:

N/A

SP:dm:sa



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BOARD OF DIRECTORS

Agenda Report

File #: 2019-831

Agenda Date: 4/22/2020

Agenda Item No: 4.

FROM: James D. Herberg, General Manager
Originator: Kathy Millea, Director of Engineering

SUBJECT:

TRUCKLINE SAMPLER POWER FEED AT PLANT NO. 2, PROJECT NO. FE18-17

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Receive and file Bid Tabulation and Recommendation for Truckline Sampler Power Feed at Plant No. 2, Project No. FE18-17;
- B. Award a Construction Contract to M. Brey Electric, Inc. for Truckline Sampler Power Feed at Plant No. 2, Project No. FE18-17, for an amount not to exceed \$101,050; and
- C. Approve a contingency of \$20,210 (20%).

BACKGROUND

The Orange County Sanitation District (Sanitation District) monitors influent wastewater as required for regulatory compliance, operational reporting, and process control. The Sanitation District's Resource Protection Division also conducts monthly sampling of major trunk lines to detect if certain contaminants are present in inappropriately high concentrations and, if so, where they may be originating. That information would be used for subsequent investigation of industrial discharges.

RELEVANT STANDARDS

- Comply with California Public Contract Code Section 20103.8, award construction contract to lowest responsive, responsible bidder
- Commitment to safety & reducing risk in all operations

PROBLEM

There are four locations for trunkline sampling at Plant No. 2 that do not have a power supply within reach of the automated, refrigerated samplers needed for the 24-hour composite samples. Battery-operated samplers are used instead, but they require labor-intensive replacement of batteries on the sampling day, and the sampling pumps do not have enough capacity to clear sampling line clogs. These problems impact the reliability of trunkline monitoring.

PROPOSED SOLUTION

Award a construction contract for Trunkline Sampler Power Feed at Plant No. 2, Project No. FE18-17, to route buried duct banks and provide 120-volt power receptacles at the locations of the four trunkline samplers.

TIMING CONCERNS

Trunkline sampling will continue to be impacted until a power supply is added.

RAMIFICATIONS OF NOT TAKING ACTION

Trunkline sampling will continue to be impacted.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

The Sanitation District advertised for bids for Trunkline Sampler Power Feed at Plant No. 2, Project No. FE18-17, on January 15, 2020. Three sealed bids were received on February 25, 2020. A summary of the bid opening follows:

Engineer's Estimate	\$ 75,000
<u>Bidders</u>	<u>Amount of Bid</u>
M. Brey Electric	\$ 101,050
Baker Electric	\$ 143,290
Metro Builders	\$ 152,000

The bids were evaluated in accordance with the Sanitation District's policies and procedures. A notice was sent to M. Brey Electric, Inc. on March 5, 2020 informing them of the intent of the Sanitation District to recommend award of the construction contract to M. Brey Electric.

The difference between the engineer's estimate and the M. Brey Electric, Inc. bid is \$26,050, and it appears that our estimate did not include sufficient costs for electrical labor and contingency for the classified areas.

Staff recommends awarding a construction contract to M. Brey Electric, Inc. for Trunkline Sampler Power Feed at Plant No. 2, Project No. FE18-17, for a total amount not to exceed \$101,050.

CEQA

The project is exempt from CEQA under the Class 1 categorical exemptions set forth in California Code of Regulations Sections 15301 because the project involves repairs, replacement, and or minor alteration of existing facilities involving no expansion of use or capacity. A Notice of Exemption will

be filed with the OC Clerk-Recorder after the Sanitation District's Board of Directors approval of the construction contract.

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. This item has been budgeted (Budget Update, FY 2019-20, Appendix A, Page A-8, Small Construction Projects Program, Project M-FE) and the budget is sufficient for the recommended action.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Construction Contract

ML:dm:sa

PART A
CONTRACT AGREEMENT

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CONTRACT AGREEMENT
ORANGE COUNTY SANITATION DISTRICT

PROJECT NO. FE18-17
TRUNKLINE SAMPLER POWER FEED AT PLANT NO. 2

THIS AGREEMENT is made and entered into, to be effective, this April 22, 2020, by and between M. Brey Electric , Inc., hereinafter referred to as “CONTRACTOR” and the Orange County Sanitation District, hereinafter referred to as “OCSD”.

WITNESSETH

That for and in consideration of the promises and agreements hereinafter made and exchanged, OCSD and CONTRACTOR agree as follows:

SECTION – 1 GENERAL CONDITIONS

CONTRACTOR certifies and agrees that all the terms, conditions and obligations of the Contract Documents as hereinafter defined, the location of the job site, and the conditions under which the Work is to be performed have been thoroughly reviewed, and enters into this Contract based upon CONTRACTOR’s investigation of all such matters and is in no way relying upon any opinions or representations of OCSD. It is agreed that this Contract represents the entire agreement. It is further agreed that the Contract Documents are each incorporated into this Contract by reference, with the same force and effect as if the same were set forth at length herein, and that CONTRACTOR and its Subcontractors, if any, will be and are bound by any and all of said Contract Documents insofar as they relate in any part or in any way, directly or indirectly, to the Work covered by this Contract.

A. Contract Documents Order of Precedence

“Contract Documents” refers to those documents identified in the definition of “Contract Documents” in the General Conditions – Definitions.

1. In the event of a conflict between one Contract Document and any of the other Contract Documents, the provisions in the document highest in precedence shall be controlling. The order of precedence of the Contract Documents is as follows:
 - a. Supplemental Agreements – the last in time being the first in precedence
 - b. Addenda issued prior to opening of Bids – the last in time being the first in precedence
 - c. Contract Agreement
 - d. Permits and other regulatory requirements
 - e. Special Provisions
 - f. General Conditions (GC)
 - g. Notice Inviting Bids and Instruction to Bidders
 - h. Geotechnical Baseline Report (GBR), if attached as a Contract Document
 - i. Plans and Specifications – in these documents the order of precedence shall be:
 - i. Specifications (Divisions 01-17)
 - ii. Plans
 - iii. General Requirements (GR)
 - iv. Standard Drawings and Typical Details
 - j. CONTRACTOR's Bid
2. In the event of a conflict between terms within an individual Contract Document, the conflict shall be resolved by applying the following principles as appears applicable:
 - a. Figured dimensions on the Contract Documents shall govern. Dimensions not specified shall be as directed by the ENGINEER. Details not shown or specified shall be the same as similar parts that are shown or specified, or as directed. Full-size details shall take precedence over scale Drawings as to

shape and details of construction. Specifications shall govern as to material and workmanship.

- b. The Contract Documents calling for the higher quality material or workmanship shall prevail. Materials or Work described in words, which so applied, have a well known technical or trade meaning shall be deemed to refer to such recognized standards. In the event of any discrepancy between any Drawings and the figures thereon, the figures shall be taken as correct.
- c. Scale Drawings, full-size details, and Specifications are intended to be fully complementary and to agree. Should any discrepancy between Contract Documents come to the CONTRACTOR's attention, or should an error occur in the efforts of others, which affect the Work, the CONTRACTOR shall notify the ENGINEER, in writing, at once. In the event any doubts or questions arise with respect to the true meaning of the Contract Documents, reference shall be made to the ENGINEER whose written decision shall be final. If the CONTRACTOR proceeds with the Work affected without written instructions from the ENGINEER, the CONTRACTOR shall be fully responsible for any resultant damage or defect.
- d. Anything mentioned in the Specifications and not indicated in the Plans, or indicated in the Plans and not mentioned in the Specifications, shall be of like effect as if indicated and mentioned in both. In case of discrepancy in the Plans or Specifications, the matter shall be immediately submitted to OCSD's ENGINEER, without whose decision CONTRACTOR shall not adjust said discrepancy save only at CONTRACTOR's own risk and expense. The decision of the ENGINEER shall be final.

In all matters relating to the acceptability of material, machinery or plant equipment; classifications of material or Work; the proper execution, progress or sequence of the Work; and quantities interpretation of the Contract Documents, the decision of the ENGINEER shall be final and binding, and shall be a condition precedent to any payment under the Contract, unless otherwise ordered by the Board of Directors.

B. Definitions

Capitalized terms used in this Contract are defined in the General Conditions, Definitions. Additional terms may be defined in the Special Provisions.

SECTION – 2 MATERIALS AND LABOR

CONTRACTOR shall furnish, under the conditions expressed in the Plans and Specifications, at CONTRACTOR'S own expense, all labor and materials necessary, except such as are mentioned in the Specifications to be furnished by OCSD, to construct and complete the Project, in good workmanlike and substantial order. If CONTRACTOR fails to pay for labor or materials when due, OCSD may settle such claims by making demand upon the Surety to this Contract. In the event of the failure or refusal of the Surety to satisfy said claims, OCSD may settle them directly and deduct the amount of payments from the Contract Price and any amounts due to CONTRACTOR. In the event OCSD receives a stop payment notice from any laborer or material supplier alleging non-payment by CONTRACTOR, OCSD shall be entitled to deduct all of its costs and expenses incurred relating thereto, including but not limited to administrative and legal fees.

SECTION – 3 PROJECT

The Project is described as:

PROJECT NO. FE18-17

TRUNKLINE SAMPLER POWER FEED AT PLANT NO. 2

SECTION – 4 PLANS AND SPECIFICATONS

The Work to be done is shown in a set of Plans and Specifications entitled:

PROJECT NO. FE18-17

TRUNKLINE SAMPLER POWER FEED AT PLANT NO. 2

Said Plans and Specifications and any revision, amendments and addenda thereto are attached hereto and incorporated herein as part of this Contract and referred to by reference.

SECTION – 5 TIME OF COMMENCEMENT AND COMPLETION

CONTRACTOR agrees to commence the Project within 15 calendar days from the date set forth in the “Notice to Proceed” sent by OCSD, unless otherwise specified therein and shall diligently prosecute the Work to completion within one hundred eighty (180) calendar days from the date of the “Notice to Proceed” issued by OCSD, excluding delays caused or authorized by OCSD as set forth in Sections 7, 8, and 9 hereof, and applicable provisions in the General Conditions.

The time for completion includes five (5) calendar days determined by OCSD likely to be inclement weather when CONTRACTOR will be unable to work.

SECTION – 6 TIME IS OF THE ESSENCE

Time is of the essence of this Contract. As required by the Contract Documents, CONTRACTOR shall prepare and obtain approval of all shop drawings, details and samples, and do all other things necessary and incidental to the prosecution of CONTRACTOR’s Work in conformance with an approved construction progress schedule. CONTRACTOR shall coordinate the Work covered by this Contract with that of all other contractors, subcontractors and of OCSD, in a manner that will facilitate the efficient completion of the entire Work and accomplish the required milestone(s), if any, by the applicable deadline(s) in accordance with Section 5 herein. OCSD shall have the right to assert complete control of the premises on which the Work is to be performed and shall have the right to decide the time or order in which the various portions of the Work shall be installed or the priority of the work of subcontractors,

and, in general, all matters representing the timely and orderly conduct of the Work of CONTRACTOR on the premises.

SECTION – 7 EXCUSABLE DELAYS

CONTRACTOR shall only be excused for any delay in the prosecution or completion of the Project as specifically provided in General Conditions, “Extensions for Delay”, and the General Requirements, “By CONTRACTOR or Others – Unknown Utilities during Contract Work”. Extensions of time and extra compensation arising from such excusable delays will be determined in accordance with the General Conditions, “Extension of Time for Delay” and “Contract Price Adjustments and Payments”, and extensions of time and extra compensation as a result of incurring undisclosed utilities will be determined in accordance with General Requirements, “By CONTRACTOR or Others – Unknown Utilities during Contract Work”. OCSD’s decision will be conclusive on all parties to this Contract.

SECTION – 8 EXTRA WORK

The Contract Price as set forth in Section 11, includes compensation for all Work performed by CONTRACTOR, unless CONTRACTOR obtains a Change Order signed by a designated representative of OCSD specifying the exact nature of the Extra Work and the amount of extra compensation to be paid all as more particularly set forth in Section 9 hereof and the General Conditions, “Request for Change (Changes at CONTRACTOR’s Request)”, “OWNER Initiated Changes”, and “Contract Price Adjustments and Payments”.

In the event a Change Order is issued by OCSD pursuant to the Contract Documents, OCSD shall extend the time fixed in Section 5 for completion of the Project by the number of days, if any, reasonably required for CONTRACTOR to perform the Extra Work, as determined by OCSD’s ENGINEER. The decision of the ENGINEER shall be final.

SECTION – 9 CHANGES IN PROJECT

OCSD may at any time, without notice to any Surety, by Change Order, make any changes in the Work within the general scope of the Contract Document, including but not limited to changes:

1. In the Specifications (including Drawings and designs);
2. In the time, method or manner of performance of the Work;
3. In OCSD-furnished facilities, equipment, materials, services or site; or
4. Directing acceleration in the performance of the Work.

No change of period of performance or Contract Price, or any other change in the Contract Documents, shall be binding until the Contract is modified by a fully executed Change Order.

All Change Orders shall be issued in accordance with the requirements set forth in the General Conditions, "Request for Change (Changes at CONTRACTOR's Request)" and "OWNER Initiated Changes".

SECTION – 10 LIQUIDATED DAMAGES FOR DELAY

Liquidated Damages shall be payable in the amounts and upon the occurrence of such events or failure to meet such requirements or deadlines as provided in the Special Provisions, "Liquidated Damages and Incentives."

SECTION – 11 CONTRACT PRICE AND METHOD OF PAYMENT

- A. OCSD agrees to pay and the CONTRACTOR agrees to accept as full consideration for the faithful performance of this Contract, subject to any additions or deductions as provided in approved Change Orders, the sum of One Hundred One Thousand and Fifty Dollars (\$101,050) as itemized on the Attached Exhibit "A".

Upon satisfaction of the conditions precedent to payment set forth in the General Requirements, Additional General Requirements and General Conditions (including but

not limited to Sections entitled “Mobilization Payment Requirements” and “Payment Itemized Breakdown of Contract Lump Sum Prices”), there shall be paid to the CONTRACTOR an initial Net Progress Payment for mobilization. OCSD shall issue at the commencement of the job a schedule which shows:

1. A minimum of one payment to be made to the CONTRACTOR for each successive four (4) week period as the Work progresses, and
2. The due dates for the CONTRACTOR to submit requests for payment to meet the payment schedule.

After the initial Net Progress Payment, and provided the CONTRACTOR submits the request for payment prior to the end of the day required to meet the payment schedule, the CONTRACTOR shall be paid a Net Progress Payment on the corresponding monthly payment date set forth in the schedule.

Payments shall be made on demands drawn in the manner required by law, accompanied by a certificate signed by the ENGINEER, stating that the Work for which payment is demanded has been performed in accordance with the terms of the Contract Documents, and that the amount stated in the certificate is due under the terms of the Contract.

Payment applications shall also be accompanied with all documentation, records, and releases as required by the Contract, Exhibit A, Schedule of Prices, and General Conditions, “Payment for Work – General”. The Total amount of Progress Payments shall not exceed the actual value of the Work completed as certified by OCSD’s ENGINEER. The processing of payments shall not be considered as an acceptance of any part of the Work.

- B. As used in this Section, the following defined terms shall have the following meanings:

1. **“Net Progress Payment”** means a sum equal to the Progress Payment less the Retention Amount and other qualified deductions (Liquidated Damages, stop payment notices, etc.).
2. **“Progress Payment”** means a sum equal to:
 - a. the value of the actual Work completed since the commencement of the Work as determined by OCSD;
 - b. plus the value of material suitably stored at the worksite, treatment plant or approved storage yards subject to or under the control of OCSD since the commencement of the Work as determined by OCSD;
 - c. less all previous Net Progress Payments;
 - d. less all amounts of previously qualified deductions;
 - e. less all amounts previously retained as Retention Amounts.
3. **“Retention Amount”** for each Progress Payment means the percentage of each Progress Payment to be retained by OCSD to assure satisfactory completion of the Contract. The amount to be retained from each Progress Payment shall be determined as provided in the General Conditions –“Retained Funds; Substitution of Securities.”

SECTION – 12 SUBSTITUTION OF SECURITIES IN LIEU OF RETENTION OF FUNDS

Pursuant to Public Contract Code Section 22300 et seq., the CONTRACTOR may, at its sole expense, substitute securities as provided in General Conditions – “Retained Funds; Substitution of Securities.”

SECTION – 13 COMPLETION

Final Completion and Final Acceptance shall occur at the time and in the manner specified in the General Conditions, “Final Acceptance and Final Completion”, “Final Payment” and Exhibit A - Schedule of Prices.

Upon receipt of all documentation, records, and releases as required by the Contract from the CONTRACTOR, OCSD shall proceed with the Final Acceptance as specified in General Conditions.

SECTION – 14 CONTRACTOR’S EMPLOYEES COMPENSATION

A. Davis-Bacon Act:

CONTRACTOR will pay and will require all Subcontractors to pay all employees on said Project a salary or wage at least equal to the prevailing rate of per diem wages as determined by the Secretary of Labor in accordance with the Davis-Bacon Act for each craft or type of worker needed to perform the Contract. The provisions of the Davis-Bacon Act shall apply only if the Contract is in excess of Two Thousand Dollars (\$2,000.00) and when twenty-five percent (25%) or more of the Contract is funded by federal assistance. If the aforesaid conditions are met, a copy of the provisions of the Davis-Bacon Act to be complied with are incorporated herein as a part of this Contract and referred to by reference.

B. General Prevailing Rate:

OCSD has been advised by the State of California Director of Industrial Relations of its determination of the general prevailing rate of per diem wages and the general prevailing rate for legal holiday and overtime Work in the locality in which the Work is to be performed for each craft or type of Work needed to execute this Contract, and copies of the same are on file in the Office of the ENGINEER of OCSD. The CONTRACTOR agrees that not less than said prevailing rates shall be paid to workers employed on this public works Contract as required by Labor Code Section 1774 of the State of California. Per California Labor Code 1773.2, OCSD will have on file copies of the prevailing rate of per diem wages at its principal office and at each job site, which shall be made available to any interested party upon request.

C. Forfeiture for Violation:

CONTRACTOR shall, as a penalty to OCSD, forfeit Two Hundred Dollars (\$200.00) for each calendar day or portion thereof for each worker paid (either by the CONTRACTOR or any Subcontractor under it) less than the prevailing rate of per diem wages as set by the Director of Industrial Relations, in accordance with Sections 1770-1780 of the California Labor Code for the Work provided for in this Contract, all in accordance with Section 1775 of the Labor Code of the State of California.

D. Apprentices:

Sections 1777.5, 1777.6, 1777.7 of the Labor Code of the State of California, regarding the employment of apprentices are applicable to this Contract and the CONTRACTOR shall comply therewith if the prime contract involves Thirty Thousand Dollars (\$30,000.00) or more.

E. Workday:

In the performance of this Contract, not more than eight (8) hours shall constitute a day's work, and the CONTRACTOR shall not require more than eight (8) hours of labor in a day from any person employed by him hereunder except as provided in paragraph (B) above. CONTRACTOR shall conform to Article 3, Chapter 1, Part 7 (Section 1810 et seq.) of the Labor Code of the State of California and shall forfeit to OCSD as a penalty, the sum of Twenty-five Dollars (\$25.00) for each worker employed in the execution of this Contract by CONTRACTOR or any Subcontractor for each calendar day during which any worker is required or permitted to labor more than eight (8) hours in any one calendar day and forty (40) hours in any one week in violation of said Article. CONTRACTOR shall keep an accurate record showing the name and actual hours worked each calendar day and each calendar week by each worker employed by CONTRACTOR in connection with the Project.

F. Registration; Record of Wages; Inspection:

CONTRACTOR shall comply with the registration requirements of Labor Code Section 1725.5.

Pursuant to Labor Code Section 1771.4, the Work is subject to compliance monitoring by the California Department of Industrial Relations. CONTRACTOR shall maintain accurate payroll records and shall submit payroll records to the Labor Commissioner pursuant to Labor Code Section 1771.4(a)(3). Penalties for non-compliance with the requirements of Section 1776 may be deducted from progress payments per Section 1776.

CONTRACTOR shall comply with the job site notices posting requirements established by the Labor Commissioner per Title 8, California Code of Regulations Section 16461(e).

SECTION – 15 SURETY BONDS

CONTRACTOR shall, before entering upon the performance of this Contract, furnish Bonds approved by OCSD's General Counsel – one in the amount of one hundred percent (100%) of the Contract amount, to guarantee the faithful performance of the Work, and the other in the amount of one hundred percent (100%) of the Contract amount to guarantee payment of all claims for labor and materials furnished. As changes to the Contract occur via approved Change Orders, the CONTRACTOR shall assure that the amounts of the Bonds are adjusted to maintain 100% of the Contract Price. This Contract shall not become effective until such Bonds are supplied to and approved by OCSD. Bonds must be issued by a Surety authorized by the State Insurance Commissioner to do business in California. The Performance Bond shall remain in full force and effect through the warranty period, as specified in Section 19 below. All Bonds required to be submitted relating to this Contract must comply with California Code of Civil Procedure Section 995.630. Each Bond shall be executed in the name of the Surety insurer under penalty of perjury, or the fact of execution of each Bond shall be duly acknowledged before an officer authorized to take and certify acknowledgments, and either one of the following conditions shall be satisfied:

- A. A copy of the transcript or record of the unrevoked appointment, power of attorney, by-laws, or other instrument, duly certified by the proper authority and attested by the seal of the insurer entitling or authorizing the person who executed the Bond to do so for and on behalf of the insurer, is on file in the Office of the County Clerk of the County of Orange; or
- B. A copy of a valid power of attorney is attached to the Bond.

SECTION – 16 INSURANCE

CONTRACTOR shall purchase and maintain, for the duration of the Contract, insurance against claims for injuries to persons, or damages to property which may arise from or in connection with the performance of the Work hereunder, and the results of that Work by CONTRACTOR, its agents, representatives, employees, or Subcontractors, in amounts equal to the requirements set forth below. CONTRACTOR shall not commence Work under this Contract until all insurance required under this Section is obtained in a form acceptable to OCSD, nor shall CONTRACTOR allow any Subcontractor to commence Work on a subcontract until all insurance required of the Subcontractor has been obtained. CONTRACTOR shall maintain all of the foregoing insurance coverages in force through the point at which the Work under this Contract is fully completed and accepted by OCSD pursuant to the provisions of the General Conditions, “Final Acceptance and Final Completion”. Furthermore, CONTRACTOR shall maintain all of the foregoing insurance coverages in full force and effect throughout the warranty period, commencing on the date of Final Acceptance. The requirement for carrying the foregoing insurance shall not derogate from the provisions for indemnification of OCSD by CONTRACTOR under Section 17 of this Contract. Notwithstanding nor diminishing the obligations of CONTRACTOR with respect to the foregoing, CONTRACTOR shall subscribe for and maintain in full force and effect during the life of this Contract, inclusive of all changes to the Contract Documents made in accordance with the provisions of the General Conditions, “Request for Change (Changes at CONTRACTOR’s Request)” and/or “OWNER Initiated

Changes”, the following insurance in amounts not less than the amounts specified. OCSD reserves the right to amend the required limits of insurance commensurate with the CONTRACTOR’s risk at any time during the course of the Project. No vehicles may enter OCSD premises/worksites without possessing the required insurance coverage.

CONTRACTOR’s insurance shall also comply with all insurance requirements prescribed by agencies from whom permits shall be obtained for the Work and any other third parties from whom third party agreements are necessary to perform the Work (collectively, the “Third Parties”), The Special Provisions may list such requirements and sample forms and requirements from such Third Parties may be included in an attachment to the General Requirements. CONTRACTOR bears the responsibility to discover and comply with all requirements of Third Parties, including meeting specific insurance requirements, that are necessary for the complete performance of the Work. To the extent there is a conflict between the Third Parties’ insurance requirements and those set forth by OCSD herein, the requirement(s) providing the more protective coverage for both OCSD and the Third Parties shall control and be purchased and maintained by CONTRACTOR.

A. Limits of Insurance

1. General Liability: One Million Dollars (\$1,000,000) per occurrence and a general aggregate limit of Two Million Dollars (\$2,000,000) for bodily injury, personal injury and property damage. Coverage shall include each of the following:
 - a. Premises-Operations.
 - b. Products and Completed Operations, with limits of at least One Million Dollars (\$1,000,000) per occurrence and a general aggregate limit of Two Million Dollars (\$2,000,000) which shall be in effect at all times during the warranty period set forth in the Warranty section herein, and as set forth in the General Conditions, “Warranty (CONTRACTOR’s Guarantee)”, plus any additional

extension or continuation of time to said warranty period that may be required or authorized by said provisions.

- c. Broad Form Property Damage, expressly including damage arising out of explosion, collapse, or underground damage.
- d. Contractual Liability, expressly including the indemnity provisions assumed under this Contract.
- e. Separation of Insured Clause, providing that coverage applies separately to each insured, except with respect to the limits of liability.
- f. Independent CONTRACTOR's Liability.

To the extent first dollar coverage, including defense of any claim, is not available to OCSD or any other additional insured because of any SIR, deductible, or any other form of self insurance, CONTRACTOR is obligated to assume responsibility of insurer until the deductible, SIR or other condition of insurer assuming its defense and/or indemnity has been satisfied.

CONTRACTOR shall be responsible to pay any deductible or SIR.

- g. If a crane will be used, the General Liability insurance will be endorsed to add Riggers Liability coverage or its equivalent to cover the usage of the crane and exposures with regard to the crane operators, riggers and others involved in using the crane.
 - h. If divers will be used, the General Liability insurance will be endorsed to cover marine liability or its equivalent to cover the usage of divers.
2. Automobile Liability: The CONTRACTOR shall maintain a policy of Automobile Liability Insurance on a comprehensive form covering all owned, non-owned, and hired automobiles, trucks, and other vehicles providing the following minimum limits of liability coverage:

Either (1) a combined single limit of One Million Dollars (\$1,000,000) and a general aggregate limit of One Million Dollars (\$1,000,000) for bodily injury, personal injury and property damage;

Or alternatively, (2) One Million Dollars (\$1,000,000) per person for bodily injury and One Million Dollars (\$1,000,000) per accident for property damage.

3. **Umbrella Excess Liability:** The minimum limits of general liability and automobile liability insurance required, as set forth above, shall be provided for either in a single policy of primary insurance or a combination of policies of primary and umbrella excess coverage. Excess liability coverage shall be issued with limits of liability which, when combined with the primary insurance, will equal the minimum limits for general liability and automobile liability.
4. **Drone Liability Insurance:** If a drone will be used, drone liability insurance must be maintained by CONTRACTOR in the amount of One Million Dollars (\$1,000,000) in a form acceptable by OCSD.
5. **Worker's Compensation/Employer's Liability:** CONTRACTOR shall provide such Worker's Compensation Insurance as required by the Labor Code of the State of California, including employer's liability with a minimum limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease. If an exposure to Jones Act liability may exist, the insurance required herein shall include coverage with regard to Jones Act claims.

Where permitted by law, CONTRACTOR hereby waives all rights of recovery by subrogation because of deductible clauses, inadequacy of limits of any insurance policy, limitations or exclusions of coverage, or any other reason against OCSD, its or their officers, agents, or employees, and any other contractor or subcontractor performing Work or rendering services on behalf of OCSD in connection with the

planning, development and construction of the Project. In all its insurance coverages related to the Work, CONTRACTOR shall include clauses providing that each insurer shall waive all of its rights of recovery by subrogation against OCSD, its or their officers, agents, or employees, or any other contractor or subcontractor performing Work or rendering services at the Project. Where permitted by law, CONTRACTOR shall require similar written express waivers and insurance clauses from each of its Subcontractors of every tier. A waiver of subrogation shall be effective as to any individual or entity, even if such individual or entity (a) would otherwise have a duty of indemnification, contractual or otherwise, (b) did not pay the insurance premium, directly or indirectly, and (c) whether or not such individual or entity has an insurable interest in the property damaged.

6. Limits are Minimums: If CONTRACTOR maintains higher limits than the minimums shown in this Section, OCSD requires and shall be entitled to coverage for the higher limits maintained by the CONTRACTOR.

B. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by OCSD. At the option of OCSD, either: the Insurer shall reduce or eliminate such deductibles or self-insured retentions as respects OCSD, its Directors, officers, agents, CONSULTANTS, and employees; or CONTRACTOR shall provide a financial guarantee satisfactory to OCSD guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

C. Other Insurance Provisions

1. Each such policy of General Liability Insurance and Automobile Liability Insurance shall be endorsed to contain, the following provisions:

- a. OCSD, its Directors, officers, agents, CONSULTANTS, and employees, and all public agencies from whom permits will be obtained, and their Directors, officers, agents, and employees are hereby declared to be additional insureds under the terms of this policy, but only with respect to the operations of CONTRACTOR at or from any of the sites of OCSD in connection with this Contract, or acts and omissions of the additional insured in connection with its general supervision or inspection of said operations related to this Contract.
 - b. Insurance afforded by the additional insured endorsement shall apply as primary insurance, and other insurance maintained by OCSD shall be excess only and not contributing with insurance provided under this policy.
2. Each insurance policy required herein shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, and that coverage shall not be cancelled for non-payment of premium except after ten (10) days prior written notice by certified mail, return receipt requested. Should there be changes in coverage or an increase in deductible or SIR amounts, CONTRACTOR undertakes to procure a manuscript endorsement from its insurer giving 30 days prior notice of such an event to OCSD, or to have its insurance broker/agent send to OCSD a certified letter describing the changes in coverage and any increase in deductible or SIR amounts. The certified letter must be sent Attention: Risk Management and shall be received not less than twenty (20) days prior to the effective date of the change(s). The letter must be signed by a Director or Officer of the broker/agent and must be on company letterhead, and may be sent via e-mail in pdf format.

3. Coverage shall not extend to any indemnity coverage for the active negligence of any additional insured in any case where an agreement to indemnify the additional insured would be invalid under California Civil Code Section 2782(b).
4. If required by a public agency from whom permit(s) will be obtained, each policy of General Liability Insurance and Automobile Liability Insurance shall be endorsed to specify by name the public agency and its legislative members, officers, agents, CONSULTANTS, and employees, to be additional insureds.

D. Acceptability of Insurers

Insurers must have an "A-", or better, Policyholder's Rating, and a Financial Rating of at least Class VIII, or better, in accordance with the most current A.M. Best Rating Guide. OCSD recognizes that State Compensation Insurance Fund has withdrawn from participation in the A.M. Best Rating Guide process. Nevertheless, OCSD will accept State Compensation Insurance Fund for the required policy of worker's compensation insurance, subject to OCSD's option, at any time during the term of this Contract, to require a change in insurer upon twenty (20) days written notice. Further, OCSD will require CONTRACTOR to substitute any insurer whose rating drops below the levels herein specified. Said substitution shall occur within twenty (20) days of written notice to CONTRACTOR by OCSD or its agent.

E. Verification of Coverage

CONTRACTOR shall furnish OCSD with original certificates and mandatory endorsements affecting coverage. Said policies and endorsements shall conform to the requirements herein stated. All certificates and endorsements are to be received and approved by OCSD before Work commences. OCSD reserves the right to require complete, certified copies of all required insurance policies, including endorsements, affecting the coverage required by these Specifications at any time.

4. Additional Required Endorsements

a. Notice of Policy Termination

Manuscript Endorsement

SECTION – 17 RISK AND INDEMNIFICATION

All Work covered by this Contract done at the site of construction or in preparing or delivering materials to the site shall be at the risk of CONTRACTOR alone. CONTRACTOR shall save, indemnify, defend, and keep OCSD and others harmless as more specifically set forth in General Conditions, “General Indemnification”.

SECTION – 18 TERMINATION

This Contract may be terminated in whole or in part in writing by OCSD in the event of substantial failure by the CONTRACTOR to fulfill its obligations under this Agreement, or it may be terminated by OCSD for its convenience provided that such termination is effectuated in a manner and upon such conditions set forth more particularly in General Conditions, “Termination for Default” and/or “Termination for Convenience”, provided that no termination may be effected unless proper notice is provided to CONTRACTOR at the time and in the manner provided in said General Conditions. If termination for default or convenience is effected by OCSD, an equitable adjustment in the price provided for in this Contract shall be made at the time and in the manner provided in the General Conditions, “Termination for Default” and “Termination for Convenience”.

SECTION – 19 WARRANTY

The CONTRACTOR agrees to perform all Work under this Contract in accordance with the Contract Documents, including OCSD’s designs, Drawings and Specifications.

The CONTRACTOR guarantees for a period of at least one (1) year from the date of Final Acceptance of the Work, pursuant to the General Conditions, “Final Acceptance and Final Completion” that the completed Work is free from all defects due to faulty materials, equipment or workmanship and that it shall promptly make whatever adjustments or corrections which may

be necessary to cure any defects, including repairs of any damage to other parts of the system resulting from such defects. OCSD shall promptly give notice to the CONTRACTOR of observed defects. In the event that the CONTRACTOR fails to make adjustments, repairs, corrections or other work made necessary by such defects, OCSD may do so and charge the CONTRACTOR the cost incurred. The CONTRACTOR's warranty shall continue as to any corrected deficiency until the later of (1) the remainder of the original one-year warranty period; or (2) one year after acceptance by OCSD of the corrected Work. The Performance Bond and the Payment Bond shall remain in full force and effect through the guarantee period.

The CONTRACTOR's obligations under this clause are in addition to the CONTRACTOR's other express or implied assurances under this Contract, including but not limited to specific manufacturer or other extended warranties specified in the Plans and Specifications, or state law and in no way diminish any other rights that OCSD may have against the CONTRACTOR for faulty materials, equipment or Work.

SECTION – 20 ASSIGNMENT

No assignment by the CONTRACTOR of this Contract or any part hereof, or of funds to be received hereunder, will be recognized by OCSD unless such assignment has had prior written approval and consent of OCSD and the Surety.

SECTION – 21 RESOLUTION OF DISPUTES

OCSD and the CONTRACTOR shall comply with the provisions of California Public Contract Code Section 20104 et. seq., regarding resolution of construction claims for any Claims which arise between the CONTRACTOR and OCSD, as well as all applicable dispute and Claims provisions as set forth in the General Conditions and as otherwise required by law.

SECTION – 22 SAFETY & HEALTH

CONTRACTOR shall comply with all applicable safety and health requirements mandated by federal, state, city and/or public agency codes, permits, ordinances, regulations, and laws, as

well as these Contract Documents, including but not limited to the General Requirements, Section entitled "Safety" and Exhibit B OCSD Safety Standards.

SECTION – 23 NOTICES

Any notice required or permitted under this Contract shall be sent by certified mail, return receipt requested, at the address set forth below. Any party whose address changes shall notify the other party in writing.

TO OCSD: Orange County Sanitation District
10844 Ellis Avenue
Fountain Valley, California 92708-7018
Attn: Clerk of the Board

Copy to: Orange County Sanitation District
10844 Ellis Avenue
Fountain Valley, California 92708-7018
Attn: Construction Manager

Bradley R. Hogin, Esquire
Woodruff, Spradlin & Smart
555 Anton Boulevard
Suite 1200
Costa Mesa, California 92626

TO CONTRACTOR: M. Brey Electric , Inc.
408 Elm Ave.
Beaumont, CA 92223

Copy to: Matthew Brey, President
M. Brey Electric , Inc.
408 Elm Ave.
Beaumont, CA 92223

IN WITNESS WHEREOF, the parties hereto have executed this Contract Agreement as the date first hereinabove written.

CONTRACTOR: M. Brey Electric , Inc.
408 Elm Ave.
Beaumont, CA 92223

By _____

Printed Name

Its _____

CONTRACTOR's State License No. 581224 (Expiration Date – 12/31/2020)

OCSD: Orange County Sanitation District

By _____

David John Shawver
Board Chairman

By _____

Kelly A. Lore
Clerk of the Board

By _____

Ruth Zintzun
Purchasing & Contracts Manager

EXHIBIT A
SCHEDULE OF PRICES

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SCHEDULE OF PRICES

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EXHIBIT A

SCHEDULE OF PRICES

EXA-1 BASIS OF COMPENSATION

CONTRACTOR will be paid the Contract Price according to the Schedule of Prices, and all other applicable terms and conditions of the Contract Documents.

EXA-2 PROGRESS PAYMENTS

Progress payments will be made in accordance with all applicable terms and conditions of the Contract Documents, including, but not limited to:

1. Contract Agreement – Section 11 – “Contract Price and Method of Payment;”
2. General Conditions – “Payment – General”;
3. General Conditions – “Payment – Applications for Payment”;
4. General Conditions – “Payment – Mobilization Payment Requirements;”
5. General Conditions – “Payment – Itemized Breakdown of Contract Lump Sum Prices”;
6. General Conditions – “Contract Price Adjustments and Payments”;
7. General Conditions – “Suspension of Payments”;
8. General Conditions – “OCSD’s Right to Withhold Certain Amounts and Make Application Thereof”; and
9. General Conditions – “Final Payment.”

EXA-3 RETENTION AND ESCROW ACCOUNTS

A. Retention:

OCSD shall retain a percentage of each progress payment to assure satisfactory completion of the Work. The amount to be retained from each progress payment shall be determined as provided in General Conditions – “Retained Funds; Substitution of Securities”. In all contracts between CONTRACTOR and its Subcontractors and/or Suppliers, the retention may not exceed the percentage specified in the Contract Documents.

B. Substitution of Securities:

CONTRACTOR may, at its sole expense, substitute securities as provided in General Conditions – “Retained Funds; Substitution of Securities.” Payment of Escrow Agent:

In lieu of substitution of securities as provided above, the CONTRACTOR may request and OCSD shall make payment of retention earned directly to the escrow agent at the expense of the CONTRACTOR. At the expense of the CONTRACTOR, the CONTRACTOR may direct the investment of the payments into securities consistent with Government Code §16430 and the CONTRACTOR shall receive the interest earned on the investments upon the same terms provided for in this article for securities deposited by the CONTRACTOR. Upon satisfactory completion of the Contract, the CONTRACTOR shall receive from the escrow agent all securities, interest and payments received by the escrow agent from OCSD, pursuant to the terms of this article. The CONTRACTOR shall pay to each Subcontractor, not later than twenty (20) calendar days after receipt of the payment, the respective amount of interest earned, net of costs attributed to retention withheld from each Subcontractor, on the amount of retention withheld to ensure the performance of the Subcontractor. The escrow agreement used by the escrow agent pursuant to this article shall be substantially similar to the form set forth in §22300 of the California Public Contract Code.

C. Release of Retention:

Upon Final Acceptance of the Work, the CONTRACTOR shall submit an invoice for release of retention in accordance with the terms of the Contract.

D. Additional Deductibles:

In addition to the retentions described above, OCSD may deduct from each progress payment any or all of the following:

1. Liquidated Damages that have occurred as of the date of the application for progress payment;
2. Deductions from previous progress payments already paid, due to OCSD's discovery of deficiencies in the Work or non-compliance with the Specifications or any other requirement of the Contract;
3. Sums expended by OCSD in performing any of the CONTRACTOR'S obligations under the Contract that the CONTRACTOR has failed to perform, and;
4. Other sums that OCSD is entitled to recover from the CONTRACTOR under the terms of the Contract, including without limitation insurance deductibles and assessments.

The failure of OCSD to deduct any of the above-identified sums from a progress payment shall not constitute a waiver of OCSD's right to such sums or to deduct them from a later progress payment.

EXA-4 STOP PAYMENT NOTICE

In addition to other amounts properly withheld under this article or under other provisions of the Contract, OCSD shall retain from progress payments otherwise due the CONTRACTOR an amount equal to one hundred twenty-five percent (125%) of the amount claimed under any stop payment notice under Civil Code §9350 et. seq. or other lien filed against the CONTRACTOR for labor, materials, supplies, equipment, and any other thing of value claimed to have been furnished to and/or incorporated into the Work; or for any other alleged contribution thereto. In addition to the foregoing and in accordance with Civil Code §9358 OCSD may also satisfy its duty to withhold funds for stop payment notices by refusing to release funds held in escrow pursuant to public receipt of a release of stop payment notice executed by a stop payment notice claimant, a stop payment notice release bond, an order of a court of competent jurisdiction, or other evidence satisfactory to OCSD that the CONTRACTOR has resolved such claim by settlement.

EXA-5 PAYMENT TO SUBCONTRACTORS

Requirements

1. The CONTRACTOR shall pay all Subcontractors for and on account of Work performed by such Subcontractors, not later than seven (7) days after receipt of each progress payment as required by the California Business and Professions Code §7108.5. Such payments to Subcontractors shall be based on the measurements and estimates made pursuant to article progress payments provided herein.
2. Except as specifically provided by law, the CONTRACTOR shall pay all Subcontractors any and all retention due and owing for and on account of Work performed by such Subcontractors not later than seven (7) days after CONTRACTOR'S receipt of said retention proceeds from OCSD as required by the California Public Contract Code §7107.

EXA-6 PAYMENT OF TAXES

Unless otherwise specifically provided in this Contract, the Contract Price includes full compensation to the CONTRACTOR for all taxes. The CONTRACTOR shall pay all federal, state, and local taxes, and duties applicable to and assessable against any Work, including but not limited to retail sales and use, transportation, export, import, business, and special taxes. The CONTRACTOR shall ascertain and pay the taxes when due. The CONTRACTOR will maintain auditable records, subject to OCSD reviews, confirming that tax payments are current at all times.

EXA-7 FINAL PAYMENT

After Final Acceptance of the Work, as more particularly set forth in the General Conditions, "Final Acceptance and Final Completion", and after Resolution of the Board authorizing final payment and satisfaction of the requirements as more particularly set forth in General Conditions – "Final Payment", a final payment will be made as follows:

1. Prior to Final Acceptance, the CONTRACTOR shall prepare and submit an application for Final Payment to OCSD, including:
 - a. The proposed total amount due the CONTRACTOR, segregated by items on the payment schedule, amendments, Change Orders, and other bases for payment;
 - b. Deductions for prior progress payments;
 - c. Amounts retained;
 - d. A conditional waiver and release on final payment for each Subcontractor (per Civil Code Section 8136);
 - e. A conditional waiver and release on final payment on behalf of the CONTRACTOR (per Civil Code Section 8136);
 - f. List of Claims the CONTRACTOR intends to file at that time or a statement that no Claims will be filed,
 - g. List of pending unsettled claims, stating claimed amounts, and copies of any and all complaints and/or demands for arbitration received by the CONTRACTOR; and
 - h. For each and every claim that resulted in litigation or arbitration which the CONTRACTOR has settled, a conformed copy of the Request for Dismissal with prejudice or other satisfactory evidence the arbitration is resolved.
2. The application for Final Payment shall include complete and legally effective releases or waivers of liens and stop payment notices satisfactory to OCSD, arising out of or filed in connection with the Work. Prior progress payments shall be subject to correction in OCSD's review of the application for Final Payment. Claims filed with the application for Final Payment must be otherwise timely under the Contract and applicable law.
3. Within a reasonable time, OCSD will review the CONTRACTOR'S application for Final Payment. Any recommended changes or corrections will then be forwarded to the CONTRACTOR. Within ten (10) calendar days after receipt of recommended changes from OCSD, the CONTRACTOR will make the changes, or list Claims that will be filed as a result of the changes, and shall submit the revised application for Final Payment. Upon

acceptance by OCSD, the revised application for Final Payment will become the approved application for Final Payment.

4. If no Claims have been filed with the initial or any revised application for Final Payment, and no Claims remain unsettled within thirty-five (35) calendar days after Final Acceptance of the Work by OCSD, and agreements are reached on all issues regarding the application for Final Payment, OCSD, in exchange for an executed release, satisfactory in form and substance to OCSD, will pay the entire sum found due on the approved application for Final Payment, including the amount, if any, allowed on settled Claims.
5. The release from the CONTRACTOR shall be from any and all Claims arising under the Contract, except for Claims that with the concurrence of OCSD are specifically reserved, and shall release and waive all unreserved Claims against OCSD and its officers, directors, employees and authorized representatives. The release shall be accompanied by a certification by the CONTRACTOR that:
 - a. It has resolved all Subcontractors, Suppliers and other Claims that are related to the settled Claims included in the Final Payment;
 - b. It has no reason to believe that any party has a valid claim against the CONTRACTOR or OCSD which has not been communicated in writing by the CONTRACTOR to OCSD as of the date of the certificate;
 - c. All warranties are in full force and effect, and;
 - d. The releases and the warranties shall survive Final Payment.
6. If any claims remain open, OCSD may make Final Payment subject to resolution of those claims. OCSD may withhold from the Final Payment an amount not to exceed one hundred fifty percent (150%) of the sum of the amounts of the open claims, and one hundred twenty-five percent (125%) of the amounts of open stop payment notices referred to in article entitled stop payment notices herein.
7. The CONTRACTOR shall provide an unconditional waiver and release on final payment from each Subcontractor and Supplier providing Work under the Contract (per Civil Code Section 8138) and an unconditional waiver and release on final payment on behalf of the CONTRACTOR (per Civil Code Section 8138) within thirty (30) days of receipt of Final Payment.

EXA-8 DISCOVERY OF DEFICIENCIES BEFORE AND AFTER FINAL PAYMENT

Notwithstanding OCSD's acceptance of the application for Final Payment and irrespective of whether it is before or after Final Payment has been made, OCSD shall not be precluded from subsequently showing that:

1. The true and correct amount payable for the Work is different from that previously accepted;

2. The previously-accepted Work did not in fact conform to the Contract requirements, or;
3. A previous payment or portion thereof for Work was improperly made.

OCSD also shall not be stopped from demanding and recovering damages from the CONTRACTOR, as appropriate, under any of the foregoing circumstances as permitted under the Contract or applicable law.

ATTACHMENT 1 – CERTIFICATION FOR REQUEST FOR PAYMENT

I hereby certify under penalty of perjury as follows:

That the claim for payment is in all respects true, correct; that the services mentioned herein were actually rendered and/or supplies delivered to OCSD in accordance with the Contract.

I understand that it is a violation of both the federal and California False Claims Acts to knowingly present or cause to be presented to OCSD a false claim for payment or approval.

A claim includes a demand or request for money. It is also a violation of the False Claims Acts to knowingly make use of a false record or statement to get a false claim paid. The term "knowingly" includes either actual knowledge of the information, deliberate ignorance of the truth or falsity of the information, or reckless disregard for the truth or falsity of the information. Proof of specific intent to defraud is not necessary under the False Claims Acts. I understand that the penalties under the Federal False Claims Act and State of California False Claims Act are non-exclusive, and are in addition to any other remedies which OCSD may have either under contract or law.

I hereby further certify, to the best of my knowledge and belief, that:

1. The amounts requested are only for performance in accordance with the Specifications, terms, and conditions of the Contract;
2. Payments to Subcontractors and Suppliers have been made from previous payments received under the Contract, and timely payments will be made from the proceeds of the payment covered by this certification;
3. This request for progress payments does not include any amounts which the prime CONTRACTOR intends to withhold or retain from a Subcontractor or Supplier in accordance with the terms and conditions of the subcontract; and
4. This certification is not to be construed as Final Acceptance of a Subcontractor's performance.

Name

Title

Date

ATTACHMENT 2 – SCHEDULE OF PRICES

See next pages for Bid Submittal Forms: M. Brey Electric, Inc.

BF-14 SCHEDULE OF PRICES, Pages 1 – 2

BF-14 SCHEDULE OF PRICES

INSTRUCTIONS

A. General

For Unit Prices, it is understood that the following quantities are approximate only and are solely for the purpose of estimating the comparison of Bids, and that the actual value of Work will be computed based upon the actual quantities in the completed Work, whether they be more or less than those shown. CONTRACTOR's compensation for the Work under the Contract Documents will be computed based upon the lump sum amount of the Contract at time of award, plus any additional or deleted costs approved by OCSD via approved Change Orders, pursuant to the Contract Documents.

Bidder shall separately price and accurately reflect costs associated with each line item, leaving no blanks. Any and all modifications to the Bid must be initialed by an authorized representative of the Bidder in accordance with the Instructions to Bidders, Preparation of Bid.

Bidders are reminded of Instruction to Bidders, Discrepancy in Bid Items, which, in summary, provides that the total price for each item shall be based on the Unit Price listed for each item multiplied by the quantity; and the correct Total Price for each item shall be totaled to determine the Total Amount of Bid.

All applicable costs including overhead and profit shall be reflected in the respective unit costs and the TOTAL AMOUNT OF BID. The Bid price shall include all costs to complete the Work, including profit, overhead, etc., unless otherwise specified in the Contract Documents. All applicable sales taxes, state and/or federal, and any other special taxes, patent rights or royalties shall be included in the prices quoted in this Bid.

B. Basis of Award

AWARD OF THE CONTRACT WILL BE MADE ON THE BASIS OF THE LOWEST RESPONSIVE AND RESPONSIBLE BID.

Note 1: Base Bid. Includes all costs necessary to furnish all labor, materials, equipment and services for the construction of the Project per the Contract Documents.

Bid Submitted By: M. Brey Electric, Inc.
(Name of Firm)

EXHIBIT A
SCHEDULE OF PRICES

BASE BID ITEMS (Refer to Note 1 in the Instructions):

Item No.	Description	Unit of Measurement	Extended Price
1.	Mobilization: Furnish all labor, materials and equipment and other activities required for Mobilization as described in Division 01, Section 01155 and in conformance with the Contract Documents, for the lump sum price of...	Lump Sum	\$ 5,000
2.	Furnish all labor, materials, equipment and services necessary for the completion of the Contract Work of Project No. FE18-17, Trunkline Sampler Power Feed at Plant No. 2 , except for the Work specified under Bid Item No. 1, in conformance with the Contract Documents, for a lump sum price of ...	Lump Sum	\$ 96,050.00

TOTAL AMOUNT OF BID (BASIS OF AWARD) \$ 101,050.00



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

BOARD OF DIRECTORS

Agenda Report

File #: 2020-1002

Agenda Date: 4/22/2020

Agenda Item No: 5.

FROM: James D. Herberg, General Manager
Originator: Kathy Millea, Director of Engineering

SUBJECT:

GEOTECHNICAL TESTING SERVICES

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Approve an amendment to the Professional Services Agreement with Ninyo and Moore to provide on-call Materials Testing, Inspection, and Geotechnical Testing Services for Collection System and Treatment Plant projects, PSA2019-003, for an additional amount not to exceed \$300,000, for a total contract amount of \$600,000.

BACKGROUND

The Orange County Sanitation District (Sanitation District) uses outside specialty Consultants for on-call materials testing, inspection, and geotechnical testing services in support of the Capital Improvement Program, small construction projects, and maintenance projects during the planning, design, and construction of facilities both inside the plants and for the collections systems.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent

PROBLEM

Currently, the Sanitation District has contracts with three firms that provide these services. One of these firms, Ninyo and Moore, is providing geotechnical inspection and testing services for the Newhope-Placentia Trunk Sewer Replacement Project, Project No. 2-72 B&C, and their current contract amount is not sufficient to adequately complete the work.

PROPOSED SOLUTION

Approve an amendment to increase the contract amount with Ninyo and Moore to provide the necessary geotechnical testing for this critical project. The additional amount is based upon a forecast to project completion. The Sanitation District awarded two other contracts to provide similar services and those firms are being utilized on other current Sanitation District projects. Using the same firm on this project brings consistency and efficiency for this difficult project.

TIMING CONCERNS

The Newhope-Placentia Trunk Sewer Replacement project in Anaheim is currently underway and continued support of this project is critical to ensure quality construction without delay.

RAMIFICATIONS OF NOT TAKING ACTION

Without the additional contract capacity, there would be increased risk in construction quality and code compliance in supporting the Capital Improvement Program, small construction projects, and maintenance projects.

PRIOR COMMITTEE/BOARD ACTIONS

February 2019 - Approved Professional Services Agreements to provide on-call Materials Testing, Inspection, and Geotechnical Testing Services for Collection System and Treatment Plant projects, PSA2019-003, for a three-year period effective May 1, 2019, for an amount not to exceed \$300,000 per individual agreement (\$900,000 total) with the following three firms:

- Ninyo & Moore
- SCST, Inc.
- Koury Engineering and Testing, Inc.

ADDITIONAL INFORMATION

The three Professional Service Agreements span a three-year period. The recommended contract amounts were based on the average number and type of test and inspections utilized over the previous three years, and the needs anticipated one year ago for the next three years. Staff uses these Consultants on an as-needed basis only. The total agreement cost is not guaranteed, nor is it paid to the Consultant if their services are not used.

The on-call contracts were not intended to be tied to a specific project, but also the extent of support needed for geotechnical testing and inspection for the Newhope-Placentia project was underestimated. The original estimate was based on an average production for a project of this size, but this is influenced by many factors including the nature of the soils, the depth of construction, intersection sequencing, the type of trench shoring, and the complexity of the lateral tie-ins and utilities. This is a highly complex project and requires a significant amount of night and weekend work that was not correctly accounted for in the original forecast. The Sanitation District tries to utilize only a single firm for each project where possible for consistency and accountability.

CEQA

This is not a project as defined by the California Environmental Quality Act (CEQA), therefore CEQA does not apply.

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. These funds are included in the individual project budgets that require these services.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Professional Services Agreement Amendment

DF:dm

AMENDMENT NO. 1 TO AGREEMENT

THIS AMENDMENT NO. 1 TO AGREEMENT, is made and entered into to be effective the 22nd day of April, 2020, by and between the ORANGE COUNTY SANITATION DISTRICT, hereinafter referred to as "SANITATION DISTRICT", and NINYO & MOORE, for purposes of this Agreement hereinafter referred to as "CONSULTANT".

WITNESSETH:

WHEREAS, the SANITATION DISTRICT and CONSULTANT have previously executed an Agreement dated May 1, 2019, for professional services for PSA2019-003, Materials Testing, Inspection, and Other Geotechnical Testing Services for the Sanitation District's Capital Improvement Program, Facilities Engineering, Operations, and Maintenance Projects; and,

WHEREAS, the SANITATION DISTRICT has determined that additional geotechnical inspection and testing services are required; and,

WHEREAS, CONSULTANT is qualified to provide the necessary services in connection with these additional requirements based on its demonstrated competence and has agreed to provide the necessary engineering services, and has been selected in accordance with the SANITATION DISTRICT selection policy regarding professional services; and,

WHEREAS, the Board of Directors has accepted the recommendation of the Director of Engineering, pursuant to the current Ordinance, and has approved this Amendment No. 1 between the SANITATION DISTRICT and CONSULTANT.

NOW, THEREFORE, in consideration of the promises and mutual benefits, which will result to the parties in carrying out the terms of this Amendment No. 1, it is mutually agreed as follows:

1. Article 2 of that certain Agreement dated May 1, 2019, between the SANITATION DISTRICT and CONSULTANT is hereby amended to increase the total compensation by \$300,000 from \$300,000 to an amount not to exceed \$600,000, all in accordance with the same terms and conditions as otherwise specified in Article 3 and the other provisions of said Agreement.

2. This modifying Amendment is supplemental to the Agreement dated May 1, 2019 and is by reference made a part of said Agreement. All of the terms, conditions, and provisions thereof, unless specifically modified herein, shall continue in full force and effect.

3. In the event of any conflict or inconsistency between the provisions of this Amendment and any of the provisions of the original Agreement, the provisions of this Amendment No. 1 shall in all respects govern and control.

IN WITNESS WHEREOF, this Amendment No. 1 to Agreement has been executed in the name of the SANITATION DISTRICT by its officers thereunto duly authorized and executed by CONSULTANT as of the day and year first above written.

CONSULTANT: NINYO & MOORE

By _____ Date _____

Printed Name & Title

ORANGE COUNTY SANITATION DISTRICT

By _____ Date _____
David John Shawver
Board Chairman

By _____ Date _____
Kelly A. Lore
Clerk of the Board

By _____ Date _____
Ruth Zintzun
Purchasing & Contracts Manager

CMM



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

BOARD OF DIRECTORS

Agenda Report

File #: 2020-1003

Agenda Date: 4/22/2020

Agenda Item No: 6.

FROM: James D. Herberg, General Manager
Originator: Kathy Millea, Director of Engineering

SUBJECT:

SURVEYING SERVICES

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Approve a Professional Services Agreement to provide on-call Surveying Services for Collection System and Treatment Plant projects, PSA2019-002, effective May 1, 2020 through April 30, 2022, for an amount not to exceed \$150,000 with Cannon Corporation.

BACKGROUND

The Orange County Sanitation District (Sanitation District) uses outside specialty Consultants for on-call surveying services in support of the Capital Improvement Program, small construction projects, and maintenance projects during the planning, design, and construction of facilities both inside the plants and for the collections systems.

The Sanitation District advertised a Request for Proposal (RFP) on August 7, 2018 and seven proposals were received. In February 2019, following a standard evaluation process, the Sanitation District awarded Professional Services Agreements (PSA) with Michael Baker International, Inc.; Stantec Consulting Services, Inc.; D. Woolley & Associates, Inc.; and Bush and Associates, Inc. for \$200,000 to each of the four selected firms.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent

PROBLEM

Bush and Associates, Inc., one of the selected firms awarded a PSA for on-call surveying services, ceased operations in February 2020. This leaves the Sanitation District with a reduced capacity to meet the engineering surveying needs of the projects currently in progress.

PROPOSED SOLUTION

In order to maintain enough services to meet the projected needs, a substitute engineering surveying firm is being recommended for a contract award for the remaining time in the three-year period. During the original competitive RFP process, Cannon Corporation was evaluated and was the fifth-ranked firm.

TIMING CONCERNS

Collection System and Treatment Plant projects are currently in progress and with fewer on-call contracted resources available, there is a risk that the Sanitation District will not be able to effectively support these projects resulting in potential delays and/or reduced quality.

RAMIFICATIONS OF NOT TAKING ACTION

Without this additional contract, there would be an increased risk in construction quality and code compliance in supporting the Capital Improvement Program, small construction projects, and maintenance projects.

PRIOR COMMITTEE/BOARD ACTIONS

February 2019 - Approved Professional Services Agreements to provide on-call Surveying Services for Collection System and Treatment Plant projects, PSA2019-002, for a three-year period effective May 1, 2019, for an amount not to exceed \$200,000 per individual agreement (\$800,000 total) with the following four firms:

- Michael Baker International, Inc.
- Stantec Consulting Services, Inc.
- D. Woolley & Associates, Inc.
- Bush and Associates, Inc.

ADDITIONAL INFORMATION

The on-call Engineering Surveying Services PSAs cover a three-year period and the recommended contract amounts were based on an average of the number and type of test and inspections utilized over the previous three years, and the anticipated needs for the next three years. Staff uses these Consultants on an as-needed basis only. The total agreement dollar amount is not guaranteed, nor is it paid to the Consultant if their services are not used.

In February 2019, four on-call Engineering Surveying Services PSAs were awarded to the top four evaluated firms out of the seven total proposals received in a competitive RFP process. The fourth ranked firm, Bush and Associates was one of the selected firms, but has recently ceased operations, leaving the Sanitation District with a reduced level of service.

In order to effectively meet the project needs, the Sanitation District recommends awarding an on-call PSA to the fifth-ranked firm in the original RFP evaluation. This firm, PENCO Engineering, recently changed their name to Cannon Corporation through a corporate merger and the Sanitation District

has verified that this firm has the same level of staffing and qualifications as originally proposed. Cannon Corporation has agreed to honor the same terms and conditions as originally proposed.

The Sanitation District recommends awarding this PSA to Cannon Corporation for a reduced amount of \$150,000 to correspond to the reduced contract period.

CEQA

This is not a project as defined by the California Environmental Quality Act (CEQA), therefore CEQA does not apply.

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. These funds are included in the individual project budgets that require these services.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Professional Services Agreement

DF:dm

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT, is made and entered into to be effective the 1st day of May, 2020, by and between the ORANGE COUNTY SANITATION DISTRICT, hereinafter referred to as "SANITATION DISTRICT", and CANNON CORPORATION, for purposes of this AGREEMENT hereinafter referred to as "CONSULTANT". The SANITATION DISTRICT and CONSULTANT are referred to herein collectively as the "Parties" or individually as a "Party."

WITNESSETH:

WHEREAS, the SANITATION DISTRICT desires to engage a CONSULTANT for Surveying Services for the SANITATION DISTRICT's Capital Improvement Program, Facilities Engineering, Operations, and Maintenance Projects, PSA2019-002; and,

WHEREAS, CONSULTANT is qualified to provide the necessary services in connection with these requirements and has agreed to provide the necessary professional services; and,

WHEREAS, the SANITATION DISTRICT has adopted procedures for the selection of professional services and has proceeded in accordance with said procedures to select CONSULTANT to perform this work; and,

WHEREAS, at its regular meeting on April 22, 2020 the Board of Directors, by Minute Order, accepted the recommendation of the Operations Committee to approve this AGREEMENT between the SANITATION DISTRICT and CONSULTANT.

NOW, THEREFORE, in consideration of the promises and mutual benefits, which will result to the parties in carrying out the terms of this AGREEMENT, it is mutually agreed as follows:

1. SCOPE OF WORK

CONSULTANT agrees to furnish necessary professional and technical services to accomplish those project elements outlined in the Scope of Work attached hereto as "Attachment A", and by this reference made a part of this AGREEMENT.

- A. The CONSULTANT shall be responsible for the professional quality, technical accuracy, and completeness and coordination of all tests, inspections, reports, and other services furnished by the CONSULTANT under this AGREEMENT, including the work performed by its Subconsultants and/or Subcontractors. Where approval by the SANITATION DISTRICT is indicated, it is understood to be conceptual approval only and does not relieve the CONSULTANT of responsibility for complying with all applicable laws, regulations, codes, industry standards and liability for damages caused by errors, omissions, noncompliance with industry standards, and/or negligence on the part of the CONSULTANT or its Subconsultants and/or Subcontractors.
- B. CONSULTANT is responsible for the quality of work prepared under this AGREEMENT and shall ensure that all work is performed to the highest industry standards for clarity, uniformity, and completeness.
- C. In the event that CONSULTANT's services and/or work product(s) is not to the satisfaction of the SANITATION DISTRICT and/or does not conform to the requirements of this AGREEMENT or the applicable industry standards, the

CONSULTANT shall, without additional compensation, promptly correct or revise any errors or deficiencies in its tests, inspections, reports or other services within the timeframe specified by the Project Manager. The SANITATION DISTRICT may charge to CONSULTANT all costs, expenses and damages associated with any such corrections or revisions.

- D. All professional services performed by the CONSULTANT, including, but not limited to, all drafts, data, correspondence, proposals, tests, inspections, reports, and estimates compiled or composed by the CONSULTANT, pursuant to this AGREEMENT, are for the sole use of the SANITATION DISTRICT, its agents and employees. Neither the documents nor their contents shall be released to any third party without the prior written consent of the SANITATION DISTRICT. This provision does not apply to information that (a) was publicly known, or otherwise known to the CONSULTANT, at the time that it was disclosed to the CONSULTANT by the SANITATION DISTRICT, or (b) subsequently becomes publicly known to the CONSULTANT other than through disclosure by the SANITATION DISTRICT.

2. COMPENSATION

Total compensation shall be paid to CONSULTANT for services in accordance with the following provisions:

A. Total Compensation

Total compensation shall be in an amount not to exceed One Hundred Fifty Thousand Dollars (\$150,000), over a two (2) year period. The SANITATION DISTRICT will compensate the CONSULTANT for the services provided according to the unit prices and/or hourly rates, as applicable, for the items included in Attachment "D" Fee Schedule. Each unit price and/or hourly rate represents all costs for performing the Work, including but not limited to technician labor, driving time, vehicles, equipment and materials, equipment calibration, overhead, profit, report writing, office reviews and supervision, and other miscellaneous charges.

B. Labor – Not Used

C. Overhead – Not Used

D. Profit – Not Used

E. Subconsultants – Not Used

F. Direct Costs – Not Used

G. Other Direct Costs – See Attachment "K"

H. Reimbursable Direct Costs – Not Used

3. REALLOCATION OF TOTAL COMPENSATION

The SANITATION DISTRICT, by its Director of Engineering, shall have the right to approve a reallocation of the incremental amounts constituting the Total Compensation, provided that the Total Compensation is not increased.

4. PAYMENT

- A. CONSULTANT will submit monthly or periodic statements, separately for each project or Task, covering services and/or work performed no later than the second Wednesday of the following month and in the format required by the SANITATION DISTRICT, to request payment. Such requests shall be based upon the amount and value of the work and services performed by CONSULTANT under this AGREEMENT and shall be prepared by CONSULTANT and accompanied by such supporting data, including:
- Tasks completed, identified by the Task number assigned to each Task.
 - Detailed breakdown of all costs incurred per task performed, and all back-up documentation for each Task.
 - Copy of the daily notes or tasks including the signature of the SANITATION DISTRICT's Inspector approving the day's work.
 - Running total of services billed, services paid, services billed but not paid, and the amount of the contract remaining.
- B. CONSULTANT shall warrant and certify the accuracy of these costs and provide all support documentation required by the SANITATION DISTRICT. CONSULTANT understands that submitted costs are subject to Audit Provisions stated herein below.
- C. Upon approval of such payment request by the SANITATION DISTRICT, payment shall be made to CONSULTANT as soon as practicable of one hundred percent (100%) of the invoiced amount on a unit price or hourly rate basis per task order.
- D. If the SANITATION DISTRICT determines that the work under this AGREEMENT or any specified project element hereunder, is incomplete and that the amount of payment is in excess of:
- i. The amount considered by the SANITATION DISTRICT's Director of Engineering to be adequate for the protection of the SANITATION DISTRICT; or
 - ii. The percentage of the work accomplished for each task order.
- E. The SANITATION DISTRICT may, at the discretion of the Director of Engineering, retain an amount equal to that which insures that the total amount paid to that date does not exceed the percentage of the completed work for each task order.
- F. Upon satisfactory completion by CONSULTANT of the work called for under the terms of this AGREEMENT, and upon acceptance of such work by the SANITATION DISTRICT, CONSULTANT will be paid the unpaid balance of any money due for such work, including any retained percentages relating to this portion of the work.

- G. Upon satisfactory completion of the work performed hereunder and prior to final payment under this AGREEMENT for such work, or prior settlement upon termination of this AGREEMENT, and as a condition precedent thereto, CONSULTANT shall execute and deliver to the SANITATION DISTRICT a release of all claims against the SANITATION DISTRICT arising under or by virtue of this AGREEMENT other than such claims, if any, as may be specifically exempted by CONSULTANT from the operation of the release in stated amounts to be set forth therein.
- H. Pursuant to the California False Claims Act (Government Code sections 12650-12655), any CONSULTANT that knowingly submits a false claim to the SANITATION DISTRICT for compensation under the terms of this AGREEMENT may be held liable for treble damages and up to a \$10,000 civil penalty for each false claim submitted. This section shall also be binding on all Subconsultants.
- I. A CONSULTANT, Subconsultant or Subcontractor shall be deemed to have submitted a false claim when the CONSULTANT, Subconsultant or Subcontractor: (a) knowingly presents or causes to be presented to an officer or employee of the SANITATION DISTRICT a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the SANITATION DISTRICT; (c) conspires to defraud the SANITATION DISTRICT by getting a false claim allowed or paid by the SANITATION DISTRICT; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to the SANITATION DISTRICT; or (e) is a beneficiary of an inadvertent submission of a false claim to the SANITATION DISTRICT, and fails to disclose the false claim to the SANITATION DISTRICT within a reasonable time after discovery of the false claim.
- J. **Limitation of Costs**
If, at any time, CONSULTANT estimates the cost of performing the services under this AGREEMENT will exceed seventy-five percent (75%) of the not-to-exceed amount of the AGREEMENT, including approved additional compensation, CONSULTANT shall notify the SANITATION DISTRICT immediately, and in writing. This written notice shall indicate the additional amount necessary to complete the services. Any cost incurred in excess of the approved not-to-exceed amount, without the express written consent of the SANITATION DISTRICT's authorized representative shall be at CONSULTANT's own risk. This written notice shall be provided separately from, and in addition to any notification requirements contained in the CONSULTANT's requests for payment. Failure to notify the SANITATION DISTRICT that the services cannot be completed within the authorized not-to-exceed amount is a material breach of this AGREEMENT.

5. PREVAILING WAGES

To the extent CONSULTANT and its Subconsultant(s) and/or Subcontractor(s) intends to utilize employees who will perform work during the contract, as more specifically defined under Labor Code Section 1720, CONSULTANT and its Subconsultant(s) and/or Subcontractor(s) shall be subject to prevailing wage requirements with respect to such employees.

6. CALIFORNIA DEPARTMENT OF INDUSTRIAL RELATIONS (DIR) REGISTRATION AND RECORD OF WAGES

- A. To the extent CONSULTANT's employees, Subconsultants and/or Subcontractors who will perform Work during the design and preconstruction phases of a construction contract for which Prevailing Wage Determinations have been issued by the DIR and as more specifically defined under Labor Code Section 1720 et seq, CONSULTANT and Subconsultants shall comply with the registration requirements of Labor Code Section 1725.5. Pursuant to Labor Code Section 1771.4, the Work is subject to compliance monitoring and enforcement by the DIR.
- B. The CONSULTANT and Subconsultants shall maintain accurate payroll records and shall comply with all the provisions of Labor Code Section 1776, and shall submit payroll records to the Labor Commissioner pursuant to Labor Code Section 1771.4(a)(3). Penalties for non-compliance with the requirements of Section 1776 may be deducted from progress payments per Section 1776.
- C. Pursuant to Labor Code Section 1776, the CONSULTANT and Subconsultants shall furnish a copy of all certified payroll records to SANITATION DISTRICT and/or general public upon request, provided the public request is made through SANITATION DISTRICT, the Division of Apprenticeship Standards or the Division of Labor Enforcement of the Department of Industrial Relations.
- D. The CONSULTANT and Subconsultants shall comply with the job site notices posting requirements established by the Labor Commissioner per Title 8, California Code of Regulation Section 16461(3).

7. AGREEMENT TERM

The services provided under this AGREEMENT shall be for the period of two (2) years, commencing on May 1, 2020 and continuing through April 30, 2022.

8. DOCUMENT OWNERSHIP – CONSULTANT PERFORMANCE

- A. Ownership of Documents for the Professional Services performed. All documents in all forms (electronic, paper, etc.), including, but not limited to tests, inspections, reports, original plans, studies, sketches, drawings, computer printouts, disk files, and electronic copies prepared in connection with or related to the Scope of Work or Professional Services, shall be the property of the SANITATION DISTRICT. The SANITATION DISTRICT's ownership of these documents includes use of, reproduction or reuse of and all incidental rights, whether or not the work for which they were prepared has been performed. The SANITATION DISTRICT ownership entitlement arises upon payment or any partial payment for work performed and includes ownership of any and all work product completed prior to that payment. This Section shall apply whether the CONSULTANT's Professional Services are terminated: a) by the completion of the AGREEMENT, or b) in accordance with other provisions of this AGREEMENT. Notwithstanding any other provision of this paragraph or

AGREEMENT, the CONSULTANT shall have the right to make copies of all such plans, studies, sketches, drawings, computer printouts and disk files, and specifications.

- B. CONSULTANT shall not be responsible for damage caused by subsequent changes to or uses of the tests, inspections, reports, plans or deliverables where the subsequent changes or uses are not authorized or approved by CONSULTANT, provided that the service rendered by CONSULTANT was not a proximate cause of the damage.

9. INSURANCE

A. General

- i. Insurance shall be issued and underwritten by insurance companies acceptable to the SANITATION DISTRICT.
- ii. Insurers must have an "A-" Policyholder's Rating, or better, and Financial Rating of at least Class VIII, or better, in accordance with the most current A.M. Best's Guide Rating. However, the SANITATION DISTRICT will accept State Compensation Insurance Fund, for the required policy of Worker's Compensation Insurance subject to the SANITATION DISTRICT's option to require a change in insurer in the event the State Fund financial rating is decreased below "B". Further, the SANITATION DISTRICT will require CONSULTANT to substitute any insurer whose rating drops below the levels herein specified. Said substitution shall occur within twenty (20) days of written notice to CONSULTANT, by the SANITATION DISTRICT or its agent.
- iii. Coverage shall be in effect prior to the commencement of any work under this AGREEMENT.

B. General Liability

The CONSULTANT shall maintain during the life of this AGREEMENT, including the period of warranty, Commercial General Liability Insurance written on an occurrence basis providing the following minimum limits of liability coverage: Two Million Dollars (\$2,000,000) per occurrence with Two Million Dollars (\$2,000,000) aggregate. Said insurance shall include coverage for the following hazards: Premises-Operations, blanket contractual liability (for this AGREEMENT), products liability/completed operations (including any product manufactured or assembled), broad form property damage, blanket contractual liability, independent contractors liability, personal and advertising injury, mobile equipment, owners and contractors protective liability, and cross liability and severability of interest clauses. A statement on an insurance certificate will not be accepted in lieu of the actual additional insured endorsement(s). If requested by SANITATION DISTRICT and applicable, XCU coverage (Explosion, Collapse and Underground) and Riggers/On Hook Liability must be included in the General Liability policy and coverage must be reflected on the submitted Certificate of Insurance.

C. Umbrella Excess Liability

The minimum limits of general liability and Automotive Liability Insurance required, as set forth herein, shall be provided for through either a single policy of primary insurance or a combination of policies of primary and umbrella excess coverage. Umbrella excess liability coverage shall be issued with limits of liability which, when combined with the primary insurance, will equal the minimum limits for general liability and automotive liability.

D. Automotive/Vehicle liability Insurance

The CONSULTANT shall maintain a policy of Automotive Liability Insurance on a comprehensive form covering all owned, non-owned, and hired automobiles, trucks, and other vehicles providing the following minimum limits of liability coverage: Combined single limit of One Million Dollars (\$1,000,000) or alternatively, One Million Dollars (\$1,000,000) per person for bodily injury and One Million Dollars (\$1,000,000) per accident for property damage. A statement on an insurance certificate will not be accepted in lieu of the actual additional insured endorsement.

E. Drone Liability Insurance

If a drone will be used, drone liability insurance must be maintained by CONSULTANT in the amount of one million dollars (\$1,000,000) in form acceptable to the SANITATION DISTRICT.

F. Worker's Compensation Insurance

The CONSULTANT shall provide such Workers' Compensation Insurance as required by the Labor Code of the State of California in the amount of the statutory limit, including Employer's Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000) per occurrence. Such Worker's Compensation Insurance shall be endorsed to provide for a waiver of subrogation in favor of the SANITATION DISTRICT. A statement on an insurance certificate will not be accepted in lieu of the actual endorsements unless the insurance carrier is State of California Insurance Fund and the identifier "SCIF" and endorsement numbers 2570 and 2065 are referenced on the certificate of insurance. If an exposure to Jones Act liability may exist, the insurance required herein shall include coverage for Jones Act claims.

G. Errors and Omissions/Professional Liability

CONSULTANT shall maintain in full force and effect, throughout the term of this AGREEMENT, standard industry form professional negligence errors and omissions insurance coverage in an amount of not less than One Million Dollars (\$1,000,000) with limits in accordance with the provisions of this Paragraph. If the policy of insurance is written on a "claims made" basis, said policy shall be continued in full force and effect at all times during the term of this AGREEMENT, and for a period of five (5) years from the date of the completion of the services hereunder.

In the event of termination of said policy during this period, CONSULTANT shall obtain continuing insurance coverage for the prior acts or omissions of CONSULTANT during the course of performing services under the term of this

I. Cancellation Notice

Each insurance policy required herein shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days' prior written notice. The Cancellation Section of ACORD Form 25 (5/2010) shall state the required thirty (30) days' written notification. The policy shall not terminate, nor shall it be cancelled, nor the coverage reduced until thirty (30) days after written notice is given to the SANITATION DISTRICT except for nonpayment of premium, which shall require not less than ten (10) days written notice to the SANITATION DISTRICT. Should there be changes in coverage or an increase in deductible or SIR amounts, the CONSULTANT and its insurance broker/agent shall send to the SANITATION DISTRICT a certified letter which includes a description of the changes in coverage and/or any increase in deductible or SIR amounts. The certified letter must be sent to the attention of Risk Management, and shall be received by the SANITATION DISTRICT not less than thirty (30) days prior to the effective date of the change(s) if the change would reduce coverage or increase deductibles or SIR amounts or otherwise reduce or limit the scope of insurance coverage provided to the SANITATION DISTRICT.

J. Primary Insurance

All liability policies shall contain a Primary and Non-Contributory Clause. Any other insurance maintained by the SANITATION DISTRICT shall be excess and not contributing with the insurance provided by CONSULTANT.

K. Separation of Insured

All liability policies shall contain a "Separation of Insureds" clause.

L. Non-Limiting (if applicable)

Nothing in this document shall be construed as limiting in any way, nor shall it limit the indemnification provision contained in this AGREEMENT, or the extent to which CONSULTANT may be held responsible for payment of damages to persons or property.

M. Deductibles and Self-Insured Retentions

Any deductible and/or self-insured retention must be declared to the SANITATION DISTRICT on the Certificate of Insurance. All deductibles and/or self-insured retentions require approval by the SANITATION DISTRICT. At the option of the SANITATION DISTRICT, either: the insurer shall reduce or eliminate such deductible or self-insured retention as respects the SANITATION DISTRICT; or the CONSULTANT shall provide a financial guarantee satisfactory to the SANITATION DISTRICT guaranteeing payment of losses and related investigations, claim administration and defense expenses.

N. Defense Costs

Liability policies shall have a provision that defense costs for all insureds and additional insureds are paid in addition to and do not deplete any policy limits.

O. Subconsultants

The CONSULTANT shall be responsible to establish insurance requirements for any Subconsultant hired by the CONSULTANT. The insurance shall be in amounts and types reasonably sufficient to deal with the risk of loss involving the Subconsultant's operations and work.

P. Limits Are Minimums

If the CONSULTANT maintains higher limits than any minimums shown above, then SANITATION DISTRICT requires and shall be entitled to coverage for the higher limits maintained by CONSULTANT.

10. SCOPE CHANGES

In the event of a change in the Scope of Work or a change in the proposed Project, as requested by the SANITATION DISTRICT, the Parties hereto shall execute an Amendment to this AGREEMENT setting forth with particularity all terms of the new AGREEMENT, including, but not limited to any additional CONSULTANT's fees.

11. PROJECT TEAM AND SUBCONSULTANTS AND SUBCONTRACTORS – Not Used

12. ENGINEERING REGISTRATION

The CONSULTANT's personnel and Subconsultants and/or Subcontractors are comprised of registered engineers and a staff of specialists and draftsmen in each department. The firm itself is not a registered engineer but represents and agrees that wherever, in the performance of this AGREEMENT, the services of a registered engineer is required, such services hereunder will be performed under the direct supervision of registered engineers who are registered in California.

13. AUDIT PROVISIONS

A. SANITATION DISTRICT retains the reasonable right to access, review, examine, and audit, any and all books, records, documents and any other evidence of procedures and practices that the SANITATION DISTRICT determines are necessary to discover and verify that the CONSULTANT is in compliance with all requirements under this AGREEMENT. The CONSULTANT shall include the SANITATION DISTRICT's right as described above, in any and all of their subcontracts, and shall ensure that these rights are binding upon all Subconsultants.

B. SANITATION DISTRICT retains the right to examine CONSULTANT's books, records, documents and any other evidence of procedures and practices that the SANITATION DISTRICT determines are necessary to discover and verify all

direct and indirect costs, of whatever nature, which are claimed to have been incurred, or anticipated to be incurred or to ensure CONSULTANT's compliance with all requirements under this AGREEMENT during the term of this AGREEMENT and for a period of three (3) years after its termination.

- C. CONSULTANT shall maintain complete and accurate records in accordance with generally accepted industry standard practices and the SANITATION DISTRICT's policy. The CONSULTANT shall make available to the SANITATION DISTRICT for review and audit, all project related accounting records and documents, and any other financial data within 15 days after receipt of notice from the SANITATION DISTRICT. Upon SANITATION DISTRICT's request, the CONSULTANT shall submit exact duplicates of originals of all requested records to the SANITATION DISTRICT. If an audit is performed, CONSULTANT shall ensure that a qualified employee of the CONSULTANT will be available to assist SANITATION DISTRICT's auditor in obtaining all Project related accounting records and documents, and any other financial data.

14. LEGAL RELATIONSHIP BETWEEN PARTIES

The legal relationship between the parties hereto is that of an independent contractor and nothing herein shall be deemed to transform CONSULTANT, its staff, independent contractors, or Subconsultants and/or Subcontractors into employees of the SANITATION DISTRICT. CONSULTANT'S staff performing services under the AGREEMENT shall at all times be employees and/or independent contractors of CONSULTANT. CONSULTANT shall monitor and control its staff and pay wages, salaries, and other amounts due directly to its staff in connection with the AGREEMENT. CONSULTANT shall be responsible for hiring, review, and termination of its staff and shall be accountable for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, workers' compensation and similar matters.

15. NOTICES

All notices hereunder and communications regarding the interpretation of the terms of this AGREEMENT, or changes thereto, shall be effected by delivery of said notices in person or by depositing said notices in the U.S. mail, registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

ORANGE COUNTY SANITATION DISTRICT:

10844 Ellis Avenue
Fountain Valley, CA 92708-7018
Attention: Clarice Marcin, Senior Contracts Administrator
Copy: Bill Gilbert, Project Manager

CONSULTANT:

Cannon Corporation
Chad Engelskirger, Survey Manager, Survey Director
1050 Southwood Drive
San Luis Obispo, CA 93401

Copies to:
Cannon Corporation
J Braley, Survey Manager
16842 Von Karman Avenue, Suite 150
Irvine, CA 92606

All communication regarding the Scope of Work, will be addressed to the Project Manager. Direction from other SANITATION DISTRICT staff must be approved in writing by the SANITATION DISTRICT's Project Manager prior to action from the CONSULTANT.

16. TERMINATION

The SANITATION DISTRICT may terminate this AGREEMENT at any time, without cause, upon giving thirty (30) days written notice to CONSULTANT. In the event of such termination, CONSULTANT shall be entitled to compensation for work performed on a prorated basis through and including the effective date of termination.

CONSULTANT shall be permitted to terminate this AGREEMENT upon thirty (30) days written notice only if CONSULTANT is not compensated for billed amounts in accordance with the provisions of this AGREEMENT, when the same are due. Notice of termination shall be mailed to the SANITATION DISTRICT at the address listed in NOTICES above.

17. DOCUMENTS AND STUDY MATERIALS

The documents and study materials for this Project shall become the property of the SANITATION DISTRICT upon the termination or completion of the work.

CONSULTANT agrees to furnish to the SANITATION DISTRICT copies of all memoranda, correspondence, electronic materials, computation and study materials in its files pertaining to the work described in this AGREEMENT, which is requested in writing by the SANITATION DISTRICT.

18. COMPLIANCE

- A. CONSULTANT certifies by the execution of this AGREEMENT that it pays employees not less than the minimum wage as defined by law, and that it does not discriminate in its employment with regard to race, color, religion, sex or national origin; that it is in compliance with all federal, state and local directives and executive orders regarding non-discrimination in employment; and that it agrees to demonstrate positively and aggressively the principle of equal opportunity in employment.
- B. Air Pollution: CONSULTANT and its subconsultants and subcontractors shall comply with all applicable federal, state and local air pollution control laws and regulations.

19. AGREEMENT EXECUTION AUTHORIZATION

Both the SANITATION DISTRICT and CONSULTANT do covenant that each individual executing this document by and on behalf of each Party is a person duly authorized to execute this AGREEMENT for that Party.

20. DISPUTE RESOLUTION

In the event of a dispute arising between the parties regarding performance or interpretation of this AGREEMENT, the dispute shall be resolved by binding arbitration under the auspices of the Judicial Arbitration and Mediation Service ("JAMS"), or similar organization or entity conducting alternate dispute resolution services.

21. ATTORNEY'S FEES, COSTS AND NECESSARY DISBURSEMENTS

If any action at law or in equity or if any proceeding in the form of an Alternative Dispute Resolution (ADR) is necessary to enforce or interpret the terms of this AGREEMENT, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which he may be entitled.

22. WARRANTY

CONSULTANT shall perform its services in accordance with generally accepted industry and professional standards. If, within the 12-month period following completion of its services, the SANITATION DISTRICT informs CONSULTANT that any part of the services fails to meet those standards, CONSULTANT shall, within the time prescribed by the SANITATION DISTRICT, take all such actions as are necessary to correct or complete the noted deficiency(ies).

23. INDEMNIFICATION

To the fullest extent permitted by law, CONSULTANT shall indemnify, defend (at CONSULTANT's sole cost and expense and with legal counsel approved by the SANITATION DISTRICT, which approval shall not be unreasonably withheld), protect and hold harmless the SANITATION DISTRICT and all of SANITATION DISTRICT's officers, directors, employees, CONSULTANT's, and agents (collectively the "Indemnified Parties"), from and against any and all claims, damages, liabilities, causes of action, suits, arbitration awards, losses, judgments, fines, penalties, costs and expenses (including, without limitation, attorneys' fees, disbursements and court costs, and all other professional, expert or CONSULTANT's fees and costs and the SANITATION DISTRICT's general and administrative expenses; individually, a "Claim"; collectively, "Claims") which may arise from or are in any manner related, directly or indirectly, to any work performed, or any operations, activities, or services provided by CONSULTANT in carrying out its obligations under this AGREEMENT to the extent of the negligent, recklessness and/or willful misconduct of CONSULTANT, its principals, officers, agents, employees, CONSULTANT's suppliers, CONSULTANT, Subconsultants, subcontractors, and/or anyone employed directly or indirectly by any of them, regardless of any contributing negligence or strict liability of an Indemnified Party. Notwithstanding the foregoing, nothing herein shall be construed to require CONSULTANT to indemnify the Indemnified Parties from any Claim arising solely from:

(A) the active negligence or willful misconduct of the Indemnified Parties; or

(B) a natural disaster or other act of God, such as an earthquake; or

(C) the independent action of a third party who is neither one of the Indemnified Parties nor the CONSULTANT, nor its principal, officer, agent, employee, nor CONSULTANT's supplier, CONSULTANT, Subconsultant, subcontractor, nor anyone employed directly or indirectly by any of them.

Exceptions (A) through (B) above shall not apply, and CONSULTANT shall, to the fullest extent permitted by law, indemnify the Indemnified Parties, from Claims arising from more than one cause if any such cause taken alone would otherwise result in the obligation to indemnify hereunder.

CONSULTANT's liability for indemnification hereunder is in addition to any liability CONSULTANT may have to the SANITATION DISTRICT for a breach by CONSULTANT of any of the provisions of this AGREEMENT. Under no circumstances shall the insurance requirements and limits set forth in this AGREEMENT be construed to limit CONSULTANT's indemnification obligation or other liability hereunder. The terms of this AGREEMENT are contractual and the result of negotiation between the parties hereto. Accordingly, any rule of construction of contracts (including, without limitation, California Civil Code Section 1654) that ambiguities are to be construed against the drafting party, shall not be employed in the interpretation of this AGREEMENT.

24. DUTY TO DEFEND

The duty to defend hereunder is wholly independent of and separate from the duty to indemnify and such duty to defend shall exist regardless of any ultimate liability of CONSULTANT and shall be consistent with Civil Code section 2782.8. Such defense obligation shall arise immediately upon presentation of a Claim by any person if, without regard to the merit of the Claim, such Claim could potentially result in an obligation to indemnify one or more Indemnified Parties, and upon written notice of such Claim being provided to CONSULTANT. Payment to CONSULTANT by any Indemnified Party or the payment or advance of defense costs by any Indemnified Party shall not be a condition precedent to enforcing such Indemnified Party's rights to indemnification hereunder. In the event a final judgment, arbitration, award, order, settlement, or other final resolution expressly determines that the claim did not arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the CONSULTANT, to any extent, then the SANITATION DISTRICT will reimburse CONSULTANT for the reasonable costs of defending the Indemnified Parties against such claims.

CONSULTANT's indemnification obligation hereunder shall survive the expiration or earlier termination of this AGREEMENT until such time as action against the Indemnified Parties for such matter indemnified hereunder is fully and finally barred by the applicable statute of limitations.

25. COMPLIANCE WITH SANITATION DISTRICT POLICIES AND PROCEDURES

CONSULTANT shall comply with all SANITATION DISTRICT policies and procedures including the OCSA Safety Standards, as applicable, all of which may be amended from time to time.

26. CLOSEOUT

When the SANITATION DISTRICT determines that all Work authorized under the AGREEMENT is fully complete and that the SANITATION DISTRICT requires no further work from CONSULTANT, or the AGREEMENT is otherwise terminated or expires in accordance with the terms of the AGREEMENT, the SANITATION DISTRICT shall give the Consultant written notice that the AGREEMENT will be closed out. CONSULTANT shall submit all outstanding billings, work submittals, deliverables, reports or similarly related documents as required under the AGREEMENT within thirty (30) days of receipt of notice of AGREEMENT closeout.

Upon receipt of CONSULTANT's submittals, the SANITATION DISTRICT shall commence a closeout audit of the AGREEMENT and will either:

- i. Give the CONSULTANT a final AGREEMENT Acceptance: or
- ii. Advise the CONSULTANT in writing of any outstanding item or items which must be furnished, completed, or corrected at the CONSULTANT's cost.

CONSULTANT shall be required to provide adequate resources to fully support any administrative closeout efforts identified in the AGREEMENT Such support must be provided within the timeframe requested by the SANITATION DISTRICT.

Notwithstanding the final AGREEMENT acceptance, the CONSULTANT will not be relieved of its obligations hereunder, nor will the CONSULTANT be relieved of its obligations to complete any portions of the work, the non-completion of which were not disclosed to the SANITATION DISTRICT (regardless of whether such nondisclosures were fraudulent, negligent, or otherwise), and the CONSULTANT shall remain obligated under all those provisions of the AGREEMENT which expressly or by their nature extend beyond and survive final AGREEMENT Acceptance.

Any failure by the SANITATION DISTRICT to reject the work or to reject the CONSULTANT's request for final AGREEMENT Acceptance as set forth above shall not be deemed to be acceptance of the work by the SANITATION DISTRICT for any purpose nor imply acceptance of, or AGREEMENT with, the CONSULTANT's request for final AGREEMENT Acceptance.

27. ENTIRE AGREEMENT

This AGREEMENT constitutes the entire understanding and AGREEMENT between the Parties and supersedes all previous negotiations between them pertaining to the subject matter thereof.

IN WITNESS WHEREOF, this AGREEMENT has been executed in the name of the SANITATION DISTRICT, by its officers thereunto duly authorized, and CONSULTANT as of the day and year first above written.

CONSULTANT: CANNON CORPORATION

By _____
Date _____

Printed Name & Title

ORANGE COUNTY SANITATION DISTRICT

By _____
David John Shawver
Board Chairman
Date _____

By _____
Kelly A. Lore
Clerk of the Board
Date _____

By _____
Ruth Zintzun
Purchasing & Contracts Manager
Date _____

Attachments:

- Attachment "A" Scope of Work
- Attachment "D" Fee Schedule Form
- Attachment "J" OCSD Safety Standards
- Attachment "K" Allowable Direct Costs

CMM:ms

ATTACHMENT “A”

SCOPE OF WORK

ATTACHMENT "A"

SCOPE OF WORK

SURVEYING SERVICES FOR THE SANITATION DISTRICT'S CAPITAL IMPROVEMENT PROGRAM, FACILITIES ENGINEERING, OPERATIONS, AND MAINTENANCE PROJECTS

PSA2019-002

I. PURPOSE

The selected CONSULTANT shall provide on-call surveying services as required in support of the SANITATION DISTRICT's Capital Improvement Program, Facilities Engineering, Operations, and Maintenance projects. The locations for this work include the two treatment plants and other facilities (pump stations and collections system) located throughout Orange County.

II. TYPICAL TASKS

PRELIMINARY ALIGNMENT: Provide preliminary stationing at intervals as required by the SANITATION DISTRICT Engineer.

CONSTRUCTION ALIGNMENT: Provide horizontal and vertical controls. Paint or flag centerline of sewer for collections projects when requested by the SANITATION DISTRICT Engineer.

CONTRACTOR'S STAKING: Provide one set of offset line-and-grade stakes for pipeline, manholes, structures, etc. at 25 to 50-foot intervals, or as required by the SANITATION DISTRICT Engineer along with cut sheets for contractor's use.

PIPE CASINGS/TUNNELS: Provide one set of offset stakes for each pit location and one set for horizontal and vertical control in pits, with cut sheets.

Provide line-and-grade checks inside casings.

PIPELINE HEADING CHECK: Provide line-and-grade checks daily or as required by the SANITATION DISTRICT Engineer.

STREET CENTERLINE TIES: Prior to construction, tie-out street centerline monumentation, and after construction, replace disturbed or destroyed street centerline ties.

PAVEMENT REPLACEMENT: At the locations requested by the SANITATION DISTRICT, street cross sections will be surveyed prior to construction. For pavement replacement after construction, one set of paving and curb stakes will be provided at locations designated by the SANITATION DISTRICT.

MISCELLANEOUS SURVEY: As requested by the SANITATION DISTRICT, provide boundary and topographic surveys, monument replacement, aerial photography, settlement monitoring, easement review and preparation, and other miscellaneous items. Prepare base maps and exhibits using AutoCAD, latest version, record required documents with the County.

III. REQUIREMENTS

1. CONSULTANT shall be available upon 24-hour notice. The SANITATION DISTRICT expects that the technician will arrive at the site with the correct equipment, calibrated to existing standards with documentation. The SANITATION DISTRICT will not reimburse the CONSULTANT for the time required to obtain the correct equipment.
2. Equipment that requires calibration shall be calibrated prior to the work. Calibration costs shall be included in the total hourly rate for field service fees.
3. CONSULTANT shall be experienced with tunnel and casing surveys.
4. Copies of all survey notes shall be furnished to the SANITATION DISTRICT within 24 hours of survey or stakeout. Cut sheets and heading checks documents shall be provided the same day.
5. Survey work shall be documented in English Standard Units and/or Metric Units, as required by the SANITATION DISTRICT.
6. CONSULTANT shall be available for occasional night work (4:30 p.m. to 7:00 a.m.) upon 24hour advance notice.
7. Survey party should consist of two or three persons per crew with a certified party chief, or equal.
8. Party chief or company representative should be available for the pre-construction meeting and other key meetings as the project progresses.
9. All supplies, such as, but not limited to, stakes, flagging, nails, spikes, ties, paint, etc. shall be included in the hourly rate.
10. All surveyors must be adequately insured for liability and property damage, and a copy of the policy must be forwarded to the SANITATION DISTRICT. Vehicles shall bear the CONSULTANT's name.

11. CONSULTANT shall be able to provide proper traffic control in accordance with the Work Area Traffic Control Handbook (WATCH) Manual, Manual on Uniform Traffic Control Devices (MUTCD) or as required by the governing agency when carrying out their functions and duties.
12. At least one member of the party shall have a cell phone or other form of communication so as to be in contact with the home office in the event the SANITATION DISTRICT requires immediate communication during normal working hours, and shall have means to be directly contacted in the field by SANITATION DISTRICT personnel via cell phone.
13. CONSULTANT must be able to recognize survey errors or omissions in the contract drawings, survey or stakeout, and alert SANITATION DISTRICT staff timely in order to mitigate production delays and costs.
14. CONSULTANT shall comply with OSHA requirements and OCSD Safety Standards.
15. On occasion, CONSULTANT will be required to enter confined spaces to perform work. Entrants shall be CAL-OSHA confined-space trained and certified. Certifications shall be submitted to the SANITATION DISTRICT for review and approval at least 48 hours prior to commencement of work. Personnel will be entering under Contractor's confined-space entry permit.
16. Personal protective equipment (PPE), including lower explosive limit (LEL) personal monitors is required onsite for all personnel.
17. The SANITATION DISTRICT shall provide to the CONSULTANT a Task Order Number that will be used to track the work. The CONSULTANT will not begin any work without the Task Order Number. If the CONSULTANT receives direction from the SANITATION DISTRICT to perform some type of work without a Task Order Number, the CONSULTANT shall contact the Inspection Supervisor to determine if the work is authorized and receive a Task Order Number if appropriate.
18. CONSULTANT will submit monthly statements, ***separately for each project or Task***, covering services and/or work performed no later than the second Wednesday of the following month and in the format required by the SANITATION DISTRICT, to request payment. Such requests shall be based upon the amount and value of the work and services performed by CONSULTANT under this Agreement and shall be prepared by CONSULTANT and accompanied by such supporting data, including:
 - Task Order Number and Project Number and/or Project Description included on the statement.
 - Tasks completed, identified by the Task number assigned to each Task.
 - Detailed breakdown of all costs incurred per task performed, and all back-up documentation for each Task.
 - Copy of the daily notes or tasks including the signature of the SANITATION DISTRICT's Inspector approving the day's work.
 - Running total of services billed, services paid, services billed but not paid, and the amount of the contract remaining.

The SANITATION DISTRICT will not approve any task performed without the appropriate back-up documentation and may result in delayed or partial payment. Failure to submit monthly statements no later than the second Wednesday of the following month may result in delayed payment.

19. If any conflict of interest occurs on a project, the SANITATION DISTRICT shall be notified without delay of the conflict. The SANITATION DISTRICT will evaluate conflict of interest on a case-by-case basis and advise as to whether it may be waived in each case.

ATTACHMENT “D”

FEE PROPOSAL

**ATTACHMENT “D”
FEE SCHEDULE**

**SURVEYING SERVICES
FOR THE SANITATION DISTRICT’S CAPITAL IMPROVEMENT PROGRAM,
FACILITIES ENGINEERING, OPERATIONS, AND MAINTENANCE PROJECTS**

PSA2019-002

Service	Contract Year 1 5/1/19-4/30/20 (hourly rate)	Contract Year 2 5/1/20-4/30/21 (hourly rate)	Contract Year 3 5/1/21-4/30/22 (hourly rate)
1 Person Survey Crew	N/A (Not Safe)	N/A	N/A
2 Person Survey Crew	\$295	\$305	\$315
3 Person Survey Crew	\$370	\$380	\$390
Supervision (1 hour/8 crew hours)	\$220	\$225	\$230
Calculations, CAD Data Processing, Reports, Other Office Work	\$130	\$135	\$140
1 Person Survey Crew Overtime Rate	N/A (Not Safe)	N/A	N/A
2 Person Survey Crew Overtime Rate	\$443	\$458	\$473
3 Person Survey Crew Overtime Rate	\$555	\$570	\$585

Other	Contract Year 1 5/1/19-4/30/20	Contract Year 2 5/1/20-4/30/21	Contract Year 3 5/1/21-4/30/22
Minimum Callout Hours	4 hours	4 hours	4 hours

Cannon acknowledges that we will be available upon 24 hours' notice, though the typical notice time is 48 hours

ATTACHMENT “J”
OCSD SAFETY STANDARDS

Revision 8
September 10, 2018

ATTACHMENT “K”
ALLOWABLE DIRECT COSTS

**ATTACHMENT “K”
ALLOWABLE DIRECT COSTS**

OTHER DIRECT COSTS	OCSD may authorize other items that may be necessitated due to modifications in scope of work resulting from field investigations and field work required by Contract. These items may include special equipment, test equipment and tooling and other materials and services not previously identified. These items will be reimbursed based on actual cost incurred. A one-time mark-up of 15% for additional equipment rentals, materials and outside services required for field work and investigations, may be allowed, as applicable, if justified. No additional markup is allowed by Consultant on other direct costs resulting from work performed by its Subcontractors.
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Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

BOARD OF DIRECTORS

Agenda Report

File #: 2020-959

Agenda Date: 4/22/2020

Agenda Item No: 7.

FROM: James D. Herberg, General Manager
Originator: Rob Thompson, Assistant General Manager

SUBJECT:

PLANT NO. 1 PEPS PUMP NO. 2 REPAIR

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Approve a Sole Source Purchase Order for Cortech Engineering to rebuild Primary Effluent Pump Station Pump No. 2 at Plant No. 1 for a total amount not to exceed \$150,888, plus applicable tax and shipping; and
- B. Approve a contingency of \$15,089 (10%).

BACKGROUND

The Orange County Sanitation District (Sanitation District) Plant No. 1 Primary Effluent Pump Station (PEPS) lifts primary effluent from the East Side Primary Sedimentation Basins to the activated sludge facility, AS-1, at Plant No. 1. Additional flows that enter the PEPS wet well are from Central Generation cooling water, plant water strainers, and Dissolved Air Flotation Thickener systems. The PEPS wet well contains three vertical pumps and one submersible pump. Each of the vertical pumps have a nominal pumping capacity of approximately 45 MGD. The PEPS pumps were originally installed over 40 years ago by Project P1-16.

RELEVANT STANDARDS

- 24/7/365 treatment plant reliability
- Maintain a proactive asset management program
- Comply with environmental permit requirements

PROBLEM

PEPS No. 2 pump operates at a significantly reduced capacity due to long-term wear and requires a rebuild. This reduced pumping capacity limits the use of East Side Primary Sedimentation Basins.

PROPOSED SOLUTION

Rebuild PEPS Pump No. 2 through Cortech Engineering (Cortech) who is the sole authorized service repair company for Patterson pumps. Cortech will deliver, install, and assist in pump commissioning and start-up.

TIMING CONCERNS

The proposed repair needs to be completed prior to the next wet weather season to provide sufficient primary treatment redundancy and reliability at Plant No. 1.

RAMIFICATIONS OF NOT TAKING ACTION

If PEPS Pump No. 2 cannot operate per design, primary effluent treatment will potentially be impacted at Plant No. 1 during wet weather events.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

A contingency of 10% is requested for unforeseen conditions during removal, disassembly, rebuild, installation, or performance testing.

CEQA

The repair of the PEPS pump 2 is categorically exempt from CEQA under the Class 1 categorical exemptions set forth in California Code of Regulations Section 15301. Section 15301 (Class 1) exempts from CEQA “the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use,” including “(b) Existing facilities of both investor and publicly-owned utilities used to provide electric power, natural gas, sewerage, or other public utility services”.

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District’s Purchasing Ordinance. This recommendation would be funded under the Repairs and Maintenance line item for Operations and Maintenance Department (Budget Update Fiscal Year 2019-20, Page 47). The available funding is sufficient for this action.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
04/22/2020	\$150,887.75	\$15,089 (10%)

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

N/A

RM:jg:st:ab



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

BOARD OF DIRECTORS

Agenda Report

File #: 2020-988

Agenda Date: 4/22/2020

Agenda Item No: 8.

FROM: James D. Herberg, General Manager
Originator: Rob Thompson, Assistant General Manager

SUBJECT:

PLANT NO. 2, REPLACE FOUR PUTZMEISTER HYDRAULIC CYLINDERS FOR TRUCKLOADING SLIDING FRAMES

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Approve a Sole Source Purchase Order for Pumpaction Corp. to procure four Putzmeister Hydraulic Cylinders on the Solid Storage and Truck Loading Bin sliding frames for \$355,254, plus applicable sales tax and shipping; and
- B. Approve a contingency of \$35,526 (10%).

BACKGROUND

The current Solids Storage and Truck Loading Facility at Plant No. 2 includes two flat-bottom bins which have been in service for approximately 20 years. Each bin has a sliding steel frame unit at the bottom of the bin that is driven back and forth by two hydraulic cylinders to evenly distribute solids for truck loading. The movement of the frame is critical to prevent bridging of the material in the bin for smooth truck loading operation.

RELEVANT STANDARDS

- Comply with environmental permit requirements
- Maintain a proactive asset management program
- 24/7/365 treatment plant reliability

PROBLEM

The hydraulic cylinders driving the sliding frame operate at very high pressures. The current units are experiencing performance loss and oil leaks that impact the reliability of the truck loading operation at Plant No. 2. The leaks also create safety and environmental hazards that must be monitored and managed daily. The original equipment manufacturer, Putzmeister, has communicated that repair components and seals for the hydraulic cylinder units are obsolete. A newer model of the hydraulic cylinder is available by the original manufacturer as a direct replacement.

PROPOSED SOLUTION

Approve the purchase for four upgraded Putzmeister hydraulic cylinders through Pumpaction Corp. Standard lead time from Putzmeister is approximately 16 weeks. The procurement will result in extending the reliable life of the current truck loading hydraulic sliding frames and associated equipment.

TIMING CONCERNS

The proposed repairs need to be completed in coordination with the auger replacements scheduled for this year to ensure the reliability of the Plant No. 2 truck loading facility.

RAMIFICATIONS OF NOT TAKING ACTION

Failure to act increases the risk of the hydraulic cylinders failing with no parts or spare units available. This could cause the shut-down of one or both storage silos and impact our capacity to load trucks and remove solids from the Plant No. 2.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. This recommendation would be funded under the Repairs and Maintenance line item for Operations and Maintenance Department (Budget Update Fiscal Year 2019-20, Page 47), and the available funding is sufficient for this action.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
04/01/2020	\$355,253.20	\$35,525.32

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

N/A

RM:jg:rr:ls



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

BOARD OF DIRECTORS

Agenda Report

File #: 2020-986

Agenda Date: 4/22/2020

Agenda Item No: 9.

FROM: James D. Herberg, General Manager
Originator: Lan C. Wiborg, Director of Environmental Services

SUBJECT:

APPROVE PURCHASE OF AN EPA 624.1 PURGE & TRAP GAS CHROMATOGRAPH-MASS SPECTROMETRY (GC-MS) SYSTEM

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Approve a purchase order to VWR for a Purge & Trap Gas Chromatograph-Mass Spectrometry (GC-MS) System in the amount of \$115,226 plus applicable sales tax, which includes the GC-MS system, freight, and three (3) additional years of service at a discounted rate.

BACKGROUND

The purge and trap gas chromatographic / mass spectrometer (P&T GC/MS) system is used for determining volatile organic compounds in wastewater and industrial wastewater via EPA Method 624. This system is required to support compliance testing as required by the Orange County Sanitation District's (Sanitation District) NPDES permit. The system is also used to provide testing required by the Sanitation District's Resource Protection Division. Additionally, the lab has added the analysis of 1,4-dioxane using the P&T GC/MS system in to support the GWRS and other 1,4-dioxane projects since October 2012.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Comply with environmental permit requirements
- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard
- Cultivate a highly qualified, well-trained, and diverse workforce

PROBLEM

This request is to replace an aging system which is 10 years old and has exceeded the manufacturer serviceable life of 7-10 years. The instrument downtime has increased due to its age and the additional samples being analyzed. Higher maintenance of the current P&T GCMS has increased the cost the keeping it in operation particularly relating to parts availability and service maintenance cost. Purchasing a replacement P&T GC/MS system would provide the lab with a more reliable

system with current technology and sensitivity needed to handle more samples so we can provide the best level of service for our customers.

PROPOSED SOLUTION

Approve a purchase order to VWR for the purchase of a Purge & Trap Gas Chromatograph-Mass Spectrometry (GC-MS) System in the amount of \$115,226 plus applicable sales tax to replace the current system.

TIMING CONCERNS

Potential cost and down time may increase if the current system is not replaced in a timely manner.

RAMIFICATIONS OF NOT TAKING ACTION

Loss of EPA Method 624.1 California ELAP certification.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

N/A

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. This item has been budgeted. (Line item: Section 8, Page 96). Project contingency funds will not be used for this purchase.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

N/A



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

BOARD OF DIRECTORS

Agenda Report

File #: 2020-992

Agenda Date: 4/22/2020

Agenda Item No: 10.

FROM: James D. Herberg, General Manager
Originator: Lan C. Wiborg, Director of Environmental Services

SUBJECT:

APPROVE THE ADDITION OF FUNDS TO EXISTING CONVENIENCE BLANKET PURCHASE ORDER - VWR

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Ratify the approval of additional funds of \$15,000 to be added to existing convenience blanket purchase order 104316 OA with VWR for the purchase of miscellaneous laboratory supplies throughout the year for a total purchase order amount not to exceed \$110,000 to cover the cost of outstanding invoices.

BACKGROUND

The Laboratory, Monitoring, and Compliance Division maintains multiple convenience blanket purchase orders to purchase miscellaneous laboratory supplies throughout the year. VWR is a national cooperative purchasing program that the Orange County Sanitation District (Sanitation District) participates in, and they are a primary vendor through which purchases are frequently made by the laboratory. Due to the frequency of purchases, a convenience blanket purchase order is necessary in order to perform laboratory daily routine duties.

RELEVANT STANDARDS

- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard
- Participate in local, state, and national cooperative purchasing programs
- 24/7/365 treatment plant reliability

PROBLEM

The current convenience blanket purchase order had a period of performance of 4/1/2019 through 3/31/2020. The amount allocated to the VWR convenience blanket purchase order is \$95,000. This amount was not sufficient to cover existing outstanding invoices.

PROPOSED SOLUTION

Ratify the approval of additional funding of \$15,000 for a total purchase order amount of \$110,000 to cover the cost of outstanding invoices.

TIMING CONCERNS

Outstanding invoices will become past due, due to insufficient funding.

RAMIFICATIONS OF NOT TAKING ACTION

Outstanding invoices against the existing VWR convenience blanket purchase order will not be paid in a timely manner.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

N/A

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. This item has been budgeted. (Line item: Section 6, Page 48). Project contingency funds will not be used for this convenience blanket purchase order.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

N/A



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Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

BOARD OF DIRECTORS

Agenda Report

File #: 2020-1028

Agenda Date: 4/22/2020

Agenda Item No: 11.

FROM: James D. Herberg, General Manager
Originator: Rob Thompson, Assistant General Manager

SUBJECT:

PLANT NO. 2 TRICKLING FILTER SOLIDS RETURN SECONDARY SLUDGE PUMP REPAIR

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Approve a sole source purchase order contract for the repair of ten (10) Return Secondary Sludge pumps at the Plant No. 2 Trickling Filter Clarifiers, for a total amount not to exceed \$194,234, plus applicable shipping and taxes, to Vaughan's Industrial Repair Co., Inc.; and
- B. Approve a contingency of \$19,424 (10%).

BACKGROUND

The trickling filter process is one of two secondary treatment processes at the Orange County Sanitation District's (Sanitation District) Plant No. 2 that remove suspended and dissolved organic material using microorganisms, enabling the Sanitation District to meet ocean discharge permit limits. The other secondary treatment process is pure oxygen activated sludge. The trickling filter process consists of six trickling filter clarifiers, each uses two return secondary sludge (RSS) pumps. The purpose of these pumps is to return the secondary sludge to the solids contact aeration basins to reduce the biochemical oxygen demand of the influent.

RELEVANT STANDARDS

- 24/7/365 treatment plant reliability
- Comply with environmental permit requirements
- Maintain a proactive asset management program

PROBLEM

The RSS pumps are experiencing lower shaft seal failures. Two of the twelve units have been removed, disassembled, diagnosed, and repaired. The other ten pumps are experiencing the same failure symptoms of reduced pumping efficiency which is expected to eventually lead to premature pump failure. It was determined that these pumps need to be rebuilt with higher-grade 660 bronze bushings in order to minimize future corrosion.

PROPOSED SOLUTION

Rebuild the remaining 10 RSS pumps, two pumps at a time, at the Plant No. 2 Trickling Filter Clarifier Pump Rooms through Vaughan's Industrial Repair Co., Inc. (VIRC). VIRC is the manufacturer's sole authorized service center for these types of Fairbanks Morse pumps.

TIMING CONCERNS

These ten pumps are experiencing reduced pumping efficiency.

RAMIFICATIONS OF NOT TAKING ACTION

Failure to repair trickling filter clarifiers RSS pumps would result in the reduction of secondary treatment capacity. Additional pump failures would severely handicap the ability for the trickling filter clarifiers to provide the required secondary sludge to the solids contact basins, with the possibility of not meeting ocean water quality requirements.

PRIOR COMMITTEE/BOARD ACTIONS

August 2019 - Approved the addition of Fairbanks Nijhuis (Fairbanks Morse) as an original equipment manufacturer sole source for pump repairs.

ADDITIONAL INFORMATION

A contingency of 10% is requested to cover additional costs for labor and materials should further damage be discovered once the RSS pumps have been removed and disassembled. The quote was based on the evaluation of two pumps. It is assumed that the same work would be required for the remaining pumps.

CEQA

The repair and replacement of the Trickling Filter RSS pumps is categorically exempt from CEQA under the Class 1 categorical exemptions set forth in California Code of Regulations Section 15301. Section 15301 (Class 1) exempts from CEQA "the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use," including "(b) Existing facilities of both investor and publicly-owned utilities used to provide electric power, natural gas, sewerage, or other public utility services".

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. This recommendation would be funded under the Repairs and Maintenance line item for Division 880 (Fiscal Years FY 2018-19 and 2019-20 Budget, Section 6, Page 100), and the available funding is sufficient for this action.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
04/22/2020	\$194,233.50	\$19,423.35

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

N/A



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10844 Ellis Avenue
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BOARD OF DIRECTORS

Agenda Report

File #: 2020-1025

Agenda Date: 4/22/2020

Agenda Item No: 12.

FROM: James D. Herberg, General Manager
Originator: Lan C. Wiborg, Director of Environmental Services

SUBJECT:

ADDITION OF CONTRACTS TO THE BIOSOLIDS ACCOUNT POOL, EFFECTIVE NOVEMBER 16, 2016

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Ratify the addition of Denali Water Solutions, Inland Empire Regional Composting Authority, Liberty Composting Inc., and Nursery Products, LLC. biosolids contracts to the Biosolids Account Pool, effective November 16, 2016.

BACKGROUND

Biosolids are the solid product of municipal wastewater processing which have been treated so that they may be safely recycled to amend soil directly or create composted soil amendments, and other beneficial uses. Currently, Orange County Sanitation District (Sanitation District) produces approximately 550-600 tons of biosolids per day. The Sanitation District manages its biosolids by transporting approximately 40% to land application sites in Arizona and 60% to composting facilities.

In February 2013, the Biosolids Account Pool (BAP) was reestablished to allow staff to move funds from one contract to another to effectively manage the Sanitation District's biosolids during unanticipated circumstances such as truck/driver shortages, poor weather conditions, regulatory constraints, unacceptable contractor performance, or contractor facility limitations.

RELEVANT STANDARDS

- 24/7/365 treatment plant reliability
- Comply with environmental permit requirements
- Ocean Discharge Permit, NPDES CA0110604 Section VI.C.4.b Sludge (Biosolids) Requirements
- Resolution No. OCSD 13-03, Biosolids Recycling Policy
- Operate and maintain facilities to minimize impacts on surrounding communities, including odor, noise, and lighting
- Ensure the public's money is wisely spent

PROBLEM

While the BAP was reestablished in 2013, not all the current biosolids contracts are included in the BAP.

PROPOSED SOLUTION

Ratify the addition of Denali Water Solutions, Inland Empire Regional Composting Authority, Liberty Composting Inc., and Nursery Products, LLC. biosolids contracts to the Biosolids Account Pool, effective November 16, 2016.

TIMING CONCERNS

N/A

RAMIFICATIONS OF NOT TAKING ACTION

If the Sanitation District does not ratify the addition of the biosolids contracts to the BAP, effective November 16, 2016, the Sanitation District will not have flexibility to adjust biosolids management to adjust to unanticipated circumstances. Without the ability to move funds from one biosolids contract to another it is likely that any individual contract may exceed the approved annual not to exceed amount.

PRIOR COMMITTEE/BOARD ACTIONS

June 2019 - Approved Agreement number 4600002709-HD with the Inland Empire Regional Composting Authority (IERCA) for the Sanitation District to pay IERCA to receive and compost up to approximately 50 wet tons per day of the Sanitation District's biosolids at a base fee (tipping fee) of \$56 per wet ton, plus an administrative fee of \$2 per wet ton, and an annual base fee increase of \$1 per fiscal year, with a term of the Agreement of five (5) years and, upon mutual written agreement, an option to extend on a year-to-year basis with up to two (2) annual extensions in a total annual amount not to exceed \$820,000 per year; and approved a 10% contingency of \$400,000 in the event the Sanitation District needs to send additional loads to this compost option.

November 2016 - Awarded a service contract for an estimated annual amount not to exceed \$3,828,400 per year to Nursery Products, LLC. as the Primary Contractor to haul and compost a non-guarantee minimum of 150 wet tons per day (WTPD) of biosolids from Orange County Sanitation District's (OCSD) Reclamation Plant No. 1 and/or Treatment Plant No. 2 for a period of one (1), five-year term, with five (5), one-year optional renewals, for a unit price of \$51.00 per wet ton of biosolids coupled with a monthly fuel surcharge cost and an annual Consumer Price Index (CPI) adjustment; and awarded a service contract for an estimated annual amount not to exceed \$1,716,261 per year to Liberty Composting Inc. as the Secondary Contractor to haul and compost a non-guarantee minimum of 75 WTPD of biosolids from OCSD's Reclamation Plant No. 1 and/or Treatment Plant No. 2 for a period of one (1), five-year term with five (5), one-year optional renewals, for a unit price of \$57.92 per wet ton of biosolids coupled with a monthly fuel surcharge cost and an annual Consumer Price Index (CPI) adjustment.

April 2016 - Approved a Service Contract with Denali Water Solutions to haul Orange County Sanitation District's biosolids from Reclamation Plant No. 1 and/or Treatment Plant No. 2 to Orange County Ware and Recycling's Prima Deshecha landfill and the Inland Empire Regional Compost Facility for a period of one year from the execution date of the contract, for the unit price of \$8.96 per ton of biosolids and \$14.99 per ton of biosolids coupled with fuel surcharges, at an amount not to exceed \$600,000 per year with four (4) one-year renewal options.

May 2015 - Approved an Agreement with Inland Empire Regional Composting Authority (IERCA) to receive and compost up to 50 wet tons per day (Monday thru Friday) of the Orange County Sanitation District's biosolids exclusive of trucking costs for a contract term of one-year renewal options in a total annual amount not to exceed \$900,000/per year.

February 2013 - Approved establishment of Biosolids Account Pool utilizing a Blanket Purchase Order for the management of all biosolids contracts.

ADDITIONAL INFORMATION

Since reestablishment of the BAP, the Sanitation District has awarded biosolids contracts to four new contractors: Denali Water Solutions, Inland Empire Regional Composting Authority, Liberty Composting Inc., and Nursery Products, LLC. These contracts are in addition to the two contractors (Tule Ranch and Orange County Waste and Recycling) that were included in the establishment of the BAP in 2013.

There is no additional cost associated with adding the biosolids contracts into the BAP. All costs will stay within the already authorized annual amount of \$19,000,000, which covers the combined annual management costs for all biosolids contracts.

CEQA

CEQA analysis has been performed for all contracts that are to be included in the Biosolids Account Pool. The details of the CEQA analysis for each contract can be found in the respective Board Agenda reports.

FINANCIAL CONSIDERATIONS

N/A

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

N/A



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

BOARD OF DIRECTORS

Agenda Report

File #: 2020-906

Agenda Date: 4/22/2020

Agenda Item No: 13.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

REPORT OF THE INVESTMENT TRANSACTIONS FOR THE MONTH OF MARCH 2020

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Receive and file the following:

Report of the Investment Transactions for the month of March 2020.

BACKGROUND

The CA Government Code requires that a monthly report of investment transactions be provided to the legislative body. Attached is the monthly report of investment transactions for the month ended March 31, 2020.

RELEVANT STANDARDS

- CA Government Code Section 53607

PRIOR COMMITTEE/BOARD ACTIONS

N/A

FINANCIAL CONSIDERATIONS

N/A

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Report of the Investment Transactions for the Month of March 2020

**U.S. Bank
Transaction History
March 2020**

Entry Date	CUSIP Id	Explanation	Units	Price	Net Cash Amt	Cost	Gain/Loss
ACQUISITIONS							
03/02/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	2,021,250.0000	1.000000	-2,021,250.00	2,021,250.00	0.00
03/02/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	354,375.0000	1.000000	-354,375.00	354,375.00	0.00
03/02/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	201,491.0800	1.000000	-201,491.08	201,491.08	0.00
03/03/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	6,470.6500	1.000000	-6,470.65	6,470.65	0.00
03/03/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	4,440.5200	1.000000	-4,440.52	4,440.52	0.00
03/05/2020	3137EAEPO	PURCHASED PAR VALUE OF F H L M C 1.500% 2/12/25 /WELLS FARGO SECURITIES, LLC/6,000,000 PAR VALUE AT 103.001 %	6,000,000.0000	1.030010	-6,180,060.00	6,180,060.00	0.00
03/05/2020	9127962B4	PURCHASED PAR VALUE OF U S TREASURY BILL 4/14/20 /CITIGROUP GLOBAL MARKETS INC./3,500,000 PAR VALUE AT 99.89205543 %	3,500,000.0000	0.998921	-3,496,221.94	3,496,221.94	0.00
03/05/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	6,533,153.0600	1.000000	-6,533,153.06	6,533,153.06	0.00
03/09/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	168,750.0000	1.000000	-168,750.00	168,750.00	0.00
03/10/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	2,000,000.0000	1.000000	-2,000,000.00	2,000,000.00	0.00
03/12/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	7,000,000.0000	1.000000	-7,000,000.00	7,000,000.00	0.00
03/12/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	6,000,000.0000	1.000000	-6,000,000.00	6,000,000.00	0.00
03/13/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	62,937.5000	1.000000	-62,937.50	62,937.50	0.00
03/16/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	265.9700	1.000000	-265.97	265.97	0.00
03/16/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	1,009,127.0400	1.000000	-1,009,127.04	1,009,127.04	0.00
03/17/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	5,000,000.0000	1.000000	-5,000,000.00	5,000,000.00	0.00
03/18/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	1,000,000.0000	1.000000	-1,000,000.00	1,000,000.00	0.00
03/18/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	5,055.5600	1.000000	-5,055.56	5,055.56	0.00
03/18/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	8,519,184.9100	1.000000	-8,519,184.91	8,519,184.91	0.00
03/18/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	157,216.6600	1.000000	-157,216.66	157,216.66	0.00
03/20/2020	3130A4CH3	PURCHASED PAR VALUE OF F H L B DEB 2.375% 3/14/25 /WELLS FARGO SECURITIES, LLC/5,225,000 PAR VALUE AT 105.777 %	5,225,000.0000	1.057770	-5,526,848.25	5,526,848.25	0.00
03/23/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	61,516.5900	1.000000	-61,516.59	61,516.59	0.00
03/25/2020	3135G0X24	PURCHASED PAR VALUE OF F N M A 1.625% 1/07/25 /WELLS FARGO SECURITIES, LLC/5,660,000 PAR VALUE AT 103.035 %	5,660,000.0000	1.030350	-5,831,781.00	5,831,781.00	0.00
03/25/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	21,415.1300	1.000000	-21,415.13	21,415.13	0.00
03/31/2020	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	453,125.0000	1.000000	-453,125.00	453,125.00	0.00
TOTAL ACQUISITIONS			60,964,774.6700		-61,614,685.86	61,614,685.86	0.00
DISPOSITIONS							
03/02/2020	78012KC62	MATURED PAR VALUE OF ROYAL BANK MTN 2.125% 3/02/20 2,000,000 PAR VALUE AT 100 %	-2,000,000.0000	1.000000	2,000,000.00	-2,001,340.00	-1,340.00
03/02/2020	83162CLJ0	PAID DOWN PAR VALUE OF S B A GTD DEV PART 6.340% 3/01/21	-5,306.5300	0.000000	5,306.53	-5,306.53	0.00
03/05/2020	40428HPR7	MATURED PAR VALUE OF HSBC USA INC MTN 2.350% 3/05/20 2,500,000 PAR VALUE AT 100 %	-2,500,000.0000	1.000000	2,500,000.00	-2,493,300.00	6,700.00

**U.S. Bank
Transaction History
March 2020**

Entry Date	CUSIP Id	Explanation	Units	Price	Net Cash Amt	Cost	Gain/Loss
03/05/2020	40428HPR7	MATURED PAR VALUE OF HSBC USA INC MTN VALUE AT 100 %	2.350% 3/05/20 2,500,000 PAR	-2,500,000.0000	1.000000	2,500,000.00	-2,472,287.50 27,712.50
03/05/2020	912796TH2	MATURED PAR VALUE OF U S TREASURY BILL AT 100 %	3/05/20 7,500,000 PAR VALUE	-7,500,000.0000	1.000000	7,476,699.31	-7,476,699.31 0.00
03/05/2020	31846V567	SOLD UNITS OF FIRST AM GOVT OB FD CL Z		-3,537,453.7500	1.000000	3,537,453.75	-3,537,453.75 0.00
03/10/2020	912796XA2	MATURED PAR VALUE OF U S TREASURY BILL AT 100 %	3/10/20 2,000,000 PAR VALUE	-2,000,000.0000	1.000000	1,996,701.25	-1,996,701.25 0.00
03/16/2020	31348SWZ3	PAID DOWN PAR VALUE OF F H L M C #786064 DUE 3/15/20	3.845% 1/01/28 FEBRUARY FHLMC	-19.1500	0.000000	19.15	-18.68 0.47
03/16/2020	3133TCE95	PAID DOWN PAR VALUE OF F H L M C MLTCL MTG	4.025% 8/15/32	-245.3000	0.000000	245.30	-245.56 -0.26
03/16/2020	47788BAD6	PAID DOWN PAR VALUE OF JOHN DEERE OWNER	1.820% 10/15/21	-41,374.5100	0.000000	41,374.51	-41,371.48 3.03
03/16/2020	477870AB5	PAID DOWN PAR VALUE OF JOHN DEERE OWNER	2.280% 5/16/22	-17,068.9400	0.000000	17,068.94	-17,068.88 0.06
03/16/2020	47788CAC6	PAID DOWN PAR VALUE OF JOHN DEERE OWNER	2.660% 4/18/22	-73,965.6700	0.000000	73,965.67	-73,960.35 5.32
03/16/2020	47789JAB2	PAID DOWN PAR VALUE OF JOHN DEERE OWNER	2.850% 12/15/21	-250,846.6900	0.000000	250,846.69	-250,835.25 11.44
03/16/2020	65478GAD2	PAID DOWN PAR VALUE OF NISSAN AUTO	1.750% 10/15/21	-143,817.4200	0.000000	143,817.42	-141,587.13 2,230.29
03/16/2020	89239AAB9	PAID DOWN PAR VALUE OF TOYOTA AUTO	2.830% 10/15/21	-259,247.6600	0.000000	259,247.66	-259,224.12 23.54
03/17/2020	912796XB0	MATURED PAR VALUE OF U S TREASURY BILL AT 100 %	3/17/20 5,000,000 PAR VALUE	-5,000,000.0000	1.000000	4,995,705.56	-4,995,705.56 0.00
03/18/2020	06367BDS5	MATURED PAR VALUE OF BANK OF MONTREAL C D VALUE AT 100 %	2.000% 3/18/20 1,000,000 PAR	-1,000,000.0000	1.000000	1,000,000.00	-1,000,049.48 -49.48
03/18/2020	06367BDS5	MATURED PAR VALUE OF BANK OF MONTREAL C D VALUE AT 100 %	2.000% 3/18/20 8,000,000 PAR	-8,000,000.0000	1.000000	8,000,000.00	-8,000,389.30 -389.30
03/18/2020	43814RAC0	PAID DOWN PAR VALUE OF HONDA AUTO PAYDOWN	1.210% 12/18/20 CMO FINAL	-23,443.4300	0.000000	23,443.43	-23,186.10 257.33
03/18/2020	43814PAC4	PAID DOWN PAR VALUE OF HONDA AUTO	1.790% 9/20/21	-151,161.0100	0.000000	151,161.01	-148,763.69 2,397.32
03/18/2020	43814WAB1	PAID DOWN PAR VALUE OF HONDA AUTO	2.750% 9/20/21	-341,537.8200	0.000000	341,537.82	-341,515.82 22.00
03/18/2020	43814UAG4	PAID DOWN PAR VALUE OF HONDA AUTO	3.010% 5/18/22	-89,039.5300	0.000000	89,039.53	-89,037.59 1.94
03/20/2020	36225CAZ9	PAID DOWN PAR VALUE OF G N M A I I #080023 DUE 3/20/20	3.125% 12/20/26 FEBRUARY GNMA	-160.9500	0.000000	160.95	-163.61 -2.66
03/20/2020	36225CC20	PAID DOWN PAR VALUE OF G N M A I I #080088 DUE 3/20/20	3.875% 6/20/27 FEBRUARY GNMA	-135.3000	0.000000	135.30	-138.26 -2.96
03/20/2020	36225CNM4	PAID DOWN PAR VALUE OF G N M A I I #080395 DUE 3/20/20	3.875% 4/20/30 FEBRUARY GNMA	-168.9600	0.000000	168.96	-167.43 1.53
03/20/2020	36225CN28	PAID DOWN PAR VALUE OF G N M A I I #080408 DUE 3/20/20	3.875% 5/20/30 FEBRUARY GNMA	-1,020.5000	0.000000	1,020.50	-1,010.14 10.36
03/20/2020	36225DCB8	PAID DOWN PAR VALUE OF G N M A I I #080965 DUE 3/20/20	3.250% 7/20/34 FEBRUARY GNMA	-201.3300	0.000000	201.33	-201.20 0.13
03/20/2020	31846V567	SOLD UNITS OF FIRST AM GOVT OB FD CL Z		-5,526,877.9700	1.000000	5,526,877.97	-5,526,877.97 0.00

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03/23/2020	43815HAC1	PAID DOWN PAR VALUE OF HONDA AUTO 2.950% 8/22/22	-51,757.0100	0.000000	51,757.01	-51,749.91	7.10
03/25/2020	31394JY35	PAID DOWN PAR VALUE OF F H L M C MLTCL MTG 6.500% 9/25/43	-17,887.6000	0.000000	17,887.60	-20,257.71	-2,370.11
03/25/2020	31371NUC7	PAID DOWN PAR VALUE OF F N M A #257179 4.500% 4/01/28 FEBRUARY FNMA DUE 3/25/20	-1,032.7800	0.000000	1,032.78	-1,092.27	-59.49
03/25/2020	31376KT22	PAID DOWN PAR VALUE OF F N M A #357969 5.000% 9/01/35 FEBRUARY FNMA DUE 3/25/20	-390.7200	0.000000	390.72	-420.02	-29.30
03/25/2020	31381PDA3	PAID DOWN PAR VALUE OF F N M A #466397 3.400% 11/01/20 FEBRUARY FNMA DUE 3/25/20	-807.7400	0.000000	807.74	-790.26	17.48
03/25/2020	31403DJZ3	PAID DOWN PAR VALUE OF F N M A #745580 5.000% 6/01/36 FEBRUARY FNMA DUE 3/25/20	-1,416.1200	0.000000	1,416.12	-1,522.33	-106.21
03/25/2020	31403GXF4	PAID DOWN PAR VALUE OF F N M A #748678 5.000% 10/01/33 FEBRUARY FNMA DUE 3/25/20	-9.1900	0.000000	9.19	-9.88	-0.69
03/25/2020	31406PQY8	PAID DOWN PAR VALUE OF F N M A #815971 5.000% 3/01/35 FEBRUARY FNMA DUE 3/25/20	-588.0600	0.000000	588.06	-632.16	-44.10
03/25/2020	31406XWT5	PAID DOWN PAR VALUE OF F N M A #823358 3.674% 2/01/35 FEBRUARY FNMA DUE 3/25/20	-481.7200	0.000000	481.72	-477.96	3.76
03/25/2020	31407BXH7	PAID DOWN PAR VALUE OF F N M A #826080 5.000% 7/01/35 FEBRUARY FNMA DUE 3/25/20	-119.0100	0.000000	119.01	-127.94	-8.93
03/25/2020	31410F4V4	PAID DOWN PAR VALUE OF F N M A #888336 5.000% 7/01/36 FEBRUARY FNMA DUE 3/25/20	-2,681.5000	0.000000	2,681.50	-2,882.61	-201.11
03/25/2020	3138EG6F6	PAID DOWN PAR VALUE OF F N M A #AL0869 4.500% 6/01/29 FEBRUARY FNMA DUE 3/25/20	-167.6900	0.000000	167.69	-177.35	-9.66
03/25/2020	31417YAY3	PAID DOWN PAR VALUE OF F N M A #MA0022 4.500% 4/01/29 FEBRUARY FNMA DUE 3/25/20	-375.0200	0.000000	375.02	-396.62	-21.60
03/25/2020	31397QRE0	PAID DOWN PAR VALUE OF F N M A GTD REMIC 2.472% 2/25/41	-3,009.9600	0.000000	3,009.96	-3,009.02	0.94
03/25/2020	31846V567	SOLD UNITS OF FIRST AM GOVT OB FD CL Z	-5,835,891.1900	1.000000	5,835,891.19	-5,835,891.19	0.00
TOTAL DISPOSITIONS			-46,879,707.7300		46,848,813.85	-46,814,043.17	34,770.68

OTHER TRANSACTIONS

03/02/2020	30231GAV4	INTEREST EARNED ON EXXON MOBIL 2.222% 3/01/21 \$1 PV ON 3000000.0000 SHARES DUE 3/1/2020	0.0000	0.000000	33,330.00	0.00	0.00
03/02/2020	31846V567	INTEREST EARNED ON FIRST AM GOVT OB FD CL Z UNIT ON 0.0000 SHARES DUE 2/29/2020 INTEREST FROM 2/1/20 TO 2/29/20	0.0000	0.000000	6,470.65	0.00	0.00
03/02/2020	31846V567	INTEREST EARNED ON FIRST AM GOVT OB FD CL Z UNIT ON 0.0000 SHARES DUE 2/29/2020 INTEREST FROM 2/1/20 TO 2/29/20	0.0000	0.000000	4,440.52	0.00	0.00
03/02/2020	78012KC62	INTEREST EARNED ON ROYAL BANK MTN 2.125% 3/02/20 \$1 PV ON 2000000.0000 SHARES DUE 3/2/2020	0.0000	0.000000	21,250.00	0.00	0.00
03/02/2020	83162CLJ0	INTEREST EARNED ON S B A GTD DEV PART 6.340% 3/01/21 \$1 PV ON 354.5500 SHARES DUE 3/1/2020 \$0.03170/PV ON 11,184.56 PV DUE 3/ 1/20	0.0000	0.000000	354.55	0.00	0.00

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03/02/2020	912828L32	INTEREST EARNED ON U S TREASURY NT 15000000.0000 SHARES DUE 2/29/2020	1.375% 8/31/20 \$1 PV ON	0.0000	0.000000	103,125.00	0.00 0.00
03/02/2020	912828L24	INTEREST EARNED ON U S TREASURY NT 6000000.0000 SHARES DUE 2/29/2020	1.875% 8/31/22 \$1 PV ON	0.0000	0.000000	56,250.00	0.00 0.00
03/02/2020	912828W48	INTEREST EARNED ON U S TREASURY NT 10000000.0000 SHARES DUE 2/29/2020	2.125% 2/29/24 \$1 PV ON	0.0000	0.000000	106,250.00	0.00 0.00
03/02/2020	912828VV9	INTEREST EARNED ON U S TREASURY NT 15000000.0000 SHARES DUE 2/29/2020	2.125% 8/31/20 \$1 PV ON	0.0000	0.000000	159,375.00	0.00 0.00
03/02/2020	9128284Y3	INTEREST EARNED ON U S TREASURY NT 7000000.0000 SHARES DUE 2/29/2020	2.625% 8/31/20 \$1 PV ON	0.0000	0.000000	91,875.00	0.00 0.00
03/05/2020	06051GHF9	INTEREST EARNED ON BANK OF AMERICA SHARES DUE 3/5/2020	3.550% 3/05/24 \$1 PV ON	6675000.0000	0.000000	118,481.25	0.00 0.00
03/05/2020	40428HPR7	INTEREST EARNED ON HSBC USA INC MTN SHARES DUE 3/5/2020	2.350% 3/05/20 \$1 PV ON	2500000.0000	0.000000	29,375.00	0.00 0.00
03/05/2020	40428HPR7	INTEREST EARNED ON HSBC USA INC MTN SHARES DUE 3/5/2020	2.350% 3/05/20 \$1 PV ON	2500000.0000	0.000000	29,375.00	0.00 0.00
03/05/2020	912796TH2	INTEREST EARNED ON U S TREASURY BILL 7,500,000 PAR VALUE AT 100 %	3/05/20 \$1 PV ON	7500000.0000	0.000000	23,300.69	0.00 0.00
03/05/2020	3137EAEP0	PAID ACCRUED INTEREST ON PURCHASE OF F H L M C	1.500% 2/12/25	0.0000	0.000000	-5,250.00	0.00 0.00
03/09/2020	313383YJ4	INTEREST EARNED ON F H L B DEB SHARES DUE 3/8/2020	3.375% 9/08/23 \$1 PV ON	10000000.0000	0.000000	168,750.00	0.00 0.00
03/10/2020	912796XA2	INTEREST EARNED ON U S TREASURY BILL 2,000,000 PAR VALUE AT 100 %	3/10/20 \$1 PV ON	2000000.0000	0.000000	3,298.75	0.00 0.00
03/12/2020	912828WU0	BOOK VALUE OF U S TREASURY I P S INCREASE TO ADJUST FOR CHANGE IN CPI	0.125% 7/15/24 ADJUSTED BY	19344.00	0.000000	0.00	0.00 0.00
03/12/2020		CASH RECEIPT INCOMING WIRES RECEIVED FROM BANC OF CALIF 3/12/2020		0.0000	0.000000	7,000,000.00	0.00 0.00
03/12/2020		CASH RECEIPT INCOMING WIRES RECEIVED FROM BANC OF CALIF 3/12/2020		0.0000	0.000000	6,000,000.00	0.00 0.00
03/12/2020	912828WU0	FED BASIS OF U S TREASURY I P S INCREASE TO ADJUST FOR CHANGE IN CPI	0.125% 7/15/24 ADJUSTED BY	19344.00	0.000000	0.00	19,344.00 0.00
03/12/2020	912828WU0	PAR VALUE OF U S TREASURY I P S UNITS INCREASE TO ADJUST FOR CHANGE IN CPI	0.125% 7/15/24 ADJUSTED BY	19344.0000	0.000000	0.00	0.00 0.00
03/12/2020	912828WU0	STATE COST OF U S TREASURY I P S INCREASE TO ADJUST FOR CHANGE IN CPI	0.125% 7/15/24 ADJUSTED BY	19344.00	0.000000	0.00	0.00 0.00
03/13/2020	00440EAP2	INTEREST EARNED ON ACE INA HOLDINGS SHARES DUE 3/13/2020	2.700% 3/13/23 \$1 PV ON	2000000.0000	0.000000	27,000.00	0.00 0.00
03/13/2020	3130A2UW4	INTEREST EARNED ON F H L B DEB SHARES DUE 3/13/2020	2.875% 9/13/24 \$1 PV ON	2500000.0000	0.000000	35,937.50	0.00 0.00
03/16/2020	084670BR8	INTEREST EARNED ON BERKSHIRE HATHAWAY 2500000.0000 SHARES DUE 3/15/2020	2.750% 3/15/23 \$1 PV ON	0.0000	0.000000	34,375.00	0.00 0.00

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03/16/2020	31348SWZ3	INTEREST EARNED ON F H L M C #786064 3.845% 1/01/28 \$1 PV ON 5.6000 SHARES DUE 3/15/2020 JANUARY FHLMC DUE 3/15/20	0.0000	0.000000	5.60	0.00	0.00
03/16/2020	3133TCE95	INTEREST EARNED ON F H L M C MLTCL MTG 4.025% 8/15/32 \$1 PV ON 20.6700 SHARES DUE 3/15/2020 \$0.00335/PV ON 6,177.95 PV DUE 3/15/20	0.0000	0.000000	20.67	0.00	0.00
03/16/2020	43815NAB0	INTEREST EARNED ON HONDA AUTO 1.900% 4/15/22 \$1 PV ON 5589.1700 SHARES DUE 3/15/2020 \$0.00158/PV ON 3,530,000.00 PV DUE 3/15/20	0.0000	0.000000	5,589.17	0.00	0.00
03/16/2020	4581X0CS5	INTEREST EARNED ON INTER AMER BK M T N 1.875% 3/15/21 \$1 PV ON 5000000.0000 SHARES DUE 3/15/2020	0.0000	0.000000	46,875.00	0.00	0.00
03/16/2020	4581X0CZ9	INTEREST EARNED ON INTER AMER DEV BK 1.750% 9/14/22 \$1 PV ON 6500000.0000 SHARES DUE 3/14/2020	0.0000	0.000000	56,875.00	0.00	0.00
03/16/2020	47788BAD6	INTEREST EARNED ON JOHN DEERE OWNER 1.820% 10/15/21 \$1 PV ON 341.6300 SHARES DUE 3/15/2020 \$0.00152/PV ON 225,251.14 PV DUE 3/15/20	0.0000	0.000000	341.63	0.00	0.00
03/16/2020	477870AB5	INTEREST EARNED ON JOHN DEERE OWNER 2.280% 5/16/22 \$1 PV ON 5320.0000 SHARES DUE 3/15/2020 \$0.00190/PV ON 2,800,000.00 PV DUE 3/15/20	0.0000	0.000000	5,320.00	0.00	0.00
03/16/2020	47788CAC6	INTEREST EARNED ON JOHN DEERE OWNER 2.660% 4/18/22 \$1 PV ON 2007.6800 SHARES DUE 3/15/2020 \$0.00222/PV ON 905,719.94 PV DUE 3/15/20	0.0000	0.000000	2,007.68	0.00	0.00
03/16/2020	47789JAB2	INTEREST EARNED ON JOHN DEERE OWNER 2.850% 12/15/21 \$1 PV ON 5060.4300 SHARES DUE 3/15/2020 \$0.00237/PV ON 2,130,706.44 PV DUE 3/15/20	0.0000	0.000000	5,060.43	0.00	0.00
03/16/2020	47788EAC2	INTEREST EARNED ON JOHN DEERE OWNER 3.080% 11/15/22 \$1 PV ON 11883.6700 SHARES DUE 3/15/2020 \$0.00257/PV ON 4,630,000.00 PV DUE 3/15/20	0.0000	0.000000	11,883.67	0.00	0.00
03/16/2020	58770FAC6	INTEREST EARNED ON MERCEDES BENZ AUTO 1.840% 12/15/22 \$1 PV ON 3143.3300 SHARES DUE 3/15/2020 \$0.00153/PV ON 2,050,000.00 PV DUE 3/15/20	0.0000	0.000000	3,143.33	0.00	0.00
03/16/2020	65478GAD2	INTEREST EARNED ON NISSAN AUTO 1.750% 10/15/21 \$1 PV ON 1818.2300 SHARES DUE 3/15/2020 \$0.00146/PV ON 1,246,786.10 PV DUE 3/15/20	0.0000	0.000000	1,818.23	0.00	0.00
03/16/2020	65479JAD5	INTEREST EARNED ON NISSAN AUTO 1.930% 7/15/24 \$1 PV ON 6730.8700 SHARES DUE 3/15/2020 \$0.00161/PV ON 4,185,000.00 PV DUE 3/15/20	0.0000	0.000000	6,730.87	0.00	0.00
03/16/2020	65479GAD1	INTEREST EARNED ON NISSAN AUTO 3.060% 3/15/23 \$1 PV ON 9078.0000 SHARES DUE 3/15/2020 \$0.00255/PV ON 3,560,000.00 PV DUE 3/15/20	0.0000	0.000000	9,078.00	0.00	0.00
03/16/2020	68389XBK0	INTEREST EARNED ON ORACLE CORP 1.900% 9/15/21 \$1 PV ON 3000000.0000 SHARES DUE 3/15/2020	0.0000	0.000000	28,500.00	0.00	0.00
03/16/2020	89239AAB9	INTEREST EARNED ON TOYOTA AUTO 2.830% 10/15/21 \$1 PV ON 5183.3900 SHARES DUE 3/15/2020 \$0.00236/PV ON 2,197,902.95 PV DUE 3/15/20	0.0000	0.000000	5,183.39	0.00	0.00
03/17/2020	912796XB0	INTEREST EARNED ON U S TREASURY BILL 3/17/20 \$1 PV ON 5000000.0000 SHARES DUE 3/17/2020 5,000,000 PAR VALUE AT 100 %	0.0000	0.000000	4,294.44	0.00	0.00
03/18/2020	06367BDS5	INTEREST EARNED ON BANK OF MONTREAL C D 2.000% 3/18/20 \$1 PV ON 1000000.0000 SHARES DUE 3/18/2020 INTEREST ON 3/18/20 MATURITY	0.0000	0.000000	5,055.56	0.00	0.00
03/18/2020	06367BDS5	INTEREST EARNED ON BANK OF MONTREAL C D 2.000% 3/18/20 \$1 PV ON 8000000.0000 SHARES DUE 3/18/2020 INTEREST ON 3/18/20 MATURITY	0.0000	0.000000	40,444.45	0.00	0.00
03/18/2020	09247XAL5	INTEREST EARNED ON BLACKROCK INC 3.500% 3/18/24 \$1 PV ON 1000000.0000 SHARES DUE 3/18/2020	0.0000	0.000000	17,500.00	0.00	0.00

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03/18/2020	43814RAC0	INTEREST EARNED ON HONDA AUTO 1.210% 12/18/20 \$1 PV ON 23.6400 SHARES DUE 3/18/2020 \$0.00101/PV ON 23,443.43 PV DUE 3/18/20	0.0000	0.000000	23.64	0.00	0.00
03/18/2020	43814PAC4	INTEREST EARNED ON HONDA AUTO 1.790% 9/20/21 \$1 PV ON 1917.5800 SHARES DUE 3/18/2020 \$0.00149/PV ON 1,285,529.61 PV DUE 3/18/20	0.0000	0.000000	1,917.58	0.00	0.00
03/18/2020	43814WAB1	INTEREST EARNED ON HONDA AUTO 2.750% 9/20/21 \$1 PV ON 7044.8600 SHARES DUE 3/18/2020 \$0.00229/PV ON 3,074,118.62 PV DUE 3/18/20	0.0000	0.000000	7,044.86	0.00	0.00
03/18/2020	43814UAG4	INTEREST EARNED ON HONDA AUTO 3.010% 5/18/22 \$1 PV ON 4289.2500 SHARES DUE 3/18/2020 \$0.00251/PV ON 1,710,000.00 PV DUE 3/18/20	0.0000	0.000000	4,289.25	0.00	0.00
03/20/2020	36225CAZ9	INTEREST EARNED ON G N M A I I #080023 3.125% 12/20/26 \$1 PV ON 36.7900 SHARES DUE 3/20/2020 FEBRUARY GNMA DUE 3/20/20	0.0000	0.000000	36.79	0.00	0.00
03/20/2020	36225CC20	INTEREST EARNED ON G N M A I I #080088 3.875% 6/20/27 \$1 PV ON 37.9700 SHARES DUE 3/20/2020 FEBRUARY GNMA DUE 3/20/20	0.0000	0.000000	37.97	0.00	0.00
03/20/2020	36225CNM4	INTEREST EARNED ON G N M A I I #080395 3.875% 4/20/30 \$1 PV ON 19.0800 SHARES DUE 3/20/2020 FEBRUARY GNMA DUE 3/20/20	0.0000	0.000000	19.08	0.00	0.00
03/20/2020	36225CN28	INTEREST EARNED ON G N M A I I #080408 3.875% 5/20/30 \$1 PV ON 147.9100 SHARES DUE 3/20/2020 FEBRUARY GNMA DUE 3/20/20	0.0000	0.000000	147.91	0.00	0.00
03/20/2020	36225DCB8	INTEREST EARNED ON G N M A I I #080965 3.250% 7/20/34 \$1 PV ON 109.7200 SHARES DUE 3/20/2020 FEBRUARY GNMA DUE 3/20/20	0.0000	0.000000	109.72	0.00	0.00
03/20/2020	3130A4CH3	PAID ACCRUED INTEREST ON PURCHASE OF F H L B DEB 2.375% 3/14/25	0.0000	0.000000	-2,068.23	0.00	0.00
03/23/2020	43815HAC1	INTEREST EARNED ON HONDA AUTO 2.950% 8/22/22 \$1 PV ON 9759.5800 SHARES DUE 3/21/2020 \$0.00246/PV ON 3,970,000.00 PV DUE 3/21/20	0.0000	0.000000	9,759.58	0.00	0.00
03/25/2020	03215PFN4	INTEREST EARNED ON AMRESCO 2.48116% 6/25/29 \$1 PV ON 246.0900 SHARES DUE 3/25/2020 \$0.00207/PV ON 119,021.64 PV DUE 3/25/20	0.0000	0.000000	246.09	0.00	0.00
03/25/2020	31394JY35	INTEREST EARNED ON F H L M C MLTCL MTG 6.500% 9/25/43 \$1 PV ON 3527.5300 SHARES DUE 3/25/2020 \$0.00542/PV ON 651,236.25 PV DUE 3/25/20	0.0000	0.000000	3,527.53	0.00	0.00
03/25/2020	31371NUC7	INTEREST EARNED ON F N M A #257179 4.500% 4/01/28 \$1 PV ON 52.5400 SHARES DUE 3/25/2020 FEBRUARY FNMA DUE 3/25/20	0.0000	0.000000	52.54	0.00	0.00
03/25/2020	31376KT22	INTEREST EARNED ON F N M A #357969 5.000% 9/01/35 \$1 PV ON 367.4900 SHARES DUE 3/25/2020 FEBRUARY FNMA DUE 3/25/20	0.0000	0.000000	367.49	0.00	0.00
03/25/2020	31381PDA3	INTEREST EARNED ON F N M A #466397 3.400% 11/01/20 \$1 PV ON 914.0300 SHARES DUE 3/25/2020 FEBRUARY FNMA DUE 3/25/20	0.0000	0.000000	914.03	0.00	0.00
03/25/2020	31403DJZ3	INTEREST EARNED ON F N M A #745580 5.000% 6/01/36 \$1 PV ON 354.9300 SHARES DUE 3/25/2020 FEBRUARY FNMA DUE 3/25/20	0.0000	0.000000	354.93	0.00	0.00
03/25/2020	31403GXF4	INTEREST EARNED ON F N M A #748678 5.000% 10/01/33 \$1 PV ON 7.2300 SHARES DUE 3/25/2020 FEBRUARY FNMA DUE 3/25/20	0.0000	0.000000	7.23	0.00	0.00
03/25/2020	31406PQY8	INTEREST EARNED ON F N M A #815971 5.000% 3/01/35 \$1 PV ON 549.2300 SHARES DUE 3/25/2020 FEBRUARY FNMA DUE 3/25/20	0.0000	0.000000	549.23	0.00	0.00
03/25/2020	31406XWT5	INTEREST EARNED ON F N M A #823358 3.674% 2/01/35 \$1 PV ON 295.4100 SHARES DUE 3/25/2020 FEBRUARY FNMA DUE 3/25/20	0.0000	0.000000	295.41	0.00	0.00

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03/25/2020	31407BXH7	INTEREST EARNED ON F N M A #826080 5.000% 7/01/35 \$1 PV ON 72.1600 SHARES DUE 3/25/2020 FEBRUARY FNMA DUE 3/25/20	0.0000	0.000000	72.16	0.00	0.00
03/25/2020	31410F4V4	INTEREST EARNED ON F N M A #888336 5.000% 7/01/36 \$1 PV ON 695.7600 SHARES DUE 3/25/2020 FEBRUARY FNMA DUE 3/25/20	0.0000	0.000000	695.76	0.00	0.00
03/25/2020	3138EG6F6	INTEREST EARNED ON F N M A #AL0869 4.500% 6/01/29 \$1 PV ON 34.2500 SHARES DUE 3/25/2020 FEBRUARY FNMA DUE 3/25/20	0.0000	0.000000	34.25	0.00	0.00
03/25/2020	31417YAY3	INTEREST EARNED ON F N M A #MA0022 4.500% 4/01/29 \$1 PV ON 56.0400 SHARES DUE 3/25/2020 FEBRUARY FNMA DUE 3/25/20	0.0000	0.000000	56.04	0.00	0.00
03/25/2020	31397QRE0	INTEREST EARNED ON F N M A GTD REMIC 2.472% 2/25/41 \$1 PV ON 326.6000 SHARES DUE 3/25/2020 \$0.00192/PV ON 169,900.17 PV DUE 3/25/20	0.0000	0.000000	326.60	0.00	0.00
03/25/2020	3135G0X24	PAID ACCRUED INTEREST ON PURCHASE OF F N M A 1.625% 1/07/25	0.0000	0.000000	-19,161.46	0.00	0.00
03/27/2020	912828WU0	BOOK VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 22568.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI	0.0000	0.000000	0.00	0.00	0.00
03/27/2020	912828WU0	FED BASIS OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 22568.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI	0.0000	0.000000	0.00	22,568.00	0.00
03/27/2020	912828WU0	PAR VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 22568.0000 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI	22,568.0000	0.000000	0.00	0.00	0.00
03/27/2020	912828WU0	STATE COST OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 22568.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI	0.0000	0.000000	0.00	0.00	0.00
03/31/2020	912828T34	INTEREST EARNED ON U S TREASURY NT 1.125% 9/30/21 \$1 PV ON 7000000.0000 SHARES DUE 3/31/2020	0.0000	0.000000	39,375.00	0.00	0.00
03/31/2020	912828YH7	INTEREST EARNED ON U S TREASURY NT 1.500% 9/30/24 \$1 PV ON 14000000.0000 SHARES DUE 3/31/2020	0.0000	0.000000	105,000.00	0.00	0.00
03/31/2020	912828J76	INTEREST EARNED ON U S TREASURY NT 1.750% 3/31/22 \$1 PV ON 5000000.0000 SHARES DUE 3/31/2020	0.0000	0.000000	43,750.00	0.00	0.00
03/31/2020	912828L57	INTEREST EARNED ON U S TREASURY NT 1.750% 9/30/22 \$1 PV ON 16000000.0000 SHARES DUE 3/31/2020	0.0000	0.000000	140,000.00	0.00	0.00
03/31/2020	9128284D9	INTEREST EARNED ON U S TREASURY NT 2.500% 3/31/23 \$1 PV ON 10000000.0000 SHARES DUE 3/31/2020	0.0000	0.000000	125,000.00	0.00	0.00
TOTAL OTHER TRANSACTIONS			41,912.0000		14,765,872.01	41,912.00	0.00



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

BOARD OF DIRECTORS

Agenda Report

File #: 2020-1004

Agenda Date: 4/22/2020

Agenda Item No: 14.

FROM: James D. Herberg, General Manager
Originator: Kelly A. Lore, Clerk of the Board

SUBJECT:

COMMITTEE MEETING MINUTES

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Receive and file the following:

Minutes of the Steering Committee Meeting held February 26, 2020.

BACKGROUND

In accordance with the Board of Directors Rules of Procedure, an accurate record of each meeting will be provided to the Directors for subsequent approval at the following meeting.

RELEVANT STANDARDS

- Resolution No. OCSD 19-19

ADDITIONAL INFORMATION

The minutes of the Committee meeting are approved at their respective Committees and brought forth to the Board of Directors for receive and file only.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Minutes of the Monthly Committee Meetings



CALL TO ORDER

A regular meeting of the Steering Committee of the Orange County Sanitation District was called to order by Board Chairman David Shawver on Wednesday, February 26, 2020 at 5:02 p.m. in the Administration Building of the Orange County Sanitation District.

DECLARATION OF QUORUM:

A quorum was declared present, as follows:

PRESENT: David Shawver, John Withers, Robert Collacott, Peter Kim, Chad Wanke, Glenn Parker and Tim Shaw
ABSENT: None

STAFF PRESENT:

Jim Herberg, General Manager; Rob Thompson, Assistant General Manager; Lorenzo Tyner, Assistant General Manager; Celia Chandler, Director of Human Resources; Kathy Millea, Director of Engineering; Lan Wiborg, Director of Environmental Services; Kelly Lore, Clerk of the Board; Rod Collins; Daisy Covarrubias; Mike Dorman; Brian Engeln; Dean Fisher; Al Garcia; Tom Grant; Larry Johnson; Tina Knapp; Jeff Mohr; Adam Nazaroff; Wally Ritchie; and Ruth Zintzum.

OTHERS PRESENT:

Brad Hogin, General Counsel.

PUBLIC COMMENTS:

None.

REPORTS:

None.

CONSENT CALENDAR:

1. APPROVAL OF MINUTES

2020-898

Originator: Kelly Lore

MOVED, SECONDED, AND DULY CARRIED TO:

Approve Minutes of the Regular Meeting of the Steering Committee held January 22, 2020.

AYES: David Shawver, John Withers, Robert Collacott, Peter Kim, Chad Wanke, Glenn Parker and Tim Shaw
NOES: None
ABSENT: None
ABSTENTIONS: None

NON-CONSENT:

2. SINGAPORE INTERNATIONAL WATER WEEK 2020 ATTENDANCE 2020-935

Originator: Rob Thompson

MOVED, SECONDED, AND DULY CARRIED TO: Recommend to the Board of Directors to:

Approve out-of-country travel to Singapore for Rob Thompson to participate in the Singapore International Water Week to present on water recycling, resource recovery, and resiliency, contingent on receipt of \$2,000 in scholarship funding to offset travel costs.

AYES: David Shawver, John Withers, Robert Collacott, Peter Kim, Chad Wanke, Glenn Parker and Tim Shaw
NOES: None
ABSENT: None
ABSTENTIONS: None

INFORMATION ITEMS:

None.

DEPARTMENT HEAD REPORTS:

None.

CLOSED SESSION:

CONVENED IN CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(d)(1), 54956.9(d)(4), 54956.8 & 54957(b)(1):

The Committee convened in closed session at 5:20 p.m. to discuss four items. Item No. CS-4 was not heard. Confidential minutes of the Closed Sessions have been prepared in accordance with the above Government Code Sections and are maintained by the Clerk of

the Board in the Official Book of Confidential Minutes of Board and Committee Closed Session Meetings.

**CS-1 CONFERENCE WITH LEGAL COUNSEL RE EXISTING LITIGATION - 2020-921
GOVERNMENT CODE SECTION 54956.9(D)(1)**

CONVENED IN CLOSED SESSION:

OCSD v. Mission Clay Pipe et al., Orange County Superior Court Case No.
30-2017-00942372-CU-BC-CJC

**CS-2 CONFERENCE WITH LEGAL COUNSEL RE ANTICIPATED 2020-925
LITIGATION - GOVERNMENT CODE SECTION 54956.9(d)(4)**

CONVENED IN CLOSED SESSION:

Number of Potential Cases: 1

Initiation of litigation regarding development fees and conditions at Project OCSD
Headquarters Building: City of Fountain Valley

**CS-3 CONFERENCE WITH REAL PROPERTY NEGOTIATORS - 2020-926
GOVERNMENT CODE SECTION 54956.8**

CONVENED IN CLOSED SESSION:

Property: 18475 Bandilier Cir. Fountain Valley, CA - APN No.156-163-15

Agency negotiators: General Manager, Jim Herberg; Assistant General Manager,
Lorenzo Tyner; Assistant General Manager, Rob Thompson; and Director of
Engineering, Kathy Millea.

Negotiating parties: Sukut Real Properties II, LLC

Under negotiation: Price and terms of payment

**CS-4 CONFERENCE WITH REAL PROPERTY NEGOTIATORS - 2020-938
GOVERNMENT CODE SECTION 54956.8**

ITEM NOT HEARD

Property: 7292 Slater Avenue Huntington Beach, CA - APN No. 156-163-15

Agency negotiators: General Manager, Jim Herberg; Assistant General Manager,
Lorenzo Tyner; and Assistant General Manager, Rob Thompson.

Negotiating parties: Northington Huntington Beach Investors LLC

Under negotiation: Price and terms of payment

CS-5 PUBLIC EMPLOYEE PERFORMANCE EVALUATION 54957(B)(1)**2019-807**

CONVENED IN CLOSED SESSION:

Public Employee Performance Evaluation

Number of Employees: 1

- General Counsel

RECONVENED IN REGULAR SESSION.

The Committee reconvened in regular session at 6:01 p.m.

CONSIDERATION OF ACTION, IF ANY, ON MATTERS CONSIDERED IN CLOSED SESSION:

None.

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:

None.

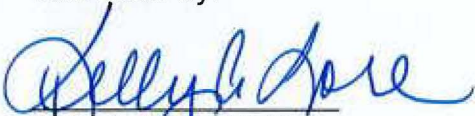
BOARD OF DIRECTORS INITIATED ITEMS FOR A FUTURE MEETING:

None.

ADJOURNMENT:

Chair Shawver declared the meeting adjourned at 6:02 p.m. to the next Steering Committee meeting to be held on Wednesday, March 25, 2020 at 5:00 p.m.

Submitted by:

Kelly A. Lore, MMC
Clerk of the Board



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

STEERING COMMITTEE

Agenda Report

File #: 2020-1039

Agenda Date: 4/22/2020

Agenda Item No:

FROM: James D. Herberg, General Manager
Originator: Kathy Millea, Director of Engineering

SUBJECT:

2020-23 SPONSORSHIP OF THE CENTER FOR DEMOGRAPHIC RESEARCH

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Approve a three-year Memorandum of Understanding with California State University Fullerton Auxiliary Services Corporation for operation of the Center for Demographic Research for the period July 1, 2020 through June 30, 2023, for a total amount not to exceed \$331,504.

BACKGROUND

The Center for Demographic Research (CDR), located at California State University Fullerton, develops demographic and related information for Orange County. Since 1996, CDR has been supported by sponsoring agencies, including the Orange County Sanitation District (Sanitation District). The Sanitation District uses CDR information to develop wastewater flow projections and to assess capacity needs for sewer conveyance and treatment facilities, and to project revenues from connection fees.

RELEVANT STANDARDS

- Maintain and adhere to appropriate internal planning documents
- Sustain 1, 5, 20-year planning horizons
- Maintain collaborative and cooperative relationships with regulators, stakeholders, and neighboring communities.

PROBLEM

The Sanitation District sponsorship of the CDR for 2017-2020 will be ending on June 30, 2020. Without our sponsorship of the CDR, the program will be impacted and will affect the products that can be produced. The products produced by CDR are used for various master planning efforts at the Sanitation District.

PROPOSED SOLUTION

Continue Sanitation District sponsorship of the CDR by approving the 2020-2023 Memorandum of Understanding (MOU).

TIMING CONCERNS

Execution of the CDR MOU by the Sanitation District's General Manager required to be returned to CDR by June 30, 2020.

RAMIFICATIONS OF NOT TAKING ACTION

The Sanitation District will no longer be a sponsor of the CDR and not entitled to CDR reports and information generated.

PRIOR COMMITTEE/BOARD ACTIONS

March 2017 - Approved a three-year Memorandum of Understanding with California State University, Fullerton Auxiliary Services Corporation for Operation of the Center for Demographic Research, for the period July 1, 2017 through June 30, 2020, for a total amount not to exceed \$282,005.26.

May 2014 - Approved a three-year Memorandum of Understanding with California State University, Fullerton Auxiliary Services Corporation for Operation of the Center for Demographic Research, for the period July 1, 2014 through June 30, 2017, for a total amount not to exceed \$239,344.

ADDITIONAL INFORMATION

The CDR produces core demographic products such as the "Orange County Progress Report," "Orange County Projections" and census, and employment data by traffic analysis zone. Recognizing the importance of local area expertise in developing demographic projections and associated products, a number of agencies sponsor CDR as listed in the payment schedule table below. Respective fees shall be as follows:

Payment Schedule for 2020-2023	2020-2021	2021-2022	2022-2023	Three Year Total
Orange County Transportation Authority	\$106,315.40	\$110,497.70	\$115,047.76	\$331,860.86
County of Orange	\$106,315.40	\$110,497.70	\$115,047.76	\$331,860.86
Orange County Council of Governments	\$106,315.40	\$110,497.70	\$115,047.76	\$331,860.86
Orange County Sanitation District	\$106,315.40	\$110,497.70	\$115,047.76	\$331,860.86
Transportation Corridor Agencies	\$106,315.40	\$110,497.70	\$115,047.76	\$331,860.86
Southern California Association of Governments	\$106,315.40	\$110,497.70	\$115,047.76	\$331,860.86
Municipal Water District of Orange County	\$53,157.70	\$47,044.26	\$50,155.80	\$141,002.63
Orange County Water District	\$53,157.70	\$47,044.26	\$50,155.80	\$141,002.63
California State University, Fullerton	\$97,213.96	\$98,782.60	\$98,782.60	\$294,779.16
Orange County Local Agency Formation Commission	\$17,000.00	\$17,000.00	\$17,000.00	\$51,000.00
TOTAL	\$761,207.80	\$790,483.90	\$822,334.32	\$2,374,026.02

The 2020-2023 MOU establishes Sanitation District sponsorship fees at \$106,315.40 for 2020-21, \$110,497.70 for 2021-22, and \$115,047.76 for 2022-23.

Cost increases are due to state minimum wage increases, required health benefits coverage, additional staffing to cover 2020 base year employment survey, and salary increases based on a July 2019 Compensation and Classification survey.

CEQA

This is not a project as defined by the California Environmental Quality Act (CEQA), therefore CEQA does not apply.

FINANCIAL CONSIDERATIONS

The cost of sponsorship has been budgeted within the Operational Budget of Division 740 under Operating Expense (FY2018-19 and 2019-20 Budget, Section 6, page 55) over the past six years. If approved, this item will continue to be budgeted within the same line item.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
04/22/2020	\$331,860.86	N/A

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Memorandum of Understanding

KH:sa:dm

MEMORANDUM OF UNDERSTANDING
by and between
ORANGE COUNTY INTERESTS
and
CSU FULLERTON AUXILIARY SERVICES CORPORATION
for the
CONTINUED OPERATION OF THE CENTER FOR DEMOGRAPHIC RESEARCH
AT CALIFORNIA STATE UNIVERSITY, FULLERTON

This Memorandum of Understanding (“MOU”) is entered into between the County of Orange, Transportation Corridor Agencies, Orange County Sanitation District, Orange County Transportation Authority, Municipal Water District of Orange County, Orange County Water District, Orange County Council of Governments, Southern California Association of Governments (“SPONSORS”); the Orange County Local Agency Formation Commission (“CONTRIBUTING PARTNERS”) and the CSU Fullerton Auxiliary Services Corporation, (“ASC”), which is a 501 (c)3 California corporation organized under California law as an auxiliary organization of California State University, Fullerton (“CSUF”). This MOU is for the development of demographic data and related support products. Obligations and rights specified for CSUF in the MOU shall be exercised by the ASC.

WHEREAS, the development of demographic and related information for Orange County is a vital data source used for a wide range of local, subregional and regional applications, including, transportation infrastructure planning, facilities planning and timing, development of fee programs, bond revenue stream analysis, general planning and other applications; and

WHEREAS, a number of primary users of data in Orange County have recognized the benefit of having a local area expertise in developing demographic projections and associated products; and

WHEREAS, these SPONSORS, CONTRIBUTING PARTNERS, and CSUF agree on the importance of having a single entity in Orange County developing demographic products and providing such products to data users; and

WHEREAS, these agencies also desire to establish a long-term process which allows each individual agency participation in the development and review of demographic products; and

WHEREAS, the Center for Demographic Research (“CDR”) located at CSUF provides an opportunity to place demographic activities in a setting that accomplishes SPONSORS’ and CONTRIBUTING PARTNERS’ objectives and provides augmented educational opportunities for CSUF; and

WHEREAS, CSUF will be listed as a “SPONSOR” based upon their financial contribution as outlined in the budget in Attachment 1 and in-kind contributions for the balance of the remaining Sponsor seat; and

WHEREAS, the SPONSORS have worked cooperatively in supporting and organizing the Center for Demographic Research for 24 years and wish to continue their cooperation; and

WHEREAS, the CONTRIBUTING PARTNERS wish to participate in supporting the Center for Demographic Research beginning in Fiscal Year 2020/2021; and

NOW, THEREFORE, IT IS RESOLVED that the **SPONSORS, CONTRIBUTING PARTNERS**, and the **ASC** agree as follows:

I. The SPONSORS and CONTRIBUTING PARTNERS will fund the CDR for the next three years, subject to an annual review and two one-year options by the SPONSORS and CONTRIBUTING PARTNERS, for an annual total fee as set forth in Item IV below and Attachment 1.

II. Process and Structure

A. Orange County Projections

The Orange County Council of Governments (“OCCOG”) will be responsible for the approval of the Orange County Projections at the Regional Statistical Area level and subsequent to that action the County of Orange will approve the Orange County Projections. The OCCOG will work with CDR staff to integrate the Orange County Projections as approved into the Southern California Association of Governments (“SCAG”) Regional Growth Forecast. Sponsors will make good faith efforts to use the Orange County Projections data in all future forecasting and planning efforts.

B. Management Oversight

The Management Oversight Committee (“MOC”) shall meet at least four (4) times each year to (1) consider policy matters associated with the operations of the Center for Demographic Research, (2) review products status and activities which are part of the core Work Program, (3) review the Center for Demographic Research’s financial status and status of annual MOU signatures, (4) set CDR budget and modify staff salaries funded by this MOU (5) consider requests from additional agencies wishing to become sponsors or contributing partners, (6) modify budget and work program upon addition or termination of a sponsor or contributing partner, (7) address other matters vital to the function of the Center for Demographic Research, and (8) undertake additional tasks as requested by the SPONSORS.

The Management Oversight Committee will be comprised of staff representing the SPONSORS, CONTRIBUTING PARTNERS and CSUF. Each SPONSOR will have one voting member of equal standing on the Management Oversight Committee including one member jointly representing the Municipal Water District of Orange County and the Orange County Water District; each CONTRIBUTING PARTNER will have one non-voting Ex-Officio member. The designees from each SPONSOR, CONTRIBUTING PARTNER, and the university shall be named by

July 1 of each year. An organization may also designate an individual(s) to serve as an alternate member of the Management Oversight Committee. The committee chair and vice-chair will be elected for a three-year term.

C. Technical Oversight:

The Technical Advisory Committee (“TAC”) provides technical guidance and input into the development of each product produced under this MOU before they are reviewed by the Management Oversight Committee. The Technical Advisory Committee advises the Director of the Center for Demographic Research, as well as reports to the Management Oversight Committee. The Committee will include one voting representative from each SPONSOR including a member representing the Municipal Water District of Orange County and the Orange County Water District; each CONTRIBUTING PARTNER will have one non-voting Ex-Officio member. University participation on the Technical Advisory Committee will include at least one voting member from CSUF, and one voting member each from the University of California, Irvine and Chapman University. The Director of the Center for Demographic Research will coordinate with research centers at these universities to ensure data consistency. The designees from each SPONSOR, CONTRIBUTING PARTNER, and agency shall be named by July 1 of each year. The committee chair and vice-chair will be elected for a three-year term.

The Technical Advisory Committee shall schedule at least four (4) meetings each year. It will (1) provide a report to the Management Oversight Committee summarizing its meetings, (2) provide advice on the approach, techniques, data sources and methods used to develop new products, (3) facilitate the acquisition of data necessary to produce products, (4) provide suggestions on the interpretation and analysis incorporated into deliverables, (5) provide input on assumptions for the development of the growth projections, (6) provide review of deliverables prior to approval by the Management Oversight Committee and (7) undertake other tasks as identified by the Management Oversight Committee.

D. Transportation Modeling Data

The Orange County Transportation Authority (“OCTA”) will be responsible for the approval of all transportation modeling variables used in the Orange County Transportation Analysis Model (“OCTAM”) at the Traffic Analysis Zone level. The transportation modeling variables shall be consistent with the Orange County Projections, as approved by the Orange County Council of Governments and the County of Orange at the Regional Statistical Area Level. The OCTA and SCAG will exercise user agreements for their consultants to access the transportation modeling variables.

III. Duration and Terminations

This agreement will become effective upon execution and ends on June 30, 2023. A review of the performance of the Center for Demographic Research in meeting its obligations under this MOU will be conducted by the Management Oversight Committee throughout the term July 2020 through June 2023. This MOU may be extended and/or amended by mutual agreement of all signatories.

A party may terminate its participation under this MOU by giving each of the other parties sixty (60) days written notice thereof. Upon said notice of termination, the SPONSOR or CONTRIBUTING PARTNER terminating its participation shall pay the balance of fees owed by the SPONSOR or CONTRIBUTING PARTNER for that given fiscal year. Each fiscal year, the SPONSORS and CONTRIBUTING PARTNERS shall review and approve in writing the MOU, work program, and funding arrangement. Such written approval shall constitute a SPONSOR’S or CONTRIBUTING PARTNER’S agreement to participate in this Agreement. In the event that ASC wishes to terminate its participation, it shall reimburse the SPONSORS and CONTRIBUTING PARTNERS any advance payments, less an amount to cover expenses related to work in progress and less costs reasonably necessary to effect such termination. If a party wishes to withdraw from the agreement, said notice shall be affected by delivery of such notice in person or by depositing said notice in the United States mail, registered or certified mail, return receipt required, postage prepaid.

IV. Funding and Schedule

Respective fees shall be as follows for the following fiscal year:

Payment Schedule for 2020-2023	2020-2021	2021-2022	2022-2023	Three-Year Total
Orange County Transportation Authority	\$106,200.64	\$110,378.62	\$114,924.00	\$331,503.26
County of Orange	\$106,200.64	\$110,378.62	\$114,924.00	\$331,503.26
Orange County Council of Governments	\$106,200.64	\$110,378.62	\$114,924.00	\$331,503.26
Orange County Sanitation District	\$106,200.64	\$110,378.62	\$114,924.00	\$331,503.26
Transportation Corridor Agencies	\$106,200.64	\$110,378.62	\$114,924.00	\$331,503.26
Southern California Association of Governments	\$106,200.64	\$110,378.62	\$114,924.00	\$331,503.26
Municipal Water District of Orange County	\$53,100.32	\$55,189.31	\$57,462.00	\$165,751.63
Orange County Water District	\$53,100.32	\$55,189.31	\$57,462.00	\$165,751.63
Orange County Local Agency Formation Commission	\$17,000.00	\$17,000.00	\$17,000.00	\$51,000.00
NON-CSUF TOTAL	\$760,404.48	\$789,650.34	\$821,468.00	\$2,371,522.82
California State University, Fullerton	\$97,213.96	\$98,782.60	\$98,782.60	\$294,779.16
TOTAL	\$857,618.44	\$888,432.94	\$920,250.60	\$2,666,301.98

Payments shall be made in accordance with invoicing policies of the ASC according to the schedule below. SPONSORS and CONTRIBUTING PARTNERS will be invoiced at the beginning of each quarter. Quarterly payments equal to 25% of the annual fees shall follow invoices submitted according to the calendar below:

Fiscal Year 2020/2021: July 2020, October 2020, January 2021, April 2021
Fiscal Year 2021/2022: July 2021, October 2021, January 2022, April 2022
Fiscal Year 2022/2023: July 2022, October 2022, January 2023, April 2023

SPONSORS and CONTRIBUTING PARTNERS shall pay one-quarter of their annual fees upon receipt of said invoices or may prepay for an entire fiscal year. Prepayment does not imply a discounted rate.

V. Administrative Representatives

A. The Principal Investigator for the operations and management of the Center for Demographic Research and the conduct of this MOU is Deborah Diep, Director. The Assistant Director, Rubaiya Zaman, will serve as the Principal Investigator in the Director's absence. They are authorized to negotiate supplemental services with the SPONSORS, CONTRIBUTING PARTNERS, and Non-sponsors as noted in Section VII. Sydney Dawes, Director, ASC Office of Sponsored Programs is designated as the administrative representative for the ASC. Should the Principal Investigators become unavailable for any reason, no other Principal Investigator shall be chosen by CSUF or the ASC without the approval of the SPONSORS. Furthermore, the ASC agrees that the Management Oversight Committee shall make the recommendation on the selection of the Director or interim Director of the Center for Demographic Research and no Director or interim Director shall be appointed without approval of the Management Oversight Committee. The Management Oversight Committee will serve as the search committee if a search committee for the Director is required by the ASC.

B. Equipment and furniture purchased by ASC under the terms of this MOU shall remain the property of the SPONSORS. In the event that the Center for Demographic Research is disbanded, the equipment remains the property of the SPONSORS and the Management Oversight Committee shall determine its disposition.

C. Databases and applications developed and maintained for the Center for Demographic Research purposes shall remain under control of the SPONSORS. In the event that Center for Demographic Research is relocated from CSUF, all Center for Demographic Research functions and designations shall accompany the Center for Demographic Research.

VI. Additional Sponsorships and Revenues

Other agencies and entities can become sponsors or contributing partners of the Center for Demographic Research with unanimous agreement among the SPONSORS as determined by a vote of the Management Oversight Committee. Adjustments in sponsor fees found necessary resulting from the addition of sponsors shall be determined by the Management Oversight Committee with consultation from the Center for Demographic Research Principal Investigators.

The disposition of additional revenues generated through additional sponsors, and the sale of products and services to non-sponsors shall be determined by the Management Oversight Committee. The additional funds shall be prorated according to the respective sponsor fee. SPONSORS shall have the option of expending their share of the additional funds on CDR activities, products or equipment or having the funds returned to the SPONSORS at the end of the fiscal year.

VII. Products and Deliverables

- A. The Center for Demographic Research will produce the identified core Demographic Products and Services as described in Attachment 2 and listed in Attachment 3. Each SPONSOR will receive ten (10) copies in printed form and one (1) copy of estimates and projections in electronic form.
- B. The SPONSORS and CONTRIBUTING PARTNERS have the right to request supplemental products and support services from the Center for Demographic Research through a purchase order. Projects above the amount of \$25,000 shall be approved by the ASC. Such purchases may be entered into if the SPONSOR or CONTRIBUTING PARTNER agrees to pay ASC all additional costs resulting from the additional products or services, including an indirect cost of 22%, and if the activities do not interfere with the normal functioning of the CDR. If requests for additional products or services require interference with the normal functioning of the CDR as determined by the Management Oversight Committee or additional resources from the CDR's basic budget the proposal for such products and services will be forwarded to the Management Oversight Committee for their advice and consent prior to finalization of the agreement. In all cases, supplemental work for SPONSORS and CONTRIBUTING PARTNERS shall be assessed indirect costs of 22%.
- C. Non-sponsors can contract with the Center for Demographic Research through the ASC for its services or obtain supplemental products and support services from the Center for Demographic Research through a Non-sponsor purchase order. A list of these projects will be submitted to the MOC on a quarterly basis. If the Director assesses a proposed project contains a conflict of interest, conflict of time commitment, or interference with the normal functioning of CDR, the Management Oversight Committee will be informed of the request for services and will review it for any potential conflicts. The Director shall notify the Management Oversight Committee of any such proposed agreement and provide the committee with draft text and budget, before the intended start of work. The Management Oversight Committee shall review the proposed project for possible conflicts of interests, conflicts of time commitment, and budgetary adequacy. The Management Oversight Committee may at its discretion impose a surcharge of funds to be used at its discretion. Action on these matters may be taken only with the concurrence of a majority of the members of the Management Oversight Committee and all such supplemental work for Non-sponsors shall be assessed normal indirect costs of 22%.

- D. Use of revenues generated by the sale of products produced by the Center for Demographic Research shall be determined by the Management Oversight Committee. A quarterly report on product sales will be presented to the Management Oversight Committee.
- E. Additional projects should not adversely affect the schedule of deliverables unless otherwise agreed to by the Management Oversight Committee.

VIII. Sponsorship

This Agreement shall be signed by all SPONSORS and CONTRIBUTING PARTNERS by June 30, 2020 with the exception of the Southern California Association of Governments. The Southern California Association of Governments shall sign this Agreement by September 30, 2020. If all SPONSORS and CONTRIBUTING PARTNERS listed in Section XVIII do not sign by September 30, 2020, the work program and budget will be modified to reflect the committed funding. If any SPONSOR or CONTRIBUTING PARTNER does not sign this Agreement, the funding amounts of the remaining SPONSORS and CONTRIBUTING PARTNERS will not change. The remaining SPONSORS and CONTRIBUTING PARTNERS are not required to make up the difference in the reduced budget. Any SPONSOR or CONTRIBUTING PARTNER listed as an ORANGE COUNTY INTEREST that does not sign this Agreement forfeits all rights, services, and privileges as a CDR SPONSOR or CONTRIBUTING PARTNER unless otherwise negotiated. A formal status report on execution will be delivered at each Management Oversight Committee meeting until all SPONSORS and CONTRIBUTING PARTNERS sign this Agreement.

IX. Liability and Insurance

Each party to this MOU hereby assumes any and all risks for personal injury and property damage attributable to the negligent acts or omissions of that party and the officers, employees, and agents thereof. ASC warrants that it has adequate Worker's Compensation Insurance and liability insurance for its own employees. The ASC, the SPONSORS (the County of Orange, Transportation Corridor Agencies, Orange County Sanitation District, Orange County Transportation Authority, Municipal Water District of Orange County, Orange County Water District, Orange County Council of Governments, and Southern California Association of Governments), and the CONTRIBUTING PARTNERS (the Orange County Local Agency Formation Commission) agree to indemnify and hold each other, their respective officers, employees, students, agents, harmless from and against all liability, loss, expense (including reasonable attorney's fees), or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorney's fees, or claims for injury or damages are caused by or result from negligent or intentional acts or omissions of the indemnifying party, its officers, employees, students or agents.

X. Independent Contractor

In the performance of all services and obligations under this agreement, SPONSORS, CONTRIBUTING PARTNERS, and ASC shall act as independent contractors. None shall be considered an employee or agent of the other.

XI. Use of Names

SPONSORS and CONTRIBUTING PARTNERS agree not to use the names of the ASC or CSUF in any commercial connection with work performed under this Agreement without prior written permission from the ASC. SPONSORS and CONTRIBUTING PARTNERS may use said names in ordinary internal business reports concerning this Agreement and may use the names of the Center for Demographic Research and the Principal Investigators in non-commercial publicity announcing the results of the project.

ASC agrees not to use the names of SPONSORS and/or CONTRIBUTING PARTNERS in any commercial connection with this work without prior written permission from SPONSORS and/or CONTRIBUTING PARTNERS. ASC may use SPONSORS' and/or CONTRIBUTING PARTNERS' name in ordinary internal business reports concerning this agreement and in non-commercial publicity announcing the awarding of the contract.

The provisions of this Section of the Agreement shall survive for two (2) years beyond any termination date specified in Section III or any extension thereof.

XII. Force Majeure

SPONSORS, CONTRIBUTING PARTNERS, and ASC shall not be liable or deemed to be in default for any delay or failure in performance under this Agreement or interruption of services resulting, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, strikes, labor disputes, or any similar cause beyond the reasonable control of SPONSORS, CONTRIBUTING PARTNERS, or ASC, provided the affected party notifies the other party of the delay in writing within ten days of the onset of the delay.

XIII. Assignment

This Agreement shall inure to the benefit of and be binding upon and enforceable by the parties and their successors and permitted assigns. However, neither party may assign any of its rights or obligations under this Agreement without the prior written consent of the other.

XIV. Modification and Waiver

None of the terms of the Agreement may be waived or modified except by an express agreement in writing signed by SPONSORS, CONTRIBUTING PARTNERS, and ASC. Modifications not documented in writing cannot be enforced. The failure or delay of either party in enforcing any of its rights under this Agreement shall not be deemed a continuing waiver or a modification by such party of such right.

XV. Governing Law

The validity and interpretation of this Agreement shall be governed by the laws of the State of California.

XVI. Federal Statutes Relating to Nondiscrimination

ASC will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S. C. sections 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S. C. section 794), which prohibits discrimination on the basis of handicaps; (d) Age discrimination Act of 1975, as amended (42 U.S.C. sections 6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 (P.O. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) sections 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-d and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. section 3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (I) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirement of any other federal nondiscrimination statute(s) which may apply to the application.

XVII. Notices

Notices under this agreement shall be considered to be given if delivered by first class mail to the following addresses:

For SPONSORS:

Jessica Witt
County of Orange
10 Civic Center Plaza, 3rd Floor
Santa Ana, CA 92701

Marnie O'Brien Primmer
Orange County Council of Governments
3972 Barranca Pkwy, Suite J-127
Irvine, CA 92606

James D. Herberg
Orange County Sanitation District
10844 Ellis Avenue
Fountain Valley, CA 92738-8127

Kurt Brotcke
Orange County Transportation Authority
550 S. Main Street
2nd Floor
Orange, CA 92868

Kome Ajise
Southern California Association of Governments
c/o Justine Block, SCAG Acting Chief Counsel
900 Wilshire Blvd., Suite 1700
Los Angeles, CA 90017

Valarie McFall
Transportation Corridor Agencies
125 Pacifica, Suite 100
Irvine, CA 92618-3304

Robert Hunter
Municipal Water District of Orange County
18700 Ward Street
Fountain Valley, CA 92728

Michael R. Markus
Orange County Water District
18700 Ward Street
Fountain Valley, CA 92728-8300

Danny C. Kim
Administration and Finance, California State University, Fullerton
800 N. State College Blvd., LH-802
Fullerton, CA 92831-3599

For CONTRIBUTING PARTNERS:

Carolyn Emery
Orange County Local Agency Formation Commission
2677 N. Main Street, Suite 1050
Santa Ana, CA 92705

For CSU FULLERTON AUXILIARY SERVICES CORPORATION

Sydney Dawes, Director, ASC Office of Sponsored Programs
CSU Fullerton Auxiliary Services Corporation
1121 N. State College Blvd.
Fullerton, CA 92831-3014

XVIII. Execution

IN WITNESS THEREOF, the SPONSORS, CONTRIBUTING PARTNERS, and the ASC have executed this Agreement on the date first herein written. This Agreement is to be signed in counter parts.

For the CSU Fullerton Auxiliary Services Corporation:

Charles D. Kissel, Executive Director

Date

For the County of Orange:

Frank Kim, County Executive Officer

Date

For the Orange County Council of Governments:

Marnie O'Brien Primmer, Executive Director

Date

For the Orange County Sanitation District:

James D. Herberg, General Manager

Date

For the Orange County Transportation Authority:

Darrell Johnson, Chief Executive Officer

Date

For the Southern California Association of Governments:

Kome Ajise, Executive Director

Date

For the Foothill/Eastern Transportation Corridor Agency:

Michael Kraman, Chief Executive Officer

Date

For the San Joaquin Hills Transportation Corridor Agency:

Michael Kraman, Chief Executive Officer

Date

For the Municipal Water District of Orange County:

Sat Tamaribuchi, President of the Board

Date

Robert Hunter, General Manager

Date

For the Orange County Water District:

Vincent Sarmiento, President

Date

Michael R. Markus, General Manager

Date

For the Orange County Local Agency Formation Commission:

Carolyn Emery, Executive Officer

Date

For California State University, Fullerton:

Danny C. Kim, Vice President for
Administration & Finance/CFO

Date

**Attachment 1: Center for Demographic Research
Annual Budget: July 1, 2020 through June 30, 2023**

		<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	
1	Salaries	\$434,339.26	\$446,889.06	\$467,736.62	
2	Benefits	\$184,459.49	\$191,881.70	\$201,114.20	
3	Supplies	\$7,000.00	\$7,000.00	\$7,000.00	
4	Printing & Publications	\$8,500.00	\$12,500.00	\$8,500.00	
5	Meetings, Mileage, & Training	\$1,950.00	\$1,950.00	\$1,950.00	
6	Equipment	\$500.00	\$500.00	\$500.00	
7	Expenses	\$636,748.75	\$660,720.77	\$686,800.82	
8	Federally-negotiated Indirect Cost (IDC) / Overhead: 37%	\$235,597.04	\$244,466.68	\$254,116.30	
9	Office space rent (not subject to IDC)	\$80,784.96	\$82,353.60	\$82,353.60	
10	(A) Gross Total Program Costs	\$953,130.75	\$987,541.05	\$1,023,270.72	
11	Contributions toward IDC				
12	Non-CSUF SPONSORS/Contributing Partner (22.0%)	\$140,084.73	\$145,358.57	\$151,096.18	
13	CSUF contribution (IDC reduction from 37% to 22%)	\$95,512.31	\$99,108.11	\$103,020.12	
14	Total Indirect Cost (IDC) / Overhead	\$235,597.04	\$244,466.68	\$254,116.30	
15	CSUF Contribution Summary				
16	Office space rent: 100% ¹	\$80,784.96	\$82,353.60	\$82,353.60	
17	Administrative Asst. salary support from HSS Dean ¹	\$16,429.00	\$16,429.00	\$16,429.00	
18	Subtotal of CSUF Monetary Contributions	\$97,213.96	\$98,782.60	\$98,782.60	
19	IDC / Overhead (Rate reduction from 37% to 22%)²	\$95,512.31	\$99,108.11	\$103,020.12	
20	(B) Total CSUF Contribution	\$192,726.27	\$197,890.71	\$201,802.72	
21	NET CDR BUDGET TOTAL: (A) - (B)	\$760,404.48	\$789,650.34	\$821,468.00	
22	Contributing Partner (no seat): LAFCO	\$17,000.00	\$17,000.00	\$17,000.00	
23	Cost per Sponsorship Seat= (Net Budget – LAFCO)/ 7 remaining seats	\$106,200.64	\$110,378.62	\$114,924.00	
	Number of Voting Seats				
24	OCTA	1	\$106,200.64	\$110,378.62	\$114,924.00
25	COUNTY	1	\$106,200.64	\$110,378.62	\$114,924.00
26	OCCOG	1	\$106,200.64	\$110,378.62	\$114,924.00
27	OCSO	1	\$106,200.64	\$110,378.62	\$114,924.00
28	TCA	1	\$106,200.64	\$110,378.62	\$114,924.00
29	SCAG	1	\$106,200.64	\$110,378.62	\$114,924.00
30	MWDOC	0.5	\$53,100.32	\$55,189.31	\$57,462.00
31	OCWD	0.5	\$53,100.32	\$55,189.31	\$57,462.00
32	CSUF	1	see above	see above	see above
33	LAFCO	0	\$17,000.00	\$17,000.00	\$17,000.00
34	TOTAL	8	\$760,404.48	\$789,650.34	\$821,468.00

¹Monetary contribution

²Non-monetary contribution (rate reduction); not included in IV. Funding and Schedule: Payment Schedule for 2020-2023, Page 4.

Attachment 2
Proposed CDR 2020-2023 Services and Products

REPORTS

Orange County Progress Report

Produce an annual Orange County Progress Report. This document presents a unified and a comprehensive picture of Orange County and its 34 cities including its economic health, its demographic status and trends, and other information of interest to those who might wish to relocate to Orange County, do business in the County, or otherwise have an interest in the economic and demographic status and future of Orange County.

Orange County Projections

Preparation and development of OCP-2022 will begin during this three-year MOU. Incorporate 2020 Decennial Census data into OCP-2022 base year dataset. Complete OCP-2022 dataset and adoption. Following the adoption of OCP-2022, produce a report containing assumptions, tables, charts, maps, and methodology. The OCP dataset contains population, housing, and employment projections by 2020 census tract, jurisdiction, Community Analysis Area, and Regional Statistical Area for a 25-year period. This iteration will include agency boundaries for MWDOC, OCSD, & OCWD.

Orange County Facts and Figures

Update quarterly the Orange County Facts and Figures. This document focuses on the most frequently asked questions about Orange County demographics and related information.

Boundary and Annexation Report

Working with information provided by OC LAFCO, CDR staff will produce an annual report of the jurisdictional boundary changes. This multi-page report will contain a map of the year to year boundary changes and a table listing the area change and specific annexations and incorporations for each calendar year. Detailed annexation and vicinity maps from OC LAFCO's approved changes of organization documents will also be included in the report. For ease of reference and to make the information publically available, the report will be posted on OC LAFCO's website.

Housing Activity Report

Using information from the Housing Inventory System (HIS), CDR staff will produce an annual report on the housing construction and demolition activity by jurisdiction. Information will be released in aggregate form at the jurisdiction level in a PDF.

PUBLIC INFORMATION SERVICES

Provide Public Information on Orange County Demographics as Requested

Provide information in response to numerous requests made by government agencies, elected officials, private companies, non-profit organizations, schools, students, and citizens regarding demographic and related information about Orange County.

Maintain CDR Website

Update the information currently on the CDR website on a regular basis and expand as information becomes available.

Provide Information and Analysis to News Media

Provide information, description, interviews, and analysis of demographics to news media to assist them in doing stories where demographics is the focus.

Update RHNA Allocations

Develop allocations of 2020 RHNA for annexations and incorporations as requested. Provide data support to local jurisdictions and SCAG during development of the 2020 RHNA. Monitor RHNA development process to ensure Orange County data is incorporated.

Process Decennial Census and American Community Survey Data

Process Bureau of Census data as it pertains to development of the Orange County Projections and at the request of CDR Sponsors.

State Data Center Affiliate

The CDR will serve as a State Data Center Affiliate to the Demographic Research Unit of the California Department of Finance. As an Affiliate, CDR will assist the SDC and Orange County in disseminating census data and improving public access to census data products consistent with services CDR already provides.

DATA BASES

Housing Inventory System

The Housing Inventory System (HIS) is a data system that includes all changes to each jurisdiction's housing stock, including 2017 and 2019 changes to accessory dwelling units. Data is collected at the address level and converted into a GIS database by geocoding. After geocoding, quality analysis efforts include tying activity to parcels. Depending on the jurisdiction, different documents are used to record added units including certificates of use and occupancy, utility release log, or building final documents. Demolitions and conversions are recorded through other recordation. Changes to the mobile home inventory will be verified with HCD. This project includes an annual review and sign off process by each jurisdiction of their geocoded data to ensure accuracy.

Census Data by Partial TAZ

Update the correspondence tables of 2020 Census blocks to the TAZs after release of Census Bureau data and GIS shapefiles. As the various census files become available, transportation modeling variables and other key variables useful for projecting the modeling variables will be aggregated to TAZ.

Calibrate Age Cohort Component, Shift-Share and Headship Rate Models

Based on data from the Census Bureau, DOF, and EDD data, calibrate the models used to project county-wide population, housing and employment.

Master Polygon File

Update master polygon file based on the 2020 Census block file for use in development of OCP dataset and annual population and housing unit estimates. Allocate Census block data to TAZ, CAA, RSA, MWDOC, OCSD, and OCWD. Working with information from OC LAFCO, the master polygon file will be updated annually to include changes to agency boundaries: jurisdiction, MWDOC, OCSD, and OCWD.

Population and Housing Estimates by TAZ (OCP)

Estimates of population and housing by unit type will be developed using the 2010 Census and American Community Survey data at the split TAZ. From 2014 onwards, housing unit changes will be geocoded and aggregated to the TAZ. Annual estimates of population and housing will be produced by TAZ for maintenance of the OCP base file.

Annual Population and Housing Estimates by Partial Census Tract and Sponsor Agency

Estimates of population and housing units developed using the 2020 Census for each of the special district sponsors will be updated annually. From 2014 onwards, annual estimates (January 1) of population and housing will be produced by partial census tract and for each of the special district sponsor agencies: MWDOC, OCSD, and OCWD.

Project Total County Population, Housing, and Employment

Draft assumptions for OCP-2022 will be developed and reviewed by the CDR TAC. These will then be incorporated into the macro level models used to project population, housing, and employment. The resulting projections will be reviewed by the CDR TAC and MOC and then brought to the OCCOG TAC and Board for approval as the controls totals for OCP-2022.

Projected Population, Housing and Employment by TAZ (OCP)

Preparation and development of OCP-2022 will begin during this MOU cycle. Countywide population, housing, and employment for years 2020 through 2050 will be allocated to Traffic Analysis Zones split by jurisdictions. Following the allocation, extensive review and refinement will occur to assure the accuracy of the projections.

Secondary Variables by TAZ (OCTAM)

The basic projected population, housing, and employment from OCP-2022 will be expanded to the 14 OCTAM variables. These variables will include resident population, group quarters population, employed residents, median income, occupied single family dwelling units, occupied multiple family dwelling units, household size, retail employment, service employment, K-12 public school employment, all other employment, school enrollment, university enrollment, and area. Preparation of the base year OCTAM data for OCP-2026 will begin in this MOU cycle.

Entitlement Dataset & Support Services

Provide support to Orange County jurisdictions in the development of the entitlements database and other data requested by SCAG during the development of the 2020 & 2024 RTP/SCS. Monitor development process to ensure Orange County data is incorporated.

Consolidated Boundary and Annexation Program (CBAS)

CDR staff will report annual jurisdictional boundary and feature changes through a new, voluntary program of the U.S. Census Bureau that allows for a consolidated annual review of jurisdiction boundaries. This review will be done using the official County Surveyor/OC LAFCO jurisdiction GIS boundary file. Orange County jurisdictions will be able to opt in or out of this CDR service annually. CDR will notify each participating jurisdiction and OC LAFCO of the outcome of the BAS review, i.e., whether there were any areas where jurisdiction boundaries needed to be corrected.

COMMITTEES

Participate in Sponsor Technical Advisory Committees as Requested

Participate in appropriate Sponsor technical advisory committees including, OCCOG TAC, County's Demographic Steering Committee, OCTA's Modeling TAC, Orange County Sanitation District's Planning Advisory Committee, Water Use Efficiency Project Advisory Committee, and SCAG's Technical Working Group and other regional working groups.

Coordinate with SCAG and SCAG Committees

This service revolves around the incorporation of OCP into the SCAG growth forecast. This service includes participation in SCAG expert panels and workshops to develop assumptions for their population and employment projections; monitoring the discussions relevant to the development of SCAG's growth forecast at SCAG policy committees and subregional coordinator meetings; and coordinating with relevant SCAG staff on this issue.

Coordinate with University Research Centers

CDR staff will coordinate with UCI and Chapman University research centers to ensure consistency between the CDR's forecast and estimates and those produced by these institutes.

2020-2023 LAFCO FUNDED PROJECT: Sphere of Influence Estimates

CDR will update its master polygon file on an annual basis with changes to the sphere of influence (SOI) boundaries. CDR will produce annual estimate of January 1 population and housing for each of the SOI polygons upon completion of the annual Housing Inventory System to maintain this information in preparation for the 2018-2022 OC LAFCO municipal service review cycle.

Boundary and Annexation Report: Working with OC LAFCO over the three-year MOU cycle, CDR will attempt to build a historical reference collection of these reports going back to 2000 as information is available.

NEW PROJECTS & SERVICES

Modifications to OCTA Traffic Analysis Zones

CDR will work with OCTA on an update to their Orange County Transportation Analysis Model Traffic Analysis Zones (OCTAM TAZs) to align with roads and communities that have been built and future developments which are now formally detailed. Once the 2020 Census block geographic boundaries are available, the CDR will work with OCTA from July to December 2020 to update the OCTAM TAZ boundaries by incorporating any additional changes OCTA has requested and finalize any other requested or suggested changes to the TAZ boundaries in preparation for the OCP-2022. 2020 base year estimates to be reviewed by jurisdictions in summer 2021.

Orange County Projections 2022 Geographies- Tier 3/City TAZ Pilot Program

CDR will complete a pilot program of three cities, which already have comparable data at the Tier 3/city TAZ level, to expand the OCP split OCTAM-TAZ geographies to the city/Tier 3 TAZs for OCP-2022. The city-TAZs nest into the OCTAM TAZs. This data will also be provided to SCAG for use in their modeling efforts at the Tier 3 level. The OCP-2022 working geographic unit would be the split Tier 3 TAZ. The OCTAM modeling dataset would still be developed and provided to OCTA at the OCTAM TAZ (Tier 2) level. The pilot program would potentially be a first-phase effort to incorporate the city/Tier 3 TAZ for the three volunteer cities (Anaheim, Irvine, and Newport Beach) into the CDR minimum planning unit database for OCP.

Special Decennial Census Edition of the Facts & Figures

This multi-page document will include county and city/community data from the 2020 Decennial Census on population and housing. It will also show growth and changes since the 2010 Decennial Census. This document will be electronic and posted online for free download.

Census Bureau Count Question Resolution (CQR) Program Support

CDR staff will provide maps to Orange County jurisdictions to verify 2020 Census jurisdictional boundaries and total population and housing unit counts by census block. CDR staff will assist Orange County jurisdictions in documenting errors found during the review process by providing maps to be used in their responses to the U.S. Census Bureau Count Question Resolution program.

Attachment 3

Proposed Draft Work Program 7/2020 - 6/2023

	07/20	10/20	01/21	04/21	07/21	10/21	01/22	04/22	07/22	10/22	01/23	04/23	07/23
OC Facts and Figures		▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
Special 2020 Census Profile reports				●	▲								
OC Progress Report					●	■	▲				●	■	▲
Boundary & Annexation Report				▲				▲				▲	
Housing Activity Report		▲				▲				▲			
Modifications to OCTA TAZs	●	■	▲										
OC Projections 2022	●	■	■	■	■	■	■	■	■	■	▲		
OCP 2022 - Tier 3 Pilot Program	■	■	■	■	■	■	■	■	■	■	▲		
OCP 2022 secondary variables				●	■	■	■	■	■	■	▲		
Census Data by TAZ	■	■	■	■	■	■	■	■	■	■	■	■	■
Pop & Housing by TAZ	●	■	■	■	▲	■	■	■	■	■	■	■	▲
Employment by TAZ	■	■	■	■	■	▲	■	■	■	■	■	■	●
Housing Inventory System	■	■	■	■	▲	■	■	■	▲	■	■	■	▲
Pop & Housing by Partial CT	■	■	■	■	▲	■	■	■	▲	■	■	■	▲
Special District Annual Estimates	▲			●	▲			●	▲			●	▲
Calibrate Demog & Econ Models			●	■	■	■	▲						
Consolidated Boundary & Annexation		●	■	▲		●	■	▲		●	■	▲	
Public Information	■	■	■	■	■	■	■	■	■	■	■	■	■
Maintain CDR Homepage	■	■	■	■	■	■	■	■	■	■	■	■	■
Info for Media	■	■	■	■	■	■	■	■	■	■	■	■	■
Process Census Info	■	■	■	■	■	■	■	■	■	■	■	■	■
State Date Center Affiliate support	■	■	■	■	■	■	■	■	■	■	■	■	■
RHNA Allocations	■	■	■	■	■	■	■	■	■	■	■	■	■
2020 Census Geographic Support	■	■	■	■	■	■	■	■	■	■	■	▲	
Entitlement Dataset & Support Services	■	■	■	■	■	■	■	■	■	■	■	▲	
Census Count Question Resolution Program					●	■	■	■	■	■	■	■	▲

- Startup
- ▲ Milestone/Completion



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

STEERING COMMITTEE

Agenda Report

File #: 2020-1040

Agenda Date: 4/22/2020

Agenda Item No:

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

ELECTRONIC SIGNATURES POLICY

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Adopt a policy for the use of electronic signatures.

BACKGROUND

The use of electronic signatures on legally binding documents has become increasingly prevalent but has yet to find widespread adoption by public entities. Benefits of using electronic signatures include: reduction of paper generation; significant decrease in time and costs associated with transmitting, approving, and retaining physical documents; and creation of an audit trail of the modification, editing, and approval/signing of documents.

RELEVANT STANDARDS

- California Government Code Section 16.5
- California Secretary of State Regulations
- California Uniform Electronic Transactions Act (UETA)

PROBLEM

The Orange County Sanitation District (Sanitation District) does not currently have a policy in place to establish guidelines for when and how electronic signatures may be used, including the documents and transactions approved for electronic signature use, and how the documents and transactions are to be processed.

PROPOSED SOLUTION

Approval of the attached Electronic Signatures Policy to provide guidance to staff and allow the Sanitation District to use and accept approved electronic signatures, in lieu of written signatures, that comply with the requirements of California Government Code Section 16.5, the UETA, the Electronic Signatures in Global and National Commerce Act (E-Sign Act), and other applicable laws and regulations.

TIMING CONCERNS

N/A

RAMIFICATIONS OF NOT TAKING ACTION

The establishment of a formal document establishing criteria, regulation, and guidance regarding electronic signatures will ensure consistency and a point of reference moving forward on this agency-wide initiative. The absence of a policy document could result in multiple and varying interpretations of legal regulations and best methods to implement electronic signing of Sanitation District documents.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

In 1995, the California Legislature passed Government Code Section 16.5, authorizing public entities to accept digital signatures if they comply with stringent verification requirements.

In 1999, California adopted a version of the UETA (California Civil Code Sections 1633.1 to 1633.17), providing that electronic signatures would have the same legal effect as a wet or manual signature.

Not every state enacted UETA and, therefore, in 2000, the Federal Government enacted the E-Sign Act. The E-Sign Act mandated the same treatment of electronic signatures in interstate or foreign commerce. (15 USC §§ 7001 et seq.)

In August 2016, Governor Brown signed AB2296 to clarify that State and local agencies can use both electronic and digital signatures and that a digital signature is a subset of electronic signature in which Government Code Section 16.5 only applies when a public entity uses a digital signature.

CEQA

N/A


FINANCIAL CONSIDERATIONS

N/A

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Electronic Signatures Policy

	<h2>Orange County Sanitation District</h2>	Section Number: X.X
		Effective Date: 04/22/2020
		Supersedes:
SUBJECT: Electronic Signatures		Approved by: General Manager

1. PURPOSE

- 1.1 The purpose of this policy is to establish guidelines for use by OCSD staff in when and how electronic signatures may be used, including the documents and transactions approved for electronic signature use and how the documents and transactions are to be processed.

2. ORGANIZATIONAL UNITS AFFECTED

- 2.1 This policy pertains to all employees who develop, approve, or handle Sanitation District contracts, documents, and forms.

3. DEFINITIONS

- 3.1 Electronic record is “a record created, generated, sent, communicated, received, or stored by electronic means”, as defined by California’s Uniform Electronic Transactions Act (“UETA”) (Cal. Civil Code § Section 1633.1 et seq.). An electronic record generally contains information or a data file that was created and stored in digitized form through the use of computers, machines, and software applications. The format of an electronic record does not change the fact that it is a record subject to applicable public records laws, but its electronic form and its dependence on machines for creation and reference do change the way these records must be stored and managed.
- 3.2 Electronic signature. As defined by both the federal Electronic Signatures in Global and National Commerce Act and the UETA, an electronic signature is “an electronic sound, symbol, or process, attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record”. It is the electronic equivalent of a handwritten, wet, or manual signature on paper, and therefore must have certain characteristics for evidentiary purposes.
- 3.3 Electronically signed record is a record, file, or document that has been electronically signed by means of an electronic signature and that is related to the conduct of the Sanitation District’s official business.

4. POLICY

4.1 General Rules for Electronic Signatures

- 4.1.1 Compliance with Policy. This Policy applies to all OCSD departments and governs all uses of electronic signatures and electronically signed records or documents related to the conduct of OCSD's official business. Sanitation District staff will only accept electronic signatures that comply with the requirements of this Policy.
- 4.1.2 General Authorization. In any document accepted by the Sanitation District in which a signature is required or used, the General Manager may authorize the use of an electronic signature, so long as it complies with the requirements of this Policy.
- 4.1.3 Use Optional. Pursuant to California law, the use of electronic signatures by individuals or entities that wish to conduct business with the Sanitation District remains optional. This Policy neither limits the right or option to conduct the transaction on paper or in non-electronic form, nor the right to have documents provided or made available on paper.
- 4.1.4 Consent Required. All parties that wish to use electronic signatures shall agree to follow this Policy, shall provide written or electronic consent as to the use of electronic signatures, and shall agree to indemnify the Sanitation District against any liability associated with transmitting an electronic signature or an electronically signed record by electronic transmission. Consent may be kept on file with the Sanitation District prior to the sending party transmitting any records or signatures electronically or may be included in the electronic document as evidence that the signer has accepted this Policy.
- 4.1.5 Characteristics of a Valid Electronic Signature. The use of an electronic signature shall be valid and shall have the same force and effect as the use of a handwritten, wet, or manual signature if:
 - 4.1.5.1 The signature is capable of verification (through the electronic document's metadata);
 - 4.1.5.2 The signature is under the sole control of the person using it; and
 - 4.1.5.3 The signature is linked to the data contained in the electronically signed record in such a manner that it is readily ascertainable if the data is changed after the signature is applied.
- 4.1.6 Signature Required by Sanitation District Policy, State, or Federal Law.
 - 4.1.6.1 Where a Sanitation District policy requires that any electronic document, photo, record, or other related item have the signature of a responsible person, that requirement is met when the item has associated with it an electronic signature meeting the requirements of this Policy.

- 4.1.6.2 Where California or federal law requires that any electronic document, photo, record, or other related item have the signature of a responsible person, that requirement is met when the item has associated with it an electronic signature meeting the requirements of this Policy and using a signature method which complies with California law or federal law.
- 4.1.7 Acceptable Technologies. The General Manager, with the recommendation of the General Counsel and Clerk of the Board, shall determine acceptable electronic signature technologies and vendors under this Policy, and consistent with industry best practices, to ensure that security and integrity of electronic records, electronic data, and electronic signatures. The General Manager, with the recommendation of the General Counsel and Clerk of the Board shall further determine the records or documents for which the Sanitation District will accept electronic signatures.
- 4.1.8 Notaries. This Policy shall comport with California Civil Code Section 1633.11(a) which states, "If a law requires that a signature be notarized, the requirement is satisfied with respect to an electronic signature if an electronic record includes, in addition to the electronic signature to be notarized, the electronic signature of a notary public together with all other information required to be included in a notarization by other applicable law".
- 4.1.9 Penalty of Perjury. This Policy shall comport with California Civil Code Section 1633.11(b) which states, "In a transaction, if a law requires that a statement be signed under penalty of perjury, the requirement is satisfied with respect to an electronic signature, if an electronic record includes, in addition to the electronic signature, all of the information as to which the declaration pertains together with a declaration under penalty of perjury by the person who submits the electronic signature that the information is true and correct".
- 4.1.10 Further Acts. Nothing in this Policy shall prevent the Sanitation District from adopting additional guidelines or taking further actions to implement this Policy or to add other permissible forms of electronic signatures to this Policy.
- 4.1.11 Revocation of Technology. In the event that is determined that an approved electronic signature method or technology is no longer trustworthy or secure, the General Manager shall revoke the approval of such electronic signature method. If there is continued significance for electronic signatures that employed the revoked method, the General Manager will take steps to ensure that any valid records signed with the revoked method are signed again either with a handwritten, wet signature or with an approved electronic signature method.

4.2 Intake Process; Validation Process

- 4.2.1 Initial Evaluation. Sanitation District staff shall determine which section(s) of this Policy apply to any electronic signature or electronically signed record.
- 4.2.2 Obtain Consent. Sanitation District staff shall require all sending parties to provide a written consent agreeing to this Policy. This consent may be kept

on file with the Sanitation District prior to the sending party transmitting any records or signatures electronically or may be included in the electronic document as evidence that the signer has accepted this Policy.

- 4.2.3 Identify the Sending Party. Sanitation District staff shall develop rules and standard operating procedures to identify the sending party's identity, address, and contact information to accompany an electronic signature, record, document, or transmission.
- 4.2.4 Multiple Parties. Sanitation District staff shall determine whether multiple signatures are required and, if so, each signature shall independently comply with the requirements of this Policy.
- 4.2.5 Notary Requirements. Sanitation District staff shall determine if any submitted document requires a notary signature. If a notary signature is required, the notary's signature, if sent electronically, must all comply with this Policy.

4.3 Electronically Transmitted Documents; Confirmation Process

- 4.3.1 Initial Evaluation. Sanitation District staff shall determine whether a particular document needs to be authenticated for recording purposes and whether confirmation of that document needs to be provided.
- 4.3.2 Characteristics of Trustworthiness. Reliability, authenticity, integrity, and usability are characteristics of trustworthy records from a records management perspective. Transactions that are critical to OCSD's business may require greater assurances that they are reliable, authentic, maintain integrity, and are usable than other transactions of less critical importance.
 - 4.3.2.1 Reliability. A reliable record contains content that can be trusted as a full and accurate representation of the transactions, activities, or facts to which it attests, and can be depended upon in the course of subsequent transactions or activities.
 - 4.3.2.2 Authenticity. An authentic record is one that is proven to be what it purports to be and which has been created or sent by the person who purports to have created or sent it.
 - 4.3.2.3 Integrity. The integrity of a record refers to the record's completeness and total lack of unauthorized alterations.
 - 4.3.2.4 Usability. A usable record is one which can be located, retrieved, presented, interpreted, and utilized for its intended purpose or objective.
- 4.3.3 Confirmation of Receipt. From the initial signature of a document to the completion of all required signatures (execution), the document shall be accessible to all signatories to see its status in the workflow. Upon final execution of a contract document, all parties to the contract (as designated by the Contracts Administrator who initiates the signature workflow) will be

notified electronically and such notification will be recorded as part of the document's metadata.

- 4.3.4 Confirmation of Filing. The Sanitation District must also dispatch to the sending party an electronic confirmation that the record or document has been filed and, if applicable, added to the existing record on file.
- 4.3.5 Filer Responsible for Verification. In the absence of OCSD's confirmations of receipt and filing, there shall be no presumption that the Sanitation District received and filed the electronically submitted record or document. The sending party is responsible for verifying that the Sanitation District received and filed a document and for obtaining confirmations of receipt and filing.
- 4.3.6 Notice of Rejection of Document for Filing. If OCSD staff do not file a record or document because it does not comply with applicable filing requirements or because the required filing fee has not been paid, the Sanitation District must promptly notify the sending party of the rejection of the record or document for filing.
- 4.3.7 Documents Filed After Close of Business. Records or documents transmitted electronically after the close of the Sanitation District's business hours shall be deemed to have been filed on the next business day.
- 4.3.8 Delayed Delivery. If a technical problem with OCSD's software or electronic filing system prevents the Sanitation District from accepting an electronic submission during its regular filing hours on a particular Sanitation District business day, and the sending party can demonstrate that he or she attempted to electronically file the document on that particular Sanitation District business day, then OCSD shall deem the document to be filed on that day.

4.4 Sanctions

Any individual or party that makes inappropriate, illegal, or fraudulent use of electronic signatures or electronic records in violation of this Policy is subject to sanctions up to and including dismissal, suspension, and criminal prosecution as specified in published Sanitation District policies and/or state or federal law, whether or not they are directly referenced in this Policy. All inappropriate, illegal, or fraudulent uses of any electronic means of transmission shall be prosecuted to the fullest extent of the law, including the recovery of attorneys' fees and administrative costs.

5. REFERENCES/RELATED LINKS

[MyOCSD
Glossary](#)

6. EXHIBITS / ATTACHMENTS

None



Orange County Sanitation District

Administration Building
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STEERING COMMITTEE

Agenda Report

File #: 2020-1041

Agenda Date: 4/22/2020

Agenda Item No:

FROM: James D. Herberg, General Manager
Originator: Celia Chandler, Director of Human Resources

SUBJECT:

RATIFY AMENDMENTS TO PERSONNEL POLICIES AND PROCEDURES IN RESPONSE TO COVID-19 PANDEMIC

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Pursuant to Resolution No. OCSD 20-01, ratify amendments to Orange County Sanitation District Board of Directors' Personnel Policies and Procedures: 1.4 Recruitment & Selection, 1.11 - Temporary & Contract Worker, 1.12 - Student Internship Program, 3.1.2 - Hours of Work - Exempt Employees, 3.2 - Attendance, 3.3 - Leave-of-Absence with Pay, and 3.4 - Leave-of-Absence Without Pay, effective March 25, 2020 through December 31, 2020 or as soon as the State emergency related to the COVID-19 pandemic is lifted.

BACKGROUND

The Orange County Sanitation District (Sanitation District) Board of Directors' Personnel Policies and Procedures Manual (Policies) contains the terms, conditions, rules, and regulations of employment which are consolidated into one reference document. Additionally, staff has met and conferred with unions on changes, and have agreement. Staff is proposing temporary amendments to the Policies listed herein as a result of the COVID-19 pandemic. In accordance with Resolution No. OCSD 18-18, revisions to the Policies require Board of Directors' approval.

RELEVANT STANDARDS

- Comply with Resolution Nos. OCSD 18-18 and OCSD 20-01
- Comply with all State and Federal mandates and orders
- Maintain positive employer-employee relations

PROBLEM

The COVID-19 pandemic requires rapid response to changing conditions in the work environment. The current policies and procedures reflect a routine business model and changes are needed to accommodate operational needs in response to the COVID-19 pandemic.

PROPOSED SOLUTION

The Sanitation District remains committed to providing essential services to protect the public health and environment during the State emergency. To that end, staff has identified seven (7) policies that require temporary amendment to provide flexibility while simultaneously ensuring the Sanitation District continues to meet its objectives.

Staff recommends that the Board of Directors ratify the temporary amendments to the policies listed herein.

Policy Number / Title	Reason for Proposed Revision
1.4 - Recruitment & Selection	Temporary amendment will allow employment of former employees retired from OCSD without the standard 180 day waiting period and removes the 960-hour cap in a one-year period.
1.11 - Temporary & Contract Worker	Temporary amendment to eliminate the 1,600-hour cap that can be worked by a temporary employee in a one-year period.
1.12 - Student Internship Program	Temporary amendment will allow for flexibility in scheduling and align with the new Federal Law (Families First Coronavirus Response Act - FFCRA) requiring employers to provide protections for FMLA and paid sick leave.
3.1.2 - Hours of Work - Exempt Employees	Temporary amendment will allow for immediate schedule changes without the required 30-day written notice and allow for modification of start and stop times of shifts.
3.2 - Attendance	Temporary amendment allows for exceptions to the requirement to notify management of a time off request 24 hours to two weeks in advance of shift for COVID-19 related issues.
3.3 - Leave-of-Absence with Pay	Temporary amendment will allow employees to utilize their individual leave banks by removing leave usage criteria for vacation, sick, personal, administrative, and supplemental leave. Additionally, a Paid Administrative Leave option was added for use in the event an employee is unable to telecommute and belongs to a high-risk group as defined by the Centers for Disease Control (CDC) in relation to COVID-19.
3.4 - Leave-of-Absence Without Pay	Temporary amendment aligns with the FFCRA and Emergency Paid Sick Leave under the requirements of the new Federal law.

TIMING CONCERNS

The proposed temporary amendments will ensure the Sanitation District implements an approach to policies and procedures designed to prevent the spread of the virus and ensure we continue to have the needed resources to operate our facilities during the pandemic.

RAMIFICATIONS OF NOT TAKING ACTION

Without ratification, the General Manager's amendments to these Policies will not be in effect and therefore not inclusive of new Federal law that allow the Sanitation District to effectively respond to the COVID-19 pandemic.

PRIOR COMMITTEE/BOARD ACTIONS

March 2020 - Adopted Resolution No. OCSD 20-01 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District Granting Emergency Power to the General Manager in the Event the Public Health and Safety is Endangered Due to a Disruption of Sewer Service; and Repealing Resolution No. 75-160".

September 2018 - Adopted Resolution No. OCSD 18-18 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District Adopting a Board of Directors Personnel Policies and Procedures Manual Providing for Classification, Compensation, and Other Terms, Conditions, Policies, and Procedures Governing Employment of District Employees; and Repealing Resolution No. OCSD 15-18".

ADDITIONAL INFORMATION

The proposed policy amendments are temporary in nature and do not constitute a contract of employment.

CEQA

N/A


FINANCIAL CONSIDERATIONS

N/A

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Policy 1.4, Recruitment and Selection (Redline Version)
- Policy 1.11, Temporary & Contract Worker (Redline Version)
- Policy 1.12, Student Internship Program (Redline Version)
- Policy 3.1.2, Hours of Work - Exempt Employees (Redline Version)
- Policy 3.2, Attendance (Redline Version)
- Policy 3.3, Leave-of-Absence with Pay (Redline Version)
- Policy 3.4, Leave-of-Absence Without Pay (Redline Version)

 <p>Orange County Sanitation District Personnel Policies</p>	Policy Number: 1.4
	Effective Date: September 26, 2018
Subject: Recruitment and Selection	Supersedes: November 14, 2011
Approved by: General Manager	

1.0 PURPOSE

1.1 The purpose of this policy is to establish guidelines and procedures for Orange County Sanitation District (OCSD) recruitment activities.

2.0 ORGANIZATIONAL UNITS AFFECTED

2.1 This policy applies to all OCSD departments, divisions, and employees.

3.0 DEFINITIONS

3.1 Recruitment is the process of attracting qualified individuals to apply for employment opportunities that are advertised by the organization, whether internal, or external.

3.2 Internal recruitment means considering only current employees as applicants for job openings within the organization.

3.3 External recruitment means considering applicants from outside the organization in an open recruitment, as well as current employees for job openings within the organization.

3.4 Promotion is the advancement of an employee to another classification with a higher maximum rate of pay.

3.5 Lateral Transfer means the transfer of an employee from one department to a vacant position in another department in the same job classification, initiated by an employee request.

3.6 Reassignment means the transfer of an employee within a department or within the organization in the same job classification based on business need.

3.7 Voluntary Job Change is an employee-initiated transfer within the organization.

3.8 Assessment means an impartial method of systematically evaluating an applicant's ability to perform the essential job functions of a position's requirements. An assessment may consist of one (1) or any combination of the following: performance tests; written tests; appraisal interviews; scoring of the application, supplemental questions; work performance; or any other job-related selection criteria. Assessment tools are intended to measure knowledge, skills, abilities, and/or competencies necessary to perform the job.

3.9 Eligible list means an arrangement of applicants who have been identified as most qualified as a result of the recruitment and selection process.

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- 3.10 Initial Probationary Period, unless otherwise specified by an applicable bargaining unit Memorandum of Understanding (MOU), is defined as the period of service that extends to at least the first day of the pay period following twenty-six (26) weeks of employment with OCSD without a break in service, beginning with the date of hire. This period is regarded as an extension of the hiring process, and provides an opportunity for both the employee and OCSD management to assess, over a substantial period of time, whether or not the hiring decision was appropriate. Employees who have not yet successfully completed their initial probationary period serve “at-will” and may be released from employment without cause or recourse to any appeal or grievance procedures.
- 3.11 Promotional Probationary Period is defined as the period of service that extends to at least the first day of the pay period following twenty-six (26) weeks of employment without a break in service, beginning with the effective date of promotion. If an employee is promoted during his/her initial probationary period, the period will be extended until at least the first day of the pay period twenty-six (26) weeks after the effective date of the promotion. This period is regarded as an extension of the selection process, and provides an opportunity for both the employee and OCSD management to assess, over a substantial period of time, whether or not the decision was appropriate. “At-will” employees do not serve a promotional probationary period.
- 3.12 Probationary Period – Reassignment, Lateral Transfer or Voluntary Job Change, unless otherwise specified by an applicable bargaining unit MOU, is defined as the period of service that extends to at least the first twenty-six (26) weeks of employment with OCSD without a break in service, beginning with the effective date of the reassignment or lateral transfer. This period provides an opportunity for both the employee and OCSD management to assess, over a substantial period of time, whether or not the decision was appropriate.

4.0 POLICY

- 4.1 OCSD is an Equal Opportunity Employer (EOE). OCSD does not discriminate on the basis of race, color, religion, sex (including pregnancy, childbirth, and breastfeeding), sexual orientation, age, national origin, ancestry, actual or perceived disability, medical condition, genetic information, military and veteran status, marital status, gender, gender identity, gender expression, exercise of rights relating to any legally-provided leave of absence, or any other legally protected basis.
- 4.2 It is OCSD’s policy to provide nondiscriminatory, lawful, and consistent guidelines and procedures to all recruitment processes, whether internal, or external.

5.0 PROCEDURE

5.1 TYPE OF RECRUITMENT

- 5.1.1 External Recruitment: Any person meeting the requirements of the open position listed on the announcement may apply. External recruitment announcements will be advertised on OCSD’s career website, and may be posted on industry-related websites. Announcements will specify a filing period of a minimum of (10) business days, or until Human Resources determines a sufficient number of qualified applications have been received, and will clearly state a deadline to file an application.
- 5.1.2 Internal Recruitment: Applicants must be currently employed with OCSD. Whenever the District intends to fill a position by promotion, the District will post

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the opportunity for a minimum of ten (10) business days. Employees must apply during the period of posting. Notices will be posted on the District's internet.

5.2 EMPLOYMENT OPPORTUNITY BULLETINS/POSTINGS

- 5.2.1 The Human Resources representative prepares the employment opportunity bulletin, also known as a posting. Each posting will include the following information: hiring salary range, department; brief job description; required qualifications, desired qualifications, posting/closing dates (if applicable), procedure for applying, brief benefits overview, physical requirements/working conditions, and/or other pertinent information as approved by the Director of Human Resources (or designee) and the Department Head (or designee)
- 5.2.2 The Human Resources representative provides the draft posting to the Department Head (or designee) for approval.
- 5.2.3 Upon approval, all jobs are posted for at least ten (10) business days, or until HR determines a sufficient number of applicants have been received.
- 5.2.4 During the recruitment process, all current employees and external applicants may be interviewed at the same time at the discretion of the Department Head (or designee). If the process includes both groups, the hiring decision will be made at the completion of those interviews.
- 5.2.5 Job opportunities will be posted to OCSD's online employment application system.

5.3 ADVERTISING

- 5.3.1 External recruitments are advertised on the internet, sent via e-mail to all OCSD employees, and may be posted in other media when deemed appropriate by Human Resources.
- 5.3.2 Internal recruitments are e-mailed to current employees and posted on OCSD's intranet and internet sites.

5.4 APPLICANT SCREENING

- 5.4.1 Applications and resumes are only accepted electronically. All other application material will be accepted at the interview. Unsolicited application material will not be accepted at any time.
- 5.4.2 Applicants must submit a separate employment application for each vacant position using OCSD's online employment application system.
- 5.4.3 Once an application is received and reviewed, it will only be selected by Human Resources for further consideration if the minimum job requirements on the class specification for the position are met.
- 5.4.4 The Department Head (or designee) may review applications that meet the minimum qualifications to determine which candidates may be interviewed.
- 5.4.5 All materials (e.g., applications, resumes, examination information and results, test questions, interviewer notes, interview packets, etc.) submitted by applicants/candidates or generated by OCSD staff during the recruitment and

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selection process are confidential and considered OCSD property, and not subject to disclosure. All recruitment files are maintained by OCSD in accordance with established record keeping guidelines.

5.5 SELECTION PROCESS

- 5.5.1 The selection process will consist of an assessment of each candidate's qualifications, which may vary by class specification and business need. Assessments will be conducted in a manner consistent with job-related criteria.
- 5.5.2 The Department Head (or designee) may recommend raters in addition to Human Resources staff as needed to participate in the selection process, who may be representatives of OCSD departments, the public, interested organizations, or other public jurisdictions.
- 5.5.3 Exam Contents: The Department Head (or designee) has the responsibility for exams. Exams and selection interviews shall consider the following: analysis of job duties, availability of applicants, equal employment opportunity, occupational standards, professional testing principles, supportable experience, special certification or licensing, and/or any other job-related selection content.
- 5.5.4 Exams will be analyzed by Human Resources (or designee) to ensure that the content and grading rubrics are valid and reliable. Exam material will relate to the fitness of the applicant for the work, duties, and requirements of the classification to be filled and shall be confined to the measurement of knowledge, skills, abilities, and/or competencies necessary to perform specific tasks. Any pertinent factor or trait which affects job performance may be considered.
- 5.5.5 The Human Resources representative facilitates the interview process. When interviews are completed, the interview panel members evaluate each candidate interviewed. The panel will refer a list of the top candidates based on a majority decision. The Department Head (or designee) will then choose from among the top candidates. The Department Head (or designee) will report the final hiring decision to the Human Resources Department, to include all applicable interview materials (e.g., applications, resumes, interviewer notes, interview packets, etc.).

5.6 RECRUITMENT APPEALS PROCESS

- 5.6.1 Employees should bring recruitment process and decision-making issues to the attention of the Human Resources Supervisor as soon as possible. The supervisor will review the issue and provide a written response within five (5) business days from the issue notification date.
- 5.6.2 If the issue is not resolved to the employee's satisfaction, the employee may file a written statement concerning the problem to the Director of Human Resources within ten (10) business days of receipt of the supervisor's decision. Upon request by either party, a meeting may be held to discuss the issue and establish remedies.
- 5.6.3 The employee will be provided a written response from the Director of Human Resources (or designee), within ten (10) business days after the employee's statement is received. The decision of the Director of Human Resources, or designee, is final (see policy 6.4, Problem Solving and 6.5, Grievance Procedure).

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5.6.4 Time limits may be extended for cause upon mutual consent of the parties.

5.7 **ELIGIBLE LISTS**

5.7.1 An eligible list is an arrangement of applicants who have been identified as most qualified as a result of the recruitment and selection process. Lists are maintained based on job classification, are valid for six-months, and may be extended up to twelve-months with approval from the Director of Human Resources prior to the expiration date of the list.

5.8 **EMPLOYMENT OFFERS**

5.8.1 The Human Resources representative determines an appropriate starting salary for all candidates based on the applicant's: qualifications; years of experience; and educational background, as listed on the job application.

5.8.2 The Human Resources representative reviews a job candidate's salary request, prepares an analysis, and makes a recommendation on placement in the applicable salary range. If market or other material conditions necessitate offering a job candidate a pay rate up to the salary range mid-point, a Department Head may recommend, and with the concurrence of the Director of Human Resources, may approve the proposed hire rate. The General Manager, or designee, shall approve all recommended salary offers that would result in a new hire pay rate at Step 4 or greater. **Under no circumstances should panel members (excluding the Human Resources representative) or any other OCSD employee discuss salary offers with candidates or make promises of any kind. Human Resources staff are the only employees authorized to engage in salary discussions with job candidates.**

5.8.3 The Human Resources representative refers the candidate for hire and routes for approval by the Department Head and General Manager, if required.

5.8.4 When the referral for hire is approved, the Human Resources representative makes a verbal employment offer to the candidate, which is contingent upon results of a background investigation, and post offer physical and drug screen (if applicable).

5.8.5 The Human Resources representative schedules the post offer physical and drug screen (if applicable) for the candidate, works with the Department Head (or designee) to establish a potential start date and prepares a formal offer letter for the candidate.

5.8.6 When the Human Resources representative (or designee) has cleared the background investigation, post offer physical and drug screen (if applicable) results, the applicant will be contacted to confirm the employment offer. The Human Resources representative sends letters of regret to unsuccessful candidates. Current employees are contacted personally prior to receiving letters of regret.

5.8.7 The Human Resources representative coordinates the candidate's start date.

5.8.8 In the event that a candidate is selected and voluntarily or involuntarily vacates the position prior to completing the required probationary period, the Human Resources Department, at the request of the Department Head (or designee), may exercise the option to extend an offer to the second candidate from the

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original interview process.

6.0 PROMOTIONS

6.1 Promoted employees will receive the equivalent of a one (1) step increase in pay, not to exceed the top of the range for the new classification or the minimum rate of the new classification, whichever is greater.

6.1.1 Promotional increase in pay will be effective the first day of the next pay period following the approval of referral to hire by the Department Head (or designee).

7.0 EXCEPTIONS

7.1 EMPLOYMENT OF FORMER EMPLOYEES

7.1.1 Employment of former employees for full-time equivalent or part-time positions shall be subject to and conducted in accordance with this policy.

7.1.2 Employment of a former employee is subject to the approval of the General Manager and the Director of Human Resources.

7.1.3 In all cases, approval of the General Manager and the Director of Human Resources shall be obtained prior to an offer of employment to a former employee.

7.1.4 OCSD policy prohibits the rehire of former full-time, regular employees or "at-will" employees who: were terminated for workplace misconduct; resigned while charges were pending against the employee; resigned while serving a suspension; failed to provide two (2) weeks written notice in advance of resignation depending upon employment status, unless approved by the Director of Human Resources, or designee; or failed to return to work following an absence without leave of forty (40) consecutive work hours without notifying the immediate supervisor or the Human Resources Department with an acceptable reason for their absence.

7.1.5 If any former employee commences doing business wherein the employee, his/her spouse, or members of his/her immediate family are sole proprietors, or majority or controlling shareholders or owners of a corporation, partnership or other business entity, such business shall not be retained as an independent contractor or consultant to provide service directly to OCSD for a period of one (1) year after leaving OCSD's employment. Thereafter, said business entity shall be allowed to contract with OCSD upon compliance with all resolutions and regulations of OCSD then in effect, relating to the procurement of services.

7.1.6 If any former employee becomes employed by any firm or business entity in which the former employee, his/her spouse or members of his/her immediate family own less than the majority or controlling interest in said entity, said entity shall not be prohibited from contracting with the OCSD. However, the former employee shall not perform work on OCSD projects for a period of one (1) year after leaving OCSD employment; nor shall such former employee contact OCSD officers or employees for the purpose of attempting to influence any OCSD decision, including but not limited to, the award of contract, issuance of permits, or compromise of administrative civil penalties, for a like period of one (1) year. Said services shall be obtained only in accordance with all rules and procedures

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of OCSD relating to procurement.

- 7.1.7 Any OCSD employee who receives an offer of employment or a request to discuss potential employment from any person or business entity performing services for OCSD shall report such contact to his or her immediate supervisor, who shall decide whether any change in assignment is necessary or appropriate while the offer or discussions are pending.
- 7.1.8 The prohibitions of this policy may be waived by the Administration Committee of the Board of Directors if, on a case-by-case basis, it is determined to be in the best interests of OCSD to do so.
- 7.1.9 All former employees who are rehired will be placed on an initial probationary period as defined in this policy. All prior service with OCSD will not be counted for accrual purposes including, but not limited to, leaves of absence and seniority.

7.2 RE-EMPLOYMENT OF OCSD RETIRED EMPLOYEES

- 7.2.1 The General Manager may, ~~with the written approval of the Board Chair,~~ employ on an as-needed basis, a former employee retired from OCSD ~~when the individual possesses knowledge and expertise of unique and particular benefit to OCSD.~~ Retired members will ~~have to wait at least 180 days before returning to work for OCSD on a limited time basis (960 hours or less a fiscal year).~~ The length of service performed ~~in any one (1) year~~ shall be limited in accordance with the provisions prescribed by the Orange County Employees' Retirement System.
- 7.2.2 As-needed service, by a former employee retired from OCSD, shall be compensated at the same current hourly rate of the retired employee's position classification, or if no such classification exists, at a rate not to exceed that paid for the most comparable classification. The retired employee shall not be entitled to receive any benefits otherwise payable to OCSD employees. In the event any employment under this provision involves work assignments outside of Orange County, the current expense reimbursement policy established for regular employees will apply.
- 7.2.3 On occasion, OCSD may offer an early retirement incentive to staff under economic conditions in which it is deemed necessary. Employees who select an early retirement incentive offered by OCSD may not be eligible for rehire.

7.3 LATERAL TRANSFERS

- 7.3.1 Employees may request a lateral transfer to a budgeted vacant position within the same classification of another department. For a lateral transfer to be considered, the employee must have demonstrated satisfactory performance within the last six (6) months of the request and have no pending disciplinary action. The lateral transfer must be of benefit to OCSD.
- 7.3.2 Employees who wish to be considered for a lateral transfer shall notify the Human Resources Department in writing of their intent prior to recruitment of the budgeted position. Employees who are interested in a lateral transfer, but are unaware of any budgeted vacant positions within the same classification, may

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contact the Human Resources Department. The employee's written intent must be approved by any affected department head and the Director of Human Resources. In the event a transfer is approved and accepted by the employee, the department from which the employee is transferring may determine the effective date based upon operational requirements and a reasonable period of time to acquire a suitable replacement.

7.3.3 Lateral transfers do not normally involve increased levels of duties and responsibilities, or otherwise qualify as promotions, and therefore do not involve salary adjustments.

7.3.4 In the event an adjustment appears warranted based on extenuating circumstances, the adjustment must have written approval from the department head prior to being extended to the employee.

8.0 PROVISIONS AND CONDITIONS

8.1 The interview process for Student Intern positions shall be an abbreviated version of the process outlined in section 5.6 and will be administered by the appropriate division manager/supervisor and a Human Resources representative.

8.2 OCSD's Board of Directors must approve unbudgeted positions for new hires or promotions before any internal or external recruitment effort is initiated.

8.3 Hiring an individual into a budgeted position requires the approval of the Department Head and General Manager.

8.4 Promoting an individual into a budgeted position requires the approval of the Division Manager, Department Head or General Manager.

8.5 Employees on Performance Improvement Plans are not eligible for promotional opportunities and/or status change.

8.6 INITIAL PROBATIONARY PERIOD

8.6.1 Unless designated as an "at-will" Executive Management Team (EMT) member or Student Intern, all new employees and employees who are reassigned or laterally transferred serve a probationary period. The probationary period begins with the date of hire, reassignment, or transfer and extends to at least the first day of the pay period following twenty-six (26) weeks of employment without a break in service, unless otherwise stipulated by a bargaining unit MOU. For new employees, this probationary period is regarded as an extension of the hiring process, and provides an opportunity for both the employee and OCSD's management to assess, over a substantial period of time, whether or not the hiring decision was appropriate and resulted in a relationship that adequately meets the needs of both the individual and OCSD.

8.6.2 The probationary period may be extended up to a maximum of an additional ninety (90) days prior to the expiration of the probationary period. An employee's probationary period may be extended when there is a need to further assess the individual's abilities to satisfactorily perform the duties required for their job classification. Probationary employees may be released by OCSD at any time during the probationary period (including any extension) without cause or reason. OCSD will extend an employee's probationary period for the length of any period during which an employee is on an extended leave of absence during the

probationary period.

- 8.6.3 A probationary employee's work performance is closely monitored during this period to ensure that the employee understands the duties, responsibilities and management expectations of the position, and to allow an opportunity for the supervisor or manager to provide proper direction and guidance. Employees who do not demonstrate the potential for meeting performance expectations for their position within a reasonable period of time may be released prior to the completion of the Probationary Period. Probationary employees shall serve at the will of OCSD during this period. In the event of release of a probationary employee, the employee shall not be entitled to receive any severance pay.

8.7 PROMOTIONAL PROBATIONARY PERIOD

- 8.7.1 All promoted employees who have successfully completed the initial probationary period, except those designated as "at-will" employees, shall serve a promotional probationary period beginning with the effective date of promotion lasting to at least the first day of the pay period following twenty-six (26) weeks of employment without a break in service. This period is regarded as an extension of the selection process, and provides an opportunity for both the employee and OCSD management to assess, over a substantial period of time, whether or not the decision was appropriate. For those employees promoted during the pendency of their initial probationary period, such period shall run concurrently with the promotional probationary period and shall apply over the promotional probationary period while it remains in effect. Should the initial probationary period end before the promotional probationary period, the promoted employee shall remain on the promotional probationary period for the remaining period until at least the first day of the pay period following twenty-six (26) weeks of employment without a break in service.
- 8.7.2 At any time during the promotional probationary period an employee may be returned to his or her prior position. The promotional probationary period may be extended by OCSD management for up to a maximum of an additional ninety (90) days. If an employee is promoted during his or her initial probationary period, the period shall be extended until at least the first day of the pay period twenty-six (26) weeks after the effective date of the promotion.

8.8 REFERENCE CHECKS


- 8.8.1 Employment with OCSD is contingent upon a pre-employment screening process which may include a physical examination, drug/alcohol test and background investigation. Candidates must also be able to provide documentation authorizing their legal right to work in the United States as per the Immigration Reform and Control Act of 1986.
- 8.8.2 The background check will be conducted after an applicant has been selected as the best candidate for the position and given a conditional offer of employment. If a background check yields information that is of concern to OCSD, the applicant will be provided an individualized assessment and given an opportunity to review the findings and present information regarding inaccuracy and rehabilitation.
- 8.8.3 OCSD may verify information contained in the job application of a prospective employee with the prospective employee's authorization.

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- 8.8.4 Inquiries to OCSD employees regarding reference or employment verification checks of former or present employees shall be discussed with or referred to Human Resources prior to any response.

9.0 RELATED DOCUMENTS

- 9.1 Policy 1.6, Nepotism
- 9.2 Policy 1.7, At-Will EMT Employment Agreements
- 9.3 Policy 1.12, Student Internship Program
- 9.4 Policy 2.1, Classification & Compensation
- 9.5 Policy 6.4, Problem Solving Procedure
- 9.6 Policy 6.5, Grievance Procedure
- 9.7 Public Employee Pension Reform Act (PEPRA)
- 9.8 Equal Pay Act
- 9.9 California Government Code, Section 6254

 <p style="text-align: center;">Orange County Sanitation District Personnel Policies</p>	Policy Number: 1.11
	Effective Date: September 26, 2018
Subject: Temporary and Contract Worker	Supersedes: N/A
Approved by: General Manager	

1.0 PURPOSE

- 1.1 The purpose of this policy is to establish uniform guidelines and procedures for hiring temporary and contract workers so that the Orange County Sanitation District (OCSD) can make appropriate management decisions, administer programs, and satisfy legal and compliance requirements.

2.0 ORGANIZATIONAL UNITS AFFECTED

- 2.1 This policy applies to all current Orange County Sanitation District (OCSD) managers and supervisors who utilized temporary and contractor workers.

3.0 DEFINITIONS

- 3.1 Temporary Worker(s) – An individual who is employed with a staffing agency (labor supplier) ~~and whose assignment with OCSD is limited to 1,600 hours per year.~~
- 3.2 Contract Worker(s) – A worker who provides services pursuant to a contract agreement for services and who is not entitled to an employee status.

4.0 POLICY

- 4.1 Temporary and Contract Workers may be hired without following OCSD Policy 1.4, Recruitment and Selection.
- 4.2 The service of a Temporary or Contract Worker may be discontinued by an OCSD management representative or the Director of Human Resources (or designee) at any time.
- 4.3 Temporary and Contract Workers are not granted preferential treatment based on their relationship with OCSD if they apply for a permanent position with OCSD.
- 4.4 Temporary Workers shall be provided rest periods and non-paid lunch breaks as required by law.
- 4.5 Contract Workers shall determine on their own or through their contract employer the provisions of meal and rest periods required by law.
- 4.6 OCSD retirees may not return to OCSD as a Temporary or Contract Worker for 180 days following their date of retirement from OCERS.

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- 4.7 Temporary and Contract Workers are not in a collective bargaining unit and are not entitled to any of the contract rights granted to represented OCSD employees.
 - 4.7.1 They are not eligible for OCSD fringe benefits (medical, dental, sick leave, vacation, paid holidays, comp time, etc.), salary increases, reclassification, or for shift differential or special pay.
 - 4.7.2 They are not entitled to membership in Orange County Employee Retirement System or any other deferred compensation benefit plan through OCSD.
- 4.8 Before Temporary and Contract Workers are used, the hiring division must ensure that the utilization of the worker is essential, and the work assignment cannot be performed by regular OCSD employees.
- 4.9 Temporary Workers
 - 4.9.1 It is the responsibility of the hiring division to budget for, and ensure that funds are available within the Board-approved annual temporary services budget prior to requesting a temporary worker.
 - 4.9.2 The maximum duration for any Temporary Worker assignment is one (1) year. Temporary Workers are hired in six (6) month increments.
 - 4.9.3 The documentation to request a Temporary Worker assignment must be submitted to the Human Resources Department.
 - 4.9.4 Divisions are not authorized to directly hire Temporary Workers without the prior approval of the Director of Human Resources (or designee).
- 4.10 Contract Workers
 - 4.10.1 The division hiring authority must notify the Human Resources Department of all intended contracts that involve Contract Workers through a Professional Services agreement.

5.0 PROCEDURE

- 5.1 Temporary Workers
 - 5.1.1 The division hiring authority must coordinate temporary staffing with the Human Resources Department.
 - 5.1.2 The division hiring authority requesting a Temporary Worker must complete, in detail, through a request for temporary staff form.
 - 5.1.2.1 The completed form must be submitted and approved by the Director of Human Resources (or designee).
 - 5.1.3 If an interview is needed (in person or over the phone) a Human Resources representative presence is not required.
 - 5.1.4 The division hiring authority will not contact the temporary staffing agency to request temporary staff, negotiate bill rates, or renew contracts.

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- 5.1.5 Human Resources will make all arrangements with the temporary staffing agency and notify the appropriate hiring authority of the Temporary Worker's name and start date.
 - 5.1.6 The hiring authority should submit a service desk request to the Information Technology Division (250) for a computer, network/internet access (if applicable) and programs as well as a telephone/voicemail for the Temporary Worker prior to the Temporary Worker's start date.
 - 5.1.7 The hiring authority must notify the Human Resources Department when the Temporary Worker assignment has ended.
 - 5.1.8 It is the responsibility of each division to verify the accuracy of invoices submitted to include actual hours worked and rate charged to OCSD.
 - 5.1.9 Temporary Worker time off requests should not be reviewed or approved by OCSD employee, rather provided directly from the Temporary Workers' staffing agency.
 - 5.1.10 Temporary Worker timecards must be completed by the manager or supervisor they are assigned to work for.
 - 5.1.11 OCSD Employees are not authorized to sign timecards for Temporary Workers.
 - 5.1.12 Temporary assignments will terminate on the date indicated on the original request ~~or upon completion of 1,600 work hours in a one-year period, whichever comes first~~, unless discontinued earlier by an OCSD management representative or the Director of Human Resources (or designee).
 - 5.1.13 If an extension is requested, attach a copy of the original request to the extension request form, obtain the necessary approval signatures (Department Manager & Department Head) and forward to Human Resources Director (or designee) for approval.
 - 5.1.14 Signed extension requests must be submitted to Human Resources Department two (2) weeks prior to the end date indicated on the original temporary services request form.
- 5.2 Professional Services Agreements (Contract Workers)
- 5.2.1 The division hiring authority requesting contract workers must work through the formal procurement process established by Purchasing and Contract Administration Division.
 - 5.2.2 The hiring authority should submit a service desk request to the Information Technology Division (250) for a computer, network/internet access (if applicable) and programs as well as a telephone/voicemail for the contract worker prior to the temporary worker's start date.
 - 5.2.3 It is the responsibility of each division to verify the accuracy of invoices submitted to include actual hours worked and rate charged to OCSD.
 - 5.2.4 Contract Worker timecards must be completed by the manager or supervisor they are assigned to work for.
 - 5.2.5 OCSD Employees are not authorized to sign timecards for Contract Workers.

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5.2.6 Contract Worker assignments will terminate on the date indicated on the contract, unless discontinued earlier by an OCSD management representative or the Director of Human Resources (or designee).


6.0 EXCEPTIONS

7.0 PROVISIONS AND CONDITIONS

8.0 RELATED DOCUMENTS

8.1 Injury and Illness Prevention Program

8.2 Temporary Staffing Services – Request Form

 <p style="text-align: center;">Orange County Sanitation District Personnel Policies</p>	Policy Number: 1.12
	Effective Date: September 26, 2018
Subject: Student Internship Program	Supersedes: N/A
Approved by: General Manager	

1.0 PURPOSE

- 1.1 The Orange County Sanitation District's (OCSD) Student Internship Program offers opportunities for **undergraduate**, **graduate**, and **vocational** students.
- 1.2 An internship is designed to provide career-related work experience, workplace readiness skills, and an understanding of different career opportunities to supplement and enhance a student's academic and vocational studies.
- 1.3 OCSD's Student Internship Program helps to develop and prepare the future workforce in our community. The program can be part of a student's educational plan to explore a given career path that integrates classroom study with planned, supervised work. It will enable the intern to experience the daily challenges and rewards of public service, and the ability to explore opportunities in a variety of disciplines, including: Engineering; Wastewater Operations and Collections; Mechanical, Instrumentation and Electrical Maintenance; Information Technology; Laboratory and Ocean Monitoring; Public Affairs; and Human Resources.

2.0 ORGANIZATIONAL UNITS AFFECTED

- 2.1 This policy applies to all OCSD undergraduate, graduate, and vocational interns.

3.0 DEFINITIONS

- 3.1 Undergraduate and Graduate Internships are internships in which undergraduate and graduate students obtain valuable experience in **professional occupations** related to their field of study.
- 3.2 Vocational Internships are internships in which vocational students gain valuable experience in **trade occupations** by rotating through different areas of the plant, including: Wastewater Operations, Mechanical Maintenance, Collections & Rebuild, and Instrumentation & Electrical Maintenance.

4.0 POLICY

4.1 WORK HOURS

- 4.1.1 *The following restrictions apply to work hours for student interns:*

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- 4.1.1.1 Work hours will be established between the intern and division manager (or designee), and should be between core hours whenever possible.
- 4.1.1.2 Interns are not authorized to work overtime or to perform unsupervised work under any circumstances.
- 4.1.1.3 Interns are not authorized to work beyond the maximum hours in a work week, which is defined as:
 - 4.1.1.3.1 A maximum of 20 hours per work week for undergraduate and graduate students; and
 - 4.1.1.3.2 A maximum of 28 hours per work week for vocational interns.
- 4.1.1.4 The schedule for vocational interns is Monday through Thursday. The hours are from 6:00AM to 1:30PM (may be 7:00AM to 2:30PM during training and some assignments) with a ½ hour uncompensated meal break. Shift schedules may be temporarily modified to ensure coverage based on business need.

5.0 PROCEDURE

5.1 GOALS

- 5.1.1 Listed below are several different goals that OCSD expects to accomplish with the program. These goals reflect OCSD's desire to help students give back to the community, and provide a means to prepare the future workforce.
 - 5.1.1.1 Provide meaningful career-related knowledge and on-the-job experience to students, through a **paid** internship.
 - 5.1.1.2 Expose students to real-world challenges and trends in various occupations.
 - 5.1.1.3 Enable the student to establish effective working relationships and build a professional network with subject matter experts.
 - 5.1.1.4 Provide firsthand knowledge and understanding of government processes and OCSD's Core Values.
 - 5.1.1.5 Help educate communities, universities, and colleges on environmental protection issues.
 - 5.1.1.6 Provide awareness of opportunities and requirements in a chosen career field in the public sector.
 - 5.1.1.7 Broaden the student's skills and competencies to meet the future workforce needs for OCSD and other public agencies.
 - 5.1.1.8 Promote collaboration between public sector employers and educational institutions to support workforce development.

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5.1.1.9 Promote OCSD as an employer of choice among students, universities, colleges, and the community.

5.1.1.10 Integrate the student as a contributing member of OCSD.

5.2 TERMS AND CONDITIONS

5.2.1 OCSD, in its sole discretion, reserves the right to modify, revise or eliminate this program at any time. Participation in the program is contingent upon meeting the established eligibility requirements, and may continue if OCSD's workload dictates a need.

5.2.2 Interns are not considered regular employees and therefore are not eligible for organizational benefits including but not limited to retirement, insurance coverage, and accrued or paid time off; except for sick leave provided in accordance with California's Paid Sick Leave Law and as outlined in this policy.

5.2.3 Student interns are considered at-will positions and are subject to the following terms and conditions:

5.2.3.1 Students selected for an internship must successfully complete a pre-employment screening process, which may include: background investigation, drug screening, and physical exam.

5.2.3.2 Participation in the program does not constitute an employment contract nor does it guarantee employment with OCSD upon completion of the program.

5.2.3.3 Interns will receive an orientation and general safety training, as necessary. Intern work assignments will not be made until the orientation and all necessary safety training are completed.

5.2.3.4 Interns are not authorized to attend any training outside of the required safety training.

5.2.3.5 Upon successful completion of an internship, students may apply for an internship in a different division/department within OCSD.

5.2.3.6 Intern experience qualifies as professional experience to meet employment standards for OCSD positions.

5.2.3.7 If applicable, uniforms and/or personal protective equipment (PPE) such as safety boots, goggles, and hard hats must be worn in all specified areas.

5.2.3.8 Undergraduate and graduate internships end when the student has worked the total number of hours requested by the division through the budget process or 12 months, whichever comes first.

5.2.3.8.1 Department Heads may request to extend the duration of a student internship for an additional 12 months subject to budget approval. No internship shall exceed a total duration of 24 months.

5.2.3.9 Vocational internships are 52 weeks and consist of a 1-week Orientation and 51 weeks of Rotation Assignments.

5.3 **ELIGIBILITY**

5.3.1 *This section applies to all student interns:*

5.3.1.1 Students must be enrolled in a college, university or vocational school to be eligible to participate in the program.

5.3.1.2 Students must be in “good standing” at their school, and maintain a GPA of 2.0 or better to remain in the internship program.

5.3.1.3 Students must be at least 18 years of age and legally authorized to work in the United States.

5.3.1.4 Students may be required to provide a letter of recommendation from a professor as part of their application process.

5.3.1.5 Students must have satisfactory performance and attendance, and will be evaluated throughout the internship to determine eligibility to continue in the program.

5.3.1.6 Students must submit a “student verification” or verification of enrollment from the registrar’s office to establish a pay rate based on academic level, as applicable, and as proof of enrollment. Verifications are required each semester.

5.3.1.7 Students are eligible to remain in the internship program throughout the year (including during school breaks) if they are enrolled as a full-time student in fall and spring semester, or during the four quarters of the year, and if OCSD’s workload dictates a need.

5.3.2 *These additional sections apply to undergraduate / graduate student internships:*

5.3.2.1 Students must be enrolled full-time in a four-year undergraduate program or a graduate program that is in a field of study related to the internship for which they are applying.

5.3.2.2 Students must have at least one (1) year remaining in school at the beginning of their internship.

5.3.2.3 Students enrolled in an undergraduate program must be at junior level status or above, which is the timeframe when students undertake upper-division core courses.

5.3.3 *These additional sections apply to vocational student internships:*

5.3.3.1 Students must have completed at least six (6) units within a college, university, or vocational school’s Water Utility Science Program, or related field of study, to ensure that students being considered are interested and committed to working in the wastewater industry.

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- 5.3.3.2 Students must be enrolled in at least three (3) units in the Water Utility Science Program at Santiago Canyon College or comparable class at another educational institution for the duration of the internship.

5.4 **APPLICATION PROCESS**

5.4.1 *Recruiting*

- 5.4.1.1 Recruiting for internship positions differs in several respects from OCSD's traditional recruitment process:

- 5.4.1.1.1 Internships may be posted on local college, university, technical and vocational school (as applicable) websites.
- 5.4.1.1.2 Internships may be posted to intern-specific job websites.
- 5.4.1.1.3 OCSD may work with college career centers and faculty to outreach to potential internship candidates.
- 5.4.1.1.4 OCSD may participate in college, university, and school campus events like job fairs and utilize bulletin boards and other communication methods for student and community outreach about internships and careers offered through OCSD.

5.4.2 *Selecting*

- 5.4.2.1 HR will pre-screen student applications to ensure that each candidate meets the requirements for the internship. The HR representative will coordinate with the hiring manager to select the best candidates, based on academic level and area of study, from the group of qualified individuals. HR may enlist the assistance of career centers at the local colleges, universities, and schools to identify and pre-screen students for available OCSD internships.
- 5.4.2.2 The interview panel will generally include an HR representative, and the person that will be supervising the work of the intern. It may include other persons, if necessary.
- 5.4.2.3 The student that appears to be the best overall fit will be the person considered for the internship. The division manager (or designee) will make the final selection.

5.4.3 *Hiring*

- 5.4.3.1 Upon receiving an official verification of enrollment from the educational institution indicating academic level and status, the selected student will be made an offer and will be compensated in accordance with the current intern pay scale. This pay scale is detailed later in this document. After the verbal offer has been made and accepted, the student will be scheduled for the pre-employment screening process.

5.5 WORK ASSIGNMENTS & EVALUATION

- 5.5.1 The nature of the work assignments given the student is one of the most important internship components, and it should include diverse responsibilities.
- 5.5.2 The internship experience should provide the opportunity for the intern to learn new skills and perform work in a real-world setting, integrating the student as a contributing member of OCSD.
- 5.5.3 The work assigned should benefit the student and be a good investment of OCSD time and resources. Providing meaningful work experiences is the focus of the program.

5.6 COMPENSATION

- 5.6.1 Student internships with OCSD are on a paid basis and are offered as “at-will” employment. The rate of pay is based on the type of student and the intern’s academic level in school, as listed below.

Vocational student	=	\$15 per hour
Undergraduate student	=	\$17 per hour
Graduate student	=	\$20 per hour

5.7 PAID SICK LEAVE

- 5.7.1 California’s Paid Sick Leave law requires OCSD to provide paid sick leave to interns under the following conditions:
 - 5.7.1.1 An intern begins to accrue paid sick leave at the rate of one (1) hour of paid sick leave for every thirty (30) hours worked beginning on the first day of the internship. ~~An intern is not eligible to begin using any accrued paid sick leave until after the first 90 days of their internship.~~
 - 5.7.1.2 An intern is only allowed to use up to a maximum of 3-days or 24 hours of paid sick leave in a 12-month period.
 - 5.7.1.3 An intern can only accrue paid sick leave up to a cap of 6-days or 48 hours ongoing.
 - 5.7.1.4 Any unused accrued paid sick leave carries over year to year while continuously working at OCSD.
 - 5.7.1.5 In accordance with California’s Paid Sick Leave law, an intern may use 3-days or 24 hours of accrued paid sick leave in a 12-month period for one of the following reasons:
 - 5.7.1.6 For the intern’s own diagnosis, care, or treatment of an existing health condition or preventative care.
 - 5.7.1.7 For the diagnosis, care, or treatment of an existing health condition or preventative care for an intern’s family member, including:
 - *Child (including a biological, adopted, or foster child, stepchild, legal ward, or a child to whom the intern stands in loco parentis.)*

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- *Spouse or Registered Domestic Partner*
- *Parent (including biological, adoptive, or foster parent, stepparent, or legal guardian of an intern or the intern's spouse or registered domestic partner, or a person who stood in loco parentis when the intern was a minor child.)*
- *Grandparent*
- *Grandchild*
- *Sibling.*

5.7.1.7.1 To obtain any relief or services related to being a victim of domestic violence, sexual assault, or stalking including the following with appropriate certification of the need for such services:

- *A temporary restraining order or restraining order.*
- *Other injunctive relief to help ensure the health, safety or welfare of themselves or their children.*
- *To seek medical attention for injuries caused by domestic violence, sexual assault, or stalking.*
- *To obtain services from a domestic violence shelter, program, or rape crisis center as a result of domestic violence, sexual assault, or stalking.*
- *To obtain psychological counseling related to an experience of domestic violence, sexual assault, or stalking.*
- *To participate in safety planning and take other actions to increase safety from future domestic violence, sexual assault, or stalking, including temporary or permanent relocation.*

5.7.1.8 Interns shall provide reasonable advance notification of their need to use accrued paid sick leave to their supervisor if the need for paid sick leave use is foreseeable (e.g., doctor's appointment scheduled in advance). If the need for paid sick leave use is unforeseeable, the intern shall provide notice of the need for the leave to their supervisor as soon as is practicable.

5.7.1.9 An intern who uses paid sick leave must do so with a minimum increment of one-half (0.5) hour

5.7.1.10 Paid sick leave will not be considered hours worked for purposes of overtime calculation. An intern will not receive compensation for unused accrued paid sick leave upon termination, resignation, or other separation from their student internship at OCSD.

- 5.7.1.11 If an intern separates from their internship at OCSD and is re-hired by OCSD within one year of the date of separation, previously accrued and unused paid sick leave hours shall be reinstated to the extent required by law. However, if the individual had not yet worked the requisite 90-day period to use paid sick leave at the time of separation, the individual must still satisfy the 90-day requirement collectively over the periods with OCSD before any paid sick leave can be used.

5.8 **PROGRAM ADMINISTRATION & RESPONSIBILITIES**

5.8.1 *Human Resources Department*

- 5.8.1.1 The HR Department will administer and manage the Student Internship Program. This includes assisting with personnel requisitions, postings, advertising, and applicant screening, as well as working with division management on scheduling interviews.

5.8.2 *Finance Department*

- 5.8.2.1 The Finance Department is responsible for tracking and reporting on the hours worked by interns based on timecard records. By running bi-weekly reports on the total hours an intern has worked to date, Finance identifies and notifies the appropriate division manager (or designee) of intern(s) who may be reaching the maximum total hours for the internship.

5.8.3 *Divisional Management*

- 5.8.3.1 Divisions needing an intern are responsible for preparing and submitting a decision package to the Financial Management Division for consideration during the annual budget cycle. Justification of the need, a description of the specific work that the intern will perform, and the total number of hours requested must be provided.
- 5.8.3.2 The division manager (or designee) is also responsible for scheduling, overseeing, and mentoring the intern during the period assigned. Interns should be supervised closely with regular, frequent contact occurring between the division manager (or designee) and the intern.
- 5.8.3.3 Additionally, the division manager (or designee) will: 1) provide meaningful tasks and responsibilities in order for the student intern to gain knowledge and skills to further their development; 2) conduct informal performance evaluations and feedback sessions for the intern; and 3) track the hours worked and adhere to the established maximums in accordance with this policy.

5.9 **EMPLOYMENT OPPORTUNITIES**

- 5.9.1 All interested students are encouraged to review OCSD's internship policy (this document), and job announcement requirements to determine their eligibility to participate in the program.


6.0 EXCEPTIONS

- 6.1 Any exceptions to this policy must be approved by Human Resources and the General Manager.

7.0 PROVISIONS AND CONDITIONS

8.0 RELATED DOCUMENTS

- 8.1 Healthy Workplace Healthy Family Act of 2014 (AB 1522)
- 8.2 Student Internship Program, Internship Guidelines
- 8.3 Vocational Internship Guidelines

 <p>Orange County Sanitation District Personnel Policies</p>	Policy Number: 3.1.2
	Effective Date: September 26, 2018
Subject: Hours of Work – Exempt Employees	Supersedes: December 15, 2008
	Approved by: General Manager

1.0 PURPOSE

1.1 The purpose of this policy is to establish uniform guidelines and procedures for use in the administration of Orange County Sanitation District’s (OCSD’s) working hours.

2.0 ORGANIZATIONAL UNITS AFFECTED

2.1 This policy applies to all OCSD exempt employees in all organizational units and departments unless otherwise specified.

3.0 DEFINITIONS

3.1 Exempt Employees are employees who are not covered by the minimum wage and overtime provisions of the Fair Labor Standards Act (FLSA), as amended. Such employees are considered exempt by virtue of their duties in conformance with FLSA’s definition of Executive, Administrative and Professional employees.

3.2 Overtime is the number of hours, which are counted as time worked, in excess of 40 hours during a workweek. For the purposes of overtime, all time charged to unscheduled leave will not be counted as time worked. Overtime only applies to non-exempt employees. Exempt employees are not eligible to receive overtime pay; however, in accordance with applicable MOU provisions, Operations Supervisors may be eligible to receive Extraordinary Services Compensation.

3.3 Memo time is a pay code used by exempt-level employees to identify unpaid work hours in excess of eighty (80) hours in a biweekly pay period.

3.4 Core Hours are the hours between 8:00 a.m. and 4:00 p.m. on any given day.

3.5 Payday is the Wednesday before the end of the subsequent pay period.

3.6 Pay Periods occur bi-weekly and are calculated on the basis of 80-hours worked for full-time employees.

3.7 Workweek means 40-hours of work per 168-hour period. The workweek is a fixed and recurring period of 168-hours, or seven consecutive 24-hour periods. OCSD employee workweeks are structured on an individual and/or group basis so that 40-hours of work regularly occurs during the fixed and regularly recurring period of 168-hours. The specific workweek for each employee is fixed by the General Manager, or his designee, and is maintained by the accounting payroll office.

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- 3.8 Leave time is any authorized leave-of-absence with pay outlined in OCSD's policies and procedures, such as vacation leave, sick leave, personal leave, and paid administrative leave etc.

4.0 POLICY

- 4.1 It is the policy of OCSD to establish the time and duration of working hours as required by work load, operations flow, customer service needs, the efficient management of human resources, and any applicable law.
- 4.2 It is the policy of OCSD to require exempt employees to complete weekly timesheets.
- ~~4.3~~ On occasion, employees may request or be asked to transition from part-time to full-time status or vice-versa. It is the right of OCSD, at its sole discretion, to schedule working hours and assign work that may be necessary to operate OCSD in the most efficient and economical manner and in the best interest of the public it serves. Due consideration will be given to an employee's input and concerns prior to implementation of a schedule change. Multiple transitions to full-time or part-time, requested by the affected employee, shall be deemed as an abuse of this privilege and factored into future considerations for approval. ~~A thirty (30) day written notice for work schedule changes must be given to an affected employee prior to the change.~~

5.0 PROCEDURE

- 5.1 Normal Business Hours. Administrative and business functions are normally performed between the hours of 7:30 a.m. and 5:30 p.m., Monday through Thursday, and between the hours of 7:30 a.m. and 4:30 p.m. on Friday. However, the starting and finishing times of employees may vary as long as employees whose jobs involve contact with the public or outside organizations are present between the core hours of 8:00 a.m. and 4:00 p.m.
- 5.2 Core Hours. Individual divisions may schedule work beyond the core hours of 8:00 a.m. and 4:00 p.m., subject to approval by the department head, or designee, to meet specific operating or service requirements in the most cost-effective and efficient manner. Actual starting and ending times of an employee's shift may vary depending on the operational requirements of each department.
- 5.3 Shift Schedules. For time record keeping and accounting purposes, the "workweek" for full-time employees is 40 hours per 168-hour period, to be paid on a biweekly payroll basis of 80 hours worked. The actual work periods may be scheduled in shifts of four 9-hour days and one 4-hour day each workweek (9/80 schedule), five 8-hour days each workweek (10/80), four 10-hour days each workweek (8/80), or three 12-hour days and one 4-hour day each workweek (7/80) at the discretion of the supervisor. The starting and ending times of individual employee workweeks may vary. Shift schedules may be temporarily modified to stagger coverage based on business need.
- 5.4 With supervisor approval, employees may be allowed to flex their schedule within the pay period provided that the biweekly work hours are not less than 80 hours and the business needs, work flow, and customer service needs of OCSD are met.
- 5.5 Meeting Attendance. Employee attendance at lectures, meetings, and training programs will be considered as part of an employee's work hours if attendance is requested by management.

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- 5.6 Timesheets - Exempt Employees. Exempt employees are not eligible to receive overtime pay; however, exempt employees must account for daily attendance. The following points shall be considered when filling out time sheets:
- 5.6.1 Timesheets for exempt employees shall indicate the days worked during the pay period and include all time taken as paid or unpaid leave. Timesheets should report a total of eighty (80) hours per pay period plus any applicable memo time.
 - 5.6.2 Exempt personnel timesheets shall be submitted through the online timekeeping system every Thursday at the end of the employee's work day. Management approval shall be completed by the Monday morning of the subsequent week.
 - 5.6.3 Timesheets must be completed through the online timekeeping system. Time worked shall be charged to the appropriate timekeeping categories. If an employee is unable to complete a timesheet due to absence, the timesheet must be completed by the supervisor or designee (e.g., designee authorized by management to process employee's timesheet while on a leave-of-absence) and submitted using the online timekeeping system.
 - 5.6.4 Filling out another employee's timesheet without management authorization or falsifying any timesheet is prohibited and may be grounds for disciplinary action, up to and including termination.
- 5.7 Payday. Paychecks are distributed on the Wednesday immediately preceding the close of a pay period. Paychecks received on Wednesday cover the period worked during the previous pay period. If a payday falls on a holiday, paychecks will normally be distributed on the last working day preceding the holiday. Employees who will not be at work on a payday may request that their checks be held, forwarded to their supervisor, or mailed directly to their residence. Unclaimed paychecks will be held in Accounting. Paychecks of individuals who terminate their employment with OCSD, or are separated, will be mailed directly to them on the next regular payday subsequent to the separation date unless other arrangements are made to hold the check.

6.0 EXCEPTIONS

7.0 PROVISIONS AND CONDITIONS

8.0 RELATED DOCUMENTS

- 8.1 Fair Labor Standards Act, as amended
- 8.2 Policy 2.2, Non-Base Building Pay
- 8.3 Policy 3.1.1, Hours of Work – Non-Exempt Employees
- 8.4 Policy 4.7, Pro Rata Benefits for Part-Time Employees
- 8.5 Policy 5.1, Rules of Conduct

 <p>Orange County Sanitation District Personnel Policies</p>	Policy Number: 3.2
	Effective Date: September 26, 2018
Subject: Attendance	Supersedes: June 3, 2011
	Approved by: General Manager

1.0 PURPOSE

1.1 The purpose of this policy is to establish uniform guidelines and procedures for attendance.

2.0 ORGANIZATIONAL UNITS AFFECTED

2.1 This policy applies to all current employees regardless of their organizational unit.

3.0 DEFINITIONS

3.1 Tardiness occurs when an employee reports to work after the start time of an assigned work shift. Employees are expected to be at their assigned work location and ready to work at the start of the assigned work shift.

3.2 Absence occurs when an employee does not report to work for all or a portion of an assigned work day. An absence is considered unscheduled for nonexempt employees when it is requested within 23 hours of the start of an employee’s work schedule.

4.0 POLICY

4.1 Prompt and regular attendance is required to maintain effective and efficient Orange County Sanitation District (OCSD)-operations. Therefore, all employees are expected to report to work as scheduled unless proper arrangements have been made to ensure that work flow, customer service needs, and business needs are met.

5.0 PROCEDURE

5.1 Supervisor’s Responsibility. Supervisors are responsible for ensuring that employees observe OCSD’s need for prompt and regular attendance. They are also responsible for providing counseling, as necessary, including referring employees to the Human Resources Department or Employee Assistance Program for help in dealing with medical, physical, or personal difficulties related to their attendance-causing performance deficiencies. All of the facts and circumstances surrounding an employee’s inability to report for work should be considered in the counseling process, including the employee’s performance, overall attendance, reasons for missing work, and prospects for improvement. While OCSD’s need for prompt and regular attendance of all employees is of utmost importance, it is equally important to recognize individual employee needs in an impartial manner.

5.2 Notification. Employees must notify their supervisor of their inability to report for work as scheduled as far in advance as possible and in no case later than the regular start time. The notification of absence should identify the type of leave and an estimate of when the employee expects to be able to return. OCSD may require medical documentation of any

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absence due to illness or injury, particularly when there is an indication of abuse of time-off privileges. Employees must also notify their supervisor prior to leaving early from work unless other arrangements have been made and approved by management.

- 5.3 Tardiness. Tardiness is not acceptable from a performance standpoint and excessive tardiness may be the basis for discipline, up to and including termination. For timesheet reporting purposes, employees who are 15 or more minutes tardy to work will be required to use accrued time off to offset the time away from work unless other arrangements have been made and approved by management. Tardiness of less than 15 minutes shall not be deducted from the employee's pay but numerous occurrences may warrant disciplinary action.
- 5.4 Unscheduled time off will be properly recorded as such for nonexempt employees on the employee's timesheet. Exceptions may be made if the unscheduled time off is relative to COVID-19.

6.0 EXCEPTIONS


- 6.1 Negative impacts of an employee's attendance on the individual's performance or the operations of OCSD shall be addressed through the designated Performance Management Program and/or may be the basis for disciplinary action in accordance with Policy 5.1, Rules of Conduct.

7.0 PROVISIONS AND CONDITIONS

8.0 RELATED DOCUMENTS

- 8.1 Policy 5.1, Rules of Conduct
- 8.2 Policy 3.1.1, Hours of Work – Nonexempt Employees
- 8.3 Policy 3.1.2, Hours of Work – Exempt Employees
- 8.4 Policy 3.3, Leave of Absence with Pay
- 8.5 Policy 3.4, Leave of Absence without Pay
- 8.6 OCSD Performance Management Programs

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	Orange County Sanitation District Personnel Policies	Policy Number: 3.3
		Effective Date: September 26, 2018
Subject: Leave-of-Absence with Pay		Supersedes: September 3, 2013
		Approved by: General Manager

1.0 PURPOSE

1.1 The purpose of this policy is to establish uniform guidelines and procedures for use in the administration of the Orange County Sanitation District's (OCSD's) leave-of-absence with pay program.

2.0 ORGANIZATIONAL UNITS AFFECTED

2.1 All regular OCSD employees.

3.0 DEFINITIONS

3.1 **Paid Administrative Leave** is OCSD mandated leave from the workplace that has been determined based on known facts to be (1) in the best interests of OCSD and (2) necessary to maintain the wellbeing, safety, security, or protection of any OCSD employee or citizen, OCSD property, or OCSD resources, or otherwise required by federal or state law.

3.2 **Families First Coronavirus Response Act** is a temporary Federal law enacted in response to the COVID-19 pandemic to reduce the impact of the virus on American families. The Act includes expanded provisions for Paid Sick Leave and the Families Medical Leave Act (FMLA). The Act is scheduled to sunset on December 31, 2020.

1.0 POLICY

4.1 **Vacation Leave.** Except as otherwise provided, regular full-time employees accrue vacation leave in accordance with the following schedule:

Years of Service	Hours-Biweekly	Hours-Annually
In years 0 through 4	3.08	80
In years 5 through 10	4.62	120
In year 11	4.93	128
In year 12	5.24	136
In year 13	5.54	144
In year 14	5.85	152
In year 15	6.16	160

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In year 16	6.46	168
In year 17	6.77	176
In year 18	7.08	184
In year 19	7.39	192
In years 20 and over	7.69	200

- 4.1.1 Vacation leave begins to accrue after a new employee has completed six (6) months of continuous service.
- 4.1.2 After the first six (6) months of service, the employee's account will be credited with forty (40) hours. After that time, the employee will accrue vacation hours consistent with the above chart.
- 4.1.3 Vacation leave may only be utilized in increments of one-half (0.5) hour or more.
- 4.1.4 Vacation leave is accrued for all paid hours, including hours actually worked and hours in a paid-leave payroll status.
- 4.1.5 When unpaid absences occur, vacation leave accruals will be applied by straight proration of leave accruals based on the number of hours actually worked, and is applicable to all types of leave, whether legally protected or not.
- 4.1.6 Employees may have a maximum accumulation of two hundred (200) hours as of the last day of the final pay period in December of each year. In the event an employee accrues vacation leave in excess of two hundred (200) hours, it must be used prior to the December date, all other remaining hours in excess of two hundred (200) will be paid to the employee in the first pay period in January at the employee's then current hourly rate of compensation.
- 4.1.7 Management shall make a reasonable effort, considering the operational needs of OCSD, to accommodate all employee requests for vacation leave. ~~Vacation leave should normally be requested at least two (2) weeks in advance to increase the likelihood of submitted dates being approved. However, in the event unforeseen circumstances prevent such advance notification, employees may request vacation leave with as little as one (1) days' notice.~~
- 4.1.8 Preference among employees who request time off at least six (6) months in advance shall be based on seniority. Requests received less than six (6) months in advance shall be scheduled in the order received. Further guidelines for vacation leave are outlined in applicable Memorandums of Understanding (MOU).
- 4.2 **Sick Leave.** Sick leave is an insurance or protection provided by OCSD to be granted to employees in circumstances of adversity to promote the health and welfare of the individual employee. Sick leave is defined as the absence from duty of an employee because of a bona fide illness, injury, or pregnancy, or to attend to the illness or injury of a family member as hereinafter defined.
 - 4.2.1 Sick-Leave Accrual. Full-time employees hired prior to November 27, 1981, accrue paid sick leave at the rate of three and one-half (3.5) hours for each biweekly pay period of continuous service (ninety-one [91] hours per year).

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- 4.2.2 Full-time employees hired on or after November 27, 1981, accrue paid sick leave at the rate of three (3.0) hours for each biweekly pay period of continuous service (seventy-eight [78] hours per year), beginning with the first day of employment.
- 4.2.3 Part-Time (or Non-Full-Time) employees employed for at least 30 days will be eligible to accrue sick leave. Sick leave shall accrue at the rate of one (1) hour for every thirty (30) hours worked and shall carry over to the following year. Accrual of sick leave shall be capped at forty-eight (48) hours or six (6) days per year. Part-Time (or Non-Full-Time) employees may use up to twenty-four (24) hours or three (3) days hours of sick leave per year commencing on the 90th day of employment in accordance with Assembly Bill 1522.
- 4.2.4 When unpaid absences occur, sick leave accruals will be applied by straight proration of leave accruals based on the number of hours actually worked, and is applicable to all types of leave, whether legally protected or not.
- 4.2.5 **Sick-Leave Credit.** A full-time, regular employee shall be granted pro rata sick-leave credit during any pay period in which he/she is absent without pay. A part-time, regular employee shall not be granted sick-leave credit during any period he/she is absent without pay on his/her regular working day. In the event an employee is required to work part-time by direction of his/her physician, sick-leave credit shall be prorated, except that sick leave shall continue to accrue if an employee is absent due to an injury arising out of or in the course of his/her employment and is entitled to Workers' Compensation benefits.
- 4.2.6 **Annual Payoff.** Employees may elect annually to be paid for any unused sick leave hours accrued through the end of the last pay period ending in October at their current hourly rate according to the following payoff schedule or as specified by an employee's affiliated bargaining unit Memorandum of Understanding (MOU).

Accrued Sick Leave Hours	Rate of Payoff
0 – 100 hours	0%
101 to 240 hours	25%
241 to 560 hours	35%
Over 560 hours	50%

- 4.2.7 Employees who separate for any reason other than retirement or death shall be compensated for any accrued and unused sick leave according to the above schedule.
- 4.2.8 Employees who retire or decease shall be paid a percentage of all accrued and unused sick leave based on years of service as follows:

Years of Service	Rate of Payoff
Less than 20 years of service	75%
20 or more years of service	100%

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- 4.2.9 **Sick Leave Incentive Plan.** The Sick Leave Incentive Plan applies to Executive Management Team (EMT) members, Managers, Supervisors and professional-level employees. The Plan is administered on an individual Group basis.
- 4.2.10 If the average sick leave usage of employees in a Group is under forty (40) hours per year, calculated on annualized actual time off during the period November 1 to October 31 exclusive of catastrophic illness or injury requiring absence in excess of two hundred (200) hours or industrial injury leave in excess of eighty (80) hours, the annual payoff for unused sick leave will be made according to the following table or as otherwise stipulated in a prevailing MOU.

Accrued Sick Leave Hours	Rate of Payoff
0-100	15%
101-240	45%
241-560	60%
Over 560 (mandatory)	75%

- 4.2.11 **Permissible Uses.** Sick leave may be applied only when:
- 4.2.11.1 The employee is physically or mentally unable to perform his or her normal functions due to illness, injury, or a medical condition.
 - 4.2.11.2 The absence is for the purpose of obtaining professional diagnosis or treatment for a medical condition of the employee or the absence is due to medical and dental office appointments of an employee when approved by the employee's supervisor.
 - 4.2.11.3 The absence is for other medical reasons of the employee, such as pregnancy or obtaining a physical examination.
 - 4.2.11.4 The absence is for the care of the employee's parent, step-parent, adoptive parent, father-in-law, mother-in-law, brother, step-brother, sister, step-sister, spouse, registered domestic partner, biological child, adopted child, step-child, foster child, legal ward, child of a domestic partner, grandchild, grandparent, foster parent, legal guardian, or any family member with whom the employee resides.
 - 4.2.11.5 The absence is due to a job-related injury.
 - 4.2.11.6 The absence is due to issues relating to domestic violence, sexual assault, or stalking, such as seeking services from crisis counselors or shelters, or from obtaining legal relief such as restraining orders or injunctions
- 4.2.12 **Protected Sick Leave.** As prescribed under California Labor Code section 233, employees may use up to one-half (1/2) of their annual sick leave accruals in any calendar year when:
- 4.2.12.1 The absence is for the purpose of obtaining professional diagnosis, care, or treatment for an existing health condition of, or preventative care for, the employee.

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- 4.2.12.2 The absence is for the purpose of obtaining diagnosis, care, or treatment for an existing health condition of, or preventive care for, the employee's parent, step-parent, adoptive parent, foster parent, legal guardian, father-in-law, mother-in-law, brother, step-brother, sister, step-sister, spouse, registered domestic partner, biological child, adopted child, step-child, foster child, legal ward, child of a domestic partner, grandchild, and grandparent.
- 4.2.12.3 The absence is due to issues relating to domestic violence, sexual assault, or stalking, such as seeking services from crisis counselors or shelters, or from obtaining legal relief such as restraining orders or injunctions.
- 4.2.13 **General Provisions.** To qualify for sick-leave pay, the employee shall provide reasonable advance notification of their need to use accrued paid sick leave to their supervisor if the need for paid sick leave use is foreseeable (e.g., doctor's appointment scheduled in advance). As prescribed under the California Paid Sick Leave Law – for the first three (3) days of sick leave use, if the need for paid sick leave use is unforeseeable, the employee shall provide notice of the need for the leave to their supervisor as soon as is practicable. After the first three (3) days of sick leave use, the employee must notify OCS D at or in advance of the time the employee is scheduled to report for duty. Minimum charge to the employee's sick-leave account shall be one-half (0.5) hour and thereafter in one-half (0.5) hour increments.
- 4.2.14 Human Resources, along with the division management, shall be responsible for control of abuse of the sick-leave privilege. Except for the first twenty-four hours or three (3) days of sick leave use as prescribed under the California Paid Sick Leave Law, if notified in advance by a manager or supervisor, the employee may be required, at any time, to furnish a certificate issued by a licensed physician or nurse, or other satisfactory evidence of illness; however, for absences of ten (10) consecutive working days or more, a request for leave and a medical statement, on prescribed forms, stating expected date of return must be submitted to Human Resources. Upon return to work, a written doctor's release must be submitted to Human Resources. For absences of one (1) or more working days in an unpaid status, a request for leave and a medical statement, on prescribed forms, stating expected date of return must be submitted to Human Resources. **These requirements may be waived or reduced, at management's discretion, for sick leave used in relation to COVID-19.**
- 4.2.15 **Sick Leave Banks.** Sick Leave Banks are administered on an individual Group basis. Employees represented by the International Union of Operating Engineers Local 501 for the Operations and Maintenance Unit (Local 501) who elect to bank sick leave accrued prior to the implementation of Personal Leave provisions may elect to use such time off for absence due to a bon a fide illness, injury, or pregnancy, or to attend to the illness or injury of an immediate family member. Employees represented by Local 501 who retire or die shall be paid at the 50% (fifty percent) rate for all Banked Sick Leave hours; an employee who separates shall be compensated for Banked Sick Leave as follows.

Banked Sick Leave Hours	Rate of Payoff
0 - 100	0 percent
101 - 240	25 percent
241 - 560	35 percent

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Over 560	50 percent
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4.2.16 If the need for leave is due to the employee's serious health condition, as defined in the Family and Medical Leave Act ("FMLA") or the California Family Rights Act ("CFRA"), the certification requirement shall comply with provisions of these Acts.

4.3 **Personal Leave.** Personal leave is provided to allow employees time off with pay for vacation, personal business and non-job-related illness or injury. Personal leave is accrued by full-time employees for all paid hours, including hours actually worked and hours in a paid-leave payroll status, on a biweekly basis as follows unless otherwise stipulated by an employee's affiliated bargaining unit MOU:

Personal Leave Hours Years of Service	Biweekly	Annual
0 through 1	3.08	80*
2 through 4	5.38	140
5 through 10	6.92	180
11	7.23	188
12	7.54	196
13	7.85	204
14	8.15	212
15	8.46	220
16	8.69	226
17	8.92	232
18	9.15	238
19	9.38	244
20 and over	9.62	250

4.3.1 When unpaid absences occur, personal leave accruals will be applied by straight proration of leave accruals based on the number of hours actually worked, and is applicable to all types of leave, whether legally protected or not.

4.3.2 **Scheduled Time Off.** Management shall make a reasonable effort, considering the operational needs of OCSD, to accommodate all employee requests for personal leave. ~~Personal leave off should normally be requested at least two (2) weeks in advance to increase the likelihood of submitted dates being approved.~~

4.3.3 Supervisor absences will not affect an employee's ability to schedule time off unless the time off request is submitted within two (2) weeks of the date requested.

4.3.4 **Unscheduled Time Off.** Personal leave that is classified as unscheduled time off provides income protection to an employee who is unable to work due to the following:

4.3.4.1 The employee is physically or mentally unable to perform his or her normal functions due to illness, injury, or a medical condition.

4.3.4.2 The absence is for the purpose of obtaining professional diagnosis or

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treatment for a medical condition of the employee or the absence is due to medical and dental office appointments of an employee when approved by the employee's supervisor.

- 4.3.4.3 The absence is for other medical reasons of the employee, such as pregnancy or obtaining a physical examination.
- 4.3.4.4 The absence is for the care of the employee's parent, step-parent, adoptive parent, father-in-law, mother-in-law, brother, step-brother, sister, step-sister, spouse, registered domestic partner, biological child, adopted child, step-child, foster child, legal ward, child of a domestic partner, grandchild, grandparent, foster parent, legal guardian, or any family member with whom the employee resides.
- 4.3.4.5 The absence is due to a job-related injury.
- 4.3.4.6 The absence is due to issues relating to domestic violence, sexual assault, or stalking, such as seeking services from crisis counselors or shelters, or from obtaining legal relief such as restraining orders or injunctions.
- 4.3.5 Unscheduled time off must be accounted for by management upon the employee's return to work. Except for the first twenty-four hours or three (3) days as prescribed under the California Paid Sick Leave Law in which the employee uses Personal Leave for reasons described in 5.3.5. Employees may be required to submit medical documentation for their injury or illness. It is the responsibility of OCSD management to control the potential abuse of unscheduled time off privileges.
- 4.3.6 **Protected Use of Personal Leave.** As prescribed under California Labor Code section 233, employees may use up to one-half (1/2) of their annual personal leave accruals in any calendar year when:
 - 4.3.6.1 The absence is for the purpose of obtaining professional diagnosis, care, or treatment for an existing health condition of, or preventative care for, the employee.
 - 4.3.6.2 The absence is for the purpose of obtaining diagnosis, care, or treatment for an existing health condition of, or preventive care for, the employee's parent, step-parent, adoptive parent, foster parent, legal guardian, father-in-law, mother-in-law, brother, step-brother, sister, step-sister, spouse, registered domestic partner, biological child, adopted child, step-child, foster child, legal ward, child of a domestic partner, grandchild, and grandparent.
 - 4.3.6.3 The absence is due to issues relating to domestic violence, sexual assault, or stalking, such as seeking services from crisis counselors or shelters, or from obtaining legal relief such as restraining orders or injunctions.
- 4.3.7 OCSD also has the right to discipline employees on the basis of total absences away from work. Except for the first twenty-four hours or three (3) days as prescribed under the California Paid Sick Leave Law in which the employee uses Personal Leave for reasons described in section 5.3.4, Employees must notify their supervisor prior to the start time of their shift when they are unable to report

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for work. Any absence that is requested within twenty-three (23) hours of the start of an employee's work schedule, excluding protected leaves of absence and bereavement leave, shall be considered unscheduled time off unless otherwise stipulated by an employee's affiliated bargaining unit MOU. Employees returning from an extended leave should notify their supervisor as soon as possible to facilitate personnel scheduling.

4.3.8 Human Resources, along with the division management, shall be responsible for control of abuse of the unscheduled leave privilege. Except for the first twenty-four hours or three (3) days as prescribed under the California Paid Sick Leave Law in which the employee uses Personal Leave for reasons described in section 5.3.4, the employee may be required, at any time, to furnish a certificate issued by a licensed physician or nurse, or other satisfactory evidence of illness; however, for unscheduled absences of ten (10) consecutive working days or more, a request for leave and a medical statement, on prescribed forms, stating expected date of return must be submitted to Human Resources. Upon return to work, a written doctor's release must be submitted to Human Resources. For absences of one (1) or more working days in an unpaid status, a request for leave and a medical statement on prescribed forms, stating expected date of return must be submitted to Human Resources. These requirements may be waived or reduced, at management's discretion, for unscheduled leave used in relation to COVID-19.

4.3.9

4.3.10 Personal Leave Payoff. Employees (or their estate) who separate, retire or die shall be paid in full at their current rate of pay for all Personal Leave hours accrued.

4.3.11 Maximum Accrual. Employees may have a maximum accumulation of four hundred-forty (440) hours of Personal Leave as of the last day of the final pay period in December of each year. In the event an employee accrues personal leave in excess of the maximum accrual, it must be used prior to the December date. All, other remaining hours in excess of the maximum accrual will be paid to the employee in the first pay period in January at the employee's then current hourly rate of compensation.

4.3.12 If the need for leave is due to the employee's own serious health condition, as defined in the Family and Medical Leave Act ("FMLA") or the California Family Rights Act ("CFRA"), the certification requirement shall comply with the provisions of these Acts.

4.4 **Protected Child-Related Activities Leave.** As prescribed under California Labor Code, Section 230.8, an employee who is a parent with one (1) or more children attending kindergarten, grades one (1) to twelve (12), or is a child care provider, may take paid or unpaid leave up to forty (40) hours per calendar year for the following child-related activities:

4.4.1 To find, enroll, or reenroll his or her child in a school or with a licensed child care provider, or to participate in activities of the school or licensed child care provider of his or her child. Time off for this purpose shall not exceed eight (8) hours in any calendar month of the year.

4.4.2 To address a child care provider or school emergency

4.5 **Jury Duty Leave.** Any full-time, including probationary, employee who is called for jury

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duty shall be entitled to his/her regular pay for those hours of absence due to performance of the jury duty for a period up to twenty-two (22) working days.

- 4.5.1 Prior to jury duty service, each employee must complete an online time off request form. To be entitled to receive regular pay for such jury leave, employees must report for work during their regularly scheduled work shift when they are relieved from jury duty service, unless there is less than one-half (½) of their regular shift remaining. Employees are not compensated for jury duty occurring on scheduled days off.
 - 4.5.2 An employee serving jury duty must obtain an attendance slip from the court to be submitted to his/her supervisor with his/her time sheet in order to be eligible for regular pay for those hours of absence due to jury duty.
 - 4.5.3 Employees are advised in all cases, whether serving jury duty for the state or federal court systems, to disclose their public employment and OCSD's jury duty pay policy because employees who receive jury duty pay may not be entitled to court compensation.
- 4.6 **Witness Leave.** Any full-time, including probationary, employee who is required to be absent from work by a subpoena properly issued by a court, agency or commission legally empowered to subpoena witnesses, which subpoena compels his/her presence as a witness, except in a matter wherein he/she is named as a defendant or plaintiff or as an expert witness, shall, upon approval of an online time off request, be entitled to the time necessary to comply with such subpoena. An employee's regular pay will be reduced by the amount of witness leave pay received, exclusive of mileage.
- 4.6.1 An employee so subpoenaed must submit a copy of the subpoena to their supervisor and complete an online time off request form in order to be eligible for pay for such absence. To be entitled to receive regular pay for such witness leave, the employee must report for work at OCSD for time not actually retained on witness service of one (1) hour or more prior to and/or upon completion of each day's service, exclusive of travel time.
- 4.7 **Military Leave.** A request for military leave shall be made through the online time off request form and shall state the date when it is desired to begin the leave-of-absence and the date of anticipated return. A copy of the orders requiring such military service shall be submitted with the request to the employee's supervisor.
- 4.7.1 Provisions of the Military and Veterans Code of the State of California, Sections 395-395.5 shall govern military leave. In general, current law provides that an employee having one year or more service with a public entity is entitled to military leave with pay not exceeding thirty (30) days per year if the employee is engaged in military duty ordered for purposes of active military training or encampment. An employee who is required to attend scheduled service drill periods or perform other inactive duty reserve obligations is entitled to military leave without pay, not exceeding seventeen (17) calendar days per year, although the employee may, at his or her option, elect to use vacation or personal leave time to attend the scheduled reserve drill periods or to perform other inactive drill period obligations. Employees who participate in weekend military drill duty are not eligible for leave with pay for such activity, but may have their regular work schedule changed to accommodate the required time off.
- 4.8 **Bereavement Leave.** Using the online time off request form, any full-time employee, whether probationary or regular, shall receive a maximum of thirty-six (36) hours off with

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pay for the death or funeral of an immediate family member. Immediate family member is defined as the employee's father, step-father, father-in-law, mother, step-mother, mother-in-law, brother, step-brother, sister, step-sister, husband, wife, domestic partner, biological child, step-child, adopted child, child of a domestic partner, step parent, grandchild, grandparent, foster parent, foster child, legal guardian, or any family member with whom the employee resides or who is identified in the employee's MOU, if applicable. Employees must submit an online time off request form for approval by the supervisor.

- 4.9 **Workers' Compensation Leave.** Employees who are injured in the course of their employment are placed on Workers' Compensation Leave, and receive wage loss benefits to which they are entitled under the Workers' Compensation Act. Employees may request to concurrently use available paid leave accruals to supplement their Workers' Compensation payments in an amount such that the sum of both is equal to or less than the employee's regular base pay.

4.10 **Administrative Leave.**

4.10.1 **Executive Management Employees**

- 4.10.1.1 No more than forty (40) hours of administrative leave shall be granted to employees in the Executive Management Group in any calendar year on January 1st.

4.10.1.1.1 As an exception, Executive Management Group employees who elected to remain on the executive benefits structure, specified in 1.7 At-Will EMT Employment Agreements, may select whether to include Administrative Leave as part of their annual benefits package.

- 4.10.1.2 Employees who are hired or promoted into the Executive Management Group shall be granted administrative leave on a pro-rata basis in accordance with the following schedule:

Month of Hire/Promotion	Percentage of Leave Granted
January - September	100%
October - December	50%

- 4.10.1.3 Administrative leave may only be used in quarter-hour increments or more.
- 4.10.1.4 Any unused administrative leave, within the calendar year granted, will not be carried over to the next calendar year.
- 4.10.1.5 Any unused administrative leave, within the calendar year granted, is not subject to cash out or eligible for any mandatory payout.
- 4.10.1.6 Employees who cease to be part of the Executive Management Group for any reason will not receive payment of any unused administrative leave.

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4.10.2 Manager Group Employees

- 4.10.2.1 No more than forty (40) hours of administrative leave shall be granted to employees in the Executive Management Group in any calendar year on January 1st.
- 4.10.2.2 Employees who are hired or promoted into the Manager Group shall be granted administrative leave on a pro-rata basis in accordance with the following schedule:

Month of Hire/Promotion	Percentage of Leave Granted
January - September	100%
October - December	50%

- 4.10.2.3 Administrative leave may only be used in quarter-hour increments or more.
- 4.10.2.4 Any unused administrative leave, within the calendar year granted, will not be carried over to the next calendar year.
- 4.10.2.5 Any unused administrative leave, within the calendar year granted, is not subject to cash out or eligible for any mandatory payout
- 4.10.2.6 Employees who cease to be part of the Manager Group for any reason will not receive payment of any unused administrative leave.

4.10.3 Professional, Supervisor and Exempt-level Confidential Group Employees

- 4.10.3.1 Effective the first pay period in July, regular full-time exempt-level employees in the Professional, Supervisor and Confidential Groups shall be granted forty (40) hours of Administrative Leave.
- 4.10.3.2 Regular full-time exempt-level employees who are hired or promoted into the Professional, Supervisor and Confidential Groups shall be granted Administrative Leave on a pro-rata basis per the following schedule:

Month of Hire/Promotion	Percentage of Leave Granted
July - September	100%
October - December	75%
January - March	50%
April - June	0%

- 4.10.3.3 Administrative Leave will be administered in accordance with the following guidelines:
 - 4.10.3.3.1 Administrative Leave may be used in quarter-hour increments.

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- 4.10.3.3.2 Any unused Administrative Leave, within the fiscal year granted, will not be carried over to the next fiscal year.
- 4.10.3.3.3 Any unused Administrative Leave, within the fiscal year granted, is not subject to cash out or eligible for any mandatory payout.
- 4.10.3.3.4 Employees who cease to be part of the Professional Group for any reason will forfeit any unused Administrative Leave.

4.11 Supplemental Leave

4.11.1 Nonexempt Confidential Group Employees (unless otherwise stipulated by an employee’s affiliated bargaining unit MOU)

4.11.1.1 In 2011, effective the first pay period in the month following the approval of this Agreement by the OCSD Board of Directors, regular full-time employees in the bargaining unit shall be granted Supplemental Leave in accordance with the following schedule:

Years of Service	5 – 9	10 - 14	15 - 19	20 - 24	25+
Supplemental Leave Hours	5	10	15	20	25

- 4.11.1.2 Supplemental Leave shall be granted per the schedule in the first pay period in July.
- 4.11.1.3 Supplemental Leave will be administered in accordance with the following guidelines:
 - 4.11.1.3.1 Supplemental Leave may be used in one-quarter (0.25) hour increments.
 - 4.11.1.3.2 Any unused Supplemental Leave, within the fiscal year granted, will not be carried over to the next fiscal year.
 - 4.11.1.3.3 Any unused Supplemental Leave, within the fiscal year granted, is not subject to cash out or eligible for any mandatory payout.
 - 4.11.1.3.4 Employees who cease to be part of the bargaining unit for any reason will forfeit any unused Supplemental Leave.
- 4.11.1.4 Employees who are hired or transferred into the bargaining unit shall be granted Supplemental Leave on a pro-rata basis per the following schedule:

Hire/Transfer Date	Percent
July – September	100%

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October – December	75%
January – March	50%
April – June	25%

4.12 Paid Administrative Leave

In the event that OCSD determines that an employee's position does not lend itself to telecommuting and/or belongs to a high risk group as defined by the Centers for Disease Control (CDC) in relation to COVID-19, OCSD may place the employee on paid administrative leave and the following may apply:

- Employees will receive full pay and benefits
- Employees are expected to provide current contact information (phone, cell phone, and email) to their supervisor/manager
- Employees are expected to remain available during OCSD core business hours
- Employees are expected to routinely monitor and respond timely to all correspondence from OCSD
- Employees may be required to return to work at any time
- An employee's supervisor may contact them to inquire about work related items
- Employees should arrange a periodic check in with their supervisor during the leave period
- Employees must inform their supervisor and use appropriate leave accruals if they will be on vacation or out of town

5.0 PROCEDURE

6.0 EXCEPTIONS


- 6.1 Part-time employees receive leave of absence benefits on a pro-rated basis per Policy 4.7, Pro Rata Benefits for Part-time Employees.
- 6.2 Employees receive either both sick leave and vacation time off accruals or personal leave time off accruals depending on the employee's bargaining unit and/or employee group affiliation.
- 6.3 Vacation leave is not accrued for overtime hours worked.
- 6.4 The unscheduled time off designation does not apply to exempt employees.

7.0 PROVISIONS AND CONDITIONS

- 7.1 Accrued balances of vacation leave, compensatory leave, and personal leave may be cashed out at the employee's request on an annual basis in December of each calendar year.
- 7.2 Vacation leave is accrued on a bi-weekly basis, and employees within the initial probationary period may request time off in the first six (6) months of employment and must use available leave accruals.
- 7.3 Employees may not maintain a negative balance of vacation, sick, compensatory, or personal leave accruals.

8.0 RELATED DOCUMENTS

- 8.1 California Labor Code, Section 230.8
- 8.2 California Labor Code, Section 246 (California Paid Sick Leave Law)
- 8.3 California Assembly Bill 1522, Sick Leave Law
- 8.4 Policy 1.10, Employee Separation
- 8.5 Policy 4.7, Pro Rata Benefits for Part-time Employees

 <p style="text-align: center;">Orange County Sanitation District Personnel Policies</p>	Policy Number: 3.4
	Effective Date: September 26, 2018
Subject: Leave-of-Absence Without Pay	Supersedes: November 11, 2011
Approved by: General Manager	

1.0 PURPOSE

1.1 The purpose of this policy is to establish uniform guidelines and procedures for use in the administration of Orange County Sanitation District's (OCSD) leave-of-absence without pay program.

2.0 ORGANIZATIONAL UNITS AFFECTED

2.1 This policy applies to all regular OCSD employees.

3.0 DEFINITIONS

- 3.1 **Americans with Disabilities Act (ADA)** – A federal law that prohibits discrimination against people with disabilities and requires employers to provide reasonable accommodation to employees with known disabilities when doing so does not pose an undue hardship.
- 3.2 **California Family Rights Act (CFRA)** – A state law that provides certain employees with up to twelve (12) weeks of unpaid, job-protected leave per year.
- 3.3 **Child, for purposes of FMLA/CFRA** – Means a biological, adopted or foster child, a stepchild, a legal ward, or a child of a person standing in loco parentis (in place of parents or instead of a parent), who is either under age 18, or age 18 or older and incapable of self-care because of a mental or physical disability, at the time that FMLA/CFRA leave is to commence.
- 3.4 **Consolidated Omnibus Budget Reconciliation Act (COBRA)** – A federal law that gives employees and dependents who lose their group health insurance the right to elect to continue health insurance coverage for eighteen (18) or thirty-six (36) months under certain circumstances, such as voluntary or involuntary separation from employment for reasons other than gross misconduct, reduction in hours worked, change in employment status, death, divorce, and other life events.
- 3.5 **Covered Active Duty or Call to Covered Active Duty Status** – Means a) in the case of a member of a regular component of the Armed Forces, duty during deployment of the member with the Armed Forces to a foreign country, and b) in the case of a member of a reserve component of the Armed Forces, duty during the deployment of the member with the Armed Forces to a foreign country under a call or order to active duty during a war or national emergency declared by the President or Congress.

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- 3.6 **Covered Servicemember** – Means a) a current member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness incurred in the line of duty on covered active duty, or b) a veteran who is undergoing medical treatment, recuperation or therapy, for a serious injury or illness and who was a member of the Armed Forces (including a member of the National Guard or Reserves) at any time during the period of five (5) years preceding the date on which the veteran undergoes that medical treatment, recuperation or therapy.
- 3.7 **Domestic Partner** – As defined by California Family Code §§ 297 and 299.2, shall have the same meaning as “spouse” for purposes of CFRA.
- 3.8 **Fair Employment & Housing Act (FEHA)** – A California statute prohibiting employment discrimination based on race; color; religion; national origin; ancestry; physical disability; mental disability; genetic information; medical condition; marital status; sex; gender; gender identity; gender expression; sexual orientation; age, with respect to persons over the age of 40; pregnancy, childbirth, or related medical conditions; and military or veteran status. The Act also prohibits retaliation for opposing any practice forbidden by the Act or for filing a complaint, testifying, or assisting in proceedings under the Act and requires employers to provide reasonable accommodation to employees with disabilities when doing so does not pose an undue hardship.
- 3.9 **Family and Medical Leave Act (FMLA)** – A federal law that provides certain employees up to twelve (12) weeks of unpaid, job-protected leave per year.
- 3.10 **Family Member** – For purposes of FMLA/CFRA, means an employee’s spouse, parent, or child. In addition, the definition of family member under CFRA includes an employee’s domestic partner and child of a domestic partner.
- 3.11 **Families First Coronavirus Response Act (FFCRA)** - The FFCRA provides two types of paid leave benefits to employees for specified reasons related to COVID-19: Emergency Paid Sick Leave and FMLA Public Health Emergency Leave, which is an expansion of the current FMLA law.
- 3.12 **Emergency Paid Sick Leave** - Emergency Paid Sick Leave provides employees with up to 80 hours of leave for specified qualifying reasons related to COVID-19. This leave provides 100% of the employee’s regular rate of pay (up to \$510 per day or \$5,100 total) or two-thirds of the employee’s regular rate of pay (up to \$200 per day or \$2,000 total), depending on the reason for leave.
- 3.13 **FMLA Public Health Emergency Leave** - Under current FMLA law, which still applies and will be administered according to the existing law, OCSD is required to provide up to 12 weeks of unpaid leave to eligible employees for medical reasons or to care for certain family members. OCSD employees under the current FMLA law can use accrued leave, and/or apply for short/long term disability, or a combination of both to assist in supplementing the unpaid leave. The Families First Coronavirus Response Act expanded the FMLA provisions to address child- care issues raised by school closures related to COVID-19 only. It does not increase the amount of FMLA leave entitlement for employees. If an employee has already exhausted 12 weeks of FMLA leave in the current rolling year period, they would not be eligible for additional FMLA leave under the Act.
- 3.14 **Health Care Provider**

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- 3.14.1 A doctor of medicine or osteopathy who is authorized to practice medicine or surgery by the State of California;
 - 3.14.2 Individuals duly licensed as a physician, surgeon, or osteopathic physician or surgeon in another state or jurisdiction, including another country, who directly treat or supervise treatment of a serious health condition;
 - 3.14.3 Podiatrists, dentists, clinical psychologists, optometrists, and chiropractors (limited to treatment consisting of manual manipulation of the spine to correct a subluxation as demonstrated by X-ray to exist) authorized to practice in California and performing within the scope of their practice as defined under California State law;
 - 3.14.4 Nurse practitioners and nurse-midwives, clinical social workers, and physician assistants who are authorized to practice under California State law and who are performing within the scope of their practice as defined under California State law;
 - 3.14.5 Christian Science practitioners listed with the First Church of Christ, Scientist in Boston, Massachusetts; and
 - 3.14.6 Any health care provider from whom OCSD or its group health plan's benefits manager will accept certification of the existence of a serious health condition to substantiate a claim for benefits.
- 3.15 **Incapable of Self Care** – Describes a person who requires active assistance or supervision to provide daily self-care in three (3) or more of the activities of daily living or instrumental activities of daily living — such as, caring for grooming and hygiene, bathing, dressing and eating, cooking, cleaning, shopping, taking public transportation, paying bills, maintaining a residence, and using telephones and directories, and using a post office.
- 3.16 **Next of Kin of a Covered Servicemember** – Means the nearest blood relative other than the covered servicemember's spouse, parent, son, or daughter, in the following order of priority: Blood relatives who have been granted legal custody of the covered servicemember by court decree or statutory provisions; brothers and sisters; grandparents; aunts and uncles; and first cousins, unless the covered servicemember has specifically designated in writing another blood relative as his or her nearest blood relative for purposes of military caregiver leave under the FMLA.
- 3.17 **Outpatient Status** means, with respect to a covered servicemember, the status of a member of the Armed Forces assigned to either: (1) a military medical treatment facility as an outpatient; or (2) a unit established for the purpose of providing command and control of members of the Armed Forces receiving medical care as outpatients.
- 3.18 **Parent, for purposes of FMLA/CFRA** – Means the biological, adoptive, step or foster parent of an employee; a legal guardian; or an individual who stands or stood in loco parentis (in place of parents or instead of a parent) to an employee when the employee was a child.
- 3.19 **Pregnancy Disability Leave (PDL)** – A state law that provides an employee, who is disabled as a result of pregnancy, childbirth, or a related condition, up to four (4) months of unpaid leave, with medical approval.

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- 3.20 **Rolling 12-Month Period** – A period measured backward from the date an employee uses any FMLA leave. Each time an employee takes FMLA/CFRA leave, the remaining leave entitlement would be any balance of the 12 weeks which has not been used during the immediately preceding 12 months. For example, if an employee has taken eight weeks of leave during the past 12 months, an additional four weeks of leave could be taken.
- 3.21 **Serious Health Condition** – Means an illness, injury, impairment, or physical or mental condition that involves:
- 3.21.1 Inpatient care (i.e., an overnight stay or expectation of an overnight stay) in a hospital, hospice, or residential medical care facility, including any period of incapacity (i.e., inability to work, or perform other regular daily activities due to the serious health condition, treatment involved, or recovery therefrom); or
- 3.21.2 Continuing treatment by a health care provider. A serious health condition involving continuing treatment by a health care provider includes any one or more of the following:
- 3.21.2.1 A period of incapacity (i.e., inability to work, or perform other regular daily activities) due to serious health condition of more than three (3) consecutive calendar days, and any subsequent treatment or period of incapacity relating to the same condition, that also involves:
- 3.21.2.1.1 Treatment two (2) or more times-by a health care provider.
- 3.21.2.1.2 Treatment by a health care provider on at least one (1) occasion that results in a regimen of continuing treatment under the supervision of the health care provider. If the medication is over the counter, and can be initiated without a visit to a health care provider, it does not constitute a regimen of continuing treatment.
- 3.21.2.2 Under FMLA only, any period of incapacity due to pregnancy or for prenatal care. Under state law, an employee disabled by pregnancy is entitled to PDL
- 3.21.2.3 Any period of incapacity or treatment for such incapacity due to a chronic serious health condition. A chronic serious health condition is one which:
- 3.21.2.3.1 Requires periodic visits (defined as at least twice a year) for treatment by a health care provider or by a nurse;
- 3.21.2.3.2 Continues over an extended period of time (including recurring episodes of a single underlying condition); and
- 3.21.2.3.3 May cause episodic rather than a continuing period of incapacity (e.g., asthma, diabetes, epilepsy, etc.). Absences for such incapacity qualify for leave even if the absence lasts only one (1) day or less.
- 3.21.2.4 A period of incapacity which is permanent or long term due to a condition for which treatment may not be effective. The employee or family member must be under the treatment of a health care provider.

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- 3.21.2.5 Any period of absence to receive multiple treatments (including any period of recovery therefrom) by a health care provider or by a provider of health care services under orders of, or on referral by, a health care provider, either for restorative surgery after an accident or other injury, or for a condition that would likely result in a period of incapacity of more than three (3) consecutive calendar days in the absence of medical intervention or treatment.
- 3.22 **Serious Injury or Illness** – Means a) in the case of a member of the Armed Forces (including a member of the National Guard or Reserves), an injury or illness incurred by a covered servicemember in the line of duty on covered active duty (or existed before the beginning of the member's active duty and was aggravated by service in the line of duty on covered active duty in the Armed Forces) and that may render the servicemember medically unfit to perform the duties of the member's office, grade, rank, or rating, and b) in the case of a veteran who was a member of the Armed Forces (including a member of the National Guard or Reserves) at any time during the period of five (5) years preceding the date on which the veteran undergoes that medical treatment, recuperation, or therapy, a qualifying injury or illness that was incurred by the member in line of duty on covered active duty in the Armed Forces (or existed before the beginning of the member's active duty and was aggravated by service in the line of duty on covered active duty in the Armed Forces) that manifested itself before or after the member became a veteran.
- 3.23 **Single 12-Month Period** – For purposes of leave to care for a covered servicemember, begins on the first day the eligible employee takes FMLA leave to care for the covered servicemember and ends twelve (12) months after that date.
- 3.24 **Spouse** –Means a partner in marriage as defined by state and/or federal law.
- 3.25 **Child-Related Activities** – Include addressing a child care provider or school emergency, a request that the child be picked up from school or child care, behavioral/discipline problems, closure or unexpected unavailability of the school (excluding planned holidays), or a natural disaster; finding, enrolling, re-enrolling a child in a school or with a licensed child care provider.

4.0 POLICY

- 4.14 To the extent not already provided for under current leave policies and provisions, it is the policy of OCSD to grant employees extended leave-of-absences under certain circumstances, including family and medical leave for eligible employees as required by state and federal law. The following provisions set forth the rights and obligations with respect to such leave. Rights and obligations which are not specifically set forth below are set forth in the Department of Labor regulations implementing the Federal Family and

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Medical Leave Act of 1993 ("FMLA"), and the regulations of the California Family Rights Act ("CFRA").

- 4.15 **Reasons for FMLA/CFRA Leave** FMLA/CFRA leave is only permitted for the following reasons:
- 4.15.1 The birth of a child or to care for a newborn of an employee;
 - 4.15.2 The placement of a child with an employee in connection with the adoption or foster care of a child;
 - 4.15.3 Leave to care for a family member who has a serious health condition;
 - 4.15.4 Leave because of a serious health condition that makes the employee unable to perform the essential functions of his/her position. Under FMLA, this includes incapacity due to pregnancy (CFRA does not include incapacity due to pregnancy; PDL applies instead);
 - 4.15.5 Under FMLA only, leave for a qualifying exigency arising out of the fact that an employee's family member is on covered active duty or called to covered active duty status in the Armed Forces. A qualifying exigency may include activities such as making arrangements for childcare, making financial and legal arrangements, attending counseling relating to the active duty of the service member, or attending to farewell or arrival arrangements for the service member;
 - 4.2.6 Under FMLA only, leave to care for a family member or "next of kin" servicemember of the United States Armed Forces who has a serious injury or illness incurred in the line of duty while on active military duty (this leave may consist of up to 26 weeks of unpaid leave during a single 12-month period).
- 4.16 **Leave Eligibility**
- 4.16.1 A full-time, or part-time employee is eligible for unpaid FMLA/CFRA leave if the employee:
 - 4.16.1.1 Has been employed for at least twelve (12) months; and
 - 4.16.1.2 Has worked at least 1,250 hours during the 12-month period immediately preceding the commencement of the leave.
 - 4.16.2 A full-time or part-time employee disabled due to pregnancy, childbirth, or a related condition is eligible for unpaid PDL on the first date of employment, regardless of length of service with OCSD.
- 4.17 FMLA/CFRA Leave may not exceed twelve (12) weeks in a rolling twelve (12) month period. PDL may not exceed four (4) months.
- 4.18 CFRA leave shall run concurrently with FMLA leave except that an employee's incapacity due to pregnancy is not eligible for CFRA leave.
- 4.18.1 Incapacity due to pregnancy, childbirth, or a related condition may entitle an employee to up to four (4) months of PDL, with medical approval, plus another twelve (12) weeks of CFRA leave, to care for the child, in a rolling twelve (12) month period.

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- 4.19 **Expiration of Leaves** Upon expiration of FMLA/CFRA/PDL, OCSD will evaluate the employee's restrictions and the positions that are available at the time. If a reasonable accommodation other than unpaid leave exists, the employee may return to work as long as it does not create an undue hardship on the organization.
- 4.20 **Both Spouses Are Employed By OCSD** Employees of OCSD who are married to each other shall be limited to a combined total of twelve (12) weeks of FMLA Leave in a rolling twelve (12) month period if the leave is taken:
- 4.20.1 For birth of the employee's son or daughter or to care for the child after birth;
- 4.20.2 For placement of a son or daughter with the employee for adoption or foster care, or to care for the child after placement; or
- 4.20.3 To care for the employee's parent with a serious health condition.
- 4.21 Where the spouses both use a portion of the total 12-week FMLA/CFRA leave entitlement for one of the above purposes, the spouses would each be entitled to the difference between the amount he or she has taken individually and twelve (12) weeks for FMLA/CFRA leave for a purpose such as his or her own serious health condition.
- 4.22 In any case in which spouses both employed by OCSD are entitled to leave, the aggregate number of workweeks of leave to which both may be entitled may be limited to 26 workweeks during any 12-month period if leave is taken to care for a covered servicemember.
- 4.23 **Both Parents Are Employed By OCSD** CFRA leave for the birth, adoption or foster care placement of the parents' child will be limited to twelve (12) workweeks in a 12-month period between the two (2) parents.
- 4.24 **California Leave for Military Spouses** An employee who works more than twenty (20) hours per week, and whose spouse is a member of the Armed Forces, National Guard or Reserves who has been deployed during a period of military conflict, may be granted ten (10) unpaid days off while the spouse is on leave from military deployment, Employees with need for this time off must provide their supervisor and Human Resources with notice that the employee wishes to take leave. This notice must be provided within at least two (2) business days of receiving official notice that the employee's spouse will be on leave from deployment. The employee must provide OCSD with written documentation certifying that the spouse will be on leave from deployment.
- 4.25 **FMLA Public Health Emergency Leave** Employees who have been employed by OCSD for at least 30 calendar days are eligible for FMLA Public Health Emergency Leave child-care due to school or child-care provider being unavailable due to the COVID-19 emergency. Employees may take up to 12 weeks of leave if the employee is unable to work or telework. The first 10 days of leave, the employee may use the Paid Sick Leave amount as authorized by the ACT (two thirds of regular rate of pay up to a maximum of \$200 per day and up to \$2,000 total for the first 10 days), or may use other leave banks, or choose to take unpaid leave. After the initial 10 days have elapsed, employees shall be paid two thirds of their regular rate of pay up to a maximum of \$200 per day and \$10,000 overall. Employees may supplement the two-thirds pay with their accrued leaves to achieve 100 percent of their regular rate of pay.
- 4.26 **Employee Benefits and Salary Adjustments While on Leave**

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4.26.1 Medical, Dental and Vision Premiums

4.26.1.1 During FMLA/CFRA/ leave, OCSD shall pay for medical, dental and vision benefits at the same level as coverage would have been provided if the employee was not on leave for up to twelve (12) weeks each leave year. During PDL Leave, coverage will continue to the same extent for up to four (4) months for each pregnancy. The employee shall be required to pay his or her share of medical and dental premiums. Failure to submit a monthly co-payment, in full, within forty-five (45) days, unless otherwise stipulated in the employee's affiliated bargaining unit Memorandum of Understanding (MOU), of the invoice date will result in loss of group coverage . Coverage will be reinstated upon return to active employment.

4.26.1.2 Employees who have exhausted their paid leave accruals and FMLA/CFRA/PDL leave rights may be placed on a general leave-of-absence. During a general leave-of-absence, the employee shall be required to pay both OCSD's and the employee's share of medical, dental and vision premiums. Failure to submit a monthly payment, in full, within forty-five (45) days (unless otherwise stipulated in the employee's affiliated bargaining unit MOU) of the invoice date will result in loss of group coverage. Coverage will be reinstated upon return to active employment.

4.26.2 Employees may make the appropriate contributions for continued coverage under non-health benefit plans by payroll deductions or by arranging payment in coordination with the Human Resources Department.

4.26.3 If an employee fails to return to work after his/her leave entitlement has been exhausted or expires, OCSD shall have the right to recover its share of health plan premiums for the entire leave period, unless the employee does not return because of the continuation, recurrence, or onset of a serious health condition of the employee or his/her family member which would entitle the employee to leave, or because of circumstances beyond the employee's control. OCSD shall have the right to recover premiums through deduction from any sums due OCSD (e.g. unpaid wages, vacation pay, etc.).

4.26.4 While an employee is on FMLA/CFRA/PDL leave, salary range and annual merit increases will be applied as long as the employee is in a paid payroll status. Applicable salary range and annual merit increases not applied because of leave will be applied when the employee returns to a paid payroll status.

4.26.5 Employees who are on a General Leave of absence do not receive Development Pay.

4.27 Substitution of Paid Accrued Leaves

4.27.1 While on leave under this policy, as set forth herein, an employee may elect to concurrently use paid accrued leaves for his or her own serious health condition. OCSD requires that an employee use paid leave accruals during FMLA/CFRA leave for all reasons other than the employee's own serious health condition.

4.27.2 An employee may use sick leave while taking a leave under this policy if:

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- 4.27.2.1 The leave is for the employee's own serious health condition; or
- 4.27.2.2 The leave is needed to care for a family member with a serious health condition, and the employee would be permitted to use sick leave under OCSD policy.
- 4.27.2.3 Employees must comply with all requirements for receiving sick leave in order to receive pay during this period. A failure to comply with these requirements will only impact an employee's ability to receive sick pay and will not affect his or her right to FMLA/CFRA/PDL leave.
- 4.27.3 **OCSD's Right to Require an Employee to Exhaust FMLA/CFRA Leave Concurrently With Other Leaves.** If an employee takes a leave of absence for any reason which is also FMLA/CFRA-qualifying, OCSD may designate that leave as FMLA/CFRA and may run the leaves concurrently with each other.
- 4.27.4 **OCSD and Employee's Rights if an Employee Requests Accrued Leave Without Mentioning Either the FMLA or CFRA.** If an employee requests to utilize accrued vacation leave or other accrued paid time off without reference to a FMLA/CFRA-qualifying purpose, OCSD may not ask the employee if the leave is for a FMLA/CFRA-qualifying purpose. However, if OCSD denies the employee's request and the employee provides information that the requested time off is for a FMLA/CFRA-qualifying purpose, OCSD may inquire further into the reason for the absence. If the reason is FMLA/CFRA qualifying, OCSD may require the employee to exhaust accrued leave as described above.
- 4.27.5 **Paid Time Off Accruals** Paid time off shall not accrue during any pay period that an employee is absent without pay for more than one day.
- 4.28 **Medical Certification** As a condition of FMLA or CFRA leave because of a "serious health condition," OCSD may require certification by the employee's attending health care provider. Employees who request FMLA/CFRA/PDL leave for their own serious health condition or to care for a family member who has a serious health condition must provide written certification from the attending health care provider of the individual requiring care as a condition of receiving FMLA/CFRA/PDL leave. OCSD may require that a new medical certification be submitted depending on the circumstances.
 - 4.28.1 If the leave is requested because of the employee's own serious health condition, the certification must include a statement that the employee is unable to work at all or is unable to perform the essential functions of his/her position.
 - 4.28.2 Employees who request leave to care for a covered servicemember who is a child, spouse, parent, or "next of kin" of the employee must provide written certification from a health care provider regarding the injured servicemember's serious injury or illness.
 - 4.28.3 The first time an employee requests leave because of a qualifying exigency, an employer may require the employee to provide a copy of the covered military member's active duty orders or other documentation issued by the military which indicates that the covered military member is on covered active duty or call to covered active duty status, and the dates of the covered military member's covered active duty service. A copy of new active duty orders or similar documentation shall be provided to the employer if the need for leave because of a qualifying exigency arises out of a different covered active duty or call to covered active duty status of the same or a different covered military member.

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- 4.28.4 **Time to Provide a Certification** When an employee's leave is foreseeable and at least thirty (30) days' notice has been provided, if a medical certification is requested, the employee must provide it before the leave begins. When this is not possible, the employee must provide the requested certification to OCSD within fifteen (15) calendar days of OCSD's request, unless it is not practicable under the particular circumstances to do so despite the employee's diligent, good faith efforts.
- 4.28.5 If an employee provides an incomplete medical certification the employee will be given a reasonable opportunity to cure any such deficiency.
- 4.28.6 **Consequences for Failure to Provide an Adequate or Timely Certification**
- 4.28.6.1 If an employee fails to provide a medical certification within the time frame established by this policy, OCSD may delay the taking of FMLA/CFRA leave until the required certification is provided.
- 4.28.6.2 Failure to provide complete medical certification may result in the denial of FMLA/CFRA/PDL leave.
- 4.28.7 **Second and Third Medical Opinions** If OCSD has reason to doubt the validity of a medical certification, OCSD may require a medical opinion of a second health care provider chosen and paid for by OCSD. If the second opinion is different from the first, OCSD may require the opinion of a third provider jointly approved by OCSD and the employee, but paid for by OCSD. The opinion of the third provider will be binding. An employee may request a copy of the health care provider's opinions when there is a second or third medical opinion sought.
- 4.28.8 **Intermittent Leave or Leave on a Reduced Leave Schedule** If an employee requests leave intermittently (a few days or hours at a time) or on a reduced leave schedule to care for family member with a serious health condition, the employee must provide medical certification that such leave is medically necessary. "Medically necessary" means there must be a medical need for the leave and that the leave can best be accomplished through an intermittent or reduced leave schedule. OCSD permits intermittent leave to be taken in increments as small as fifteen (15) minutes. When planning medical treatment, the employee must consult with a supervisor and/or Human Resources and make a reasonable effort to schedule the treatment so as not to disrupt unduly the operations, subject to the approval of the health care provider. Such consultations must take place prior to the scheduling of treatment in order to work out a treatment schedule which best suits the needs of both OCSD and the employee.
- 4.29 **Employee Notice of Leave** Where the need for leave is foreseeable, OCSD requires thirty (30) days advance notice. In addition, if an employee knows that he/she will need leave in the future, but does not know the exact date(s) (e.g. for the birth of a child or to take care of a newborn), the employee shall inform his/her supervisor as soon as practicable that such leave will be needed, but no less than 30 days prior to the event. Such notice may be orally given. For leave that is not foreseeable, barring unusual circumstances, employees must provide notice that they need leave prior to the start of the shift on the day that leave is requested. Written notice must also be provided which sets forth the reason for leave, the expected duration of the leave, and the anticipated start of the leave.

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4.29.1 For foreseeable leave due to a qualifying exigency, an employee must provide notice of the need for leave as soon as practicable, regardless of how far in advance such leave is foreseeable.

4.30 **Return to Work Policy for Non-Work-Related Leave**

4.30.1 **Right to Reinstatement** Upon expiration of FMLA/CFRA/PDL leave, an employee shall be entitled to be reinstated to the position of employment held when the leave commenced, or to an equivalent position with equivalent employment benefits, pay, and other terms and conditions of employment. An employee is entitled to reinstatement to the same or equivalent position unless the employee would not otherwise have been entitled to that position for reasons unrelated to such leave (e.g., lay-offs), in which case OCSD's obligation to continue health and dental or other benefits shall cease. Employees have no greater rights to reinstatement, benefits and other conditions of employment than if the employee had been continuously employed during the FMLA/CFRA/PDL period.

4.30.2 If a definite date of reinstatement has been agreed upon at the beginning of the leave, the employee will be reinstated on the date agreed upon. If the reinstatement date differs from the original agreement of the employee and OCSD the employee will be reinstated within two (2) business days, where feasible, after the employee notifies the employer of his/her readiness to return.

4.30.3 **Employee's Obligation to Periodically Report on His/Her Condition** Employees will be required to periodically report on their status and intent to return to work. This will avoid any delays to reinstatement when the employee is ready to return.

4.30.4 **Fitness-for-Duty Certification** As a condition of reinstatement of an employee whose leave was due to the employee's own serious health condition, which made the employee unable to perform his/her job, the employee may be forced to obtain and present a fitness-for-duty certification from the attending health care provider that the employee is able to resume work. Failure to provide such certification, when required, will result in denial of reinstatement.

4.30.5 **Medical Evaluation** An employee who has been absent from work due to a medical, non-work-related reason shall be required to submit to a Return-to-Work medical evaluation.

4.30.6 **Compatibility of Employee Restrictions and the Job Demands of the Position**

4.30.6.1 If it is determined that the job demands of the position last held by the employee are not compatible with the employee's restrictions (with reasonable accommodation if the employee is disabled within the meaning of the ADA or FEHA) and the employee is willing to return to work, placement in an alternative position, if available, will be considered. The employee shall be re-classified as medically disqualified while alternative positions are being considered. Such time off shall be without pay; however, the employee may elect to use accrued leave hours, such as vacation, sick, or personal, to receive compensation. Placement of an employee in an alternative position requires a pre-placement medical evaluation for the alternative job.

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4.30.6.2 If it is determined that the job demands of the position last held by the employee are not compatible with the employee's restrictions (and cannot be reasonably accommodated if the employee is disabled within the meaning of the ADA or FEHA) and there is not an alternative position, or the employee's restrictions are not compatible with an alternative position, or the employee is not willing to return to work, the employee shall be re-classified as medically disqualified and not permitted to work. Thereafter, the employee shall be retired for disability, if eligible, or dismissed. Such dismissal will not constitute disciplinary action for cause. If requested, the employee's file will indicate the employee left for personal reasons.

4.30.7 **Failure to Return to Work** If, upon the expiration of FMLA-/CFRA/PDL Leave, or any OCSD -approved extension thereof, an employee fails to return to work, and no additional leave has been authorized, the employee shall be considered to have automatically resigned from his/her position. If, upon expiration of FMLA/CFRA/PDL Leave, or any OCSD-approved extension thereof, an employee is unable to perform the essential functions of the employee's position due to disability, OCSD shall review vacancies to determine whether or not a vacant position exists that the employee is qualified to perform with or without reasonable accommodation. If the employee is still unable to perform the essential duties of such a position, the employee shall be considered to have automatically resigned from his/her position, unless eligible for disability retirement.

4.30.8 **Bridge of Service** If an employee automatically resigns from his/her position as a result of a "bona-fide" injury or illness, and then is rehired to a position within OCSD within one (1) year, OCSD shall bridge the employees' service date. "Bridging of service" means adding the total number of days away from work to the employees' original date of hire.

4.31 **General Leave**

4.31.1 Employees who have exhausted all paid time off accruals may be granted a general leave-of-absence to attend to personal matters, or for FMLA or CFRA qualifying events, after the expirations of previously authorized leave, if the Human Resources Department determines that an extended period of time away from the job shall be in the best interests of the employee and OCSD.

4.31.2 During a general leave-of-absence, the employee shall be required to pay both OCSD's and the employee's share of medical, dental and vision premiums. Failure to submit a monthly payment, in full, within forty-five (45) days (unless otherwise stipulated in the employee's affiliated bargaining unit MOU) of the invoice date will result in loss of group coverage. Coverage will be reinstated upon return to active employment.

4.31.3 Employees will not be granted an unpaid leave of absence prior to exhausting all paid leave accrual balances, excluding employees protected by PDL/FMLA/CFRA for their own serious health condition.

4.32 **Workers Compensation Leave**

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- 4.32.1 Employees who are injured in the course of their employment are placed on Workers' Compensation Leave, and receive wage loss benefits to which they are entitled under the Workers' Compensation Act.
- 4.32.2 During Workers' Compensation Leave, employees may request to concurrently use available paid leave accruals to supplement their Workers' Compensation payments in an amount such that the sum of both is equal to or less than the employee's regular base pay.
- 4.32.3 OCSD may designate Workers' Compensation Leave as FMLA/CFRA and may run the leaves concurrently with each other.
- 4.32.4 During Workers' Compensation Leave, employees' medical, dental, and vision insurance premium payments are subject to the provisions provided in Section 4.12.1.

4.19 **Protected Child-Related Activities Leave** As prescribed under California Labor Code section 230.8, an employee who is a parent with one (1) or more children attending kindergarten, grades one (1) to twelve (12), or is a licensed child care provider, may take up to 40 hours of unpaid leave per calendar year for the following child-related activities:

- 4.19.1 To find, enroll, or reenroll his or her child in a school or with a licensed child care provider, or to participate in activities of the school or licensed child care provider of his or her child. Time off for this purpose shall not exceed eight (8) hours in any calendar month of the year.
- 4.19.2 To address a child care provider or school emergency.

5.0 PROCEDURE

- 5.1 Employees must fill out the following prescribed forms in connection with leaves under this policy:
 - 5.1.1 Leave of Absence Request form (Available on MyOCSD) – Required for all medical, pregnancy, family care, military, and general leaves of absence.
 - 5.1.2 Medical Certification of Health Care Provider form (Available on MyOCSD) – Required for leave due to employee's own serious health condition, pregnancy, or the employee's need to care for a family member with a serious health condition.
 - 5.1.3 Fitness-for-Duty to Return from Leave form (Available on MyOCSD) - If leave is taken for the employee's own serious health condition.

6.0 EXCEPTIONS

- 6.1 **Reinstatement of "Key Employees"** OCSD may deny reinstatement to a "key" employee (i.e., an employee who is among the highest paid 10% of all employed by OCSD (within 75 miles of the work site) if such denial is necessary to prevent substantial and grievous economic injury to the operations of OCSD, and the employee is notified of OCSD's intent to deny reinstatement on such basis at the time OCSD determines that such injury would occur.

7.0 PROVISIONS AND CONDITIONS

8.0 RELATED DOCUMENTS

- 8.1 Policy 3.3, Leave of Absence with Pay
- 8.2 Policy 3.3.1, Military Leave
- 8.3 Leave of Absence Request Form
- 8.4 Medical Certification of Health Care Provider Form
- 8.5 Fitness-for-Duty to Return from Leave Form



Orange County Sanitation District

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BOARD OF DIRECTORS

Agenda Report

File #: 2020-1034

Agenda Date: 4/22/2020

Agenda Item No: 18.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

COVID-19 FINANCIAL IMPACT UPDATE

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Information Item.

BACKGROUND

The Board of Directors requested a staff report on potential financial impacts related to COVID-19. Staff has summarized the potential financial impacts to date.

ADDITIONAL INFORMATION

Revenues

The Orange County Sanitation District (Sanitation District) has a broad-based revenue program. Although 85% of its income comes from two sources (65% from general user fees and 20% from property taxes), the income is collected from nearly one million different users. This distribution reduces the potential impact on the Sanitation District by any individual ratepayer. Additionally, both of these revenues are collected through the County of Orange (County) semi-annual property tax collection process. At present, the County has announced no change to its collection of these fees or the disbursement of funds to the Sanitation District as a result of COVID-19. We anticipate receiving our next County apportionment later this month.

The Sanitation District does receive 15% of its revenues from other sources that may be negatively impacted. However, those revenues are also broad-based, split between various permittees, other government agencies, and interest income. As such, any risk to Sanitation District revenue should be manageable. However, should the pandemic continue, this risk would increase.

Investment Portfolio

The Sanitation District portfolios remain conservatively positioned and are weathering the volatility in the markets fairly well given the circumstances.

However, all indications are that the short-term impact of the shutting down of major portions of the US economy due to the COVID-19 virus are going to be material.

We have already seen a large monetary policy response from the Federal Reserve, and we expect a significant fiscal response, both domestically and globally, to help mitigate the economic impact of the virus on the global economy.

The US consumer and overall US economy was in a solid position prior to the impact of the virus which should also help the markets recover when we get past the volatility and uncertainty, which is likely to last for several more weeks.

With respect to portfolio, the Sanitation District's positioning is conservatively positioned, with approximately 60% of the holdings in government securities and 5-year government securities that were purchased as a hedge against interest rate drops.

At present, there are no underlying concerns with the portfolio holdings. Chandler Assets, our portfolio manager, is monitoring the market and portfolio with the ongoing volatility. Our Finance Division and our portfolio manager, Chandler Assets, are both set up to work remotely to ensure all transactions are completed and monitored.

Pension Liability

Due to the lag in evaluating actuarial results, we do not anticipate any changes to our contribution rates as a result of COVID-19 until July 1, 2021.

Orange County Employees Retirement System (OCERS) actuarial funding policy calls for investment gains/losses to be smoothed in over five years and are then amortized over 20 years. So, investment returns below 7% as of December 31, 2020 will create an actuarial loss. Those losses will be smoothed into the valuation over the subsequent five years (as the investment gains from 2019 will be smoothed in over five years as well).

This summer, OCERS will complete its triennial study where all assumptions will be re-evaluated. Changes in assumptions will also impact the UAAL and contribution rates. Those new assumptions, once approved by the OCERS board, will be incorporated into the actuarial valuation as of December 31, 2020.

The rates from the 2020 valuation will go into effect July 2022, the soonest employers will start to see this year's events (and changes in assumptions) hit their contribution rates. However, staff has already started to project these changes and will build in our assumptions in to the next two fiscal budgets. Attached is a message from the OCERS Chief Executive Officer regarding their response to COVID-19.

Expenditures

Staff is tracking all COVID-19 related expenditures. While there have been both staffing and material expenditures directly related to the pandemic, these have been minimal in relation to the Sanitation District's full operating budget. However, as the pandemic continues, we anticipate additional expenses to increase.

Potential State Actions and History

The impacts of COVID-19 will undoubtedly affect the US and California economies. As such, there have been concerns that the State may elect to temporarily fill any of its revenue gaps by borrowing from or otherwise changing its financial relationships with other government entities.

In 1992/93 and 1993/94, to resolve serious budget deficits, the State legislature permanently shifted \$3.6 billion of annual property tax revenue from counties, cities, and special districts to the Educational Revenue Augmentation Fund (ERAF I and ERAF II).

In 2004/05 and 2005/06, a temporary (2 year) shift of an additional \$1.3 billion was enacted by the legislature (ERAF III). Approximately \$16 million of Sanitation District funding was taken as a result of that shift. Subsequently, State legislation was passed that prevented future reallocations without repayment to the special districts (Proposition 1A 2004).

In 2009/10, the State borrowed \$1.9 billion of property tax revenue from counties, cities, and special districts. Approximately \$5 million was borrowed from the Sanitation District. Approximately \$2.5 million was taken from the first installment of property taxes and \$2.5 million was taken from the second installment of property taxes and each amount was repaid within a month of being taken.

In 2010, Proposition 22 was approved, which prohibits the state from redirecting property tax revenue as it did in 2009-10.

Proposition 22 (2010)

In 2010, voters approved Proposition 22, which, among other things, prohibits the State from redirecting property tax revenue as it did in 2009-10. Specifically, Proposition 22 eliminates the State's authority to borrow property tax revenue from local governments as previously allowed under Proposition 1A and prohibits the State from requiring redevelopment agencies to shift revenue to K-14 districts or other agencies. As discussed in the link below (also included as an attachment), the prohibition on shifting redevelopment funds contributed indirectly to the dissolution of redevelopment agencies in February 2012. <https://lao.ca.gov/reports/2012/tax/property-tax-primer-112912.aspx>.

RELEVANT STANDARDS

- Protect Orange County Sanitation District assets
- Ensure the public's money is wisely spent

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Memo from OCERS
- Understanding California's Property Taxes Information

A Message from OCERS Chief Executive Officer Steve Delaney on the OCERS Response to COVID-19

One of the more frustrating aspects of this COVID-19 crisis is the uncertainty that comes with dealing with something so new and so dangerous. I'm writing to reassure all OCERS members about certain facts of which you can be confident.

Your Benefit is Secure

The most important fact that you need to know is if you are retired, you will get your benefit, paid in full, paid on time. That's a fact.

OCERS Benefits are determined by the length of time you served the citizens of Orange County. They do not fluctuate with the ups and downs of the financial markets.

The OCERS Investment Portfolio is Sound

In recent weeks, the spread of COVID-19 has increased the volatility of global stock and bond markets. While markets remain unstable, it is important to note that OCERS is a long-term investor and has a history of protecting assets in market downturns.

OCERS' investment pool is a well-diversified, global portfolio that is built to weather short-term disruptions with an emphasis on securing benefits for OCERS' members. In 2019, OCERS' Investment Division took the initiative to protect a portion of its portfolio against a stock market sell-off. Those measures were in place before COVID-19 emerged and have been working to preserve capital in these uncertain markets.

In the coming weeks, there will be talk of some pension funds lacking the cash they need to fully pay benefits. OCERS is not suffering a liquidity crisis and member benefit payments are not at risk. OCERS is cash flow positive, which means that we take in more cash than we need in order to pay benefits. It is an enviable position for us and we appreciate the flexibility that this affords us in turbulent markets. Our focus on delivering timely, accurate and secure benefits continues.

The OCERS Team is Here to Serve You

Our offices may be closed to visitors through April 17th for everyone's safety, but the entire OCERS team is working remotely processing monthly payroll and getting new retirement applications processed. You can call (714.558.6200), or write (info@ocers.org) – we will receive your comments and requests however you may send

them – we will answer, and we will assist. Our web service portal, myOCERS, is available 24 hours a day and is full of important news as well as the information and facts you need to know in order to retire with confidence or simply continue confident in the retirement you have already begun.

In closing, I've had the privilege to serve as OCERS' Chief Executive Officer for more than a dozen years. When I arrived in January 2008, everyone was afraid of what the financial future might hold as the Great Recession was just beginning. OCERS came through with flying colors. We were ranked among the best, most secure pension systems in the entire country. We still have many of the same staff as well as several OCERS board trustees who were with us during those challenging times and are still here today providing the same sound guidance.

OCERS is celebrating 75 years of dedicated service to you our members. There's no doubt that times are challenging but one thing you do not need to worry about is OCERS; we're here, secure, sound and ready to serve.



November 29, 2012

Understanding California's Property Taxes

Executive Summary

The various taxes and charges on a California property tax bill are complex and often not well understood. This report provides an overview of this major source of local government revenue and highlights key policy issues related to property taxes and charges.

A Property Tax Bill Includes a Variety of Different Taxes and Charges. A typical California property tax bill consists of many taxes and charges including the 1 percent rate, voter-approved debt rates, parcel taxes, Mello-Roos taxes, and assessments. This report focuses primarily on the 1 percent rate, which is the largest tax on the property tax bill and the only rate that applies uniformly across every locality. The taxes due from the 1 percent rate and voter-approved debt rates are based on a property's assessed value. The California Constitution sets the process for determining a property's taxable value. Although there are some exceptions, a property's assessed value typically is equal to its purchase price adjusted upward each year by 2 percent. Under the Constitution, other taxes and charges may not be based on the property's value.

The Property Tax Is One of the Largest Taxes Californians Pay. In some years, Californians pay more in property taxes and charges than they do in state personal income taxes, the largest state General Fund revenue source. Local governments collected about \$43 billion in 2010-11 from the 1 percent rate. The other taxes and charges on the property tax bill generated an additional \$12 billion.

The Property Tax Base Is Diverse. Property taxes and charges are imposed on many types of property. For the 1 percent rate, owner-occupied residential properties represent about 39 percent of the state's assessed value, followed by investment and vacation residential properties (34 percent) and commercial properties (28 percent). Certain properties—including property owned by governments, hospitals, religious institutions, and charitable organizations—are exempt from the 1 percent property tax rate.

All Revenue From Property Taxes Is Allocated to Local Governments. Property tax revenue remains within the county in which it is collected and is used exclusively by local governments. State laws control the allocation of property tax revenue from the 1 percent rate to more than 4,000 local governments, with K-14 districts and counties receiving the largest amounts. The distribution of property tax revenue, however, varies significantly by locality.

The Property Tax Has a Significant Effect on the State Budget. Although the property tax is a local revenue source, it affects the state budget due to the state's education finance system—additional property tax revenue from the 1 percent rate for K-14 districts generally decreases the state's spending obligation for education. Over the years, the state has changed the laws regarding property tax allocation many times in order to reduce its costs for education programs or address other policy interests.

The State's Current Property Tax Revenue Allocation System Has Many Limitations. The state's laws regarding the allocation of property tax revenue from the 1 percent rate have evolved over time through legislation and voter initiatives. This complex allocation system is not well understood, transparent, or responsive to modern local needs and preferences. Any changes to the existing system, however, would be very difficult.

California's Property Tax System Has Strengths and Limitations. Economists evaluate taxes using five common tax policy criteria—growth, stability, simplicity, neutrality, and equity. The state's property tax system exhibits strengths and limitations when measured against these five criteria. Since 1979, revenue from the 1 percent rate has exceeded growth in the state's economy. Property tax revenue also tends to be less volatile than other tax revenues in California due to the acquisition value assessment system. (Falling real estate values during the recent recession, however, caused some areas of the state to experience declines in assessed value and more volatility than in the past.) Although California's property tax system provides governments with a stable and growing revenue source, its laws regarding property assessment can result in different treatment of similar taxpayers. For example, newer property owners often pay a higher effective tax rate than people who have owned their homes or businesses for a long time. In addition, the property tax system may distort business and homeowner decisions regarding relocation or expansion.

Introduction

For many California taxpayers, the property tax bill is one of the largest tax payments they make each year. For thousands of California local governments—K–12 schools, community colleges, cities, counties, and special districts—revenue from property tax bills represents the foundation of their budgets.

Although property taxes and charges play a major role in California finance, many elements of this financing system are complex and not well understood. The purpose of this report is to serve as an introductory reference to this key funding source. The report begins by explaining the most common taxes and charges on the property tax bill and how these levies are calculated. It then describes how the funds collected from property tax bills—\$55 billion in 2010–11—are distributed among local governments. Last, because California’s property taxation system has evoked controversy over the years, the report provides a framework for evaluating it. Specifically, we examine California property taxes relative to the criteria commonly used by economists for reviewing tax systems, including revenue growth, stability, simplicity, neutrality, and equity. The report is followed with an appendix providing further detail about the allocation of property tax revenue.

What Is on the Property Tax Bill?

A California property tax bill includes a variety of different taxes and charges. As shown on the sample property tax bill in Figure 1, these levies commonly include:

- The 1 percent rate established by Proposition 13 (1978).
- Additional tax rates to pay for local voter-approved debt.
- Property assessments.
- Mello–Roos taxes.
- Parcel taxes.

Figure 1

Sample Annual Property Tax Bill

Property Owner Information		Detail of Taxes Due		
Property ID: 1234567 Mailing Address: Doe, Jane 1234 ABC Street Sacramento, CA 00000		Agency	Rate	Amount
Property Valuation on Jan 1, 2012		General Tax Levy	1.0000	\$3,500.00
		Voter-Approved Debt Rates		
2012-13 Roll	Assessed Value	City	0.0201	\$70.35
Land	\$115,000.00	Water District	0.0018	6.30
Improvements	\$242,000.00	School District	0.1010	353.50
		Community College District	0.0102	35.70
Total	\$357,000.00	Direct Levies		
Less Exemptions	\$7,000.00	Sidewalk District Assessment		\$9.36
Net Assessed Value	\$350,000.00	Flood Control District Assessment		64.39
		Street Lighting District Assessment		12.71
		Mello-Roos District		86.51
		School District Parcel Tax		125.00
		Total Taxes Due		\$4,263.82
		1st Installment		\$2,131.91
		2nd Installment		2,131.91

The Constitution establishes a process for determining a property’s taxable value for purposes of calculating tax levies from the 1 percent rate and voter-approved debt. In our sample property tax bill, “Box A” identifies the taxable value of the property and “Box B” shows the property’s tax levies that are calculated based on this value. Levies based on value—such as the 1 percent rate and voter-approved debt rates—are known as “ad valorem” taxes.

Under the Constitution, other taxes and charges on the property tax bill (shown in “Box C”) may not be based on the property’s taxable value. Instead, they are based on other factors, such as the benefit the property owner receives from improvements.

As shown in “Box D,” the total amount due on most property tax bills is divided into two equal amounts. The first payment is due by December 10 and the second payment is due by April 10.

How Are Property Taxes and Charges Determined?

Ad valorem property taxes—the 1 percent rate and voter-approved debt rates—account for nearly 90 percent of the revenue collected from property tax bills in California. Given their importance, this section begins with an overview of ad valorem taxes and describes how county assessors determine property values. Later in the chapter, we discuss the taxes and charges that are determined based on factors *other* than property value.

Taxes Based on Property Value

The 1 Percent Rate. The largest component of most property owners’ annual property tax bill is the 1 percent rate—often called the 1 percent general tax levy or countywide rate. The Constitution limits this rate to 1 percent of assessed value. As shown on our sample property tax bill, the owner of a property assessed at \$350,000 owes \$3,500 under the 1 percent rate. The 1 percent rate is a general tax, meaning that local governments may use its revenue for any public purpose.

Voter-Approved Debt Rates. Most tax bills also include additional ad valorem property tax rates to pay for voter-approved debt. Revenue from these taxes is used primarily to repay general obligation bonds issued for local infrastructure projects, including the construction and rehabilitation of school facilities. (As described in the nearby box, some voter-approved rates are used to pay obligations approved by local voters before 1978.) Bond proceeds may not be used for general local government operating expenses, such as teacher salaries and administrative costs. Most local governments must obtain the approval of two-thirds of their local voters in order to issue general obligation bonds repaid with debt rates. General obligation bonds for school and community college facilities, however, may be approved by 55 percent of the school or community college district’s voters. Local voters do not approve a fixed tax rate for general obligation bond indebtedness. Instead, the rate adjusts annually so that it raises the amount of money needed to pay the bond costs.

Debt Approved by Voters Prior to 1978

The California Constitution allows local governments to levy voter-approved debt rates—ad valorem rates above the 1 percent rate—for two purposes. The first purpose is to pay for indebtedness approved by voters prior to 1978, as allowed under Proposition 13 (1978). Proposition 42 (1986) authorized a second purpose by allowing local governments to levy additional ad valorem rates to pay the annual cost of general obligation bonds approved by voters for local infrastructure projects. Because most debt approved before 1978 has been paid off, most voter-approved debt rates today are used to repay general obligation bonds issued after 1986 as authorized under Proposition 42.

Some local governments, however, continue to levy voter-approved debt rates for indebtedness approved by voters before 1978. While most bonds issued before the passage of Proposition 13 have been paid off, state courts have determined that other obligations approved by voters before 1978 also can be paid with an additional ad valorem rate. Two common pre-1978 obligations paid with voter-approved debt rates are local government employee retirement costs and payments to the State Water Project.

Voter-Approved Retirement Benefits. Voters in some counties and cities approved ballot measures or city charters prior to 1978 that established retirement benefits for local government employees. The California Supreme Court ruled that such pension obligations represent voter-approved indebtedness that could be paid with an additional ad valorem rate. Local governments may levy the rate to cover pension benefits for any employee, including those hired after 1978, but not to cover any enhancements to pension benefits enacted after 1978. Local governments may adjust the rate annually to cover employee retirement costs, but state law limits the rate to the level charged for such purposes in 1982–83 or 1983–84, whichever is higher. A recent review shows that at least 20 cities and 1 county levy voter-approved debt rates to pay some portion of their annual pension costs. The rates differ by locality. For example, the City of Fresno’s voter-approved debt rate for employee retirement costs is 0.03 percent of assessed value in 2012–13, while the City of San Fernando’s rate is 0.28 percent.

State Water Project Payments. Local water agencies can levy ad valorem rates above the 1 percent rate to pay their annual obligations for water deliveries from the State Water Project. State courts concluded that such costs were voter-approved debt because voters approved the construction, operation, and maintenance of the State Water Project in 1960. As a result, most water agencies that have contracts with the State Water Project levy a voter-approved debt rate.

Property tax bills often include more than one voter-approved debt rate. In our sample property tax bill, for example, the property owner is subject to four additional rates because local voters have approved bond funds for the city and water, school, and community college districts where the property is located. These rates tend to be a small percentage of assessed value. Statewide, the average property tax bill includes voter-approved debt rates that total about one-tenth of 1 percent of assessed value.

Calculating Property Value for Ad Valorem Taxes

One of the first items listed on a property tax bill is the assessed value of the land and improvements. Assessed value is the taxable value of the property, which includes the land and any improvements made to the land, such as buildings, landscaping, or other developments. The assessed value of land and improvements is important because the 1 percent rate and voter-approved debt rates are levied as a percentage of this value, meaning that properties with higher assessed values owe higher property taxes.

Under California’s tax system, the assessed value of most property is based on its purchase price. Below, we describe the process county assessors use to determine the value of local “real property” (land, buildings, and other permanent structures). This is followed by an explanation of how assessors determine the value of “personal property” (property not affixed to land or structures, such as computers, boats, airplanes, and business equipment) and “state assessed property” (certain business properties that cross county boundaries).

Local Real Property Is Assessed at Acquisition Value and Adjusted Upward Each Year. The process that county assessors use to determine the value of real property was established by Proposition 13. Under this system, when real property is purchased, the county assessor assigns it an assessed value that is equal to its purchase price, or “acquisition value.” Each year thereafter, the property’s assessed value increases by 2 percent or the rate of inflation, whichever is lower. This process continues until the property is sold, at which point the county assessor again assigns it an assessed value equal to its most recent purchase price. In other words, a property’s assessed value resets to market value (what a willing buyer would pay for it) when it is sold. (As shown in Figure 2, voters have approved various constitutional amendments that exclude certain property transfers from triggering this reassessment.)

Figure 2

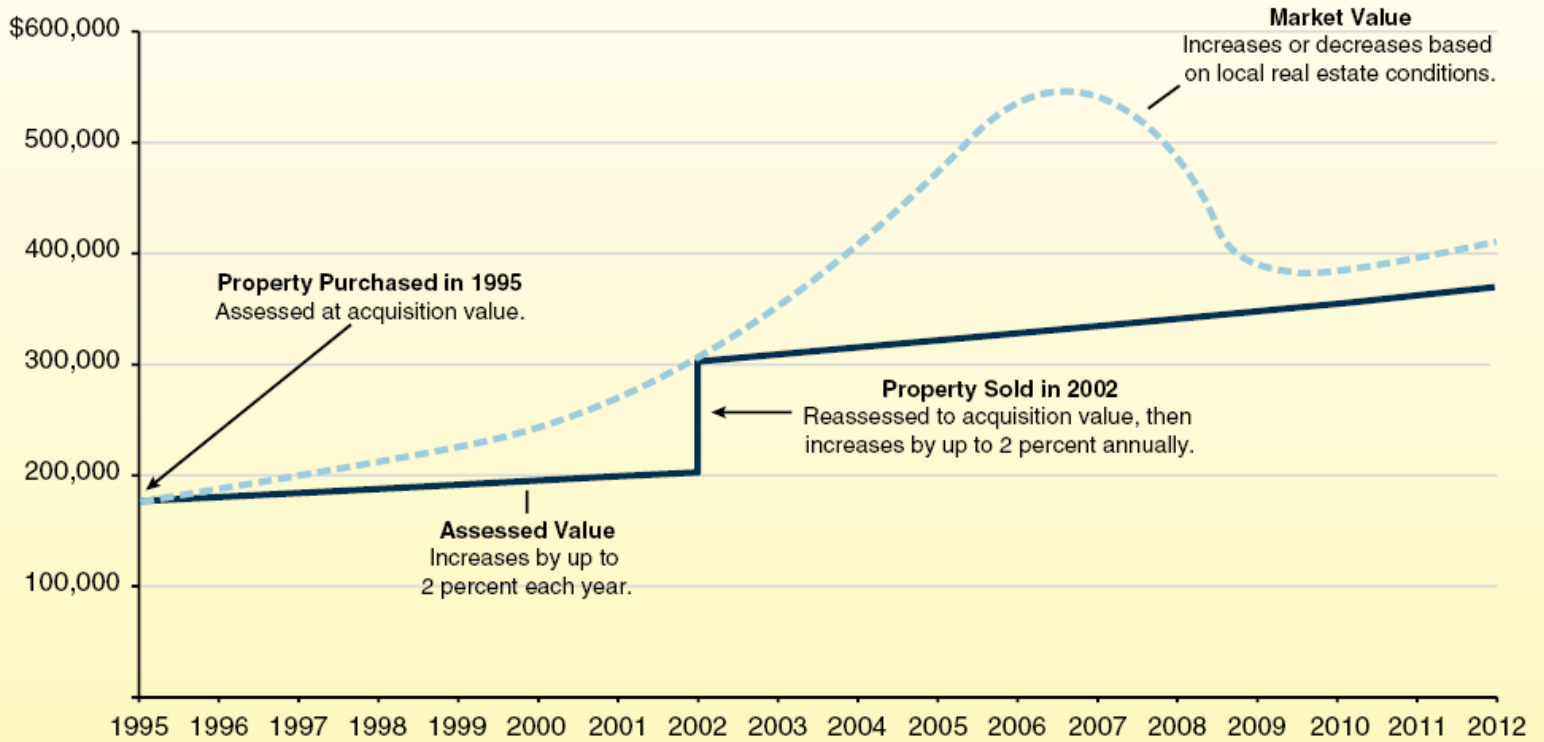
Property Transfers That Do Not Trigger Reassessment

Proposition	Year	Description
3	1982	Allows property owners whose property has been taken by eminent domain proceedings to transfer their existing assessed value to a new property of similar size and function.
50	1986	Allows property owners whose property has been damaged or destroyed in a natural disaster to transfer their existing assessed value to a comparable replacement property within the same county.
58	1986	Excludes property transfers between spouses or between parents and children from triggering reassessment.
60	1986	Allows homeowners over the age of 55 to transfer their existing assessed value to a new home, of equal or lesser market value, within the same county.
90	1988	Extends Proposition 60 by allowing homeowners to transfer their existing assessed value to a new home, of equal or lesser market value, in a different participating county.
110	1990	Allows disabled homeowners to transfer their existing assessed value from an existing home to a newly purchased home of equal or lesser market value.
171	1993	Extends Proposition 50 by allowing property owners affected by a natural disaster to transfer their existing assessed value to a comparable replacement property in a different participating county.
193	1996	Excludes property transfers between grandparents and grandchildren (when the parents are deceased) from triggering reassessment.
1	1998	Allows property owners whose property is made unusable by an environmental problem to transfer their existing assessed value to a comparable replacement property.

In most years, under this assessment practice, a property’s market value is greater than its assessed value. This occurs because assessed values increase by a maximum of 2 percent per year, whereas market values tend to increase more rapidly. Therefore, as long as a property does not change ownership, its assessed value increases predictably from one year to the next and is unaffected by higher annual increases in market value. For example, Figure 3 shows how a hypothetical property purchased in 1995 for \$185,000 would be assessed in 2012. Although the market value of the property increased to \$300,000 by 2002, the assessed value was \$200,000 because assessed value grew by only up to 2 percent each year. Upon being sold in 2002, the property’s assessed value reset to a market value of \$300,000. Because of the large annual increase in home values after 2002, however, the market value was soon much greater than the assessed value for the new owner as well.

Figure 3

Market Value Can Exceed Assessed Value



Property Improvements Are Assessed Separately. When property owners undertake property improvements, such as additions, remodeling, or building expansions, the additions or upgrades are assessed at market value in that year and increase by up to 2 percent each year thereafter. The unimproved portion of the property continues to be assessed based on its original acquisition value. For example, if a homeowner purchased a home in 2002 and then added a garage in 2010, the home and garage would be assessed separately. The original property would be assessed at its 2002 acquisition value adjusted upward each year while the garage would be assessed at its 2010 market value adjusted upward. The property's assessed value would be the combined value of the two portions. (As shown in Figure 4, voters have excluded certain property improvements from increasing the assessed value of a property.)

Figure 4

Property Improvements That Do Not Increase a Property's Assessed Value

Constitutional Amendments Approved After June 1978

Proposition	Year	Type of Improvement
8	1978	Reconstruction following natural disaster
7	1980	Solar energy construction
31	1984	Fire-safety improvements
110	1990	Accessibility construction for disabled homeowners
177	1994	Accessibility construction for any property
1	1998	Reconstruction following environmental contamination
13	2010	Seismic safety improvements

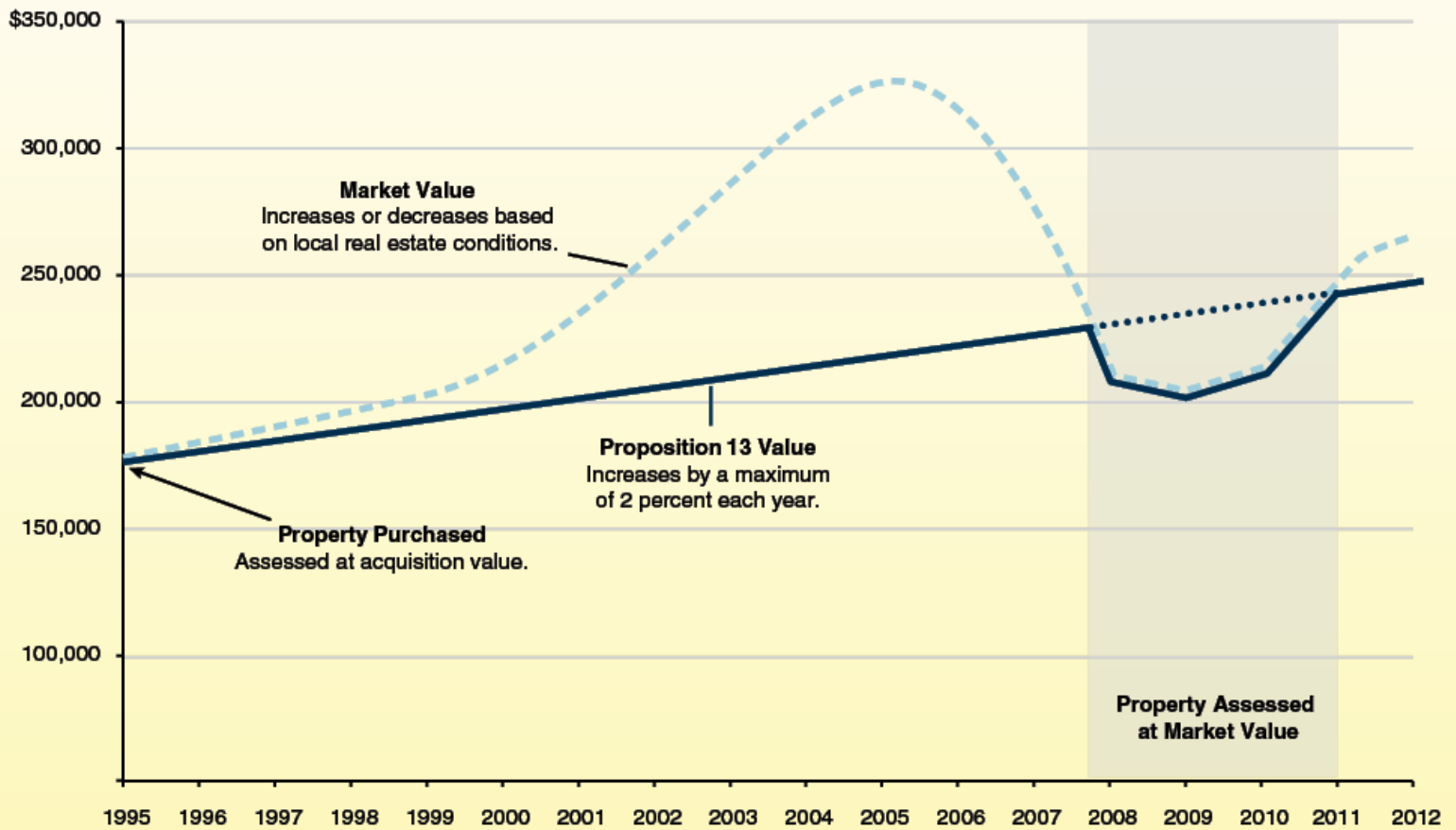
Assessed Value May Be Reduced When Market Values Fall Significantly. When real estate values decline or property damage occurs, a property's market value may fall below its assessed value as set by Proposition 13. Absent any adjustment to this assessed value, the property would be taxed at a greater value than it is worth.

In these events, county assessors may automatically reduce the Proposition 13 assessed value of a property to its current market value. If they do not, however, a property owner may petition the assessor to have his or her assessed value reduced. These decline-in-value properties are often called "Prop 8 properties" after Proposition 8 (1978), which authorizes this assessment reduction to market value. Figure 5 illustrates the assessment of a hypothetical decline-in-value property over time. The market value of the property purchased in 1995 stays above its Proposition 13 assessed value through 2007. A significant decline, however, drops the property's market value below its Proposition 13 assessed value. At this time, the property receives a decline-

in-value assessment (equal to its market value) that is less than its Proposition 13 assessment. For three years, the property is assessed at market value, which may increase or decrease by any amount. By 2012, the property's market value *once again exceeds* what its assessed value would have been absent Proposition 8 (acquisition price plus the 2 percent maximum annual increase). In subsequent years, the property's assessed value is determined by its acquisition price adjusted upward each year.

Figure 5

Assessed Value Can Fall Below Proposition 13 Value



Homeowners Are Eligible for a Property Tax Exemption. Homeowners may claim a \$7,000 exemption from the assessed value of their primary residence each year. As shown in "Box A" of the sample property tax bill in Figure 1, this exemption lowers the assessed value of the homeowner's land and improvements by \$7,000, reducing taxes under the 1 percent rate by \$70 and reducing taxes from voter-approved debt rates by a statewide average of \$8.

Two Types of Property Are Assessed at Their Market Value. Two categories of property are assessed at their current market value, rather than their acquisition value: personal property and state-assessed property. (We provide more information about these properties in the nearby box.) Combined, these types of properties accounted for 6 percent of statewide-assessed value in 2011-12. Most personal property and state-assessed property is taxed at the 1 percent rate plus any additional rates for voter-approved debt.

Properties Assessed at Current Market Value

Personal Property. Personal property is property other than land, buildings, and other permanent structures, which are commonly referred to as "real property." Most personal property is exempt from property taxation, including business inventories, materials used to manufacture products, household furniture and goods, personal items, and intangible property like gym memberships and life insurance policies. Some personal property, however, is subject to the property tax. These properties consist mainly of manufacturing equipment, business computers, planes, commercial boats, and office furniture. When determining the market value of personal property, county assessors take into account the loss in value due to the age and condition of personal property—a concept known as depreciation. Unlike property taxes on real property, which are due in two separate payments, taxes on personal property are due on July 3.

State-Assessed Property. The State Board of Equalization is responsible for assessing certain real

properties that cross county boundaries, such as pipelines, railroad tracks and cars, and canals. State-assessed properties are assessed at market value and, with the exception of railroad cars, taxed at the 1 percent rate plus any additional rates for voter-approved debt. (As part of a federal court settlement decades ago, railroad cars are taxed at a rate that is somewhat lower than 1 percent. The railcar tax rate varies each year and currently is about 0.8 percent.)

Determining Other Taxes and Charges

All other taxes and charges on the property tax bill are calculated based on factors other than the property's assessed value. For example, some levies are based on the cost of a service provided to the property. Others are based on the size of a parcel, its square footage, number of rooms, or other characteristics. Below, we discuss three of the most common categories of non-ad valorem levies: assessments, parcel taxes, and Mello-Roos taxes. In addition to these three categories, some local governments collect certain fees for service on property tax bills, such as charges to clear weeds on properties where the weeds present a fire safety hazard. These fees are diverse and relatively minor, and therefore are not examined in this report.

Assessments. Local governments levy assessments in order to fund improvements that benefit real property. For example, with the approval of affected property owners, a city or county may create a street lighting assessment district to fund the construction, operation, and maintenance of street lighting in an area. Under Proposition 218 (1996), improvements funded with assessments must provide a direct benefit to the property owner. An assessment typically cannot be levied for facilities or services that provide general public benefits, such as schools, libraries, and public safety, even though these programs may increase the value of property. Moreover, the amount each property owner pays must reflect the cost incurred by the local government to provide the improvement and the benefit the property receives from it. To impose a new assessment, a local government must secure the approval of a weighted majority of affected property owners, with each property owner's vote weighted in proportion to the amount of the assessment he or she would pay.

Parcel Taxes. With the approval of two-thirds of voters, local governments may impose a tax on all parcels in their jurisdiction (or a subset of parcels in their jurisdiction). Local governments typically set parcel taxes at fixed amounts per parcel (or fixed amounts per room or per square foot of the parcel). Unlike assessments, parcel tax revenue may be used to fund a variety of local government services, even if the service does not benefit the property directly. For example, school districts may use parcel tax revenue to pay teacher salaries or administrative costs. The use of parcel tax revenue, however, is restricted to the public programs, services, or projects that voters approved when enacting the parcel tax.

Mello-Roos Taxes. Mello-Roos taxes are a flexible revenue source for local governments because they (1) may be used to fund infrastructure projects or certain services; (2) may be levied in proportion to the benefit a property receives, equally on all parcels, by square footage, or by other factors; and (3) are collected within a geographical area drawn by local officials.

Local governments often use Mello-Roos taxes to pay for the public services and facilities associated with residential and commercial development. This occurs because landowners may approve Mello-Roos taxes by a special two-thirds vote—each owner receiving one vote per acre owned—when fewer than 12 registered voters reside in the proposed district. In this way, a developer who owns a large tract of land could vote to designate it as a Mello-Roos district. After the land is developed and sold to residential and commercial property owners, the new owners pay the Mello-Roos tax that funds schools, libraries, police and fire stations, or other public facilities and services in the new community. Mello-Roos taxes are subject to two-thirds voter approval when there are 12 or more voters in the proposed district.

What Properties Are Taxed?

Property taxes and charges are imposed on many types of properties. These properties include common types such as owner-occupied homes and commercial office space, as well as less common types like timeshares and boating docks. In the section below, we describe the state's property tax base—the types of real properties that are subject to the 1 percent rate and the share of total assessed value that each property type represents.

Due to data limitations, we do not summarize the tax bases of other taxes and charges. We note, however, that the property tax base for other taxes and charges is different from the tax base for the 1 percent rate. This is because the 1 percent rate applies uniformly to all taxable real property, whereas other taxes and charges are levied at various levels and on various types of property throughout the state (according to local voter or local government preferences). For example, if a suburban school district levies a parcel tax on each parcel in a residential area, the owners of single-family homes would pay a large share of the total parcel taxes. Accordingly, the school district's parcel tax base would be more heavily residential than the statewide property tax base under the 1 percent rate (which applies to all taxable property).

What Properties Are Subject to the 1 Percent Rate?

Although most real property is taxable, the Constitution exempts certain types of real property from taxation. In general, these are government properties or properties that are used for non-commercial purposes, including hospitals, religious properties, charities, and nonprofit schools and colleges. California properties that are subject to the property tax, however, can be classified in three ways:

- Owner-occupied residential—properties that receive the state's homeowner's exemption, which

- homeowners may claim on their primary residence.
- Investment and vacation residential—residential properties other than those used as a primary residence, including multifamily apartments, rental condominiums, rental homes, vacant residential land, and vacation homes.
- Commercial—retail properties, industrial plants, farms, and other income-producing properties.

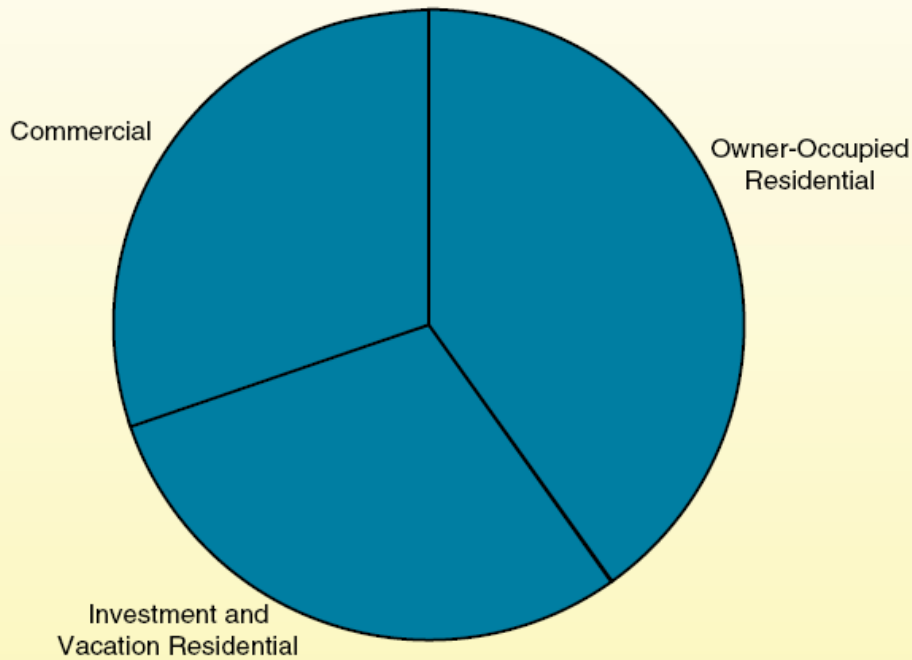
Distribution of the Tax Base for the 1 Percent Rate

Owner-Occupied Residential. In 2010–11, there were 5.5 million owner-occupied homes in California with a total assessed value of \$1.6 trillion. As shown in Figure 6, owner-occupied residential properties accounted for the largest share—39 percent—of the state’s tax base for the 1 percent rate.

Figure 6

The Distribution of California’s Property Tax Base

Share of Assessed Value for Properties Subject to the 1 Percent Rate^a, 2010-11



^a Excludes personal property and state-assessed property.

Investment and Vacation Residential. Although the majority of residential properties are owner occupied, many others are investment or vacation properties such as multifamily apartments, rental condominiums, rental homes, vacant residential land, and vacation homes. (We classify vacant residential land and vacation homes as investment properties because they are an investment asset for the owner, even if he or she does not receive current income from them.) In 2010–11, there were 4.2 million investment and vacation residential properties. The assessed value of these properties was about \$1.4 trillion, which represents 34 percent of the state’s total assessed value.

Commercial. In 2010–11, there were approximately 1.3 million commercial properties in California. This amount includes about 600,000 retail, industrial, and office properties (such as stores, gas stations, manufacturing facilities, and office buildings). It also includes 500,000 agricultural properties and 200,000 other properties (gas, oil, and mineral properties and the private use of public land). While commercial properties represent a relatively small share of the state’s total properties, they tend to have higher assessed values than other properties. Therefore, as shown in Figure 6, these properties (which have a total assessed value of \$1.2 trillion) account for 28 percent of the state’s property tax base.

Has the Distribution of the Property Tax Base Changed Over Time?

There is little statewide information regarding the composition of California’s property tax base over time. Based on the available information, however, it appears that homeowners may be paying a larger percentage of total property taxes today than they did decades ago. We note, for example, that the assessed value of owner-occupied homes has increased from a low of 32 percent of statewide assessed valuation in 1986–87 to a high of 39 percent in 2005–06. (The share was 36 percent in 2011–12.) It also appears likely that owners of commercial property are paying a smaller percentage of property taxes than they did decades ago. For

example, Los Angeles County reports that the share of total assessed value represented by commercial property in the county declined from 40 percent in 1985 to 30 percent in 2012. In addition, the assessed value of commercial property in Santa Clara County has declined (as a share of the county total) from 29 percent to 24 percent since 1999–00.

What Factors May Have Contributed to Changes in the Property Tax Base?

Various economic changes that have taken place over time probably have contributed to changes to California’s property tax base. For example, investment in residential property has increased significantly since the mid–1970s. Newly built single–family homes have become larger and are more likely to have valuable amenities than homes built earlier. As a result, new homes are more expensive to build and assessed at higher amounts than older homes. Over the same period, commercial activity in California has shifted away from traditional manufacturing, which tends to rely heavily on real property. Newer businesses, on the other hand, are more likely to be technology and information services based. These businesses tend to own less real property than traditional manufacturing firms do. (Technology and information services firms, however, rely heavily on business personal property—for example, computing systems, design studios, and office equipment—that are taxed as personal property and not included in the distribution of the state’s real property tax base.)

It also is possible that Proposition 13’s acquisition value assessment system has played a role in the changes to California’s tax base. Specifically, under Proposition 13, properties that change ownership more frequently tend to be assessed more closely to market value than properties that turn over less frequently. (Because properties are assessed to market value when they change ownership, properties that have not changed ownership in many years tend to have larger gaps between their assessed values and market values.) It is possible that some categories of properties change ownership more frequently than others and this could influence the composition of the overall tax base. The limited available research suggests that investment and vacation residential properties change ownership more frequently than commercial or owner–occupied residential property, indicating that they may be assessed closer to market value than other types of property.

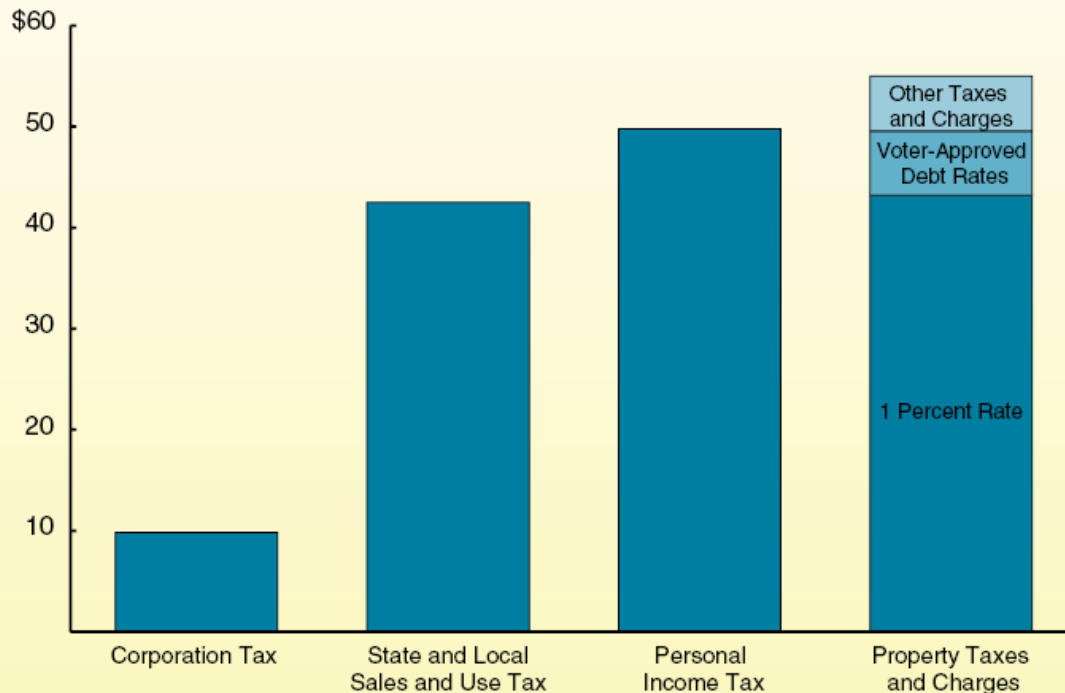
How Much Revenue Is Collected?

In 2010–11, California property tax bills totaled \$55 billion. As shown in Figure 7, this amount included \$43.2 billion under the 1 percent rate and \$5.7 billion from voter–approved debt rates, making ad valorem property taxes one of California’s largest revenue sources.

Figure 7

Property Tax Revenue Compared With Other Major Revenue Sources

2010–11 (In Billions)



Comparatively little is known about the remaining \$6 billion of other taxes and charges on the property tax bill. From various reports summarizing local government finances, elections, and bond issuances, it appears that most of this \$6 billion reflects property assessments, parcel taxes, and Mello–Roos taxes, though statewide data are not available on the exact amounts collected for each of these funding sources.

How Is the Revenue Distributed?

California property owners pay their property tax bills to their county tax collector (sometimes called the county treasurer–tax collector). The funds are then transferred to the county auditor for distribution. The county auditor distributes the funds collected from the 1 percent rate differently than the funds collected from the other taxes and charges on the bill. Specifically, the 1 percent rate is a shared revenue source for multiple local governments.

This section describes the distribution of revenue raised under the 1 percent rate and summarizes the limited available information regarding the distribution of voter–approved debt rates and non–ad valorem property taxes and charges.

Revenue From the 1 Percent Rate Is Shared by Many Local Governments

The 1 percent rate generates most of the revenue from the property tax bill—roughly \$43 billion in 2010–11. On a typical property tax bill, however, the 1 percent rate is listed as the general tax levy or countywide rate with no indication as to which local governments receive the revenue or for what purpose the funds are used. In general, county auditors allocate revenue from the 1 percent rate to a variety of local governments within the county pursuant to a series of complex state statutes.

More Than 4,000 Local Governments Receive Revenue From the 1 Percent Rate. All property tax revenue remains within the county in which it is collected to be used exclusively by local governments. As shown in Figure 8, property tax revenue from the 1 percent rate is distributed to counties, cities, K–12 schools, community college districts, and special districts. Until recently, redevelopment agencies also received property tax revenue. As described in the nearby box, redevelopment agencies were dissolved in 2012, but a large amount of property tax revenue continues to be used to pay the former agencies’ debts and obligations.

Figure 8

How Many Local Governments Receive Revenue From the 1 Percent Rate?

Type of Local Government	Number
Counties	58
Cities	480
Schools and Community Colleges	
K–12 school districts	966
County Offices of Education	56
Community college districts	72
Special Districts	
Fire protection	348
County service area	316
Cemetery	241
Community services	201
Maintenance	136
Highway lighting	117
County water	100
Recreation and park	85
Hospital	64
Sanitary	60
Irrigation	46
Mosquito abatement	43
Public utility	43
Other ^a	400
Redevelopment Agencies^b	422
Total	4,254

^a Thirty three other types of special districts report receiving property tax revenue from the 1 percent rate. These include county sanitation, municipal water, memorial, water authority, drainage, and library districts.

^b Dissolved in 2012. A portion of property tax revenue continues to pay

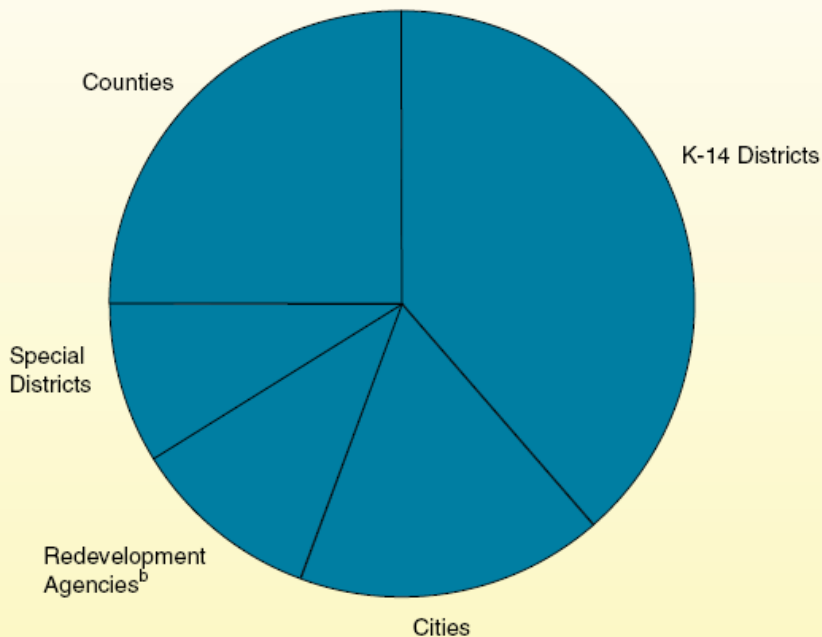
these agencies' debts and obligations.

Figure 9 shows the share of revenue received by each type of local government from the 1 percent rate and voter-approved debt rates. (As described later in the report, however, these shares vary significantly by locality.)

Figure 9

Most Ad Valorem Property Tax Revenue Is Allocated to Schools and Counties^a

2010-11



^a As a percentage of total revenue from the 1 percent rate and voter-approved debt rates.

^b Redevelopment agencies were dissolved in 2012. Successor agencies will continue to use property tax revenue to pay former agencies' debts and obligations.

Redevelopment and Successor Agencies

More than 60 years ago, the Legislature established a process whereby a city or county could declare an area to be blighted and in need of redevelopment. After this declaration, most property tax revenue growth from the redevelopment "project area" was distributed to the redevelopment agency, instead of the other local governments serving the project area. As discussed in our report, *The 2012-13 Budget: Unwinding Redevelopment*, redevelopment agencies were dissolved in February 2012. Prior to their dissolution, however, redevelopment agencies received over \$5 billion in property tax revenue annually. These monies were used to pay off tens of billions of dollars of outstanding bonds, contracts, and loans.

In most cases, the city or county that created the redevelopment agency is managing its dissolution as its successor agency. The successor agency manages redevelopment projects currently underway, pays existing debts and obligations, and disposes of redevelopment assets and properties. The successor agency is funded from the property tax revenue that previously would have been distributed to the redevelopment agency. As a result, even though redevelopment agencies have been dissolved, some property tax revenue continues to be used to pay redevelopment's debts and obligations. Over time, most redevelopment obligations will be retired and the property tax revenue currently distributed to successor agencies will be distributed to K-14 districts, counties, cities, and special districts.

Property Taxes Also Affect the State Budget. Although the state does not receive any property tax revenue directly, the state has a substantial fiscal interest in the distribution of property tax revenue from the 1 percent rate because of the state's education finance system. Each K-12 district receives "revenue limit" funding—the largest source of funding for districts—from the combination of local property tax revenue under the 1 percent rate and state resources. Thus, if a K-12 district's local property tax revenue is not sufficient to meet its revenue limit, the state provides additional funds. Community colleges have a similar financing system, in which each district receives apportionment funding from local property tax revenue, student fees, and state resources. In 2010-11, the state contributed \$22.5 billion to K-12 revenue limits and community college

apportionments, while the remainder (\$14.5 billion) came from local property tax revenue (and student fees).

State Laws Direct Allocation of Revenue From the 1 Percent Rate. The county auditor is responsible for allocating revenue generated from the 1 percent rate to local governments pursuant to state law. The allocation system is commonly referred to as “AB 8,” after the bill that first implemented the system—Chapter 282, Statutes of 1979 (AB 8, L. Greene). In general, AB 8 provides a share of the total property taxes collected within a community to each local government that provides services within that community. Each local government’s share is based on its proportionate countywide share of property taxes during the mid-1970s, a time when each local government determined its own property tax rate and property owners paid taxes based on the sum of these rates. (The average property tax rate totaled about 2.7 percent.) As a result, local governments that received a large share of property taxes in the 1970s typically receive a relatively large share of revenue from the 1 percent rate under AB 8. (More detail on the history of the state’s property tax allocation system—including AB 8—is provided in the appendix of this report.)

Revenue Allocated by Tax Rate Area (TRA). The county auditor allocates the revenue to local governments by TRA. A TRA is a small geographical area within the county that contains properties that are all served by a unique combination of local governments—the county, a city, and the same set of special districts and school districts. A single county may have thousands of TRAs. While there is considerable variation in the steps county auditors use to allocate revenue within each TRA, typically the county auditor annually determines how much revenue was collected in each TRA and first allocates to each local government in the TRA the same amount of revenue it received in the prior year. Each local government then receives a share of any growth (or loss) in revenue that occurred within the TRA that year. Each TRA has a set of growth factors that specify the proportion of revenue growth that goes to each local government. These factors—developed by county auditors pursuant to AB 8—are largely based on the share of revenue each local government received from the TRA during the late 1970s.

Figure 10 shows sample growth factors for TRAs in two California cities. As the figure indicates, 23 percent of any growth in revenue from the 1 percent rate in the sample TRA for Norwalk would be allocated to the county, 7 percent would go to the city, and the rest would be allocated to various educational entities and special districts. The percentage of property tax growth allocated to each type of local government can vary significantly by TRA. For example, Walnut Creek’s K-12 school district receives 33 percent of the growth in revenue within its TRA while Norwalk’s school district receives only 19 percent from its TRA. As noted above, this variation is based largely on historical factors specified in AB 8.

Figure 10
Allocation of Property Tax Growth in Sample Tax Rate Areas

Norwalk, Los Angeles County^a	Percent Share
Los Angeles County	23%
Educational Revenue Augmentation Fund	20
Norwalk-La Mirada Unified School District	19
Los Angeles County Fire Protection District	18
City of Norwalk	7
Norwalk Parks and Recreation District	3
Los Angeles County Library	2
La Mirada Parks and Recreation District	2
Cerritos Community College District	2
Los Angeles County Flood Control District	1
Los Angeles County Sanitation District	1
Greater Los Angeles County Vector Control	— ^b
Water Replenishment District of Southern California	— ^b
Little Lake Cemetery District	— ^b
Los Angeles County Department of Education	— ^b
	100%
Walnut Creek, Contra Costa County^c	Percent Share
Mount Diablo Unified School District	33%
Educational Revenue Augmentation Fund	17
Contra Costa County	13
Contra Costa County Fire	13
City of Walnut Creek	9
Contra Costa Community College District	5
East Bay Regional Park District	3
Contra Costa County Library	2

Central Contra Costa Sanitary District	2
Contra Costa County Office of Education	1
Contra Costa County Flood Control	1
Bay Area Rapid Transit	1
Contra Costa Water District	1
Contra Costa County Water Agency	— ^b
Contra Costa County Resource Conservation District	— ^b
Contra Costa County Mosquito Abatement District	— ^b
Contra Costa County Service Area R-8	— ^b
Bay Area Air Management District	— ^b
	100%

^a Percentages indicate allocation of the growth in property taxes in Los Angeles County tax rate area 06764.

^b Less than 0.5 percent.

^c Percentages indicate allocation of the growth in property taxes in Contra Costa County tax rate area 09025.

Some Revenue Is Allocated to a Countywide Account—ERAF. Most of the revenue from the 1 percent rate collected within a TRA is allocated to the city, county, K-14 districts, and special districts that serve the properties in that TRA. State law, however, directs the county auditor to shift a portion of this revenue to a countywide account that is distributed to other local governments that do not necessarily serve the taxed properties. The state originally established this account—the Educational Revenue Augmentation Fund (ERAF)—to provide additional funds to K-14 districts that do not receive sufficient property tax revenue to meet their minimum funding level. State laws later expanded the use of ERAF to include reimbursing cities and counties for the loss of other local revenue sources (the vehicle license fee and sales tax) due to changes in state policy. For example, Figure 10 shows that 20 percent of any revenue growth within Norwalk’s TRA is deposited into ERAF. It is possible that some or all of this revenue could be allocated to a city or K-14 district in a different part of Los Angeles County.

Most Revenue From Voter-Approved Debt Distributed to Schools

Voter-approved debt rates are levied on property owners so that local governments can pay the debt service on voter-approved general obligation bonds (and pre-1978 voter-approved obligations). The state’s K-12 school districts receive the majority of the revenue from voter-approved debt rates (\$3.1 billion of \$5.2 billion in 2009-10). The amount received by cities (\$520 million), special districts (\$470 million), and counties (\$320 million) is significantly less. The amount of taxes collected to pay voter-approved debt varies considerably across the state. For example, the average amount paid by an Alameda County property owner for voter-approved debt rates is about \$2 for each \$1,000 of assessed value, while the average amount paid in some counties is less than 10 cents per \$1,000 of assessed value.

Limited Information About Distribution Of Other Property Taxes and Charges

Less information is available about the statewide distribution of the revenue from parcel taxes, Mello-Roos taxes, and assessments.

Parcel Taxes. Recent election reports and financial data suggest that parcel taxes represent a significant and growing source of revenue for some local governments. Specifically, between 2001 and 2012, local voters approved about 180 parcel tax measures to fund cities, counties, and special districts, and about 135 measures to fund K-12 districts. The most recent K-12 financial data (2009-10) indicate that schools received about \$350 million from this source. We were not able to locate information on the statewide amount of parcel tax revenue collected by cities, counties, and special districts.

Mello-Roos Taxes. Mello-Roos districts are required to report on their bond issuance, which provides some information about the types of local governments that receive Mello-Roos tax revenue. It is likely that local governments issuing a large amount of Mello-Roos bonds also are collecting a large amount of Mello-Roos tax revenue. Between 2004 and 2011, cities issued about 50 percent of the bonds issued by Mello-Roos districts in California, followed by K-12 districts at about 30 percent. During the same time period, the issuance of Mello-Roos bonds was concentrated in specific regions, as more than 60 percent of the bonds were issued by local governments in four counties—Riverside, Orange, San Diego, and Placer.

Assessments. Most of the property improvements funded by assessments are provided by cities and special districts. In 2009-10, cities and special districts reported receiving \$760 million and \$650 million, respectively, in revenue from assessments. In contrast, counties reported \$11 million in such revenues.

Why Do Local Government Property Tax Receipts Vary?

The share of revenue received by each type of local government from the 1 percent rate varies significantly by locality. County governments, for example, receive as little as 11 percent (Orange) and as much as 64 percent (Alpine) of the ad valorem property tax revenue collected within their county. As shown in Figure 11, revenue raised from the 1 percent rate also varies considerably by locality when measured by revenue per resident. Orange County receives about \$175 per resident, while four counties receive more than \$1,000 per resident. Although cities, on average, receive about \$240 per resident in revenue from the 1 percent rate, some receive more than \$500 per resident and many receive less than \$150 per resident. School districts also receive widely different amounts of property taxes per enrolled student, with an average of just under \$2,000. (As noted above, the state “tops off” school property tax revenue with state funds to bring most schools to similar revenue levels.) Finally, special districts also receive varying amounts of property tax revenue, though data limitations preclude us from summarizing this variation on a statewide basis.

Figure 11
Property Tax Receipts From the 1 Percent Rate for Selected Local Governments

2009–10

Cities	Property Taxes per Resident	Counties	Property Taxes per Resident	Schools ^a	Property Taxes per Student
Industry	\$2,541	San Francisco ^b	\$1,411	Mono	\$10,683
Malibu	559	Sierra	1,126	San Mateo	5,432
Mountain View	344	Inyo	876	Marin	5,213
Los Angeles	332	Napa	522	San Francisco	4,020
Long Beach	268	El Dorado	464	Orange	3,315
Oakland	250	Los Angeles	359	San Diego	2,760
State Average	242	State Average	320	State Average	1,960
San Jose	200	Alameda	301	Yolo	1,765
Fresno	183	Sacramento	286	Sacramento	1,344
Anaheim	167	Contra Costa	271	San Joaquin	1,163
Santa Clarita	140	San Diego	261	Los Angeles	1,142
Chico	129	Riverside	200	Fresno	810
Modesto	119	Orange	174	Kings	379

^a Countywide average for K–12 schools.

^b San Francisco is a city and a county.

Three factors account for most of this variation in local government property tax receipts. We discuss these factors below.

Variation in Property Values

California has a diverse array of communities with large variation in land and property values. Some communities are extensively developed and have many high-value homes and businesses, whereas others do not. Because property taxes are based on the assessed value of property, communities with greater levels of real estate development tend to receive more property tax revenue than communities with fewer developments. For example, high-density cities generally receive more property tax revenue than rural areas due to the greater level of development. Coastal and resort areas also typically receive more property taxes due to the high property values. Certain high-value properties—such as a power plant or oil refinery—also increase property tax revenue. Alternatively, localities with large amounts of land owned by the federal government, universities, or other organizations that are not required to pay property taxes may receive less revenue.

Prior Use of Redevelopment

Prior decisions by cities and counties to use redevelopment also influences the amount of property tax revenue local governments receive. Prior to the dissolution of redevelopment agencies in 2012, most of the growth in property taxes from redevelopment project areas went to the redevelopment agency, rather than other local governments. A large share of property tax revenue now goes to successor agencies to pay the former redevelopment agencies’ debts and obligations. The use of redevelopment varied extensively throughout the state. In those communities with many redevelopment project areas, the share of property tax revenue going to other local governments is less than it would be otherwise. In places with large redevelopment project areas—such as San Bernardino and Riverside counties—more than 20 percent of the county’s property tax revenue may go to pay the former redevelopment agencies’ debts and obligations.

State Allocation Laws Reflecting 1970s Taxation Levels

Finally, the amount of property taxes allocated to local governments depends on state property tax allocation laws, principally AB 8. As discussed earlier in this report (and in more detail in the appendix), the AB 8 system was designed, in part, to allocate property tax revenue in proportion to the share of property taxes received by a local government in the mid-1970s. Under this system, local governments that received a large share of property taxes in the 1970s typically continue to receive a relatively large share of property taxes today. Although there have been changes to the original property tax allocation system contained in AB 8, the allocation system continues to be substantially based on the variation in property tax receipts in effect in the 1970s.

This variation largely reflects service levels provided by local governments in the 1970s. Local governments providing many services generally collected more property taxes in the 1970s to pay for those services. As a result, those local governments received a larger share of property taxes under AB 8. For example, cities and counties that provided many government services, including fire protection, park and recreation programs, and water services, typically receive more property tax revenue than governments that relied on special districts to provide some or all of these services.

Are There Concerns About How Property Taxes Are Distributed?

While no system for sharing revenues among governmental entities is perfect, the state's system for allocating property tax revenue from the 1 percent rate raises significant concerns about local control, responsiveness to modern needs, and transparency and accountability to taxpayers. We discuss these concerns separately below and then address the question: Could the state change the allocation system?

Lack of Local Control

Unlike local communities in other states, California residents and local officials have virtually no control over the distribution of property tax revenue to local governments. Instead, all major decisions regarding property tax allocation are controlled by the state. Accordingly, if residents desire an enhanced level of a particular service, there is no local forum or mechanism to allow property taxes to be reallocated among local governments to finance this improvement. For example, Orange County currently receives a very low share of property taxes collected within its borders—about 11 percent. If Orange County residents and businesses wished to expand county services, they have no way to redirect the property taxes currently allocated to other local governments. Their only option would be to request the Legislature to enact a new law—approved by two-thirds of the members of both houses—requiring the change in the property tax distribution. In other words, local officials have no power to raise or lower their property tax share on an annual basis to reflect the changing needs of their communities. As a result, if residents wish to increase overall county services, they would need to finance this improvement by raising funds through a different mechanism such as an assessment or special tax.

Limited Transparency and Accountability

The state's current allocation system also makes it difficult for taxpayers to see which entities receive their tax dollars. Property tax bills note only that a bulk of the payment goes to the 1 percent general levy. Even if taxpayers do further research and locate the AB 8 local government sharing factors for their TRA, it is difficult to follow the actual allocation of revenue because the fund shifts related to ERAF and redevelopment complicate this system.

In addition to making it difficult for taxpayers to determine how their tax dollars are distributed, the AB 8 system reduces government accountability. The link between the level of government controlling the allocation of the tax (the state) and the government that spends the tax revenue (cities, counties, special districts, and K-14 districts) is severed. For example, if a taxpayer believes the level of services provided by an independent park district is inadequate, it is difficult to hold the district entirely accountable because the state is responsible for determining the share of property taxes allocated to the district.

Limited Responsiveness to Modern Needs and Preferences

An effective tax allocation system ensures that local tax revenue is allocated in a way that reflects modern needs and preferences. In many ways, California's property tax allocation system—which remains largely based on allocation preferences from the 1970s—does not meet this criterion. California's population and the governance structure of many local communities have changed significantly since the AB 8 system was enacted. For example, certain areas with relatively sparse populations in the 1970s have experienced substantial growth and many local government responsibilities have changed. One water district in San Mateo County—Los Trancos Water District—illustrates the extent to which the state's property tax allocation system continues to reflect service levels from the 1970s. Specifically, this water district sold its entire water distribution system to a private company in 2005, but continues to receive property tax revenue for a service it no longer provides.

Changing the Allocation System Is Difficult

Over the years, the Legislature, local governments, the business community, and the public have recognized the limitations inherent in the state's property tax allocation system. Despite the large degree of consensus on the problems, major proposals to reform the allocation system have not been enacted due to their complexity and the difficult trade-offs involved. Because California has thousands of local governments—many with overlapping jurisdictions—reorienting the property tax allocation system would be extraordinarily complex. Updating the AB 8 property tax sharing methodology would require the Legislature to determine the needs and preferences of each California community and local government. This would be a difficult—if not impossible—task to undertake in a centralized manner. Alternatively, the state could allow the distribution of the property tax to be carried out locally, but there is no consensus about what process local governments would use to allocate property taxes among themselves. Whether done centrally or locally, any reallocation is difficult because providing additional property tax receipts to one local government would require redirecting it from another local government or amending the Constitution. In addition, any significant change to the allocation of property tax revenue would require approval by two-thirds of the Legislature due to provisions in the Constitution added by Proposition 1A (2004). (These issues are discussed further in the appendix.)

What Are the Strengths and Limitations of California's Property Tax System?

For many years, California's overall property tax system—the types of taxes paid by property owners and the determination of property owner tax liabilities—has evoked controversy. Some people question whether the distribution of the tax burden between residential and commercial properties is appropriate and whether the amount of taxes someone pays should depend, in part, on how long he or she has owned the property. Other people praise the financial certainty that the tax system gives property owners. From one year to the next, property owners know that their tax liabilities under the 1 percent rate will increase only modestly. In this section, we do not attempt to resolve this long-standing debate. Instead, we review property taxes by looking at how they measure according to five common tax policy criteria—growth, stability, simplicity, neutrality, and equity. Using this framework, we highlight particular aspects of the state's property tax system, both its strengths and limitations, for policymakers and other interested parties.

Economists use the five common tax policy criteria summarized in Figure 12 to objectively compare particular taxes. These criteria relate to how taxes affect people's decisions, how they treat different taxpayers, and how the revenue raised from taxes performs over time. In practice, all taxes involve trade-offs. Sometimes the trade-offs are between two tax policy criteria. For example, revenue sources that grow quickly may be less stable from one year to the next than other revenue sources. Other times, the trade-offs are between tax policy criteria and other governmental policy objectives that may not be directly related to one of the five tax criteria. For example, one such trade-off might be that ensuring that a property owner's taxes do not increase dramatically from one year to the next (a reasonable governmental policy objective) can result in a tax system in which the owners of similar properties are taxed much differently (contrary to the equity criteria of tax policy).

Figure 12

Common Economic Criteria for Evaluating Tax Systems

- **Growth**—Does revenue raised by the tax grow along with the economy or the program responsibilities it is expected to fund?
- **Stability**—Is the revenue raised by the tax relatively stable over time?
- **Simplicity**—Is the tax simple and inexpensive for taxpayers to pay and for government to collect?
- **Neutrality**—Does the tax have little or no impact on people's decisions about how much to buy, sell, and invest?
- **Equity**—Do taxpayers with similar incomes pay similar amounts and do tax liabilities rise with income?

What Factors Affect Property Tax Growth Each Year?

Most of the annual change in property tax revenues is the result of large changes in assessed value that affect a small number of properties, including:

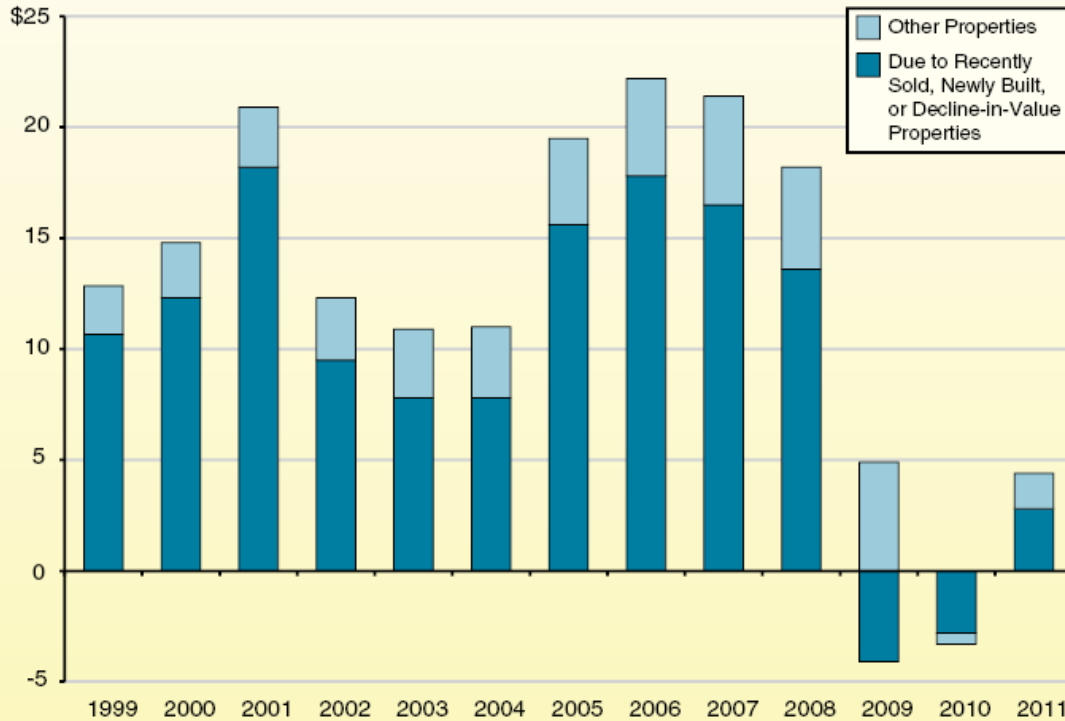
- **Recently Sold Properties.** When a property sells, its assessed value resets to the purchase price. This represents additional value that is added to the tax base because the sale price of the property is often much higher than its previous assessed value.
- **Newly Built Property and Property Improvements.** New value is added to the county's tax base when new construction takes place or improvements are made—mainly additions, remodels, and facility expansions—because structures are assessed at market value the year that they are built.

- **Proposition 8 (1978) Decline-in-Value Properties.** These properties contribute significantly to growth or decline in a county's tax base because their assessed values may increase or decrease dramatically in any year. A particularly large impact on assessed valuation tends to occur in years when a large number of these properties transfer from Proposition 13 assessment to reduced assessment.

As shown by the dark bars in the figure below, recently sold, newly built, and decline-in-value properties typically account for more than two-thirds of total changes in countywide assessed value in Santa Clara County. Other properties, although they represent most of the properties in the county's tax base, contribute less because the growth of these properties' assessed values is limited to 2 percent per year.

Components of Annual Change in County Assessed Valuation in Santa Clara County

(In Billions)



What Factors Affect Property Tax Stability?

Acquisition Value Assessment System Contributes to Revenue Stability. The main reason California's property tax revenue is stable is that the assessed value of most properties increases each year by a maximum of 2 percent. In any given year, only a small fraction of properties are sold and reset to market value. This means that real estate conditions affect a relatively small portion of the tax base each year, insulating property tax revenue from year-to-year real estate fluctuations.

Proposition 8 (1978) Decline-in-Value Properties Reduce Revenue Stability. As noted earlier in the report, county assessors may reduce a property's assessed value in the event that its market value falls below its assessed value. Each year thereafter, the property is assessed at market value until it rises above what its assessed value would have been had it remained at its acquisition value adjusted upward each year at a maximum of 2 percent. During 2010-11, more than one in four properties in California was temporarily assessed to market value. Because these properties are assessed each year at market value, they link the property tax base more closely to the local real estate market than other properties, thereby reducing the property tax's stability somewhat.

Revenue Growth

From government's perspective, revenue sources that grow along with the economy are preferable because they can provide resources sufficient to maintain current services. This can help governments avoid increasing existing taxes or taxing additional activities in order to meet current service demands.

The Property Tax Has Grown Faster Than the Economy. Personal income in California—an approximate measure of the size of the state’s economy—has grown at an average annual rate of 6.3 percent since 1979. Over the same period, revenue from the 1 percent property tax rate has grown at an average annual rate of 7.3 percent. As we describe in the nearby box, much of the growth in property tax revenue depends on new construction and property sales.

The Growth of Parcel and Mello–Roos Tax Revenues Depends on the Structure of the Tax. The terms of parcel taxes and Mello–Roos taxes vary by locality. Some local governments have taxes with escalation clauses or other provisions that modify the amount of the tax as local government costs change. Other parcel taxes and Mello–Roos taxes are set at fixed amounts per parcel. Depending on their structure, these taxes may or may not provide local governments with a growing source of revenue.

Revenue Stability

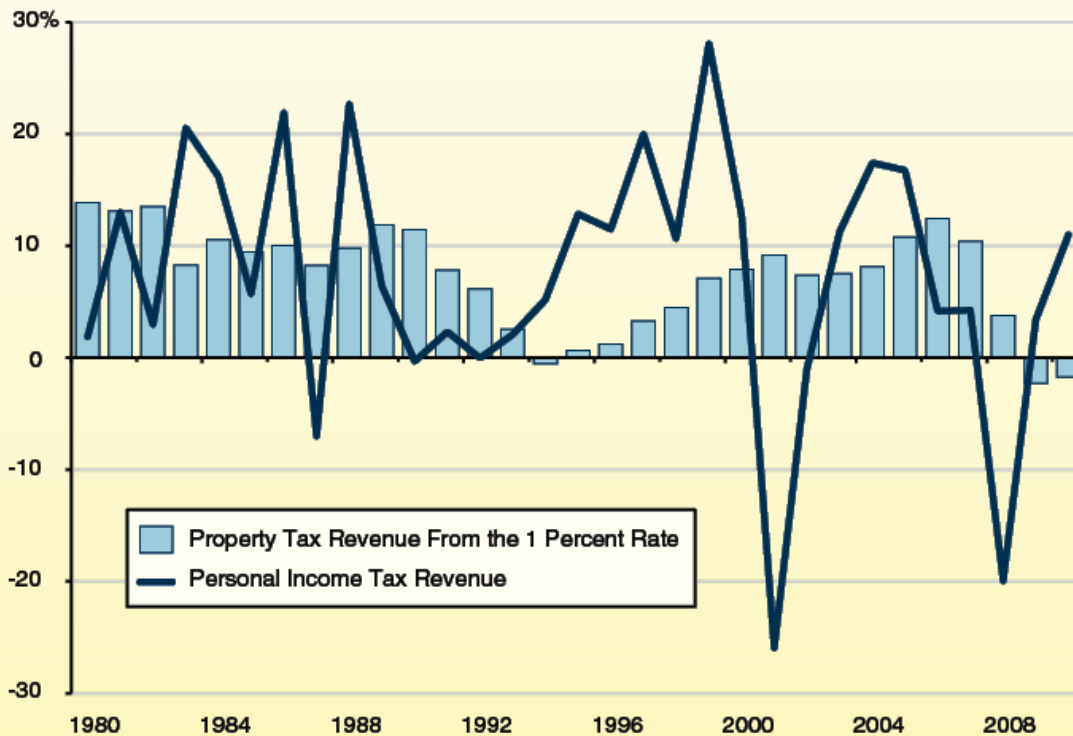
Revenue sources that remain relatively stable from one year to the next help governments manage economic downturns, which tend to reduce revenue and at the same time increase demand for certain public services. Stable revenue sources also may help governments plan more effectively for future needs, including long-term investments in transportation, education, and public safety.

The Property Tax Is a Stable Revenue Source. Despite being linked to the volatile real estate market, the property tax is California’s most stable major revenue source. Since 1979, as shown in Figure 13, personal income tax revenue has been three times more volatile, on average, than property tax revenue from the 1 percent rate. During the same period, statewide property tax revenue has declined in only three years, 1994–95, 2009–10, and 2010–11.

Figure 13

Property Tax Revenue Is Much Less Volatile Than Personal Income Tax Revenue

Annual Percent Change

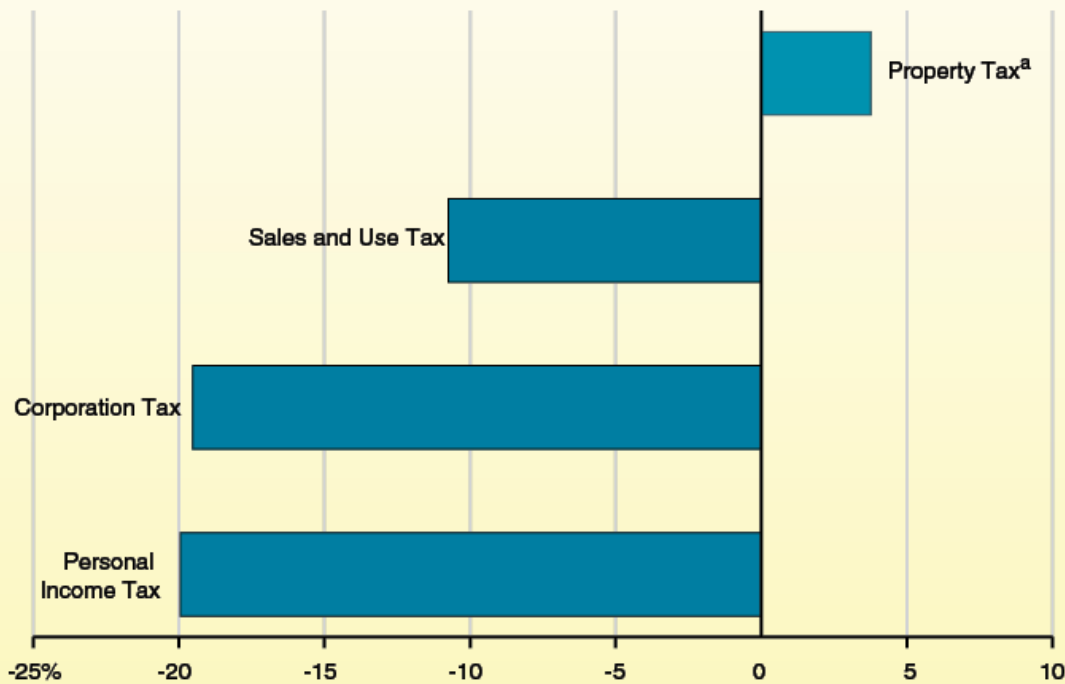


The Property Tax Was More Stable Than Other Revenue Sources During the Recent Recession. As shown in Figure 14, revenue from the 1 percent property tax rate fared comparatively well during the most recent recession. (In the nearby box, we discuss why the property tax is stable.) Changes in property tax revenue tend to lag economic trends by one or more years because of the state’s acquisition value assessment system and the lengthy period between when most properties are assessed (January) and when property tax payments are due (December of that year and April of the next).

Figure 14

Property Tax Revenue During the Recent Recession

Percent Change 2007-08 to 2008-09



^a Revenue from the 1 percent rate.

Parcel Taxes and Mello-Roos Taxes Also Are Stable. Because most parcel and Mello-Roos taxes are set at fixed amounts per parcel, there is minimal year-to-year fluctuation in the revenues that they raise.

Assessed Valuation in Some Counties, However, Has Declined Significantly. Though statewide property tax revenue has remained comparatively stable throughout the recent recession, some areas of the state have experienced considerable declines in their property tax base. These counties tend to have a large proportion of their properties under Proposition 8 decline-in-value assessments and have high foreclosure rates. For example, Riverside County had the second highest number of foreclosures (17,000) among counties and more than 400,000 decline-in-value properties in 2011. Partly as a result of these trends, total assessed value in Riverside County declined by 15 percent between 2008 and 2011.

Simplicity

A well-designed tax system should be simple for taxpayers to understand and easy and inexpensive for governments to administer. Complex tax systems can be expensive for governments to administer effectively and may be confusing, time-consuming, and costly for taxpayers.

Most of the costs associated with administering the state's property tax system (ad valorem property taxes, parcel taxes, and Mello-Roos taxes) reflect the activities by county assessors, tax collectors, and auditors. While comprehensive data on these costs are not available, total property tax administration costs likely are between 1.5 percent and 2 percent of collections, a somewhat higher level than that of state tax agencies that perform similar functions. A significant component of the property tax's administrative cost is from counties' responsibility to allocate property taxes to local governments pursuant to increasingly complex state laws. County costs related solely to determining property values, the other main component of administration, were slightly less than 1 percent of total revenues collected in 2010-11—a percentage similar to that of state tax agencies.

From the taxpayers' perspective, the property tax is generally a simple tax with which to comply. Tax payments are due in equal installments twice per year. And, in most years, the assessed value of real property grows automatically by a maximum of 2 percent. Reassessments based on market value (which taxpayers are more likely to appeal) occur infrequently for most property owners.

The property tax assessed on personal property is typically more administratively cumbersome for owners and assessors. This is because personal property is assessed annually at market value using complex depreciation schedules. These assessments, therefore, are more likely to be appealed, a process that can take more than a year to resolve.

Neutrality

Nearly all taxes alter taxpayer behavior to some degree. Economists agree, however, that in most cases the ideal tax system is one that alters decisions—about what goods to buy, what products to make, and where to work or live—as little as possible. Economists prefer these “economically neutral” taxes because they assume that people and businesses are in the best position to make consumption, savings, and investment decisions that meet their economic and personal needs. Tax policies that influence what people buy and what businesses produce tend to distance people and businesses from their preferred choices, leaving them less well off than they would be if the tax system were economically neutral. Policymakers design some taxes, on the other hand, to influence taxpayer behavior in a way that promotes or discourages particular activities. In general, these should be well targeted and have strong justifications so that they achieve their policy goals with as little interference as possible in other personal decision making. Below, we describe how ad valorem property taxes may influence taxpayer behavior and then discuss the possible effects of parcel and Mello–Roos taxes.

Some Homeowners and Businesses May Move Less Frequently. California’s ad valorem property taxes may affect an individual’s decision to move because longer ownership results in a lower effective property tax rate. (An effective property tax rate differs from the 1 percent basic rate in that it is the amount of property taxes paid divided by the current market value of the property.) As shown in Figure 15, effective tax rates can vary considerably. New Owner A, for example, has an effective tax rate of 1 percent because the assessed value of his or her property is the same as its market value. Owners B and C, who have owned their properties longer than Owner A, have assessed values below their market values because their market values increased by more than 2 percent each year (and therefore faster than assessed values). As a result, most owners who have owned a property for many years pay an effective tax rate well below 1 percent. For those choosing to move, however, their effective tax rate is reset to 1 percent, producing a moving penalty that may influence some property owners’ relocation decisions. For example, established firms that benefit from their comparatively low effective property tax rates could be dissuaded from relocating—decisions that, absent the moving penalty, could benefit the companies financially. (As we discuss below, differing effective tax rates also affect the equity of the property tax.)

Figure 15

Hypothetical Effective Property Tax Rates for Three Property Owners

	Year Purchased	Market Value	Assessed Value	Property Tax Rate	Property Tax Paid	Effective Tax Rate
Owner A	2012	\$300,000	\$300,000	1%	\$3,000	1.0%
Owner B	2002	300,000	180,000	1	1,800	0.6
Owner C	1986	300,000	110,000	1	1,100	0.4

Homeowners and Businesses May Invest Less in Property Improvements. When a property undergoes improvements, the newly constructed portion of the property is assessed at its full market value. The existing property, on the other hand, is typically assessed below its current market value, meaning that improvements are taxed at a higher effective rate than existing property. Because improvements are subject to higher effective tax rates, the return on investment that businesses receive from new improvements is lower and the taxes that homeowners pay on them are higher than they would be if all property—new and existing—were taxed uniformly. This may lead some businesses and homeowners to invest less than they otherwise would in new property improvements.

Homeowners May Change Behavior in Response to Assessment Exclusions. Voters have approved ballot propositions that exclude some types of property transfers from triggering reassessment to market value. (These exclusions are summarized earlier in this report in Figure 2.) For example, residential property transfers between certain family members do not trigger reassessment. These exclusions could alter decisions homeowners make about their property. For example, a homeowner might transfer property to his or her child (thereby passing on his or her low effective property tax rate) when, absent the exclusion, the owner might have sold the property to a nonrelative. In turn, that child could find it more economical to rent the property (and benefit from the low effective property tax rate) than to sell (and forego the benefit of his or her low effective rate).

Equity

Equity relates to how taxes affect taxpayers with different levels of income or wealth. Economists use two different standards of equity—vertical and horizontal—to evaluate taxes. Vertical equity occurs when wealthier taxpayers pay a greater amount in taxes than less wealthy taxpayers. Horizontal equity, on the other hand, occurs when similar taxpayers—those with similar incomes or wealth—pay the same amount in taxes. Under an equitable property tax system (1) owners of highly valuable property pay more in taxes than owners of less valuable property and (2) the owners of two similar properties pay a similar amount in property taxes. Put differently, an equitable system would tax property owners at the same effective rate. As we discussed in the previous section, however, property owners often are subject to different effective tax rates. Therefore, California’s ad valorem property taxes, parcel taxes, and Mello–Roos taxes often do not meet these standards of equity.

Equity Reduced by Acquisition Value Assessment and 2 Percent Assessed Value Cap. California’s property tax system does not consistently meet the standards of horizontal or vertical equity. As discussed

earlier in this report, two owners with identical properties may pay different amounts of property taxes if one owner bought the property a decade before the other. In a tax system with horizontal equity, both owners would pay similar amounts. In relation to vertical equity, the tax system's reliance on acquisition value and the 2 percent cap on assessed valuation growth can result in owners of valuable property paying less than owners of (recently acquired) less valuable property. In a tax system with vertical equity, owners of valuable property would pay more in taxes because owners of valuable property generally are wealthier than owners of less valuable property.

Homeowners Who Are Mobile Pay Higher Effective Tax Rates. Homeowners who move often—military families, younger homeowners, or those with jobs that require them to relocate frequently—tend to have higher effective ad valorem tax rates than homeowners who move less frequently because newly purchased properties are assessed at market value. Relocation decisions may result from circumstances that households may not have foreseen, such as employment changes, divorce, or other changes in family composition. Under horizontal equity, in contrast, taxpayers pay similar taxes unless their household income, wealth, or consumption patterns differ.

Fixed-Rate Taxes Do Not Meet Vertical Equity Standard. Parcel taxes and Mello-Roos taxes typically meet the criteria of horizontal equity but not vertical equity because property owners typically are charged the same amounts—regardless of their wealth or their properties' value.

Summary

Our comparison of California's property tax system with common tax policy criteria found mixed results. The ad valorem taxes generally meet the goals of administrative simplicity and providing governments with a growing source of stable revenue, but often do not meet the goals of neutrality and equity. Specifically, California's ad valorem tax system (1) may influence decisions property owners make about relocations and expansions and (2) treat similar taxpayers differently and wealthier taxpayers the same as less wealthy taxpayers.

California's other property taxes (parcel taxes and Mello-Roos taxes) generally perform well relative to the goals of stability, administrative simplicity, and horizontal equity, but may perform less well in regard to the other objectives.

Appendix 1: The History of California's Property Tax Allocation System

California's system for allocating property tax revenue from the 1 percent rate among local governments is complex and has changed over time. The most significant change was voter approval of Proposition 13 in 1978, which shifted the control over the allocation of property taxes from local communities to the state. Since that time the state has made several major changes that affect the amount of property tax revenue from the 1 percent rate distributed to counties, cities, K-14 districts, and special districts. Some of these changes have benefited the state fiscally (by indirectly reducing state costs for education). Others have benefited local governments or taxpayers. This appendix describes the evolution of the state's property tax allocation system. The key events are highlighted in Figure A-1, and described in more detail below.

Figure A-1

History of California's Property Tax Allocation

1972	SB 90 —Establishes school "revenue limit" funding system, giving the state a significant fiscal interest in the allocation of local property tax revenue.
1978	Proposition 13 —Voters cap the basic property tax rate at 1 percent and give the state new responsibilities for allocating property tax revenue. SB 154 —State's first law allocating property tax revenue. Amounts based on share of property tax received prior to Proposition 13, with state providing grants for some of local revenue loss.
1979	AB 8 —State changes property tax allocations in SB 154, establishes system for allocating future growth in property tax revenue, and absorbs costs of some local programs.
1992	First ERAF Shift —State permanently shifts some property tax revenue from counties, cities, and special districts into a fund for K-14 districts.
1993	Second ERAF Shift —State permanently shifts additional property tax revenue into a fund for K-14 districts.
2004	Triple Flip —State uses some local sales tax revenue to repay deficit-financing bonds. Reimburses counties and cities with property tax revenue from ERAF and K-14 districts. The VLF Swap —State permanently shifts some property tax revenue from ERAF and K-14 districts to reimburse cities and counties for the state's reductions to their VLF revenue. Temporary ERAF Shift —State shifts some property tax revenue from noneducational local agencies to K-14 districts for two years.
	Proposition 1A —Voters restrict the state's authority to shift property tax revenue away from cities, counties, and special districts.
2009	Proposition 1A (2004) Borrowing —State borrows \$1.9 billion of property tax revenue from cities, counties, and special districts as authorized by Proposition 1A.
2010	Proposition 22 —Voters eliminate the state's authority to borrow property tax revenue and to shift redevelopment agencies' property tax revenue.
2012	Dissolution of Redevelopment Agencies —Redevelopment agencies are abolished. Over time, their share of

the property tax will revert to other local governments.

ERAF = Educational Revenue Augmentation Fund; VLF = vehicle license fee.

Tax Allocation Prior to Proposition 13

Tax Allocation Determined Locally Until 1978. Prior to voter approval of Proposition 13 in 1978, each local government authorized to levy a property tax set its own rate (within certain statutory restrictions). Each local government annually determined the amount of revenue necessary to finance the desired level of services and set its property tax rate to collect that amount. A property owner's property tax bill reflected the sum of the individual rates set by each taxing entity. Under this system, schools and community colleges received over 50 percent of statewide property tax revenue, counties about 30 percent, and cities about 10 percent. (At the local level, however, the share of property tax revenue supporting each type of local government varied. Some communities, for example, provided a greater percentage of total property tax revenue to schools and others provided more to their county or city.)

Property Tax Allocation Linked to State Budget in 1972. Although local governments had control over the property tax during this period, property tax revenue had an effect on the state's budget beginning in 1972. Chapter 1406, Statutes of 1972 (SB 90, Dills), started an education finance system in which the state guarantees each school district an overall level of funding. For K–12 districts, each district receives an overall level of funding—a “revenue limit”—from local property taxes and state resources combined. Community college districts receive apportionment funding from local property taxes, student fees, and state resources. Thus, if a district's local property tax revenue (and student fee revenue in the case of community colleges) is not sufficient, the state provides additional funds. If a district's nonstate resources alone exceed the district's revenue limit or apportionment funding level, the district does not receive state aid and can keep the excess local property tax revenue for educational programs and services at their discretion. These districts are commonly referred to as “basic aid” districts because historically they have received only the minimum amount of state aid required by the California Constitution (known as basic aid). This system of school finance gives the state a significant fiscal interest in the distribution of local property tax revenue.

Proposition 13 and the State's Response

Proposition 13 fundamentally changed local government finance and assigned the state responsibility for property tax allocation. Property tax receipts fell by more than 60 percent because Proposition 13 lowered the statewide property tax rate to a constitutional maximum of 1 percent. Additionally, the measure required the state, rather than local communities, to determine the allocation of property tax revenue among the local governments within a county. In response to Proposition 13, the Legislature enacted two major bills: Chapter 292, Statutes of 1978 (SB 154, Petris) and then Chapter 282, Statutes of 1979 (AB 8, L. Greene). In general, these bills established methods for allocating the new lower amount of property tax revenue and shifted certain county and school district costs to the state.

First State Allocation System—SB 154

Shortly after the passage of Proposition 13, the Legislature approved SB 154 in an effort to avoid major local government service reductions and significant fiscal distress from the decrease in property tax revenue. Senate Bill 154 was the state's first attempt to allocate property taxes among counties, cities, special districts, and K–14 districts. Under SB 154, a local government's share of the 1 percent property tax rate in 1978–79 was based on the share of *countywide* property tax revenue going to that local government before Proposition 13. For example, if a city received 10 percent of the property taxes collected by all local jurisdictions in the county prior to the passage of Proposition 13, the city would receive 10 percent of the property taxes collected in the county at the 1 percent rate. This was a significant change from the allocation of property taxes prior to Proposition 13, when a local government received property tax revenue only from the properties located *within its jurisdiction*. In addition, to partially offset the revenue loss resulting from the reduction in the property tax rate, SB 154 used state funds to relieve counties of a portion of their obligation to pay for certain health and welfare programs and to provide block grants to counties, cities, and special districts.

The Current Property Tax Allocation System—AB 8

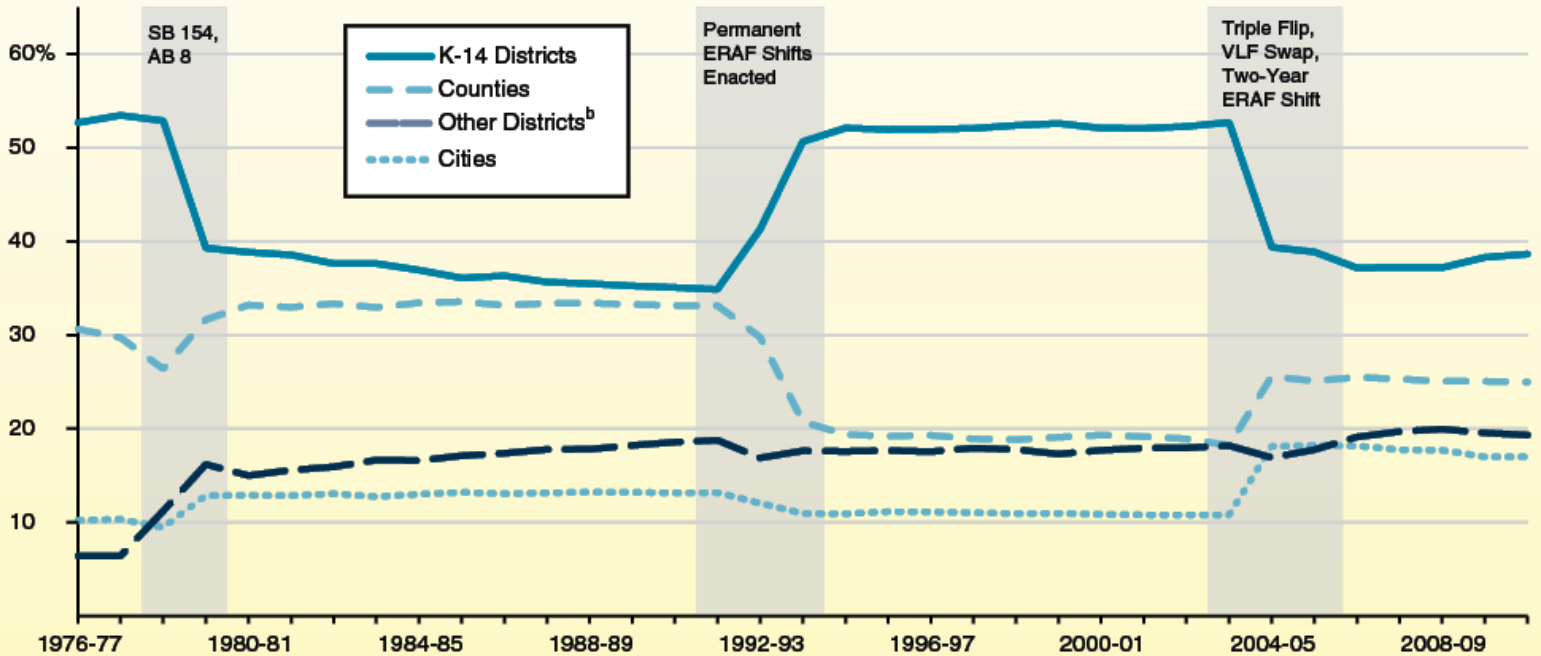
A year after enacting SB 154, the Legislature adopted AB 8, a long-term policy to allocate property taxes and provide fiscal relief to local governments. The legislation (1) directed county auditors to allocate 1979–80 property tax revenue in a manner similar to SB 154 but with some modifications and (2) established a method for allocating property tax growth in future years.

New Base Property Tax Allocation. Assembly Bill 8 established a new base property tax allocation for 1979–80. The new base allocations in AB 8 resembled those in SB 154—a local government's share was based on the share of the countywide property tax going to that local government before Proposition 13—with some modification. Specifically, rather than continue the state block grants included in SB 154, AB 8 increased the base share of property taxes allocated to most counties, cities, and special districts by reducing the base share going to K–14 districts. (Under the state's school finance system, K–14 district losses were in turn made up with increased state funds for education.) For cities and special districts, the increase in the base property tax allocation was derived from the block grant amount provided in SB 154. Cities received increased property taxes equivalent to about 83 percent of their SB 154 block grant amount and special districts 95 percent of their block grant amount. Counties received a combination of increased property taxes, reduced expenditure

obligations for health and social services programs, and a state block grant for indigent health programs. The reduced county expenditure obligations included complete state assumption of the costs for Medi-Cal and the State Supplementary Payment Program, as well as an increased state share of costs for the Aid to Families with Dependent Children program (the predecessor to California Work Opportunities and Responsibility to Kids). (These changes resulted in an increased share of property tax revenue for most counties. As discussed in the nearby box, six counties ended up as so-called negative bailout counties.) In summary, AB 8 shifted property tax revenue away from K-14 districts in order to provide cities, special districts, and most counties with a greater amount of property tax revenue than they received the previous year under SB 154. As shown in Figure A-2, this greatly reduced K-14 districts' share of the statewide property tax.

Figure A-2

Major Changes in Allocation of California Property Tax Revenue^a



^a As a percentage of total revenue from the 1 percent rate and voter-approved debt rates.

^b Special districts and redevelopment agencies. Payments from redevelopment agencies to K-14 schools not included.

ERAF = Educational Revenue Augmentation Fund; VLF = vehicle license fee.

What Are "Negative Bailout Counties?"

Assembly Bill 8 did not provide additional property tax revenue to six counties (Alpine, Lassen, Mariposa, Plumas, Stanislaus, and Trinity). Under the provisions of AB 8, the increased share of the base property tax allocation to counties was calculated as the value of the SB 154 block grant *plus* a small adjustment for the cost of the Aid to Families with Dependent Children program *less* the amount of the indigent health block grant. In these six counties, the value of the indigent health block grant was so great that it exceeded the value of the adjusted SB 154 block grant. In order for these counties to be treated in the same way as all other counties, the amount of property taxes allocated to these counties was reduced. Because these counties received a smaller percentage of total property taxes collected after implementation of AB 8 relative to their pre-Proposition 13 shares, these counties are termed negative bailout counties.

New Method for Allocating Property Tax Growth. Assembly Bill 8 also established a new process for allocating growth (or decline) in property tax revenue in future years. In contrast to the property tax allocation process in 1978-79 and 1979-80 (that distributed revenue on a countywide basis without regard to where the property was located), the legislation specified that future growth in property tax revenue would be allocated only to those local governments serving the property where the revenue increase took place. Accordingly, beginning in 1980-81, AB 8 required that each local government receives the same amount of property tax it received in the prior year plus its share of any growth or decline in property tax revenue that occurred in its jurisdiction.

To ensure that each local government receives the property tax growth from the properties it serves, each county is divided into tax rate areas (TRAs). Each local government represented in a TRA receives a share of the property tax growth that occurs within that TRA. As required by AB 8, county auditors developed a

methodology to determine the percentage of property tax growth—known as TRA factors—to allocate to each local government in each TRA. These TRA factors were based largely on the 1979–80 base allocation established by AB 8 (including the shift of property tax revenue from K–14 districts to other local governments). In most counties, these TRA factors remain constant. Thus, if a city received 25 percent of the property tax revenue growth generated in a TRA in 1980–81 (the first year TRA factors were used to distribute property tax revenue growth), it continued to receive 25 percent of the growth in property taxes in future years. As a result, the distribution of property tax revenue among local governments continued to closely resemble the 1979–80 distribution until the first major changes to the AB 8 system occurred in the 1990s.

In summary, the AB 8 property tax allocation system provides each local government with the same amount of property tax revenue it received in the prior year (the base), plus its share of any growth or decline in property tax revenue that occurred in its jurisdiction in the current year.

Changes to the AB 8 System

The state property tax allocation system set up in AB 8 continues to be the basis for property tax allocation among local governments today. Since 1979, however, there have been some significant changes to the original property tax allocation system contained in AB 8. In most cases, the changes reflect the complex fiscal relationship between the state and local governments. Because of the state’s role in allocating property tax revenue after Proposition 13 and in funding K–14 districts and other local programs, decisions regarding the state budget and other policy issues have led the Legislature and Governor to occasionally change how property tax revenue is distributed. We highlight the major changes in property tax allocation below. It is important to note, however, that these changes in property tax allocation do not explain the entire scope of the state–local fiscal relationship—a relationship that also has involved the realignment of many government programs and changes in other revenue sources such as the sales tax and the vehicle license fee (VLF). Some of these decisions have benefited the state fiscally, and others have benefited local governments or taxpayers.

No and Low Property Tax Cities

One change in property tax allocation relates to so-called “no and low property tax cities.” Cities that did not levy a property tax, levied only a very low property tax, or were not incorporated as cities prior to the passage of Proposition 13 typically received few property taxes under AB 8. During the 1980s the Legislature directed county auditors to modestly increase the amount of property taxes going to some of these cities by shifting a share of county property tax revenue to them.

Property Taxes Shifted to Schools

Ongoing Property Tax Shifts Started in 1990s. In 1992–93 and 1993–94, in response to serious budgetary shortfalls, the Legislature and Governor permanently redirected almost one–fifth of statewide property tax revenue—over \$3 billion in 1993–94—from cities, counties, and special districts to K–14 districts. (The legislation also temporarily required redevelopment agencies to make payments to K–14 districts.) Under the changes in property tax allocation laws, the redirected property tax revenue is deposited into a countywide fund for schools, the Educational Revenue Augmentation Fund (ERAF). The property tax revenue from ERAF is distributed to non–basic aid schools and community colleges, reducing the state’s funding obligation for K–14 school districts.

The amount transferred into ERAF from each city, county, and special district was based on many factors, including the magnitude of the fiscal relief that the state provided the local government in AB 8 and, for counties, the level of taxable sales within its borders. As a result, individual local government ERAF obligations varied widely. For example, the ERAF shifts from cities formed after 1978 typically were lower than those for older cities because the newer cities did not receive any AB 8 benefits. Similarly, counties with many retail developments typically had larger ERAF shifts than rural counties because the state anticipated that extensively developed counties would receive more relief from the state’s primary ERAF mitigation measure: a half–cent sales tax for local public safety (Proposition 172, 1993). As shown in Figure A–2, after the ERAF transfer of the early 1990s, schools and community colleges once again received more than 50 percent of the state’s property tax revenue, while other local governments received less.

“Excess ERAF” Shifted Back. In the late 1990s, some county auditors reported that their ERAF accounts had more revenue than necessary to offset all state aid to non–basic aid K–14 districts. In response, the Legislature enacted a law requiring that some of these surplus funds be used for countywide special education programs and the remaining funds be returned to cities, counties, and special districts in proportion to the amount of property taxes that they contributed to ERAF. The ERAF funds that are returned to non–education local governments are known as excess ERAF.

Additional Temporary Property Tax Shift. The 2004–05 budget package also shifted \$1.3 billion of property taxes from noneducation local agencies (cities, counties, special districts, and redevelopment agencies) to ERAF in 2004–05 and again in 2005–06. This temporary ERAF shift reduced the state’s funding responsibilities for K–14 districts to help address the budget shortfalls in those two years.

Changes to ERAF

The Triple Flip. In 2004, state voters approved Proposition 57, a deficit–financing bond to address the state’s budget shortfall. The state enacted a three–step approach—commonly referred to as the triple flip—that

provides a dedicated funding source to repay the deficit bonds:

- Beginning in 2004–05, one-quarter cent of the local sales tax is used to repay the deficit-financing bond.
- During the time these bonds are outstanding, city and county revenue losses from the diverted local sales tax are replaced on a dollar-for-dollar basis with property taxes shifted from ERAF.
- The K–14 tax losses from the redirection of ERAF to cities and counties, in turn, are offset by increased state aid.

The triple flip increases the amount of property tax revenue going to cities and counties and reduces the amount of ERAF provided to K–14 districts. Overall, however, cities, counties, and K–14 districts do not experience any net change in revenue from the triple flip. Cities and counties receive more property tax revenue, but this revenue gain is offset by the reduction in sales tax revenue. K–14 districts receive less property tax revenue, but this is offset with increased state aid. The flip of sales taxes for property taxes ends after the deficit-financing bonds are repaid (currently estimated to occur in 2016).

The VLF Swap. The VLF—a tax on vehicle ownership—provides revenue to local governments. In 1999, the state began reducing the VLF rate and backfilling city and county revenue losses from this tax reduction with state aid. The 2004–05 budget package permanently replaced the state VLF backfill by diverting property tax revenue from ERAF and, if necessary, non-basic aid K–14 districts to cities and counties. In 2004–05, cities and counties did not experience a change in overall revenue from the VLF swap, as the amount of property tax shifted to them was equal to the VLF backfill amount. In subsequent years, state law specifies that each local government’s VLF swap payment grows based on the annual change in its assessed valuation. As a result, most cities and counties benefit fiscally from the VLF swap because assessed valuation typically grows more quickly than VLF revenue. Similar to the triple flip, K–14 districts’ property tax revenue losses are made up with increased state aid.

Distributing ERAF

The triple flip and VLF swap further expanded the use of ERAF and changed the priorities governing how its resources are used. As shown in Figure A–3, the original purpose of ERAF was to supplement the property tax revenue of non-basic aid K–14 districts. Under current law, however, funding K–14 districts falls to the fourth priority. As a result, non-basic aid school districts do not receive any ERAF resources unless additional funds remain after the county auditor (1) returns excess ERAF, (2) reimburses the triple flip, and (3) make payments for the VLF swap. This change in priorities has a significant effect on the amount of ERAF available for school districts. In 2010–11, for example, auditors in 33 counties reported using *all* ERAF resources for the first three priorities, leaving no ERAF for schools.

Figure A–3

Uses of ERAF Listed in Priority Order

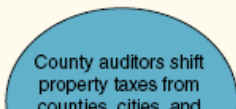
Priority	Early 1990s	Late 1990s to 2004	2004 to Present
First	Fund non-basic aid K–14 districts	Return excess ERAF	Return excess ERAF
Second		Fund non-basic aid K–14 districts	Reimburse triple flip
Third			Make payments for VLF swap
Fourth			Fund non-basic aid K–14 districts

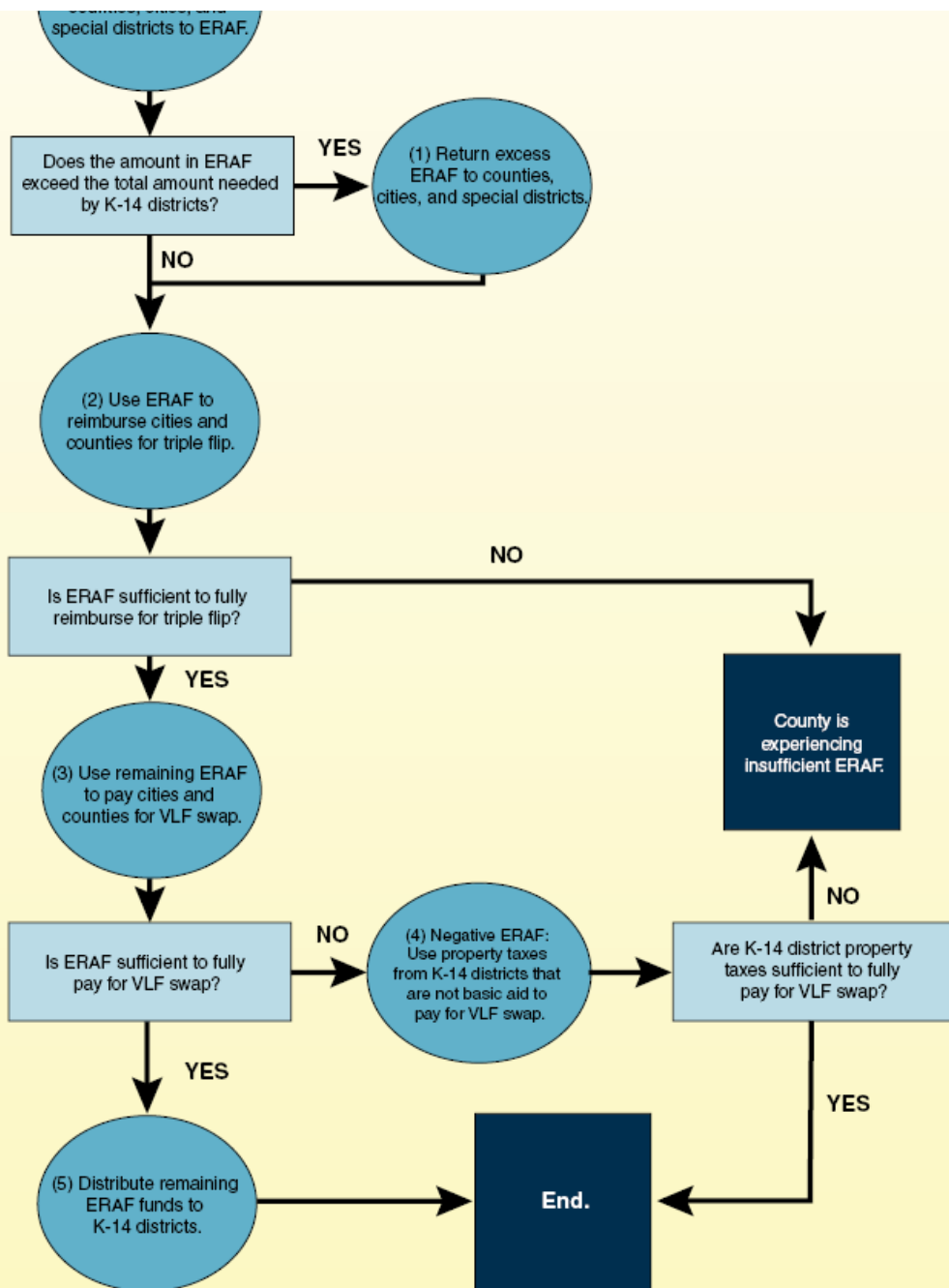
ERAF = Educational Revenue Augmentation Fund; VLF = vehicle license fee.

Figure A–4 displays the complex process county auditors follow to allocate ERAF and to reimburse cities and counties for the triple flip and VLF swap. This figure also shows that, under certain circumstances, it is possible that the auditor could determine that there are not enough funds to fully compensate cities and the county for the triple flip and/or the VLF swap. These funding insufficiencies are referred to as “insufficient ERAF.”

Figure A-4

Process to Distribute ERAF and Reimburse the Triple Flip and VLF Swap





ERAF = Educational Revenue Augmentation Fund; VLF = vehicle license fee.

Step 1: Return Excess ERAF. As shown in the figure, the first step is for each county auditor to determine whether the funds deposited into the countywide account exceed the amount needed by all non-basic aid K-14 districts in the county, plus a specified amount for special education. If so, the excess ERAF is returned to cities, special districts, and the county in proportion to the amount of property taxes they contributed to ERAF. This calculation of excess ERAF was modified recently to reflect the increased revenue that K-14 districts and ERAF receive from the dissolution of redevelopment agencies. Specifically, to maximize the state fiscal benefit related to redevelopment dissolution, Chapter 26, Statutes of 2012 (AB 1484, Committee on Budget) directs county auditors to exclude property taxes related to the dissolution of redevelopment agencies in the calculation of excess ERAF.

Step 2: Reimburse Triple Flip. Following the calculation and distribution of excess ERAF, state law directs county auditors to reimburse local governments for their revenue losses associated with the triple flip. This reimbursement is shown in the figure as step two. If the county auditor uses all available ERAF, but determines that the local governments have not been fully reimbursed for the triple flip, the county has insufficient ERAF.

In this situation, additional state action is required if cities and counties are to be fully reimbursed for the triple flip.

Steps 3 and 4: Pay for VLF Swap. After reimbursing the triple flip, the next use of ERAF is to make payments to local governments for the VLF swap. If the county auditor determines that ERAF resources are not sufficient to fully pay cities and the county for the VLF swap, the county auditor redirects some property taxes from non-basic aid K-14 districts for this purpose, as shown in step 4. The redirection of school property taxes is commonly referred to as negative ERAF because it decreases K-14 property taxes rather than supplementing them (the original purpose of ERAF). If the amount of property taxes deposited in ERAF and allocated to non-basic aid school district is not enough to make the payments required under the VLF swap, then the county has insufficient ERAF. In this situation, additional state action is required for cities and counties to receive the full VLF swap payment. In 2012-13, the first time this issue came before the Legislature, the state included \$1.5 million in the budget to compensate the county and cities in Amador County for insufficient ERAF.

Step 5: Distribute Remaining ERAF to K-14 Districts. Any funds remaining in ERAF after the other uses have been satisfied are distributed to schools and offset state education spending.

Limits on the State's Authority Over Property Tax Allocation

The state's use of property tax shifts to help resolve its severe budget difficulties—as well as other actions affecting the state-local fiscal relationship—have been a source of considerable friction between state and local government. In response, local government advocates have sponsored initiatives to limit the state's authority over local finances, including two constitutional measures reducing the state's authority over property tax allocation. As a result, much of the authority granted to the state in Proposition 13 and used to establish AB 8, ERAF, the VLF swap, and the triple flip is now restricted.

Proposition 1A (2004)

In 2004, voters approved Proposition 1A, amending the State Constitution to prohibit the state from shifting property tax revenue from cities, counties, and special districts to K-14 districts. The measure, however, provided an exception to its restrictions. Beginning in 2008-09, the measure allowed the state to shift a limited amount of local property tax revenue to schools and community colleges provided that the state repaid local governments for their property tax losses, with interest, within three years. The measure also specified that any change in how property tax revenue is shared among cities, counties, and special districts must be approved by two-thirds of both houses of the Legislature (instead of by majority vote). For example, state actions that shift a share of property tax revenue from one local special district to another, or from the county to a city, require approval by two-thirds of both houses of the Legislature.

The state utilized Proposition 1A's exception for shifting property tax revenue to provide state fiscal relief in its 2009-10 budget package. Specifically, the state borrowed \$1.9 billion of property tax revenue from cities, counties, and special districts—revenue equal to roughly 8 percent of each local agency's property tax revenue. (Under Proposition 1A, the state was required to repay these funds by 2012-13. Companion legislation, however, allowed local governments to borrow against the state's future repayments so that local government budgets were not negatively affected in 2009-10.) The 2009-10 budget package also required redevelopment agencies to make payments totaling \$1.7 billion (2009-10) and \$350 million (2010-11) to K-12 school districts serving students living in or near their redevelopment areas. Unlike the borrowing from cities, counties, and special districts, the state did not reimburse redevelopment agencies for these required payments.

Proposition 22 (2010)

In 2010, voters approved Proposition 22, which, among other things, prohibits the state from redirecting property tax revenue as it did in 2009-10. Specifically, Proposition 22 eliminates the state's authority to borrow property tax revenue from local governments as previously allowed under Proposition 1A and prohibits the state from requiring redevelopment agencies to shift revenue to K-14 districts or other agencies. As discussed in the nearby box, the prohibition on shifting redevelopment funds contributed indirectly to the dissolution of redevelopment agencies in February 2012.

The Dissolution of Redevelopment Agencies

As discussed in our report, *The 2012-13 Budget: Unwinding Redevelopment*, redevelopment had the overall effect of increasing state costs for K-14 education. For this reason, the state frequently required redevelopment agencies to shift some funds to support K-14 education. Under Proposition 22 (2010), however, the state no longer had the authority to require redevelopment agencies to shift property tax revenue to school districts. Facing considerable fiscal constraints and not authorized to shift funds from redevelopment for state fiscal relief as it had done in the past, the Legislature took a new approach as part of the state's 2011-12 budget. Specifically, the Legislature approved and the Governor signed Chapter 5, Statutes of 2011 (ABX1 26, Blumenfield), which dissolved all redevelopment agencies. They also approved Chapter 6, Statutes of 2011 (ABX1 27, Blumenfield), allowing redevelopment agencies to avoid dissolution by voluntarily agreeing to make annual payments to school districts. The Supreme Court later ruled ABX1 27 unconstitutional, meaning all redevelopment agencies were subject to ABX1 26's dissolution requirement.

Under the dissolution process, the property tax revenue that formerly went to redevelopment agencies is first used to pay off redevelopment debts and obligations and the remainder is distributed to local governments in accordance with AB 8.

Looking Forward

Proposition 1A and Proposition 22 limit the state's authority to change property tax allocation laws. Measures that reallocate property tax revenue among counties, cities, and special districts require a two-thirds vote of the Legislature and measures that change state laws to increase the percentage of property taxes allocated to schools are prohibited. Even without additional legislative action, however, the distribution of property tax revenue will change in the near future for two reasons.

- **End of Redevelopment.** As the debts and obligations of former redevelopment agencies are paid off, property tax revenue that previously was allocated to redevelopment agencies will be distributed to K-14 districts, counties, cities, and special districts.
- **The End of the Triple Flip.** We estimate that the state's deficit-financing bonds will be paid off in 2016-17. At that time, the state sales tax rate will decline by one-quarter cent and the local sales tax rate will increase by one-quarter cent. Because the local sales tax rate is restored in full, the property tax revenue currently used to backfill cities and counties for the loss in sales tax revenue will be allocated to K-14 districts. Although none of these entities will experience any change in overall revenue, cities, and to a lesser extent counties, will receive a smaller share of the property tax than they do today. In addition, the property tax revenue allocated to K-14 districts will reduce the state's education costs.

Appendix 2: Property Tax and Local Government Publications

Property Taxes

Property Tax Agents at the Local Level in California: An Overview (June 20, 2012)

Discusses the role of property tax agents in appealing property assessments.

Reconsidering AB 8: Exploring Alternative Ways to Allocate Property Taxes (February 3, 2000)

Examines the problems in the current property tax allocation system and discusses the tensions and trade-offs inherent in five reform proposals.

Reversing the Property Tax Shifts (April 2, 1996)

Explains the mechanics of the Educational Revenue Augmentation Fund shift and the formulas which implemented it.

Local Finance

Major Milestones: Over Four Decades of the State-Local Fiscal Relationship (November 29, 2012)

Provides a timeline summarizing major changes in the state-local relationship.

Local Government Bankruptcy in California: Questions and Answers (August 7, 2012)

Addresses some common questions about the Chapter 9 process for local governments.

The 2012-13 Budget: Unwinding Redevelopment (February 17, 2012)

Reviews the history of redevelopment agencies, the events that led to their dissolution, and the process communities are using to resolve their financial obligations.

The 2011-12 Budget: Should California End Redevelopment Agencies? (February 8, 2011)

Examines the Governor's proposal to end redevelopment.

Ten Events That Shaped California State-Local Fiscal Relations (December 16, 2009)

Discusses key events and measures that influenced state-local relations.

Overview of California Local Government (June 17, 2010)

Summarizes key issues related to local government.

Understanding Proposition 218 (December 17, 1996)

Examines the constitutional requirements related to property assessments and fees.

Acknowledgments This report was prepared by Chas LAO Publications To request publications call (916) Alamo and Mark Whitaker and reviewed by Marianne 445-4656. This report and others, as well as an E-mail

O'Malley. The Legislative Analyst's Office (LAO) is a nonpartisan office which provides fiscal and policy information and advice to the Legislature.

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BOARD OF DIRECTORS

Agenda Report

File #: 2020-1017

Agenda Date: 4/22/2020

Agenda Item No: 19.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

FY 2020-21 PROPERTY - LIABILITY INSURANCE UPDATE

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Information Item.

BACKGROUND

At the March Administration Committee, staff presented information on the Orange County Sanitation District's (Sanitation District) insurance program. The Committee requested that additional information be provided. The Sanitation District's operational insurance broker will give a short informational presentation about this year's insurance outlook and answer questions from the Board.

The Sanitation District's budget provides funds for the renewal of the following four (4) major insurances for Sanitation District operations:

1) **Excess General Liability Insurance**

The Sanitation District's Excess General Liability Insurance Program is currently provided through the California Municipal Excess Liability Program (CAMEL) and its sister program, the Alliant National Municipal Liability Program (ANML). The Sanitation District has participated in the CAMEL program since FY 1996-97.

This program currently provides the Sanitation District with a \$40 million dollar policy of comprehensive coverage for municipal liability, bodily injury and property damage, and personal injury. The program was structured to also include Employment Practices and Public Officials Errors & Omissions coverage. The \$40 million dollar coverage has a self-insured deductible of \$500,000. Since 1997, the Employment Practices portion of coverage has been enhanced from a \$2 million dollar sub-limit to the full policy limit of \$40 million dollars.

2) **Excess Workers' Compensation**

The Excess Workers' Compensation insurance coverage is with the California State Association of Counties Excess Insurance Authority (CSAC EIA). The Sanitation District has participated in this program or its predecessor since 2003. The Excess Workers' Compensation program currently provides "Statutory" (unlimited) coverage with a self-insured

retention (SIR), or deductible, of \$1 million dollars. The use of Excess Workers' Compensation Insurance dates back to the late 1980's.

3) **All-Risk Property and Flood Insurance
(Includes Boiler & Machinery Insurance)**

The All-Risk Property and Flood Insurance Program (Property Insurance) provides comprehensive coverage for much of the Sanitation District's real and personal property regarding virtually all perils including fire, flood, and business interruption.

Current Property Insurance limits are \$1 billion dollars for most perils other than flood and earthquakes, and \$300 million dollars for flood, with many sub-limits for various situations. In order to reach \$1 billion dollars in limits, the broker had to arrange for more than a dozen different insurers. The SIR is \$250,000 per occurrence for most types of losses.

Since the late 1990's, the Property Insurance has been with a nationwide joint purchase property insurance program called Public Entity Property Insurance Program (PEPIP), one of the world's largest property programs. It is important to note that this joint purchase property insurance program offers the purchasing power of numerous large public entities without the pooling or sharing of coverage or losses.

The Boiler & Machinery Insurance Program, part of the property insurance, provides comprehensive coverage for loss caused by machinery breakdown and explosion of steam boilers or other covered process equipment, including damage to the equipment itself and damage to other property caused by covered accidents. The current Boiler & Machinery Insurance Program provides coverage of \$100 million dollars per occurrence with deductibles ranging from \$25,000 to \$350,000 for losses caused by covered machinery breakdown (e.g., motors, steam turbines, digesters, co-gen engines). Damages to the equipment, as well as damages to other property and improvements caused by the machinery breakdown, are covered by the Boiler & Machinery Insurance. This program augments the Sanitation District's All-Risk Property Insurance that covers perils such as fire and flood.

4) **Earthquake Insurance**

The Sanitation District previously carried earthquake insurance as part of its Property Insurance, but in the last 15 years earthquake insurance proved difficult to obtain or not cost-effective. The Sanitation District asked its insurance broker each year to survey the market to see if rates have changed. Finally, in 2015 a plan was created to insure several key Sanitation District structures identified by Engineering, thus keeping the cost in line. The insurance is a high deductible plan with a limit of \$25 million dollars in total.

RELEVANT STANDARDS

- Protect Orange County Sanitation District assets

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Alliant Insurance Services Presentation



BOARD OF DIRECTORS MEETING

2020-21 Operational
Insurance Renewals

Presented by:

Dennis Mulqueeney
Senior Vice President

April 22, 2020

Contents

Objectives:

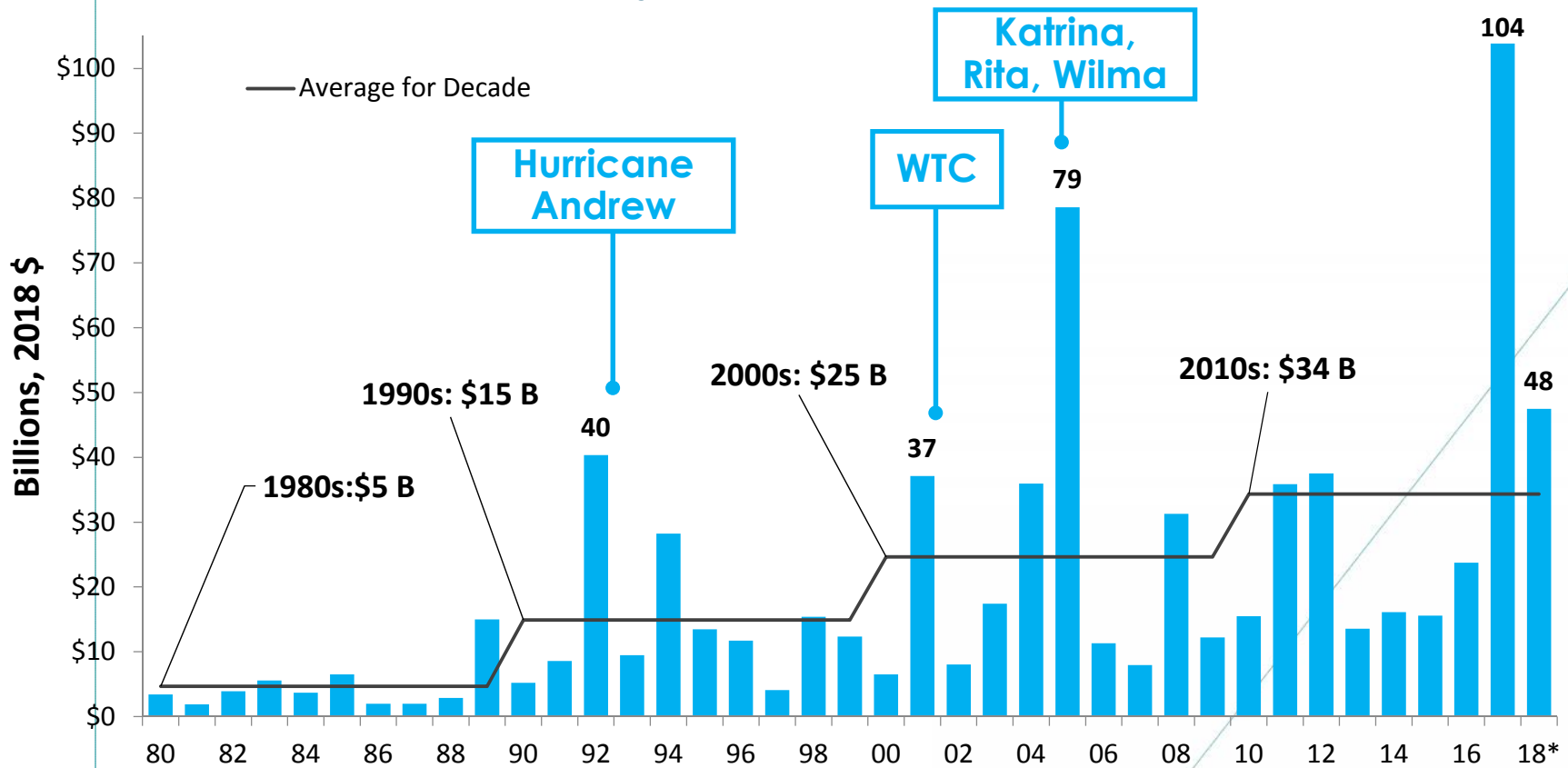
- Insurance Industry Highlights
- Key Concerns of Commercial Insurers
- OCSD Program
 - General Liability
 - Workers Compensation
 - Property
- Renewal Expectations
- Addressing OCSD Concerns

Insurance Industry Highlights

While Global insured losses from catastrophes in 2019 are estimated to be \$56 billion, which is down sharply from \$93 billion in 2018 and was well below the annual average of \$75 billion over the previous 10 years, and policy holder surplus (equity) is very strong on a historical basis...The industry has **significant concerns** going forward which is contributing to a very hard insurance market:

- Insurers' combined ratio **deteriorated** to 98.0% for the 3rd Qtr 2019 from 97.5% in the prior-year period.
- Private U.S. property/casualty insurers' **net income slipped** 0.2% to \$49.5 billion during the first 9 mos. of 2019.
- COVID-19 – Causing significant uncertainty
- Catastrophic Losses have **not been adequately priced for** based on standard industry models :
 - **Property:** Weather extremes, hurricane, wildfires, earthquake, **sea level rise**, pandemic
 - **Liability:** Social inflation (i.e. runaway jury awards)
 - **General:** Investment Earnings. Economic meltdown
- Potential Federal regulation of the industry. “PRIA”, or worse...?

U.S. Inflation-Adjusted Insured Cat Losses



2018 – Third worst year for U.S. Insured Catastrophe Losses. Average Insured Loss per Year for 1980-2018 is \$19.3 B.

*2018: Inflation-adjusted estimate, subject to change. 2010s is average of 2010 to 2018. All losses are Direct. Sources: Property Claims Service, a Verisk Analytics business; Insurance Information Institute.



Wildfires



On average, more than 100,000 wildfires, also called wildland fires or forest fires, clear 4 million to 5 million acres of land in the U.S. every year. In recent years, wildfires have burned up to 9 million acres of land. Massive recent fires in Brazil and Australia continue the trend...

Hurricanes

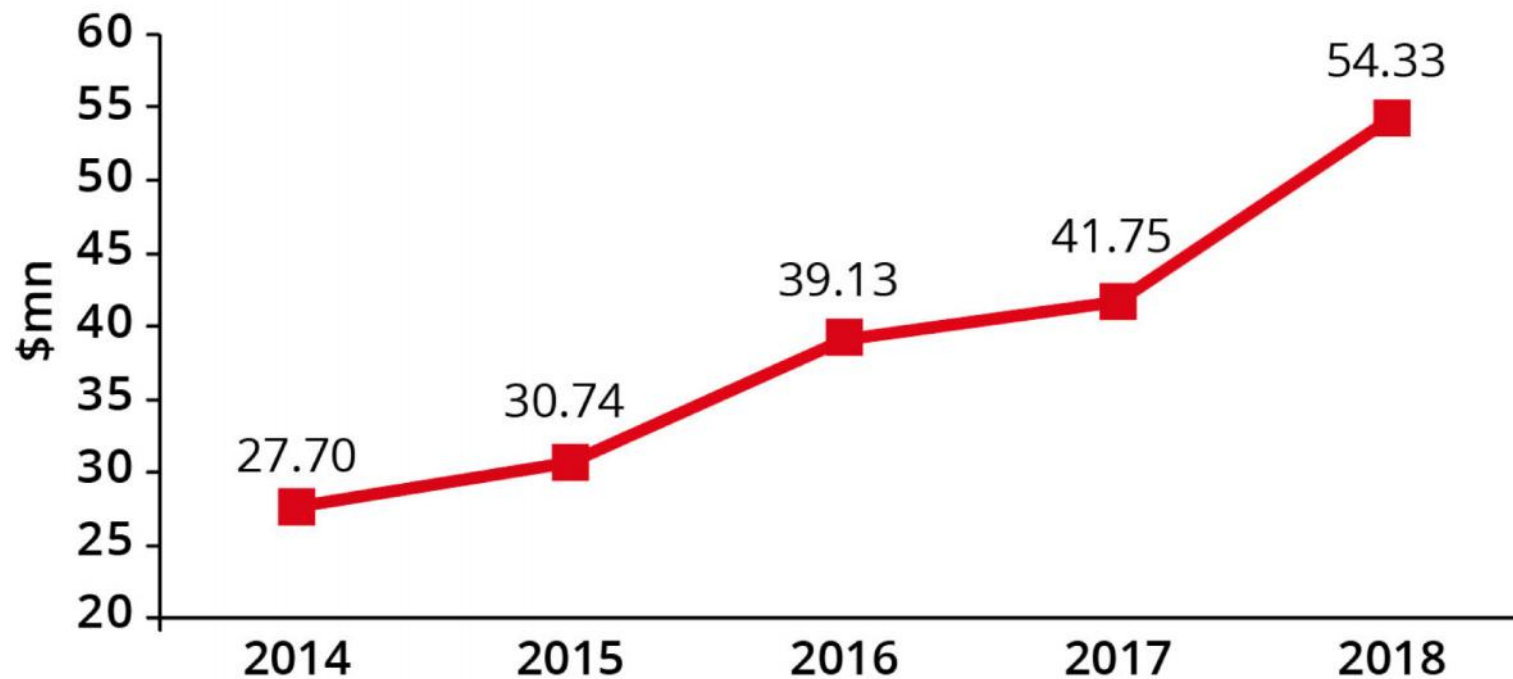
Potential threats from hurricanes include powerful winds, heavy rainfall, storm surges, coastal and inland flooding, rip currents, tornadoes, and landslides.



**Hurricane Dorian
affecting Bahamas & Eastern Seaboard
September 2019**

Social Inflation

Median average – top 50 US verdicts



Source: *Shaub, Ahmuty, Citrin & Spratt*

RANSOMWARE

HOW TO KEEP YOUR DATA SAFE

RANSOMWARE IS A MALICIOUS SOFTWARE THAT ATTACKS USERS FILES AND DATA, ENCRYPTING IT WITH A SECRET KEY, AND FORCING THE USER TO PAY A RANSOM.



The ransomware virus is usually disguised as an attachment or link. It can come from visiting unsafe, suspicious websites, clicking on malicious content or applications.



EVOLVING: Ransomware

The ransomware attacks on public entities in Texas, Florida, Maryland, Georgia and elsewhere this year have raised questions not only about paying ransoms but also about the role of insurance in helping these targets get back to serving the public.

The FBI says organizations should never pay ransom and, for the most part, local and state governments hit by ransomware attacks this year appear to have adhered to that policy. According to Barracuda, only three of the 55 government entities attacked this year paid ransoms.

Overview of OCSD's Insurance Program

- General (Public Entity) Liability
- Property (“Fire”, etc.)
 - Earthquake
 - Boiler & Machinery
- Workers’ Compensation
- Miscellaneous Lines
 - Pollution
 - Cyber Liability
 - Marine

Public Entity

General Liability

- Coverage for damages to ***third parties*** arising out of District negligence. Includes:
 - General Liability
 - Automobile Liability
 - Public Entity Errors and Omissions
 - Professional Liability
 - Public Officials (Directors and Officers) Liability
 - Employment Practices Liability

All coverage provided on an “Occurrence” Basis

Public Entity Liability

Policy Limits and Retentions

- Limit
 - \$40MM - Per Occurrence and in the Annual Aggregate for General Liability, Automobile Liability, Errors and Omissions, Public Officials Liability and Employment Practices Liability
- Retention
 - \$500,000 – all claims**
- Expiring Premium: \$ 515,371

Property Insurance

Overview

▪ Total Insurable Value:	\$2,173,424,381
▪ Policy Limit:	\$1,000,000,000
▪ Key Sublimits	
▪ Boiler & Machinery:	\$100,000,000
▪ Business Interruption:	\$100,000,000
▪ Flood Zones A&V:	\$150,000,000
▪ Flood All Other Zones:	\$300,000,000
▪ Course of Construction:	\$50,000,000
▪ Terrorism	\$500,000,000
▪ Deductible:	\$500,000
▪ Expiring Premium	\$805,344

Earthquake Overview

- Current Coverage
 - Coverage for key buildings located at both Plants 1 and 2
 - Values \$105,392,597
 - Coverage up to \$25,000,000
 - Expiring Premium: \$86,585
 - Deductible 5%/\$5MM Minimum

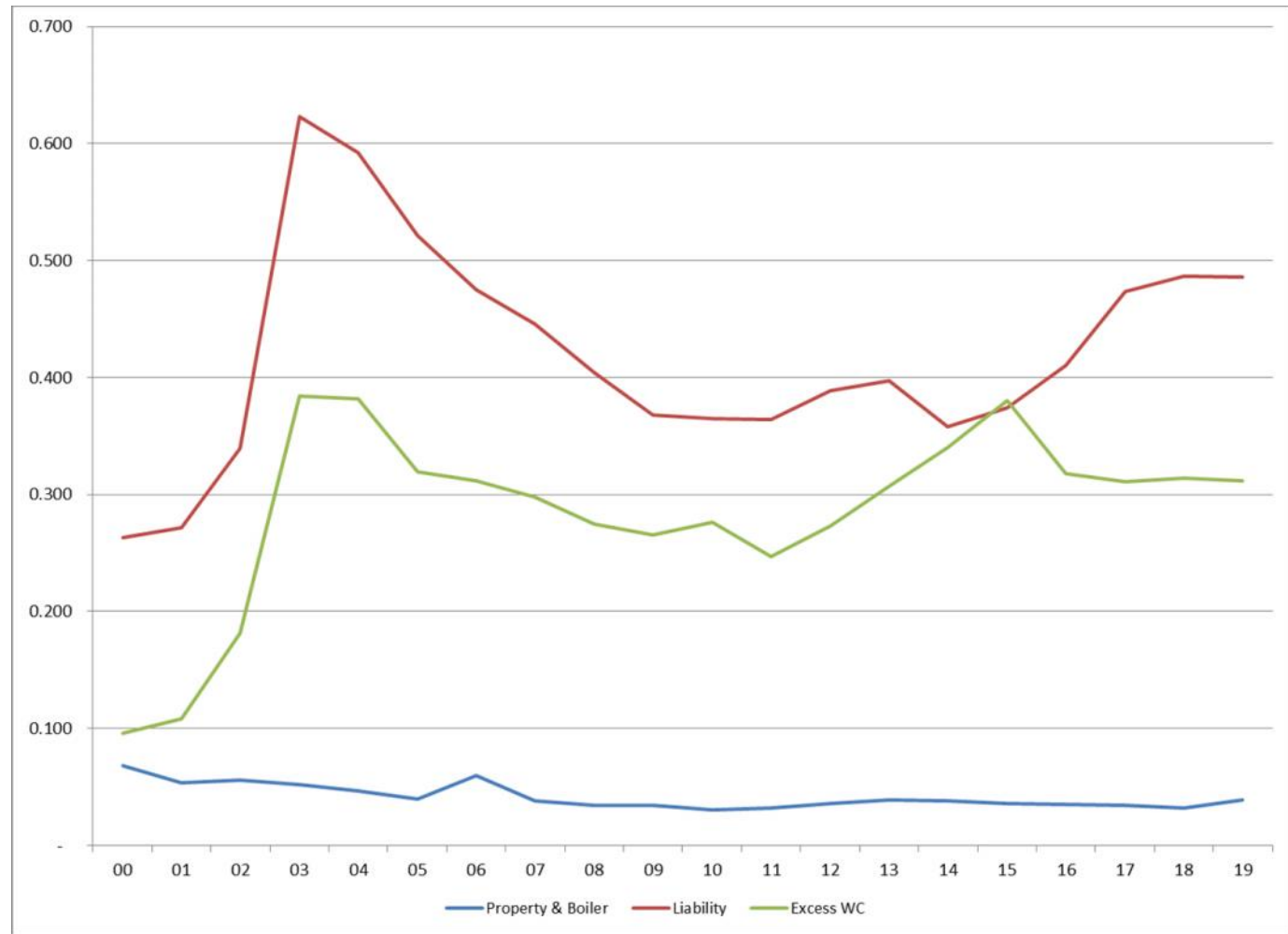


Excess Workers' Compensation

- Coverage for injuries to employees while in the course and scope of employment
 - Limits Statutory
 - Retention \$1,000,000
 - Payroll \$69,871,030
 - Expiring Premium \$217,762



Historical Rates



Renewal Strategy

- Key directives from OCSD
 - Market the Major Lines of Coverage in a strategic fashion
 - Provide Renewal With Existing Options at Various Retentions
 - Investigate membership in CSRMA
 - Remain Committed to EIA Excess Workers Compensation Program

Addressing Committee Questions

- Alternate SIRS –
- Claims History – actuarial work
 - Insurance is designed to cover unlikely, but financially difficult events – relative to financial strength/size of the buyer ... cannot predict the future...
- Marketing process
 - General Liability – 3 incumbent carriers – will approach over 10
 - Property - 17 incumbent carriers – will approach over 30
 - Workers' Comp – Stay with EIA, new rating plan working in District's favor
 - CSRMA considering OCSD as a member.
- Cyber Liability
 - An important consideration this year. Currently buy in Alliant group purchase program, extremely cost effective, but potentially short on limits of coverage. Will obtain options for consideration

2020 Renewal Expectations

At *expiring* limits and deductible structure...

Generally, conservative numbers are delivered, but these may **not be** conservative enough in the current environment

Excess Liability	2019	2020	Dollar Change	% Change
Limit	40,000,000	40,000,000	-	0%
SIR	500k/500k	500k/500k	-	0%
1st XS	337,271	370,998	33,727	10%
2nd XS	141,400	169,680	28,280	20%
3rd XS	36,700	44,040	7,340	20%
Premium	515,371	584,718	69,347	13%
Excess Workers' Comp				
Payroll	69,871,030	73,639,437	3,768,407	5%
Limit	Statutory	Statutory	-	-
Rate Per \$100	0.3117	0.2811	(0.031)	-10%
SIR	1,000,000	1,000,000	-	0%
Premium	217,762	207,000	(10,762)	-4.9%
Property (incl. B&M)				
Values	2,173,424,381	2,282,095,600	108,671,219	5.0%
Deductible	500,000	500,000	-	0%
Rate Per \$100	0.03705	0.04446	0	20%
Premium	805,344	1,014,733	209,389	26%
Earthquake				
Values	105,392,597	105,392,597	-	0%
Rate Per \$100	0.0822	0.0883	0	7.5%
Deductibles	5% \$5MM Min	5% \$5MM Min	-	0%
Premium	86,585	93,079	6,494	7.5%
Total Premium	1,625,062	1,899,530	274,468	16.9%



QUESTIONS?

THANK YOU!

Alliant



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

BOARD OF DIRECTORS

Agenda Report

File #: 2020-1015

Agenda Date: 4/22/2020

Agenda Item No: 20.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

FY 2020-21 AND FY 2021-22 OPERATING BUDGET UPDATE

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Information Item.

BACKGROUND

Discussion of the Orange County Sanitation District (Sanitation District) FY 2020-21 and FY 2021-22 Budget was initiated at the February 19, 2020 Administration Committee meeting. During this process, staff provides presentations to the Administration and Operations Committees focusing on various areas of the budget. Additional materials are provided to further this discussion (see attached). Included in the materials are line-item expenditure details for the Operating Budget. Staff will make a brief presentation at the Board meeting.

The 2-Year Budget, effective July 1 of this year, will be presented for adoption at the June 24, 2020 Board meeting.

RELEVANT STANDARDS

- Produce Operating and CIP budgets every two years with annual update

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- FY 2020-21 and FY 2021-22 Budget - Expenditure PowerPoint
- FY 2020-21 and FY 2021-22 Budget - Expenditure Summary
- FY 2020-21 and FY 2021-22 Budget - Additional Detail

2020-21 and 2021-22 Budget Development - Expense Summary
(In Millions)

Description	2019-20 Budget	2019-20 Projected	2020-21 Proposed	2021-22 Proposed
1 Salaries, Wages & Benefits	\$ 98.4	\$ 95.8	\$ 102.1	\$ 107.3
2 Repairs & Maintenance	23.5	24.2	28.4	24.2
3 Contractual Services	22.0	21.2	19.2	19.4
4 Operating Materials & Supplies	21.0	20.0	21.5	21.3
5 Utilities	9.3	8.5	8.4	8.4
6 Professional Services	5.6	4.3	5.7	5.8
7 Other Operating Supplies	4.3	3.3	4.7	4.7
8 Administrative Expenses	2.0	1.9	2.0	1.9
9 Research & Monitoring	1.1	1.2	1.3	1.4
10 Training & Meetings	1.1	0.8	1.1	1.0
11 Printing & Publication	0.3	0.3	0.4	0.4
12 Cost Allocation	(20.4)	(20.1)	(20.9)	(21.7)
Net Operating Requirements	\$ 168.2	\$ 161.4	\$ 173.9	\$ 174.1

**2020-21 and 2021-22 BUDGET DEVELOPMENT – ADDITIONAL DETAIL
(In Millions)**

	<u>Proposed 2020-21</u>	<u>Proposed 2021-22</u>
1) SALARIES, WAGES & BENEFITS	\$102.1	\$107.3
1a) Salaries & Wages	\$74.6	\$78.3

Salaries for 640 full-time equivalent (FTE) positions have been approved in the current budget and is unchanged in the proposed budgets. The increase is attributable to step advancements and planned salary increases per bargaining agreements. The Vacancy Factor was set at 3 percent based on trend information.

1b) Leave Payoffs	\$2.4	\$2.5
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Leave Payoffs for retirements are anticipated to be in line with recent history reflecting retirements of long-term employees.

1c) Overtime	\$2.3	\$2.4
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Overtime is proposed to remain relatively flat in FY 2020-2021 and FY 2021-22. Of the total proposed, \$2.2 million is budgeted in Operations and Maintenance primarily for required overtime as the plants are in operation 24/7 (vacation, sick, shift overlap), emergencies, unscheduled maintenance, backlog, and off-shift construction support. The remaining is budgeted in other divisions and has remained essentially the same.

1d) Orange County Emp. Ret. System	\$11.6	\$12.2
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District employees are members of the Orange County Employees' Retirement System (OCERS). The employer's required contribution rates slightly increased this year after remaining relatively flat following the payoff of the District's unfunded actuarial accrued liability beginning in the fall of 2015 and again in 2019.

1e) Group Insurance	\$9.7	\$10.3
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Includes Medical, Dental, Vision, Life Insurance, Medicare, and Disability. The proposed group insurance budget approximates \$16,000 per employee (642 proposed full-time equivalent positions).

1f) Benefits, Other	\$1.5	\$1.6
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Includes Workers' Compensation, Tuition Reimbursement, Development Pay, and Uniform Rental. Workers' Compensation (\$0.6 million in FY 2020-21 and \$0.7 million in FY 2021-22) is used to maintain the level of accumulated reserves within the Workers' Compensation self-insurance funds. The Development Pay Program (\$540,000) is intended to promote employee efforts that increase job knowledge, skills, and abilities.

**2020-21 and 2021-22 BUDGET DEVELOPMENT – ADDITIONAL DETAIL
(In Millions)**

	<u>Proposed 2020-21</u>	<u>Proposed 2021-22</u>
2) REPAIRS AND MAINTENANCE	\$28.4	\$24.2
2a) Materials & Services	\$23.9	\$19.6

The material and services budget supports the maintenance of the collection system and the treatment plants. Materials and services for the collections system include street overlays/manhole raising, manhole cover purchases, surveying services, and easement improvements and other materials and services. Collections has a major repair project in each of the budgeted years: FY 2020-21 Bushard Diversion Structure Repair (\$1.1M) and FY 2021-22 Sunflower Trunkline Liner Repairs (\$2.3M). Plant maintenance materials and services include: centrifuge overhaul (\$2.0M), digester cleaning (\$800K), emergency generator maintenance (\$100K), clarifier rehabilitation (\$1.0M), secondary clarifiers repairs (\$1.5M) and inlet gate replacement (\$662K). Lastly, materials and services to maintain the District fleet (\$486K).

The budget for basic scheduled, predictive, and preventive maintenance and emergency maintenance are included in these budgets which are proposed based on historical experience and cost trends.

2b) Service Agreements	\$4.5	\$4.6
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Service contracts are mostly either computer-related or O&M maintenance-related. Major contracts for Information Technology (\$2.7M) include IBM Software Maintenance, Microsoft Enterprise License Agreements, Cisco Smart Net, Maximo support, disaster recovery hardware and software support, Oracle support, and various smaller service agreements. Contractor Support Services in the Operations and Maintenance Department manages all service contracts for the maintenance of the collection system and treatment plants (\$1.7M). These service agreements include crane certification, engine monitoring systems, door and gate maintenance, scale certification, tree trimming, pest control, fire extinguisher and fire sprinkler certification, Uninterruptible Power Supply electrical maintenance, scaffolding, and various other plant maintenance and service maintenance agreements covering various equipment located throughout the District. Additional service maintenance agreements covering various equipment items are budgeted throughout the District.

3) CONTRACTUAL SERVICES	\$19.2	\$19.4
3a) Solids Removal	\$12.4	\$12.4

Biosolids – For FY 2020-210 and FY 2021-22, biosolids production is estimated to be 206,000 wet tons per year. The cost is projected to remain steady during the biennial budget at \$12.4 million. The centrifuges are running at both plants and producing a drier

**2020-21 and 2021-22 BUDGET DEVELOPMENT – ADDITIONAL DETAIL
(In Millions)**

	Proposed	Proposed
	<u>2020-21</u>	<u>2021-22</u>

cake than the belt presses as planned, with %TS increasing from 19.5% to 27%. The drier cake produces a lower volume to be hauled away and hauling costs are remaining steady.

3b) Other Residual Solids and Waste	\$0.9	\$0.9
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The other residual solids and waste category includes disposal costs for grit and screening waste, digester cleaning waste, and hazardous materials. The Grit and Screening budget includes supplying bins to collect then haul and dispose of grit, screenings, and drying bed material to a landfill. The grit is generated from the grit chambers, and the screenings is the material collected off the bar screens. Drying bed material is typically made up of the material cleaned out of pipes in the collection system by District crews and other city crews in the District's service area. The budget for disposal of grit, screenings, and other waste is \$900,000 in FY 2020-21 and FY 2021-22.

3c) Groundskeeping/Janitorial/Security	\$2.3	\$2.3
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The Security Services budget is \$1.6 million based on the level of security services provided to the Sanitation District. The proposed budgets for Groundskeeping and Janitorial Services have remained essentially the same.

3d) County Service Fee	\$0.5	\$0.5
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The County Service Fee is the fee charged by the County of Orange for the inclusion of the District's sanitation fees on the County of Orange Property Tax Bill and for the collection of these fees by the County on behalf of the District.

3e) Oxygen Plant Operations	\$0.3	\$0.3
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The District Oxygen Plant has been decommissioned and currently, the activated sludge plant operates solely with purchased oxygen.

3f) Temporary Services	\$0.4	\$0.4
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Temporary Services are proposed to decrease from \$800,000 in FY 2020-21 and FY 2021-22 from the previously adopted budget year due to reduced need and open positions being filled.

3g) Outside Lab Services	\$0.3	\$0.3
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The District contracts out certain laboratory services that are not cost-efficient to perform in-house. Examples include air quality analyses, oil analyses for transformers and internal combustion engines, contaminants of potential concern, and hi-resolution mass

**2020-21 and 2021-22 BUDGET DEVELOPMENT – ADDITIONAL DETAIL
(In Millions)**

	<u>Proposed</u>	<u>Proposed</u>
	<u>2020-21</u>	<u>2021-22</u>

spectroscopy. As approximately half of OCSD biosolids are reused in Arizona; contracted testing for those biosolids must meet the State of Arizona requirement for analyses to be performed in an Arizona certified laboratory.

3h) Contracted Services, Other	\$2.1	\$2.3
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Approximately 70% of contracted services are in support of operating and maintaining the collection system and the treatment plants. Treatment plant services include Civil Assets Management Project (CAMP)-related support services for industrial cleaning (\$900K), Ocean Outfall Inspection and Cleaning (\$250K) and coatings (\$380K).

4) OPERATING MATERIALS & SUPPLIES	\$21.5	\$21.3
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4a) Chemical Coagulants	\$10.6	\$10.6
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Anionic Polymer – Anionic polymer is added to the primary clarifiers in combination with ferric chloride to enhance primary clarifier performance. Proposed costs will approximate the FY 19-20 Adopted Budget and the projected usage will remain approximately the same at 125,600 pounds. The anionic polymer budget for FY 2020-21 is \$446,000.

Cationic Polymer – Cationic polymer is added to digested sludge prior to dewatering to improve the sludge and water separation process. Cationic polymer is also added to the waste activated sludge dissolved air flotation thickeners (DAFTs) to improve solids coagulation. The cationic polymer budget for FY 2020-21 is \$5.3 million, consistent with the projected amount for FY 2019-20.

Ferric Chloride – Ferric chloride is an iron salt which is used to increase the solids removal efficiencies in the primary treatment process and to control digester hydrogen sulfide. As the amount of ferric chloride is optimized in primary treatment, additional amounts of ferric chloride are added to the digesters to control hydrogen sulfide. The proposed ferric chloride budget for FY 2020-21 is \$3.2 million, consistent with the projected amount for FY 2019-20.

4b) Odor Control	\$6.9	\$7.2
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Sodium Hydroxide (Caustic Soda) – Caustic soda (25%) is used in the foul air scrubbers and in the District’s main trunk lines (50%) tributary to the treatment plants. The total proposed caustic soda budget for FY 2020-21 is \$749,000.

Muriatic Acid – Muriatic Acid (Hydrochloric Acid) is used to backwash the media in the foul air scrubbers, associated piping, and pumps. This cleans deposits caused by hard

**2020-21 and 2021-22 BUDGET DEVELOPMENT – ADDITIONAL DETAIL
(In Millions)**

	Proposed	Proposed
	<u>2020-21</u>	<u>2021-22</u>

water, sulfides from the reaction with the foul air, and caustic soda used in the scrubbing process. Muriatic Acid is also used as a method for cleaning polymer tanks. The proposed budget for FY 2020-21 is \$20,000.

Magnesium Hydroxide, Trunklines – Magnesium hydroxide reduces the formation of hydrogen sulfide in the collection system, which causes odor and corrosion. Contract services include supply, tanks and delivery equipment, operational monitoring, sampling, reporting, and on-going maintenance services for odor control chemical dosing systems within the wastewater collection and conveyance system. The proposed budget for FY 2020-21 is \$2.6 million.

Ferrous Chloride, Trunklines – Ferrous Chloride is used in the trunks to reduce hydrogen sulfide generation. This contract provides supply, tanks and delivery equipment, operational monitoring, sampling, reporting, and on-going maintenance services for odor control chemical dosing systems within the wastewater collection and conveyance system. The previously approved and proposed budget in FY 2020-21 is \$2.6 million.

Calcium Nitrate, Trunklines – Calcium nitrate is a biological approach to controlling odors in wastewater. It provides the naturally occurring bacteria with an alternate source of oxygen which, when metabolized, produces nitrogen gas as a byproduct rather than the sulfides produced by the naturally occurring sources of oxygen. This contract provides supply, tanks and delivery equipment, operational monitoring, sampling, reporting, and on-going maintenance services for odor control chemical dosing systems within the wastewater collection and conveyance system. The FY 2020-21 proposed budget is \$438,000.

Bleach, Treatment Plant Odor Control – Bleach is used in treatment plant odor control scrubbers and has replaced more expensive chemicals. For FY 2020-21, staff proposes a budget of \$392,000, a \$30,000 increase over the previously approved budget. The increase is due to the thickening and dewatering facility being online.

4c) Disinfection	\$0.2	\$0.2
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Sodium Hypochlorite (Bleach) – The treatment plant bleach usage is for disinfection of plant water and the control of filamentous organisms in activated sludge in the secondary treatment process. The proposed budget for FY 2020-21 is \$213,000.

4d) Tools and Safety Equipment / Tools	\$1.7	\$1.2
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O&M uses 74% of these budgets with another 17% budgeted in Risk Management. Costs include various personal protective equipment items required for job safety.

**2020-21 and 2021-22 BUDGET DEVELOPMENT – ADDITIONAL DETAIL
(In Millions)**

	Proposed	Proposed
	<u>2020-21</u>	<u>2021-22</u>

Reflective vests are now required in the working treatment plants and collection system, increasing expenses for safety equipment.

4e) Laboratory Chemicals and Supplies	\$0.7	\$0.7
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Approximately 86% of this budget supports the Environmental Laboratory purchases of glassware, filtration supplies, solvents used for organic extractions, acids and bases used in metals digestion and glassware cleaning, reagents, a variety of standards used in quality assurance of the tests, specialty gases, microbiology supplies and growth media, chromatography columns, test organisms for bioassay, toxicity, and various other laboratory supplies.

4f) Gas, Diesel, and Oil	\$0.6	\$0.6
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Gasoline, compressed natural gas, diesel, and oil are used in the operation of the mobile equipment, within generators and other operating equipment. The future price of gasoline and natural gas are the major impacts to these budgets.

4g) Other	\$0.8	\$0.7
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Other smaller operating expenses are collectively reported within this line item such as janitorial supplies, miscellaneous operating supplies, and property tax fees.

5) UTILITIES	\$8.4	\$8.4
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5a) Power	\$6.1	\$6.1
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Electricity –

The estimated consumption and resulting costs for electrical energy purchased from Southern California Edison for the FY 2020-21 are shown below and total \$5,229,000. This estimate includes normal operations of CenGen and assumes savings for battery utilization at Plant No.1. This budgetary number contains no contingency and excludes the electricity requirements of all outlying pump stations.

**2020-21 and 2021-22 BUDGET DEVELOPMENT – ADDITIONAL DETAIL
(In Millions)**

Proposed Proposed
2020-21 2021-22

Projected costs (FY 19-20)				
	Item	Estimated Consumption	Costs	Proposed Budget Value
55041	Plant No. 1 Energy Charges (kWh)	50,000,000	\$0.06	\$3,000,000
	Plant No. 1 Demand Charges			\$1,050,000
	Plant No. 1 Other Charges			\$400,000
	Total for Plant 1		\$4,450,000	
	Total for Plant 1 (Including FE 17-03)*			\$4,050,000
55042	Plant No. 2 Energy Charges (kWh)	5,200,000	\$0.06	\$312,000
	Plant No. 2 Demand Charges			\$100,000
	Plant No. 2 Fixed Charges			\$170,000
	Total for Plant 2		\$582,000	
55043	Contracts Admin Trailers			\$35,000
55043	Laboratory	3,500,000	\$0.13	\$455,000
55043	Administration Building	710,000	\$0.15	\$106,500
	Total			\$5,228,500

(*) It is assumed \$400k saving due to battery utilization (FE 17-03)

5b) Water **\$1.1** **\$1.1**

Potable Water – The potable water budget includes the water supplied by the City of Fountain Valley for Plant No. 1 and the City of Huntington Beach for Plant No. 2. Approximately 5% of the potable water at Plant No. 1 is used for domestic uses and less than 1% is used for irrigation. Most of the irrigation at both plants uses reclaimed water. Less than 1% of the potable water used at Plant No. 2 is for domestic uses due to the relatively small number of employees at Plant No. 2. The projected expense for FY 2020-21 and FY 2021-22 is \$1.1 million.

5c) Natural Gas **\$0.7** **\$0.7**

For the fiscal year of 2020-21, the estimated natural gas to be purchased from Southern California Gas Company and the gas marketer (i.e., Constellation Energy) for Plants 1 and 2 and the associated costs are shown below:

**2020-21 and 2021-22 BUDGET DEVELOPMENT – ADDITIONAL DETAIL
(In Millions)**

**Proposed Proposed
2020-21 2021-22**

FY 2020-21				
	User	Estimated Consumption (Therm)	Cost (\$ Per Therm)	Total Cost (\$)
55031	Plant No. 1	490,000	\$0.65	\$318,500
55033	Plant No. 1 – Support Buildings	60,000	\$0.80	\$48,000
55032	Plant No. 2	540,000	\$0.65	\$351,000
55033	Plant No. 2 – Support Buildings	14,000	\$0.80	\$11,200
	Total	1,104,000		\$728,700

The total FY 2020-21 gas unit cost is approximating than last year. Central Generation actual gas usage was higher with operation of engines for on peak and mid peak shaving during last summer. The market remains volatile for natural gas price in Southern California and will be monitored.

The “core subscription” is natural gas purchased directly from The Gas Company and used mainly for building heating and supplemental process heating. The natural gas used for Central Generation is purchased from a gas marketer, Constellation Energy, and transported through The Gas Company conveyance system at stipulated cost. The projected prices include the costs that will be paid to both entities.

5d) Telephone **\$0.5** **\$0.5**

Included in this line item is the funding for over 600 landlines and mobile phones for management and field staff, as deemed appropriate.

6) PROFESSIONAL SERVICES **\$5.7** **\$5.8**

6a) Legal Services **\$1.6** **\$1.6**

Legal services are services primarily provided by General Counsel for general legal support. Other specialized legal services from other firms are also included in this budgeted amount.

**2020-21 and 2021-22 BUDGET DEVELOPMENT – ADDITIONAL DETAIL
(In Millions)**

	<u>Proposed 2020-21</u>	<u>Proposed 2021-22</u>
6b) Engineering Services	\$1.0	\$1.0

These services augment technical support for critical projects. In FY 2020-21 requested engineering services include support for corrosion assessment; coatings and cathodic protection; engineering support staffing for civil, mechanical, and instrumentation programs; and support to maintenance projects falling under the purview of the CAMP.

6c) Advocacy Efforts	\$0.2	\$0.2
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These are consultant services for promoting the District's interests in Sacramento and Washington D.C concerning legislation and funding.

6d) Audit and Accounting	\$0.2	\$0.2
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These services represent the cost for the District's independent annual financial audit and contracted internal auditing services.

6e) Software Program Consultant	\$0.3	\$0.3
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These support costs are required to supplement programming staff as new software versions and new programs are implemented and revised; they are also in support of the SCADA/ (supervisory control and data acquisition) system for process monitoring and controlling.

6f) Other	\$2.4	\$2.5
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Professional services also include labor and industrial hygiene services. Collectively reported within the line item, "Other" are various services including succession planning, pre-employment testing, actuarial services, performance management consultant, local sewer service fee rate study, specialized onsite training, strategic outsourcing, development of lock-out – tag-out procedures, stratus environmental groundwater extraction, OCHCA inspections, and grant applications, and an analysis of the business practices of the of maintenance support services.

7) OTHER OPERATING SUPPLIES	\$4.7	\$4.7
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7a) Property & General Liability Insurance	\$1.8	\$1.8
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The District's outside excess general liability insurance coverage is \$40 million with a self- insurance retention of \$500,000. The District's property insurance coverage of \$1 billion for perils other than flood and earthquake, \$300 million for flood, and \$25 million for earthquake is subject to self-insurance retentions of \$250,000 for all perils other than flood and earthquake, \$100,000 for flood, and 5% per structure with a minimum of \$5 million for earthquake.

**2020-21 and 2021-22 BUDGET DEVELOPMENT – ADDITIONAL DETAIL
(In Millions)**

	Proposed	Proposed
	<u>2020-21</u>	<u>2021-22</u>

The proposed appropriation is needed to fund insurance premiums, claims, and maintain the recommended level of reserve within the general liability and property self-insurance fund.

7b) Regulatory Operating Fees	\$1.0	\$1.0
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Payments to the Regional Water Quality Control Board for the National Pollution Discharge Elimination System (NPDES) Permit and to the South Coast Air Quality Management District for permit fees.

7c) Other Operating	\$0.5	\$0.6
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Other material, supplies, and services collectively reported within this line item.

7d) General Manager Contingency	\$0.8	\$0.8
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These funds are centrally budgeted and expended through the direct discretion and approval of the General Manager to support unanticipated District needs or requests of the Board.

7e) Prior year Appropriations	\$0.5	\$0.4
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Since the operating budget lapses at the end of each fiscal year, funds are needed to be set aside for contacts, purchases, commitments, and other legal obligations that have been incurred prior to June 30 in the prior year, but goods or services have not been delivered until after June 30 in the new budget year. (Projected FY 2019-20 budget reflects application of these funds.)

7f) Other Non-Operating	\$0.1	\$0.1
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Other non-operating expenses and obsolete inventory are in this group of expenses.

8) ADMINISTRATIVE EXPENSE	\$2.0	\$1.9
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8a) Small Computer Items	\$0.9	\$1.0
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New Computers/Notebooks/Tablets, printers, monitors, networking equipment, computer peripherals, digital equipment, PDAs, digital cameras, etc.

8b) Memberships	\$0.6	\$0.6
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OCSD's largest membership costs are for District-wide participation in groups such as the National Association of Clean Water, the National Water Research Institute, the Water Environment Research Foundation, the California Association of Sanitation

**2020-21 and 2021-22 BUDGET DEVELOPMENT – ADDITIONAL DETAIL
(In Millions)**

	<u>Proposed 2020-21</u>	<u>Proposed 2021-22</u>
Agencies, the Southern California Alliance of Publicly Owned Treatment Works, the Association of California Water Agencies, and the Center for Demographic Research. A minor portion of these expenses is for staff memberships in professional associations.		

8c) Supplies, Postage & Publications	\$0.1	\$0.1
Office supplies include such items as envelopes, letterhead, notebooks, calendars, etc.		

8d) Other	\$0.4	\$0.2
Other smaller administrative expenses collectively reported within this line item.		

9) RESEARCH AND MONITORING	\$1.3	\$1.4
9a) Environmental Monitoring	\$0.7	\$0.7
The budget line item for “Environmental Monitoring” includes costs associated with the District’s NPDES permit-required ocean monitoring program.		

In addition to the funds needed to conduct the permit-required ocean monitoring program, environmental monitoring also includes operating funds and insurance fees for the District’s ocean monitoring vessel, the M/V Nerissa.

9b) Air Quality Monitoring	\$0.1	\$0.1
Periodic monitoring and analysis of air emissions requires testing from various sources including the central generation facilities, validation of emissions from continuous monitoring equipment, and source testing after CIP installation/modification (i.e. P1 trickling filters, P1 primary basin install and modifications, etc.). Periodically, there is a requirement to test the waste gas flares.		

9c) Other Research	\$0.5	\$0.6
OCSD contributes annually to research organizations such as the Southern California Coastal Water Research Project.		

10) TRAINING AND MEETINGS	\$1.1	\$1.0
10a) Training	\$0.9	\$0.8
This category includes ongoing technical and safety training and materials for staff, required training for computerized plant monitoring, and control systems and training to		

**2020-21 and 2021-22 BUDGET DEVELOPMENT – ADDITIONAL DETAIL
(In Millions)**

	Proposed	Proposed
	<u>2020-21</u>	<u>2021-22</u>

allow for a more adaptive and flexible work force. Cost savings have been achieved in part through increased use of on-line training.

10b) Meetings	\$0.2	\$0.2
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The General Manager has reviewed all meeting request budgets for necessity, duplication, and redundancy and has limited this amount to a responsible level.

11) PRINTING AND PUBLISHING	\$0.4	\$0.4
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11a) In-House Publishing	\$0.2	\$0.2
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Although the budget provides for some outside reproduction, most OCSD printing activities are completed In-house, reflecting an expanded management information system and administrative requirements, as well as continuing demand by the public and regulatory agencies for information. These activities including printing of District maps, brochures, Board reports and agenda items, budget materials, etc.

11b) Other	\$0.2	\$0.2
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Includes outside printing and publishing expenses and notices and ads.

12) COST ALLOCATION	(\$20.9)	(\$21.7)
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This represents direct and indirect labor, benefits, materials, and services charged to the Capital Improvement Program (CIP) where the related work was performed.



Proposed FY 2020-21 and FY 2021-22 Operating Budget

Wally Ritchie, Controller
April 22, 2020



OVERVIEW



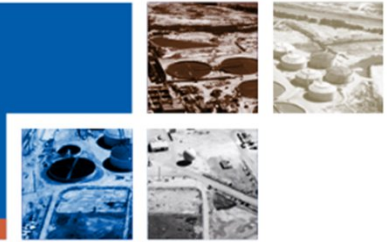
2020-21 and 2021-22 Budget Development - Expense Summary

(In Millions)

Description	2019-20 Budget	2020-21 Proposed	% Change	2021-22 Proposed	% Change
1 Salaries, Wages & Benefits	\$ 98.4	\$ 102.1	3.8%	\$ 107.3	5.1%
2 Repairs & Maintenance	23.5	28.4	20.9%	24.2	-14.8%
3 Contractual Services	22.0	19.2	-12.7%	19.4	1.0%
4 Operating Materials & Supplies	21.0	21.5	2.4%	21.3	-0.9%
5 Utilities	9.3	8.4	-9.7%	8.4	0.0%
6 Professional Services	5.6	5.7	1.8%	5.8	1.8%
Other	8.8	9.5	8.0%	9.4	-1.1%
Total Non-Salary	90.2	92.7	2.8%	88.5	-4.5%
Total Before Allocation	188.6	194.8	3.3%	195.8	0.5%
Cost Allocation	(20.4)	(20.9)	2.5%	(21.7)	3.8%
Net Operating Requirements	\$ 168.2	\$ 173.9	3.4%	\$ 174.1	0.1%



SALARIES, WAGES AND BENEFITS



Budgeted	Proposed	Proposed
19-20	19-20	19-20
\$ 98.4	\$ 102.1	\$ 107.3

Salaries, Wages & Benefits

- Salaries
- Retirement
- Group Insurance
- Other



REPAIRS AND MAINTENANCE



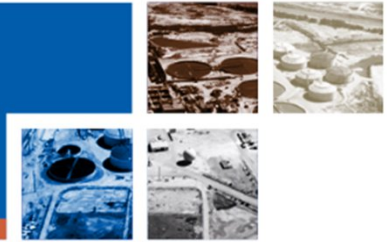
Repairs & Maintenance

- Materials & Services
- Service Agreements

	Budgeted 19-20	Proposed 19-20	Proposed 19-20
	\$ 23.5	\$ 28.4	\$ 24.2



CONTRACTUAL SERVICES



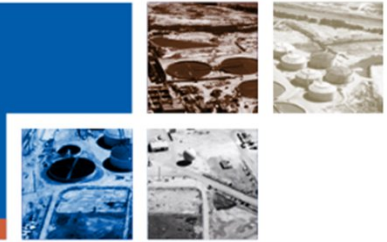
Contractual Services

- Solids Removal
- Grounds, Janitorial, Security
- County Service Fee
- Temporary Services
- Outside Lab Services
- Contracted Services, Other

Budgeted 19-20	Proposed 19-20	Proposed 19-20
\$ 22.0	\$ 19.2	\$ 19.4



OPERATING MATERIALS AND SUPPLIES



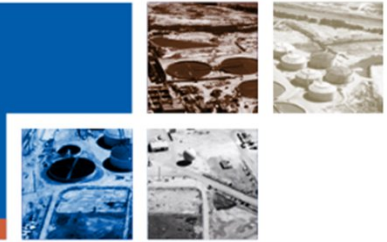
Operating Materials & Supplies

- Chemical Coagulants
- Odor Control
- Tools & Safety Equipment
- Gas, Diesel & Oil

Budgeted	Proposed	Proposed
19-20	19-20	19-20
\$ 21.0	\$ 21.5	\$ 21.3



UTILITIES



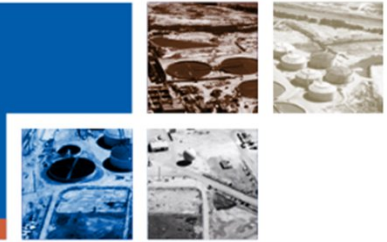
Utilities

- Power
- Water
- Natural Gas
- Telephone

Budgeted 19-20	Proposed 19-20	Proposed 19-20
\$ 9.3	\$ 8.4	\$ 8.4



PROFESSIONAL SERVICES



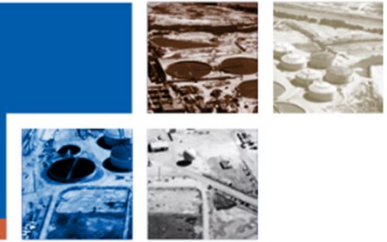
Professional Services

- Legal Services
- Engineering Services
- Advocacy Efforts
- Audit and Accounting
- Software Program Consultant

Budgeted	Proposed	Proposed
19-20	19-20	19-20
\$ 5.6	\$ 5.7	\$ 5.8



OTHER OPERATING SUPPLIES



Other Operating Supplies

- Property & General Liability Insurance
- Regulatory Operating Fees
- General Manager Contingency
- Prior year Appropriations
- Administrative
- Research & Monitoring

Budgeted	Proposed	Proposed
19-20	19-20	19-20
\$ 8.8	\$ 9.5	\$ 9.4



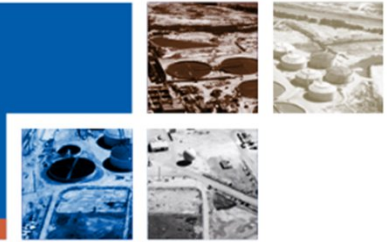
COST ALLOCATION



	Budgeted 19-20	Proposed 19-20	Proposed 19-20
Cost Allocation	(\$ 20.4)	(\$ 20.9)	(\$ 21.7)

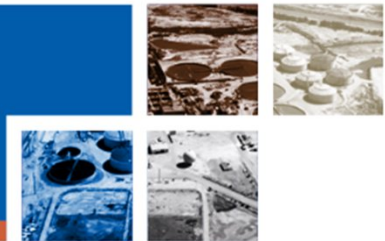


SUMMARY



	Budgeted 19-20	Proposed 19-20	Proposed 19-20
Salaries, Wages & Benefits	\$ 98.4	\$ 102.1	\$ 107.3
Materials, Supplies & Services	90.2	92.7	88.5
<u>Cost Allocation</u>	<u>(20.4)</u>	<u>(20.9)</u>	<u>(21.7)</u>
Net Operating Costs	\$ 168.2	\$ 173.9	\$ 174.1
% Change		3.4%	0.1%





Questions?



ORANGE COUNTY SANITATION DISTRICT COMMON ACRONYMS

ACWA	Association of California Water Agencies	LOS	Level Of Service	RFP	Request For Proposal
APWA	American Public Works Association	MGD	Million Gallons Per Day	RWQCB	Regional Water Quality Control Board
AQMD	Air Quality Management District	MOU	Memorandum of Understanding	SARFPA	Santa Ana River Flood Protection Agency
ASCE	American Society of Civil Engineers	NACWA	National Association of Clean Water Agencies	SARI	Santa Ana River Interceptor
BOD	Biochemical Oxygen Demand	NEPA	National Environmental Policy Act	SARWQCB	Santa Ana Regional Water Quality Control Board
CARB	California Air Resources Board	NGOs	Non-Governmental Organizations	SAWPA	Santa Ana Watershed Project Authority
CASA	California Association of Sanitation Agencies	NPDES	National Pollutant Discharge Elimination System	SCADA	Supervisory Control And Data Acquisition
CCTV	Closed Circuit Television	NWRI	National Water Research Institute	SCAP	Southern California Alliance of Publicly Owned Treatment Works
CEQA	California Environmental Quality Act	O & M	Operations & Maintenance	SCAQMD	South Coast Air Quality Management District
CIP	Capital Improvement Program	OCCOG	Orange County Council of Governments	SOCWA	South Orange County Wastewater Authority
CRWQCB	California Regional Water Quality Control Board	OCHCA	Orange County Health Care Agency	SRF	Clean Water State Revolving Fund
CWA	Clean Water Act	OCSD	Orange County Sanitation District	SSMP	Sewer System Management Plan
CWEA	California Water Environment Association	OCWD	Orange County Water District	SSO	Sanitary Sewer Overflow
EIR	Environmental Impact Report	OOBS	Ocean Outfall Booster Station	SWRCB	State Water Resources Control Board
EMT	Executive Management Team	OSHA	Occupational Safety and Health Administration	TDS	Total Dissolved Solids
EPA	US Environmental Protection Agency	PCSA	Professional Consultant/Construction Services Agreement	TMDL	Total Maximum Daily Load
FOG	Fats, Oils, and Grease	PDSA	Professional Design Services Agreement	TSS	Total Suspended Solids
gpd	gallons per day	PFAS	Per- and Polyfluoroalkyl Substances	WDR	Waste Discharge Requirements
GWRS	Groundwater Replenishment System	PFOA	Perfluorooctanoic Acid	WEF	Water Environment Federation
ICS	Incident Command System	PFOS	Perfluorooctanesulfonic Acid	WERF	Water Environment & Reuse Foundation
IERP	Integrated Emergency Response Plan	POTW	Publicly Owned Treatment Works	WIFIA	Water Infrastructure Finance and Innovation Act
JPA	Joint Powers Authority	ppm	parts per million	WIIN	Water Infrastructure Improvements for the Nation Act
LAFCO	Local Agency Formation Commission	PSA	Professional Services Agreement	WRDA	Water Resources Development Act

ORANGE COUNTY SANITATION DISTRICT GLOSSARY OF TERMS

ACTIVATED SLUDGE PROCESS – A secondary biological wastewater treatment process where bacteria reproduce at a high rate with the introduction of excess air or oxygen and consume dissolved nutrients in the wastewater.

BENTHOS – The community of organisms, such as sea stars, worms, and shrimp, which live on, in, or near the seabed, also known as the benthic zone.

BIOCHEMICAL OXYGEN DEMAND (BOD) – The amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

BIOGAS – A gas that is produced by the action of anaerobic bacteria on organic waste matter in a digester tank that can be used as a fuel.

BIOSOLIDS – Biosolids are nutrient rich organic and highly treated solid materials produced by the wastewater treatment process. This high-quality product can be recycled as a soil amendment on farmland or further processed as an earth-like product for commercial and home gardens to improve and maintain fertile soil and stimulate plant growth.

CAPITAL IMPROVEMENT PROGRAM (CIP) – Projects for repair, rehabilitation, and replacement of assets. Also includes treatment improvements, additional capacity, and projects for the support facilities.

COLIFORM BACTERIA – A group of bacteria found in the intestines of humans and other animals, but also occasionally found elsewhere, used as indicators of sewage pollution. E. coli are the most common bacteria in wastewater.

COLLECTIONS SYSTEM – In wastewater, it is the system of typically underground pipes that receive and convey sanitary wastewater or storm water.

CERTIFICATE OF PARTICIPATION (COP) – A type of financing where an investor purchases a share of the lease revenues of a program rather than the bond being secured by those revenues.

CONTAMINANTS OF POTENTIAL CONCERN (CPC) – Pharmaceuticals, hormones, and other organic wastewater contaminants.

DILUTION TO THRESHOLD (D/T) – The dilution at which the majority of people detect the odor becomes the D/T for that air sample.

GREENHOUSE GASES (GHG) – In the order of relative abundance water vapor, carbon dioxide, methane, nitrous oxide, and ozone gases that are considered the cause of global warming (“greenhouse effect”).

GROUNDWATER REPLENISHMENT SYSTEM (GWRS) – A joint water reclamation project that proactively responds to Southern California’s current and future water needs. This joint project between the Orange County Water District and OCSD provides 70 million gallons per day of drinking quality water to replenish the local groundwater supply.

LEVEL OF SERVICE (LOS) – Goals to support environmental and public expectations for performance.

N-NITROSODIMETHYLAMINE (NDMA) – A N-nitrosamine suspected cancer-causing agent. It has been found in the GWRS process and is eliminated using hydrogen peroxide with extra ultra-violet treatment.

NATIONAL BIOSOLIDS PARTNERSHIP (NBP) – An alliance of the NACWA and WEF, with advisory support from the EPA. NBP is committed to developing and advancing environmentally sound and sustainable biosolids management practices that go beyond regulatory compliance and promote public participation to enhance the credibility of local agency biosolids programs and improved communications that lead to public acceptance.

PER- AND POLYFLUOROALKYL SUBSTANCES (PFAS) – A large group (over 6,000) of human-made compounds that are resistant to heat, water, and oil and used for a variety of applications including firefighting foam, stain and water-resistant clothing, cosmetics, and food packaging. Two PFAS compounds, perfluorooctanesulfonic acid (PFOS) and perfluorooctanoic acid (PFOA) have been the focus of increasing regulatory scrutiny in drinking water and may result in adverse health effects including developmental effects to fetuses during pregnancy, cancer, liver damage, immunosuppression, thyroid effects, and other effects.

PERFLUOROCTANOIC ACID (PFOA) – An ingredient for several industrial applications including carpeting, upholstery, apparel, floor wax, textiles, sealants, food packaging, and cookware (Teflon).

PERFLUOROCTANESULFONIC ACID (PFOS) – A key ingredient in Scotchgard, a fabric protector made by 3M, and used in numerous stain repellents.

PLUME – A visible or measurable concentration of discharge from a stationary source or fixed facility.

PUBLICLY OWNED TREATMENT WORKS (POTW) – A municipal wastewater treatment plant.

SANTA ANA RIVER INTERCEPTOR (SARI) LINE – A regional brine line designed to convey 30 million gallons per day of non-reclaimable wastewater from the upper Santa Ana River basin to the ocean for disposal, after treatment.

SANITARY SEWER – Separate sewer systems specifically for the carrying of domestic and industrial wastewater.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT (SCAQMD) – Regional regulatory agency that develops plans and regulations designed to achieve public health standards by reducing emissions from business and industry.

SECONDARY TREATMENT – Biological wastewater treatment, particularly the activated sludge process, where bacteria and other microorganisms consume dissolved nutrients in wastewater.

SLUDGE – Untreated solid material created by the treatment of wastewater.

TOTAL SUSPENDED SOLIDS (TSS) – The amount of solids floating and in suspension in wastewater.

ORANGE COUNTY SANITATION DISTRICT GLOSSARY OF TERMS

TRICKLING FILTER – A biological secondary treatment process in which bacteria and other microorganisms, growing as slime on the surface of rocks or plastic media, consume nutrients in wastewater as it trickles over them.

URBAN RUNOFF – Water from city streets and domestic properties that carry pollutants into the storm drains, rivers, lakes, and oceans.

WASTEWATER – Any water that enters the sanitary sewer.

WATERSHED – A land area from which water drains to a particular water body. OCSD's service area is in the Santa Ana River Watershed.