

January 18, 2023

TO: Chairman and Members of the Board of Directors

FROM: James D. Herberg, General Manager

SUBJECT: General Manager's FY 2022-2023 Work Plan Mid-Year Update

I am pleased to present the mid-year update for my Fiscal Year 2022-2023 Work Plan. The Work Plan has 17 individual goals organized under four Strategic Planning categories: Business Principles, Environmental Stewardship, Wastewater Management, and Workplace Environment. At the mid-year point, 6 of the 17 goals have been completed and the remainder are in progress for completion by the end of the fiscal year.

1. Business Principles

- **Rate Study** – In preparation for establishing a new five-year rate program, conduct a five-year rate study to determine customers' fair and equitable share of collection, treatment, and disposal costs. Develop an accurate rate model which ensures full cost recovery and provides support to the Proposition 218 notifications. This comprehensive rate study allocates costs to Flow, Biochemical Oxygen Demand, and Total Suspended Solids for the purpose of billing different customer classes including high flow and high strength dischargers and will be applicable to all fees and charges including annexation fees and urban runoff fees. Study to be completed by December 31, 2022.

UPDATE: COMPLETE. The 2022 Wastewater Rates, Fees, and Charges Study was completed and submitted to the Board of Directors on December 15, 2022 for acceptance.

- **Asset Management Plan** – Create an annual Asset Management Plan documenting the condition for the collection system, treatment plants, and upcoming maintenance or capital projects by December 31, 2022.

UPDATE: COMPLETE. The Asset Management Plan was completed and adopted at the December 15, 2022 Board meeting.

- **Interagency Agreements for Wastewater Service** – Conduct an analysis of consolidated agreements set to expire to determine affected agencies, potential risks, opportunities, and a path moving forward by June 30, 2023.

UPDATE: In Progress. Work is on-going in this area, which includes meetings with the staff of Orange County Water District and Irvine Ranch Water District.

2. Environmental Stewardship

- **Food Waste Treatment** – Continue to meet on a quarterly basis with potential food waste pre-processors on the feasibility of potential food waste process technology and siting logistics. Collaborate with CASA to draft uniform standards for food waste slurry with an update to the Board of Directors by December 31, 2022.

UPDATE: In Progress. Two of the four solids waste management firms that were responsive to OC San's 2019 RFI for food waste hauling have confirmed that they do not plan to meet OC San's food waste slurry specification and dropped out of discussions. The two remaining firms are continuing to meet with OC San each quarter and actively evaluating available food waste process technologies and siting logistics.

- **Urban Runoff Optimization Study** – Advertise for a Request for Proposal for an interagency study among OC San, Orange County Water District, and Orange County Watersheds to study the feasibility of accepting additional dry weather urban runoff and potential stormwater harvesting by October 31, 2022.

UPDATE: COMPLETE. The Urban Runoff Optimization Study, PS 21-06, advertised on September 15, 2022.

- **Energy Resilience** – Investigate energy storage options to build resiliency and offer potential cost savings. Work with the consultant as part of the Energy Master Plan Study and report to the Board of Directors by June 30, 2023.

UPDATE: In Progress. The consultant on the Energy and Digester Gas Master Plan, PS21-04, will be looking at energy storage options during the next several months and will report to the Board of Directors by June 2023.

- **Fleet long-term strategy** – The current fleet of vehicles is aging and will be subject to new regulations that will require a change in the way the fleet is fueled and will require significant new infrastructure facility changes. Staff will prepare a study based on probable adopted requirements outlining fleet procurements and infrastructure changes necessary to meet the new requirements by December 31, 2022.

UPDATE: COMPLETE. Staff has prepared a Fleet Management Strategy based on the most probable adopted regulations and new compliance rules that potentially will require infrastructure facility changes.

- **Headquarters Educational Display** – Develop an educational display for the headquarters building to illustrate OC San's reuse and recycling efforts in support of the environment and public health. Have plan approved and in production by June 30, 2023, for installation by December 2023.

UPDATE: In Progress. Design of the educational display is in progress and on track to be approved by the project team and in production before June 2023. An information item on the proposed display will be presented to the Steering Committee on January 25, 2023.

- **Member Agency Outreach Program** – Develop an outreach program for member agencies regarding inflow and infiltration, FOG, and saltwater issues within their sewer systems. The program will aim to educate, inform, and reduce these elements affecting the local and regional sewer system by June 2023.

UPDATE: COMPLETE. Staff reconvened the regional Sanitary Sewer Waste Discharge Requirements (WDR) workgroup in November 2022 to revamp governance, workgroup mission, and review the 2022 State Water Resources Control Board Sanitary Sewer WDR. OC San will be resuming a prominent leadership role in the renamed OC WDR workgroup in 2023 and beyond. In addition, a Fats, Oils, and Grease (FOG) Member Outreach Toolkit was created and shared with member agencies in October 2022 for distribution to the public within OC San's service area. A letter to agency personnel was also distributed in November 2022 with general instructions on how to address infiltration issues.

- **Industrial Users Award Program** – Develop an award program with the qualifying criteria for an Industrial Users Award Program for consideration by the Board of Directors by December 31, 2022.

UPDATE: COMPLETE. The OC San Pretreatment Honor Roll Program was successfully launched in December 2022. Staff collaborated to develop program elements and outreach materials for industrial dischargers, Board of Directors, and the public. 37 businesses were recognized at the 2022 State of OC San as the inaugural class of OC San's Pretreatment Honor Roll Program of 2022.

3. Wastewater Management

- **Supercritical Water Oxidization** – Complete the commissioning of and begin demonstration of the pilot project by June 30, 2023, subject to regulatory permitting.

UPDATE: In Progress. The pilot unit was fabricated in Indiana and will begin factory testing in early 2023. The South Coast Air Quality Management District permitting process is on-going and the public works site preparation contract has been awarded. Commissioning will most likely be delayed to late summer or early fall.

- **Chemical Sustainability Policy** – Utilize the recently produced Chemical Sustainability Study to perform testing for dosage reduction or chemical substitution and report back to the Board of Directors by June 30, 2023.

UPDATE: In Progress. OC San is finalizing a Chemical Sustainability Study to evaluate risks associated with a plant related chemical shortage and create operating test plans during chemical loss which includes using a chemical substitution. The final report is expected by the end of January 2023.

- **GWRS Final Expansion** – Headworks Modifications at Plant No. 2 for GWRS Final Expansion will be substantially completed by January 2023. OC San will host a celebration to commemorate OC San's achievement of reusing 100 percent of the reclaimable flow upon completion of the Groundwater Replenishment System's Final Expansion. Celebrate the milestone and acknowledge the accomplishment with staff and stakeholders by June 2023.

UPDATE: In Progress. Headworks Modifications at Plant No. 2 for GWRS Final Expansion was substantially completed on December 6, 2022. The accomplishment was recognized by providing staff with a token of appreciation for their involvement in making this effort a reality. A celebratory event is planned for April 2023.

4. Workplace Environment

- **Scanning & Paper Reduction** – Continue implementation of the trusted system in the Contracts, Purchasing, and Finance divisions while incorporating a fully digital processes to reduce the use of paper by June 30, 2023.

UPDATE: In progress. Implementation efforts of the trusted system in the Contracts, Purchasing, and Finance divisions continue with identifying the scanning requirements and scope development. It is anticipated that the Request for Proposal will be issued by June 30, 2023.

- **Emergency Management** – Support countywide emergency preparedness, response, and recovery efforts by partnering with entities, such as the Water Emergency Response Organization of Orange County, Orange County Sheriff's Department, and local fire departments, to plan and continue to conduct two emergency preparedness exercises by June 30, 2023.

UPDATE: In Progress. Staff is planning two emergency response exercises by June 30, 2023. The first exercise, a simulated cyber-attack, will be conducted on May 9. OC San is developing the exercise with support from the Cybersecurity and Infrastructure Security Agency, an operational component of the Department of Homeland Security. The cyber exercise will evaluate both IT response and manual operation of the treatment plants. On May 17, OC San will participate in a multi-agency tsunami exercise, managed by the Orange County Emergency Management Organization. Risk Management is actively involved with exercise development to ensure OC San can effectively evaluate its tsunami response plans and response to the exercise.

- **Warehouse Modernization** – Implement remote warehousing at Plant No. 2 to allow for the demolition of the current warehouse facility for construction of new digesters. Relocate the Plant No. 2 Warehouse staff and inventory to Plant No. 1 by June 2023. Advertise Warehouse Stations and Demolition at Plant No. 2, FE21-05, for construction bids by March 31, 2023.

UPDATE: In Progress. Relocation of Plant No. 2 Warehouse staff and inventory to Plant No. 1 is currently underway with completion anticipated by June 30, 2023. Staff continues to work towards advertising for construction bids for Warehouse Stations and Demolition at Plant No. 2, FE21-05, by March 31, 2023.

- **Centralized Training Program** – Develop a Centralized Training Program with levels of service to be implemented by June 30, 2023.

UPDATE: In Progress. Human Resources is working toward implementing a centralized training program and having responsibility for planning, designing, developing, implementing, and evaluating all training throughout the organization. This will allow for consistency, standardization, and transparency; achievement of economies of scale; and reduced risk by

ensuring compliance requirements are consistently met. The program will be focused on delivering training that is responsive to the needs of the organization and employees, and applicable to OC San initiatives and goals. Staff has incorporated input from OC San management on training activities and analyzing historical training records to facilitate the transition to centralized training, which is targeted for FY 2023-24.