

FY 2025-26 OPERATING BUDGET EXPENSE – ADDITIONAL INFORMATION

(In Millions)

Description	2024-25 Budget	2024-25 Projected	2025-26 Adopted	2025-26 Proposed
Salaries, Wages & Benefits	\$ 124.4	\$ 122.2	\$ 128.9	\$ 129.5
<p>This includes salaries and wages, leave payoffs, overtime, OCERS, group insurance, and other benefits for 663.5 full-time equivalent (FTE) positions in the current budget and 664.5 FTE in the proposed budget.</p> <p>Changes: The increase is attributable to step advancements and planned salary increases per bargaining agreements.</p>				
Repairs & Maintenance	36.3	43.2	35.7	37.6
<p>This includes materials, services, and service agreements.</p> <p>Changes: The increase in projected year end for FY 2024-25 is due to increased need for repairs at Reclamation Plant No. 1. Construction project P1-105 has altered the flows coming through the plant and the available redundancy of equipment, leading to more repairs than anticipated, and in a timely manner.</p>				
Operating Materials & Supplies	31.2	31.1	31.8	32.4
<p>This includes chemical coagulants (anionic polymer, cationic polymer, ferric chloride), odor control (sodium hydroxide, muriatic acid, magnesium hydroxide, ferrous chloride, calcium nitrate, bleach), disinfection, tools and safety equipment, laboratory chemicals and supplies, gas, diesel, oil, and other.</p> <p>Changes: No significant changes are anticipated.</p>				
Contractual Services	23.5	23.2	24.1	23.6
<p>This includes solids removal, other residual solids and waste, groundskeeping, janitorial, security, county service fee, oxygen plant operations, temporary services, and outside lab services.</p> <p>Changes: No significant changes are anticipated.</p>				
Utilities	16.1	14.9	16.4	17.0
<p>This includes power, water, natural gas, and telephone.</p> <p>Changes: Variations are based on consumption of utilities.</p>				
Professional Services	7.9	8.7	7.1	11.3
<p>This includes legal services, engineering services, advocacy efforts, audit and accounting, software program consultants, and other.</p> <p>Changes: The proposed FY 2025-26 budget includes additional expenses for a progressive design build consultant, the easement inventory study, increased legal costs due to the volume and complexity of legal matters, and delays in projects.</p>				
Other	14.9	11.9	16.5	16.0
<p>This includes property & general liability insurance, regulatory operating fees, other operating, general manager contingency, prior year appropriation, other non-operating, small computer items, memberships, supplies, postage & publications, other administrative expenses, environmental monitoring, air quality monitoring, other research, training, meetings, in-house publishing, other printing and publishing.</p> <p>Changes: No significant changes are anticipated.</p>				
Cost Allocation	(21.6)	(25.7)	(22.4)	(22.4)
<p>Changes: Projected year end is higher than budget due to more internal costs being attributed to the CIP program.</p>				

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SALARIES, WAGES & BENEFITS

Salaries & Wages

Salaries for full-time equivalent (FTE) positions with a vacancy factor of 5 percent, based on trend information.

Leave Payoffs

Leave Payoffs for retirements.

Overtime

Overtime is primarily for the reclamation plants that are in operation 24/7 (vacation, sick, shift overlap), emergencies, unscheduled maintenance, backlog, and off-shift construction support.

Orange County Emp. Ret. System

OC San employees are members of the Orange County Employees' Retirement System (OCERS).

Group Insurance

Includes Medical, Dental, Vision, Life Insurance, Medicare, and Disability.

Benefits, Other

Includes Workers' Compensation, Tuition Reimbursement, Development Pay, and Uniform Rental. Workers' Compensation is used to maintain the level of accumulated reserves within the Workers' Compensation self-insurance funds. The Development Pay Program is intended to promote employee efforts that increase job knowledge, skills, and abilities.

REPAIRS AND MAINTENANCE

Materials & Services

Material and services support 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. This also includes basic scheduled, predictive, and preventive maintenance and emergency maintenance.

Service Agreements

Service contracts are mostly either computer-related or O&M maintenance-related. Major contracts for Information Technology 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 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 OC San. Additional service maintenance agreements covering various equipment items are budgeted throughout OC San.

OPERATING MATERIALS & SUPPLIES

Chemical Coagulants

Anionic Polymer – Anionic polymer is added to the primary clarifiers in combination with ferric chloride to enhance primary clarifier performance.

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.

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.

Odor Control

Sodium Hydroxide (Caustic Soda) – Caustic soda (25%) is used in the foul air scrubbers and in OC San's main trunk lines (50%) tributary to the treatment plants.

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 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.

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.

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.

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,

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sampling, reporting, and on-going maintenance services for odor control chemical dosing systems within the wastewater collection and conveyance system.

Bleach, Treatment Plant Odor Control – Bleach is used in treatment plant odor control scrubbers and has replaced more expensive chemicals.

Disinfection

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.

Tools and Safety Equipment / Tools

Various personal protective equipment items required for job safety.

Laboratory Chemicals and Supplies

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.

Gas, Diesel, and Oil

Gasoline, compressed natural gas, diesel, and oil are used in the operation of mobile equipment, within generators and other operating equipment.

Other

Other smaller operating expenses such as janitorial supplies, miscellaneous operating supplies, and property tax fees.

CONTRACTUAL SERVICES

Solids Removal

The biosolids unit cost is mainly driven by the nature of the energy intensive thermal conversion processes (Drying + Pyrolysis).

Other Residual Solids and Waste

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 OC San crews and other city crews in OC San's service area.

Groundskeeping/Janitorial/Security

Security and janitorial services are to support occupied OC San properties. Groundskeeping services are used at all OC San facilities including pump stations.

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County Service Fee

The County Service Fee is the fee charged by the County of Orange for the inclusion of OC San's sanitation fees on the County of Orange Property Tax Bill and for the collection of these fees by the County on behalf of OC San.

Oxygen Plant Operations

OC San's Oxygen Plant has been decommissioned and currently, the activated sludge plant operates solely with purchased oxygen.

Temporary Services

Temporary Services for unexpected vacancies needing immediate support.

Outside Lab Services

OC San 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 spectroscopy. As approximately half of OC San 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.

UTILITIES

Power

Consumption of electrical energy to operate the functions of OC San.

Water

Potable water is 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.

Natural Gas

Natural gas is used for building heating, supplemental process heating, and Central Generation.

Telephone

Over 600 landlines and mobile phones for management and field staff, as deemed appropriate.

PROFESSIONAL SERVICES

Legal Services

Legal services are services primarily provided by General Counsel for general legal support, along with other specialized legal services from other firms.

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Engineering Services

These services augment technical support for critical projects. 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.

Advocacy Efforts

These are consultant services for promoting OC San's interests in Sacramento and Washington D.C concerning legislation and funding.

Audit and Accounting

These services represent the cost for OC San's independent annual financial audit and contracted internal auditing services.

Software Program Consultant

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.

Other

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 audits and studies, groundwater extraction, Orange County Health Care Agency inspections, and grant applications, and an analysis of the business practices of the of maintenance support services.

OTHER

Property & General Liability Insurance

OC San's has the following insurance coverages: outside excess general liability property, flood, and earthquake.

Regulatory Operating Fees

National Pollution Discharge Elimination System (NPDES) Permit and to the South Coast Air Quality Management District for permit fees.

Other Operating

Other material, supplies, and services.

General Manager Contingency

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These funds are centrally budgeted and expended through the direct discretion and approval of the General Manager to support unanticipated OC San needs or requests of the Board.

Prior year Appropriation

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.

Other Non-Operating

Other non-operating expenses and obsolete inventory.

Small Computer Items

New Computers/Notebooks/Tablets, printers, monitors, networking equipment, computer peripherals, digital equipment, PDAs, digital cameras, etc.

Memberships

OC San-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 Agencies, the Southern California Alliance of Publicly Owned Treatment Works, the Association of California Water Agencies, and the Center for Demographic Research, along with individual staff memberships in professional associations.

Supplies, Postage & Publications

Office supplies include such items as envelopes, letterhead, notebooks, calendars, etc.

Other Administrative Expenses

Other smaller administrative expenses.

Environmental Monitoring

OC San's NPDES permit-required ocean monitoring program.

Air Quality Monitoring

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.

Other Research

OC San contributes annually to research organizations such as the Southern California Coastal Water Research Project.

Training

Ongoing technical and safety training and materials for staff, required training for computerized plant monitoring, and control systems and training to allow for a more adaptive and flexible work force.

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Meetings

General meetings for operating.

In-House Publishing

Most OC San printing activities are completed in-house. These activities including printing of OC San maps, brochures, Board reports and agenda items, budget materials, etc.

Other Printing and Publishing

Includes outside printing and publishing expenses and notices and ads.

COST ALLOCATION

This represents direct and indirect labor, benefits, materials, and services charged to the Capital Improvement Program (CIP) where the related work was performed.