



## **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 suspends portions of the Brown Act which addresses the conduct of public meetings. On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which continues the suspension of portions of the Brown Act which addresses the conduct of public meetings through September 30, 2021.

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 via 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 in advance of the meeting by using the eComment feature available via the webpage above or sending them to [OCSanClerk@ocsd.com](mailto:OCSanClerk@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, June 22, 2021.

You may also submit comments and questions for the Board's consideration during the meeting by using the eComment feature that will be available via the webpage above for the duration of the meeting.

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.

June 16, 2021

**NOTICE OF REGULAR MEETING**

**BOARD OF DIRECTORS  
ORANGE COUNTY SANITATION DISTRICT**

**Wednesday, June 23, 2021 – 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, June 23, 2021 at 6:00 p.m.

  
\_\_\_\_\_  
Clerk of the Board

***Upcoming Meetings:***

**GWRS Steering Committee -  
Steering Committee -  
Board Meeting -**

**Monday, July 12, 2021 at 5:00 p.m.  
Wednesday, July 28, 2021 at 5:00 p.m.  
Wednesday, July 28, 2021 at 6:00 p.m.**

*Serving:*

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

## **BOARD MEETING DATES**

June 23, 2021

July 28, 2021

August 25, 2021

September 22, 2021

October 27, 2021

***November 17, 2021 \****

***December 15, 2021 \****

January 26, 2022

February 23, 2022

March 23, 2022

April 27, 2022

May 25, 2022

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

**ORANGE COUNTY SANITATION DISTRICT**  
**BOARD OF DIRECTORS**  
**Complete Roster**

Effective 2/9/2021

<b>AGENCY/CITIES</b>	<b>ACTIVE DIRECTOR</b>	<b>ALTERNATE DIRECTOR</b>
Anaheim	Stephen Faessel	Jose Diaz
Brea	Glenn Parker	Steven Vargas
Buena Park	Art Brown	Connor Traut
Cypress	Stacy Berry	Anne Hertz
Fountain Valley	Patrick Harper	Glenn Grandis
Fullerton	Jesus J. Silva	Nick Dunlap
Garden Grove	Steve Jones	John O'Neill
Huntington Beach	Kim Carr	Dan Kalmick
Irvine	Anthony Kuo	Farrah N. Khan
La Habra	Rose Espinoza	Jose Medrano
La Palma	Marshall Goodman	Nitesh Patel
Los Alamitos	Mark A. Chirco	Ron Bates
Newport Beach	Brad Avery	Joy Brenner
Orange	Kim Nichols	Chip Monaco
Placentia	Chad Wanke	Ward Smith
Santa Ana	Johnathan Ryan Hernandez	Nelida Mendoza
Seal Beach	Sandra Massa-Lavitt	Schelly Sustarsic
Stanton	David Shawver	Carol Warren
Tustin	Ryan Gallagher	Austin Lumbard
Villa Park	Chad Zimmerman	Robert Collacott

**Sanitary/Water Districts**

Costa Mesa Sanitary District	Bob Ooten	Art Perry
Midway City Sanitary District	Andrew Nguyen	Sergio Contreras
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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**BOARD OF DIRECTORS**  
**Regular Meeting Agenda**  
**Wednesday, June 23, 2021 - 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](http://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](mailto: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](mailto:jherberg@ocsd.com) / (714) 593-7300  
Asst. General Manager: Lorenzo Tyner, [lttyner@ocsd.com](mailto:lttyner@ocsd.com) / (714) 593-7550  
Asst. General Manager: Rob Thompson, [rthompson@ocsd.com](mailto:rthompson@ocsd.com) / (714) 593-7310  
Director of Human Resources: Celia Chandler, [cchandler@ocsd.com](mailto:cchandler@ocsd.com) / (714) 593-7202  
Director of Engineering: Kathy Millea, [kmillea@ocsd.com](mailto:kmillea@ocsd.com) / (714) 593-7365  
Director of Environmental Services: Lan Wiborg, [lwiborg@ocsd.com](mailto:lwiborg@ocsd.com) / (714) 593-7450

**CALL TO ORDER**

Board Chairman David Shawver

**INVOCATION AND PLEDGE OF ALLEGIANCE**

Stacy Berry, City of Cypress

**ROLL CALL AND DECLARATION OF QUORUM**

Clerk of the Board

**PUBLIC COMMENTS:**

*Your participation is always welcome. The Board of Directors meeting will be available to the public online at: <https://ocsd.legistar.com/Calendar.aspx>.*

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*You may also submit comments and questions for the Board of Directors consideration during the meeting by using the eComment feature that will be available via the webpage above for the duration of the meeting. 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:****SP-1 EMPLOYEE SERVICE AWARDS - JUNE 2021**

MarcoPolo Velasco, Principal Staff Analyst - 30 years  
Madankumar Patel, Senior Engineer - 20 years

**SP-2 RECOGNITION OF BOARD CHAIRMAN DAVID SHAWVER****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****[2021-1655](#)****RECOMMENDATION:**

Approve Minutes of the Regular Meeting of the Board of Directors held May 26, 2021.

**Originator:** Kelly Lore

**Attachments:** [Agenda Report](#)  
[05-26-2021 Board Meeting Minutes](#)

**2. RESOLUTION NO. OC SAN 21-12 COMMENDING BOARD CHAIRMAN DAVID JOHN SHAWVER** [2021-1645](#)

**RECOMMENDATION:**

Adopt Resolution No. OC SAN 21-12, entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District commending David John Shawver for his outstanding contributions and dedication to public service as Chairman of the Orange County Sanitation District's Board of Directors".

**Originator:** Kelly Lore

**Attachments:** [Agenda Report](#)  
[OC SAN 21-12 Dave Shawver Commendation](#)

**RECEIVE AND FILE:**

**3. COMMITTEE MEETING MINUTES** [2021-1545](#)

**RECOMMENDATION:** Receive and file the following:

- A. Minutes of the Steering Committee Meeting held April 28, 2021
- B. Minutes of the Operations Committee Meeting held May 5, 2021
- C. Minutes of the Administration Committee Meeting held May 12, 2021

**Originator:** Kelly Lore

**Attachments:** [Agenda Report](#)  
[04-28-2021 Steering Committee Minutes](#)  
[05-05-2021 Operations Committee Minutes](#)  
[05-12-2021 Administration Committee Minutes](#)

**4. REPORT OF THE INVESTMENT TRANSACTIONS FOR THE MONTH OF MAY 2021** [2021-1695](#)

**RECOMMENDATION:** Receive and file the following:

Report of the Investment Transactions for the month of May 2021.

**Originator:** Lorenzo Tyner

**Attachments:** [Agenda Report](#)  
[Investment Transactions for the Month of May 2021](#)

**OPERATIONS COMMITTEE:**

5. **COOPERATIVE PROCUREMENT WITH STATE OF CALIFORNIA, DEPARTMENT OF GENERAL SERVICES FOR FUEL PURCHASE PROGRAM** [2021-1690](#)

**RECOMMENDATION:**

- A. Authorize the use of the State of California, Department of General Services Master Service Agreement No. 5-19-99-19 with WEX Bank for Fleet Payment System Services for the period beginning July 1, 2021 through June 30, 2022, for a total not to exceed \$250,000, with four one-year renewal options; and
- B. Approve a \$50,000 (20%) contingency per year.

**Originator:** Rob Thompson

**Attachments:** [Agenda Report](#)

6. **AGREEMENT FOR NATURAL GAS, SPECIFICATION NO. C-2021-1227BD** [2021-1691](#)

**RECOMMENDATION:**

Approve the Master Retail Natural Gas Supply agreement with Constellation NewEnergy - Gas Division, LLC for the purchase of Natural Gas, Specification No. C-2021-1227BD, for the period August 1, 2021 through July 31, 2022 for \$0.035 per Million British Thermal Units (MMBtu) over the Natural Gas Intelligence Weekly Gas Price Index Monthly Bid for the SoCal Citygate for a total estimated annual cost of \$715,000 with four one-year renewal options.

**Originator:** Rob Thompson

**Attachments:** [Agenda Report](#)  
[Master Retail Natural Gas Supply Agreement](#)

7. **MANHOLE FRAME AND COVER REPLACEMENT SERVICES, SPECIFICATION NO. S-2019-1055BD** [2021-1692](#)

**RECOMMENDATION:**

Approve a contingency increase of \$120,433 (approximately 31%) to the Service Contract with Ayala Engineering for Manhole Frame and Cover Replacement Services, Specification No. S-2019-1055BD, for the period November 1, 2020 through October 31, 2021, for a new total contingency amount not to exceed \$178,966 (approximately 46%).

**Originator:** Rob Thompson

**Attachments:** [Agenda Report](#)

**8.     OUTFALL LOW FLOW PUMP STATION, CONTRACT NO. J-117B** [2021-1693](#)RECOMMENDATION:

- A.     Approve a Purchase Order to ConvergeOne for the purchase of IT Hardware (J-117B), Specification No. E-2021-1231BD (Base Bid), for Outfall Low Flow Pump Station, Contract No. J-117B, for a total amount of \$785,482, plus applicable sales tax and freight; and
- B.     Approve an additional Purchase Order to ConvergeOne for the purchase of optional IT hardware items (J-117B), Specification No. E-2021-1234BD (Optional Bid), for Outfall Low Flow Pump Station, Contract No. J-117B, for a total amount not to exceed \$288,328, plus applicable sales tax and freight.

**Originator:**       Kathy Millea

**Attachments:**   [Agenda Report](#)

**ADMINISTRATION COMMITTEE:****9.     FY 2021-22 USE CHARGES FOR THE SANTA ANA WATERSHED PROJECT AUTHORITY** [2021-1709](#)RECOMMENDATION:

Adopt Resolution No. OC SAN 21-10, entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District Establishing Use Charges for the 2021-22 Fiscal Year Pursuant to the Wastewater Treatment and Disposal Agreement with the Santa Ana Watershed Project Authority ("SAWPA")".

**Originator:**       Lorenzo Tyner

**Attachments:**   [Agenda Report](#)  
                      [Resolution No. OC SAN 21-10](#)

**10.    GANN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2021-22** [2021-1710](#)RECOMMENDATION:

Adopt Resolution No. OC SAN 21-11, entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District Establishing the Annual Appropriations Limit for Fiscal Year 2021-22 for the Sanitation District in accordance with the Provisions of Division 9 of Title 1 of the California Government Code".

**Originator:**       Lorenzo Tyner

**Attachments:**   [Agenda Report](#)  
                      [Resolution No. OC SAN 21-11](#)

**11. COMPLETE ELECTRICAL DATA MANAGEMENT SOLUTION** [2021-1711](#)RECOMMENDATION:

- A. Award a Professional Services Agreement to AVO Multi-Amp Corporation dba Megger to provide Electrical Data Management Services, Specification No. CS-2021-1039BD-R, for a total amount not to exceed \$212,255; and
- B. Approve a contingency of \$31,838 (15%).

**Originator:** Lorenzo Tyner

**Attachments:** [Agenda Report](#)  
[CS-2021-1039BD-R Agreement](#)

**12. APPROVE A CONTINGENCY INCREASE TO EXISTING SERVICE CONTRACT FOR HAZARDOUS WASTE DISPOSAL SERVICES** [2021-1712](#)RECOMMENDATION:

Approve an annual contingency increase of \$150,000 (in addition to the original contingency of \$19,200 for a total annual contingency of \$169,200, in addition to the original contract amount of \$192,000) to the Service Contract with Clean Harbors Environmental Services, Inc., Specification No. S-2017-841, for hazardous waste services, for the contract term ending June 30, 2021, and for the contract term ending June 30, 2022.

**Originator:** Celia Chandler

**Attachments:** [Agenda Report](#)

**13. CLASSIFICATION & COMPENSATION STUDIES** [2021-1713](#)RECOMMENDATION:

- A. Approve a Professional Consultant Services Agreement to Gallagher Benefit Services, Inc. (previously Kaneko and Krammer Corp. dba Koff & Associates) to provide Classification and Compensation Services, Specification No. CS-2021-1229BD, for a total amount not to exceed \$243,660; and
- B. Approve a project contingency of \$24,366 (10%).

**Originator:** Celia Chandler

**Attachments:** [Agenda Report](#)  
[CS-2021-1229BD Agreement](#)

**14. 2021-22 PROPERTY - LIABILITY INSURANCE RENEWALS [2021-1715](#)****RECOMMENDATION:**

Approve the Orange County Sanitation District FY 2021-22 Property-Liability Insurance Renewals included in the FY 2021-22 Budget Update for the not-to-exceed amounts specified below:

Property and Boiler & Machinery - Not to Exceed	\$ 1,484,593
Excess General Liability Insurance - Not to Exceed	\$ 906,635
Excess Workers' Compensation Insurance - Not to Exceed	\$ 271,860
Earthquake Insurance - Not to Exceed	\$ 118,166
<b>TOTAL</b>	<b>\$ 2,781,254</b>

Includes Option #2 of the OC San 2021 Year Over Year Premiums Worksheet which is a reduction to the Flood Limit from \$100M to \$25M and an increase in the deductible from \$500,000 to \$1M.

**Originator:** Lorenzo Tyner

**Attachments:** [Agenda Report](#)  
[OC San 2021 Year Over Year Premiums Worksheet](#)

**LEGISLATIVE AND PUBLIC AFFAIRS COMMITTEE:**

None.

**STEERING COMMITTEE:****15. GENERAL MANAGER'S FY 2020-2021 WORK PLAN YEAR-END REPORT [2021-1720](#)****RECOMMENDATION:**

Receive and file the General Manager's FY 2020-2021 Work Plan Year-End Report.

**Originator:** Jim Herberg

**Attachments:** [Agenda Report](#)  
[General Manager's FY 2020-21 Work Plan Year-End Report](#)

**16. INTERIM FOOD WASTE RECEIVING FACILITY, PROJECT NO. P2-124 [2021-1721](#)****RECOMMENDATION:**

- A. Receive and file Bid Tabulation and Recommendation for Interim Food Waste Receiving Facility, Project No P2-124; and
- B. Reject all bids and direct staff to continue efforts to negotiate agreements with food waste pre-processors.

**Originator:** Kathy Millea

**Attachments:** [Agenda Report](#)

**NON-CONSENT:**

**17. PROPOSED FY 2021-22 BUDGET UPDATE**

**[2021-1716](#)**

**RECOMMENDATION:**

Approve the proposed Operating, Capital, Debt Service, and Self-Insurance Budgets for FY 2021-22 as follows:

	<b>FY 2021-22</b>
Net Operating	\$ 183,950,874
Self-Insurance - Workers' Comp.	\$ 841,860
Self-Insurance - Property & Gen. Liability	\$ 2,609,393
Net Capital Improvement Program	\$ 224,560,503
Debt/COP Service(1)	\$ 234,506,355
Intra-District Joint Equity Purchase/Sale(2)	\$ 3,500,000
<b>TOTAL</b>	<b>\$ 649,968,985</b>

(1) Includes \$163,775,355 in maturing and callable debt

(2) Cash to/from Revenue Area 14 (RA14) in exchange for capital assets to/from Consolidated Revenue Area 15 (RA15)

**Originator:** Lorenzo Tyner

**Attachments:** [Agenda Report](#)  
[Presentation - Proposed FY 2021-22 Budget Update](#)  
[Budget Update 2021-2022](#)

**18. PROPOSED ORDINANCE NO. OC SAN-57 UPDATING THE CAPITAL FACILITIES CAPACITY CHARGES ORDINANCE**

**[2021-1714](#)**

**RECOMMENDATION:**

- A. Introduce Ordinance No. OC SAN-57, entitled "An Ordinance of the Board of Directors of the Orange County Sanitation District Amending Requirements for Accessory Dwelling Unit Capital Facilities Capacity Charges, Restating Previously Adopted Charges, and Repealing Ordinance No. OCSD-50 and Ordinance No. OCSD-54";
- B. Motion to read Ordinance No. OC SAN-57 by title only and waive reading of said entire Ordinance on June 23, 2021;
- C. Set July 28, 2021 as the date for the second reading of Ordinance No. OC SAN-57;



- D. Receive and file the Carollo Engineers letter dated June 2, 2021; and
- E. Direct the Clerk of the Board to publish summaries of the Ordinance as required by law.

**Originator:** Lorenzo Tyner

**Attachments:** [Agenda Report](#)  
[OC SAN-57 Redline](#)  
[OC SAN-57 Clean](#)  
[OCSD-54 Amending Ordinance OCSD-50](#)  
[OCSD-50 Capital Facilities Capacity Charges](#)  
[Carollo Engineers Letter Dated 06-02-21](#)

### **INFORMATION ITEMS:**

#### **19. ORANGE COUNTY SANITATION DISTRICT CORE VALUES**

**2021-1700**

##### **RECOMMENDATION:**

Information Only.

**Originator:** Jim Herberg

**Attachments:** [Agenda Report](#)  
[Core Values - Redline](#)  
[Core Values - Clean](#)

### **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:**

*During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chairperson may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government Code Sections 54956.8, 54956.9, 54957 or 54957.6, as noted.*

*Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; (c) employment actions or negotiations with employee representatives; or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information.*

### **CONVENE IN CLOSED SESSION.**

**CS-1 CONFERENCE WITH LEGAL COUNSEL RE EXISTING LITIGATION - [2021-1722](#)  
GOVERNMENT CODE SECTION 54956.9(d)(1)**

RECOMMENDATION: Convene in Closed Session:

Number of Cases: 1

Bayside Village Marina, LLC v. Orange County Sanitation District; Orange County Sanitation District Board of Directors; and Does 1-25, Inclusive, Superior Court of the State of California for the County of Orange - Central Justice Center Case No. 30-2021-01194238-CU-WM-CXC.

**Originator:** Jim Herberg

**Attachments:** [Agenda Report](#)  
[Memo Bayside Village Marina Litigation](#)

**RECONVENE IN REGULAR SESSION.**

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

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

**BOARD OF DIRECTORS INITIATED ITEMS FOR A FUTURE MEETING:**

At this time Directors 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 July 28, 2021 at 6:00 p.m.



# BOARD OF DIRECTORS

## Agenda Report

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

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**File #:** 2021-1655

**Agenda Date:** 6/23/2021

**Agenda Item No:** 1.

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**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 May 26, 2021.

### 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. OC SAN 21-04

### ATTACHMENT

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- Minutes of the Board of Directors meeting held May 26, 2021

**ORANGE COUNTY SANITATION DISTRICT  
BOARD OF DIRECTORS**

**AND**

**ORANGE COUNTY SANITATION DISTRICT  
FINANCING CORPORATION  
BOARD OF DIRECTORS**

**MINUTES**

**MAY 26, 2021**



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

**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 May 26, 2021 at 6:00 p.m. in the Administration Building. Director Art Brown led the Pledge of Allegiance. Chair Shawver announced that the meeting was being held telephonically and via audio/video teleconferencing in accordance with the Governor's Executive Order No. N-29-20, due to the Coronavirus Pandemic (COVID-19). Chair Shawver announced the meeting guidelines.

**ROLL CALL AND DECLARATION OF QUORUM**

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

**PRESENT:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Johnathan Ryan Hernandez, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**ABSENT:** None

**STAFF MEMBERS PRESENT:** Kelly Lore, Clerk of the Board, and Joshua Martinez were present in the Board Room. General Manager Jim Herberg, Assistant General Manager Lorenzo Tyner, Assistant General Manager Rob Thompson, Director of Engineering Kathy Millea, Director of Environmental Services Lan Wiborg, Director of Human Resources Celia Chandler, Jennifer Cabral, Tanya Chong, Daisy Covarrubias, Raul Cuellar, Brian Engeln, Tina Knapp, and Wally Ritchie participated telephonically.

**OTHERS PRESENT:** Brad Hogin (General Counsel) was present in the Board Room.

**PUBLIC COMMENTS:**

Clerk of the Board Kelly Lore read 19 public comments into the record in regard to Item No. 24. Ms. Lore also stated that she received late communication from General Manager Herberg that Closed Session Item No. CS-1 would not be heard this evening.

**SPECIAL PRESENTATIONS:**

None.

**REPORTS:**

Chair Shawver reported on the Strategic Plan update on tonight's agenda. He also reminded the Board Members that they would be receiving their talking points for use at their agencies.

General Manager Herberg provided information regarding an incident on the 405 freeway where a contractor working on new construction broke a clay pipe. Mr. Herberg declared an emergency to allow for the urgent repairs.

**ELECTIONS:****1. NOMINATIONS FOR CHAIRPERSON AND VICE CHAIRPERSON OF THE ORANGE COUNTY SANITATION DISTRICT BOARD OF DIRECTORS [2021-1472](#)**

**Originator:** Kelly Lore

General Counsel Brad Hogin provided instructions and facilitated the nomination and election process.

Mr. Hogin opened nominations for Chairperson and Vice-Chairperson of the Board of Directors (Election to be held at the regular June Board Meeting unless only one candidate is nominated). One nomination was received for each office. A motion to close nominations was received.

With no further nominations, John Withers was deemed elected as Chairman of the Board of Directors and Chad Wanke was deemed elected as Vice-Chairman of the Board of Directors for the 2021/22 term.

- A. Open nominations for Chairperson of the Board of Directors. (Election to be held at the regular June Board of Directors meeting unless only one candidate is nominated.)
- B. Open nominations for Vice Chairperson of the Board of Directors. (Election to be held at the regular June Board of Directors meeting unless only one candidate is nominated.)

*Director Hernandez appeared away for the remainder of the meeting.*

**CONSENT CALENDAR:****2. APPROVAL OF MINUTES [2021-1601](#)**

**Originator:** Kelly Lore

MOVED, SECONDED, AND DULY CARRIED TO:

Approve Minutes of the Special Meeting of the Board of Directors held April 21, 2021 and the Regular Meeting of the Board of Directors held April 28, 2021.

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**RECEIVE AND FILE:****3. COMMITTEE MEETING MINUTES [2021-1544](#)**

**Originator:** Kelly Lore

WITHOUT OBJECTION ACTION TAKEN TO RECEIVE AND FILE THE FOLLOWING:

- A. Minutes of the Steering Committee Meeting held March 24, 2021
- B. Minutes of the Operations Committee Meeting held April 7, 2021
- C. Minutes of the Legislative and Public Affairs Committee Meeting held April 12, 2021
- D. Minutes of the Administration Committee Meeting held April 14, 2021

**4. REPORT OF THE INVESTMENT TRANSACTIONS FOR THE MONTH OF APRIL 2021 [2021-1594](#)**

**Originator:** Lorenzo Tyner

WITHOUT OBJECTION ACTION TAKEN TO RECEIVE AND FILE THE FOLLOWING:

Report of the Investment Transactions for the month of April 2021.

**OPERATIONS COMMITTEE:****5. REGIONAL ODOR AND CORROSION CONTROL SERVICES (ROCCS) PROGRAM, SPECIFICATION NO. C-2017-899BD CONTINGENCY INCREASE [2021-1631](#)**

**Originator:** Rob Thompson

MOVED, SECONDED, AND DULY CARRIED TO:

- A. Approve a unit price contingency increase of \$0.74/gallon to the calcium nitrate contract with US Peroxide, LLC dba USP Technologies for the Regional Odor and Corrosion Control Services, Specification No. C-2017-899BD (PO 106291-OB), for July 1, 2021 through June 30, 2022, for a new total amount of \$3.21/gal; for a total estimated usage of \$1,071,339; and
- B. Approve Amendment No. 2 to the contract with Hill Brothers Chemical Company for Regional Odor and Corrosion Control Services, Specification No. C-2017-899BD (PO 106264-OB), for the period beginning July 1, 2021 through June 30, 2022, to approve an additional application service rate of \$80/site per day, a field service rate of \$80/site per day, and a flat surcharge delivery fee of \$400 for small truck deliveries (under 2,500 gallons) for low dosage sites of ferrous chloride only, including but not limited to Crystal Cove Pump Station and Tiffany Lift Station.

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**6. LIQUID FERRIC CHLORIDE SPECIFICATION NO. C-2019-1037BD  
CONTINGENCY INCREASE**

[2021-1632](#)

**Originator:** Rob Thompson

MOVED, SECONDED, AND DULY CARRIED TO:

Approve a unit price contingency of \$78.70 per dry ton (13.18%) which is a \$19 per dry ton (3.18%) contingency increase to the liquid Ferric Chloride Agreement with Pencco, Inc., Specification No. C-2019-1037BD, for the period beginning July 1, 2021 through June 30, 2022. New dry ton unit cost not to exceed \$675.70 per dry ton. New contract estimated total is \$2,027,100 plus applicable sales tax.

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None



**7. ENGINEERING PROGRAM CONTRACT PERFORMANCE REPORT** [2021-1633](#)

**Originator:** Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

Receive and file the Engineering Program Contract Performance Report for the period ending March 31, 2021.

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**8. ORANGE-WESTERN SUB-TRUNK AND LOS ALAMITOS TRUNK SEWER REHABILITATION, CONTRACT NOS. 3-64A AND 3-64B** [2021-1634](#)

**Originator:** Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

A. Approve a Professional Construction Services Agreement with AECOM Technical Services, Inc. to provide construction support services for Orange-Western Sub-Trunk and Los Alamitos Trunk Sewer Rehabilitation, Contract Nos. 3-64A and 3-64B for a total amount not to exceed \$610,000; and

B. Approve a contingency of \$61,000 (10%).

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**9. ORANGE-WESTERN SUB-TRUNK AND LOS ALAMITOS TRUNK SEWER REHABILITATION, CONTRACT NOS. 3-64A AND 3-64B** [2021-1635](#)

**Originator:** Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

Approve a Cooperative Reimbursement Agreement between the Orange County Sanitation District and the City of Cypress for Pavement Slurry Seal Construction in conjunction with the Orange-Western Sub-Trunk and Los Alamitos Trunk Sewer Rehabilitation, Contract Nos. 3-64A and 3-64B, for an amount not to exceed \$83,000.

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**10. ORANGE-WESTERN SUB-TRUNK AND LOS ALAMITOS TRUNK SEWER REHABILITATION, CONTRACT NOS. 3-64A AND 3-64B** [2021-1643](#)

**Originator:** Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

- A. Receive and file Bid Tabulation and Recommendation for Orange-Western Sub-Trunk and Los Alamitos Trunk Sewer Rehabilitation, Contract Nos. 3-64A and 3-64B;
- B. Award a Construction Contract to Steve P. Rados, Inc. for Orange-Western Sub-Trunk and Los Alamitos Trunk Sewer Rehabilitation, Contract Nos. 3-64A and 3-64B, for a total amount not to exceed \$17,775,000; and
- C. Approve a construction contract contingency of \$1,777,500 (10%).

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**11. CONTROL CENTER OFFICES AND DAY TRAINING ROOM REMODELING AT PLANT NO. 1, PROJECT NO. FR1-0007** [2021-1636](#)

**Originator:** Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

- A. Receive and File Bid Tabulation and Recommendation for Control Center Offices and Day Training Room Remodeling at Plant No. 1, Project No. FR1-0007;
- B. Award a Construction Contract to Thomas Solar Energy for Control Center Offices and Day Training Room Remodeling at Plant No. 1, Project No. FR1-0007, for an amount not to exceed \$256,790; and
- C. Approve a contingency of \$25,679 (10%).

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**12. MACARTHUR FORCE MAIN IMPROVEMENTS, PROJECT NO. 7-68**

**[2021-1637](#)**

**Originator:** Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

- A. Approve a Professional Design Services Agreement with Michael Baker International, Inc. to provide engineering services for MacArthur Force Main Improvements, Project No. 7-68, for an amount not to exceed \$500,000; and
- B. Approve a contingency of \$50,000 (10%).

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**13. ANNUAL PROFESSIONAL DESIGN SERVICES AGREEMENTS,  
CONTRACT NO. FE21-00-XX**

**[2021-1638](#)**

**Originator:** Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

- A. Approve Annual Professional Design Services Agreements (PDSA) with the following firms for professional engineering design and construction support services commencing July 1, 2021 with a maximum annual fiscal year contract limitation not to exceed \$600,000 for each Annual Professional Design Services Agreement; and

	<b><u>FIRM</u></b>	<b><u>CONTRACT NO.</u></b>
1	AECOM Technical Services, Inc. (AECOM)	FE21-00-01
2	Arcadis U.S., Inc. (Arcadis)	FE21-00-02
3	Black & Veatch Corporation (Black & Veatch)	FE21-00-03
4	Brown & Caldwell	FE21-00-04
5	CDM Smith, Inc. (CDM Smith)	FE21-00-05
6	CIVILTEC Engineering, Inc. (CIVILTEC)	FE21-00-06
7	Dudek	FE21-00-07
8	GHD, Inc. (GHD)	FE21-00-08
9	HDR Engineering, Inc. (HDR)	FE21-00-09
10	Infrastructure Engineering Corporation (IEC)	FE21-00-10
11	Kennedy Jenks Consultants, Inc. (Kennedy Jenks)	FE21-00-11
12	Kleinfelder, Inc. (Kleinfelder)	FE21-00-12
13	Michael Baker International, Inc. (Michael Baker)	FE21-00-13
14	ProjectLine Technical Services, Inc. (ProjectLine)	FE21-00-14
15	SPEC Services, Inc. (SPEC Services)	FE21-00-15
16	SVA Architects, Inc. (SVA Architects)	FE21-00-16
17	Tetra Tech	FE21-00-17
18	Woodard & Curran, Inc. (Woodard & Curran)	FE21-00-18

- B. Approve two additional one-year optional extensions for each PDSA.

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

14. **NEWHOPE-PLACENTIA TRUNK REPLACEMENT, SEGMENT B AND SEGMENT C, CONTRACT NOS. 2-72B AND 2-72C** [2021-1639](#)

**Originator:** Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

Approve the First Amendment to Agreement between the Orange County Sanitation District and the City of Anaheim for Construction of Water Facilities in Conjunction with the State College Boulevard Sewer Project, which increases by \$513,439 the maximum reimbursement by the City of Anaheim to a new total of \$1,813,439.

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**15. HEADQUARTERS COMPLEX AT PLANT NO. 1, CONTRACT NO. [2021-1640](#)  
P1-128A**

**Originator:** Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

A. Approve a Professional Construction Services Agreement with HDR Engineering, Inc. to provide construction support services for Headquarters Complex at Plant No. 1, Contract No. P1-128A, for an amount not to exceed \$4,900,000; and

B. Approve a contingency of \$490,000 (10%).

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**16. A-SIDE PRIMARY CLARIFIERS REPLACEMENT AT PLANT NO. 2, [2021-1641](#)  
CONTRACT NO. P2-98A**

**Originator:** Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

- A. Receive and file Bid Tabulation and Recommendation for A-Side Primary Clarifiers Replacement at Plant No. 2, Project No. P2-98A;
- B. Award a Construction Contract to PCL Construction, Inc. for A-Side Primary Clarifiers Replacement at Plant No. 2, Contract No. P2-98A, for an amount not to exceed \$111,405,880; and
- C. Approve a contingency of \$6,684,353 (6%).

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**17. A-SIDE PRIMARY CLARIFIERS REPLACEMENT AT PLANT NO. 2, [2021-1642](#)**  
**CONTRACT NO. P2-98A**

**Originator:** Kathy Millea

MOVED, SECONDED, AND DULY CARRIED TO:

- A. Approve a Professional Construction Services Agreement with Black & Veatch Corporation to provide construction support services for A-Side Primary Clarifiers Replacement at Plant No. 2, Contract No. P2-98A, for an amount not to exceed \$8,400,000; and
- B. Approve a contingency of \$840,000 (10%)

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**ADMINISTRATION COMMITTEE:**

**18. CONSOLIDATED FINANCIAL REPORT FOR THE THIRD QUARTER [2021-1661](#)**  
**ENDED MARCH 31, 2021**

**Originator:** Lorenzo Tyner

MOVED, SECONDED, AND DULY CARRIED TO:

Receive and file the Orange County Sanitation District Third Quarter Financial Report for the period ended March 31, 2021.

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**19. RECORDS MANAGEMENT PROGRAM UPDATE**

[2021-1663](#)

**Originator:** Kelly Lore

MOVED, SECONDED, AND DULY CARRIED TO:

Adopt Resolution No. OC SAN 21-08 entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District Adopting the Records Management Program Procedures and Records Retention Schedule, Authorizing Destruction of Obsolete Records, and Repealing Resolution No. OCSD 20-10".

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**20. GENERAL MANAGER APPROVED PURCHASES AND ADDITIONS TO THE PRE-APPROVED OEM SOLE SOURCE LIST**

[2021-1662](#)

**Originator:** Lorenzo Tyner

MOVED, SECONDED, AND DULY CARRIED TO:

- A. Receive and file Orange County Sanitation District purchases made under the General Manager's authority for the period of January 1, 2021 to March 31, 2021; and
- B. Approve the following additions to the pre-approved OEM Sole Source List for the period of January 1, 2021 to March 31, 2021:
- ALTRONIC - CenGen Engine Ignition Subsystem Components
  - CECO FYBROC - Pumps and Parts
  - FLUKE ELECTRONICS CORPORATION / PRUFTECHNIK - Rotalign Touch Laser Shaft Alignment System
  - KURZ INSTRUMENTS - Gas Flow Meters
  - METTLER TOLEDO, LLC - Truck Loading Scale Controller Replacement
  - SDT ULTRASOUND SOLUTIONS - SDT Ultrasound Instruments, Hardware, and Software
  - SWAGELOK - Parts, Tools, and Service

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**21. WASTEWATER REFUNDING REVENUE OBLIGATIONS, SERIES 2021A**

**[2021-1664](#)**

**Originator:** Lorenzo Tyner

MOVED, SECONDED, AND DULY CARRIED TO:



- A. Adopt Resolution No. OC SAN 21-09 entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District authorizing the execution and delivery by the District of an Installment Purchase Agreement, a Trust Agreement, a Continuing Disclosure Agreement and Escrow Agreements in connection with the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A, authorizing the execution and delivery of such Revenue Obligations evidencing principal in an aggregate amount of not to exceed \$163,775,000, approving a Notice of Intention to Sell, authorizing the distribution of an Official Notice Inviting Bids and an Official Statement in connection with the offering and sale of such Revenue Obligations and authorizing the execution of necessary documents and related actions"; and
- B. That the Orange County Sanitation District Financing Corporation approve the documents supporting and authorizing the Revenue Obligations in an aggregate amount not to exceed \$163,775,000.

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

#### **LEGISLATIVE AND PUBLIC AFFAIRS COMMITTEE:**

#### **22. LEGISLATIVE AFFAIRS UPDATE FOR THE MONTH OF APRIL 2021 [2021-1648](#)**

**Originator:** Jim Herberg

MOVED, SECONDED, AND DULY CARRIED TO:

Receive and file the Legislative Affairs Update for the month of April 2021.

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** Rose Espinoza

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**23. PUBLIC AFFAIRS UPDATE FOR THE MONTH OF APRIL 2021**[2021-1649](#)

**Originator:** Jim Herberg

MOVED, SECONDED, AND DULY CARRIED TO:

Receive and file the Public Affairs Update for the month of April 2021.

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** Rose Espinoza

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**STEERING COMMITTEE:****24. HEADQUARTERS COMPLEX AT PLANT NO. 1, PROJECT NO. P1-128A**[2021-1676](#)

**Originator:** Kathy Millea

Director of Engineering Kathy Millea provided additional information in regard to the bidding and qualification of the bidders. Ms. Millea responded to comments from the Board Members and the Board asked that an item be added to a future agenda to review and address local hiring preference/project labor agreements.

MOVED, SECONDED, AND DULY CARRIED TO:

- A. Receive and file Bid Tabulation and Recommendation for Headquarters Complex at Plant No 1, Project No. P1-128A;
- B. Award a Construction Contract to Swinerton Builders for Headquarters Complex at Plant No 1, Project No. P1-128A, for an amount not to exceed \$102,544,974; and
- C. Approve a contingency of \$5,127,249 (5%).

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** Rose Espinoza and Andrew Nguyen

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

Chair Shawver recessed the OC San Board of Directors Meeting at 6:25 p.m.

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**ORANGE COUNTY SANITATION DISTRICT FINANCING CORPORATION****CALL TO ORDER**

Chair Shawver called the Board of Directors, Orange County Sanitation District Financing Corporation meeting to order at 6:26 p.m.

**ROLL CALL AND DECLARATION OF QUORUM**

Kelly Lore, Secretary of the Financing Corporation, declared a quorum present as follows:

**PRESENT:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**ABSENT:** Johnathan Ryan Hernandez

Ms. Lore announced that the members of the Orange County Sanitation District Board of Directors are each being compensated \$212.50 for the Board of Directors Meeting; there is no additional compensation for the Financing Corporation Meeting.

**APPROVAL OF MINUTES:****FC-1 APPROVAL OF MINUTES - ORANGE COUNTY SANITATION DISTRICT FINANCING CORPORATION**[2021-1611](#)

**Originator:** Kelly Lore

WITHOUT OBJECTION, ACTION TAKEN TO:

Approve Minutes of the Regular Meeting of the Orange County Sanitation District Financing Corporation held June 24, 2020.

**AYES:** Brad Avery, Art Brown, Doug Chaffee, Marshall Goodman, Brooke Jones, Sandra Massa-Lavitt, Andrew Nguyen, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke and John Withers

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** Stacy Berry, Kim Carr, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Patrick Harper, Anthony Kuo, Kim Nichols, Chad Zimmerman and John O'Neill (Alternate)

**NON-CONSENT****FC-2 WASTEWATER REFUNDING REVENUE OBLIGATIONS, SERIES 2021A**[2021-1612](#)

**Originator:** Lorenzo Tyner

Assistant General Manager Lorenzo Tyner provided a verbal overview of this item.

MOVED, SECONDED, AND DULY CARRIED TO:

Adopt Resolution No. FC-28 entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District Financing Corporation authorizing the execution and delivery by the Corporation of an Installment Purchase Agreement and a Trust Agreement in connection with the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A, authorizing the execution and delivery of such Revenue Obligations evidencing principal in an aggregate amount of not to exceed \$163,775,000 and authorizing the execution of necessary documents and related actions."

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

Chair Shawver adjourned the meeting of the Board of Directors, Orange County Sanitation District Financing Corporation at 6:30 p.m.

\*\*\*\*\*

Chair Shawver reconvened the Orange County Sanitation District Board of Directors meeting at 6:31 p.m.

**NON-CONSENT:**

**25. PROPOSED ADOPTION OF ORDINANCE NO. OC SAN-55 UPDATING ELECTRONIC REQUIREMENTS FOR THE PRESENTATION OF CLAIMS OR DEMANDS FOR PAYMENT [2021-1622](#)**

**Originator:** Lorenzo Tyner

Mr. Tyner provided a brief update on this item.

MOVED, SECONDED, AND DULY CARRIED TO:

- A. Second Reading of Ordinance No. OC SAN-55, entitled: "An Ordinance of the Board of Directors of the Orange County Sanitation District Establishing Requirements for the Presentation of Claims or Demands for Payment; and Repealing Ordinance No. OCSD-17";
- B. Motion to read Ordinance No. OC SAN-55 by title only and waive reading of said entire Ordinance;
- C. Direct the Clerk of the Board to publish summaries of the Ordinance as required by law.

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

**26. PROPOSED ADOPTION OF ORDINANCE NO. OC SAN-56 UPDATING THE PURCHASING ORDINANCE [2021-1623](#)**

**Originator:** Lorenzo Tyner

MOVED, SECONDED, AND DULY CARRIED TO:

- A. Second Reading of Ordinance No. OC SAN-56, entitled: "An Ordinance of the Board of Directors of the Orange County Sanitation District Establishing Requirements and Procedures for the Purchase of Goods, Services, and Public Works Projects; and Repealing Ordinance No. OCSD-52";
- B. Motion to read Ordinance No. OC SAN-56 by title only and waive reading of said entire Ordinance;
- C. Direct the Clerk of the Board to publish summaries of the Ordinance as required by law.

**AYES:** Brad Avery, Stacy Berry, Art Brown, Kim Carr, Doug Chaffee, Mark Chirco, Rose Espinoza, Stephen Faessel, Ryan Gallagher, Marshall Goodman, Patrick Harper, Brooke Jones, Anthony Kuo, Sandra Massa-Lavitt, Andrew Nguyen, Kim Nichols, Robert Ooten, Glenn Parker, David Shawver, Jesus Silva, Chad Wanke, John Withers, Chad Zimmerman and John O'Neill (Alternate)

**NOES:** None

**ABSENT:** Johnathan Ryan Hernandez

**ABSTENTIONS:** None

#### **INFORMATION ITEMS:**

#### **27. STRATEGIC PLAN WORKSHOP - RECAP**

[2021-1616](#)

**Originator:** Jim Herberg

Board Vice-Chair John Withers provided the Strategic Plan recap.

ITEM RECEIVED FOR:

Information Only.

#### **AB 1234 DISCLOSURE REPORTS:**

None.

#### **CLOSED SESSION:**

#### **CONVENED IN CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS 54956.8, 54957(a) & 54956.9(d)(1):**

The Board convened in closed session at 7:30 p.m. to discuss two items. Item CS-1 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 REAL PROPERTY NEGOTIATORS -  
GOVERNMENT CODE SECTION 54956.8**[2021-1677](#)

**Originator:** Lorenzo Tyner

ITEM NOT HEARD.

Property: 1516 W. Balboa Blvd., Newport Beach, CA; APN No. 047-222-10

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

Negotiating parties: City of Newport Beach

Under negotiation: Price and terms of payment

**CS-2 THREAT TO PUBLIC SERVICES OR FACILITIES (GOVERNMENT  
CODE SECTION 54957 (a))**[2021-1679](#)

**Originator:** Lorenzo Tyner

CONVENED IN CLOSED SESSION:

Consultation with the Information Technology Systems & Operations Manager regarding cyber security.

**CS-3 CONFERENCE WITH LEGAL COUNSEL RE EXISTING LITIGATION -  
GOVERNMENT CODE SECTION 54956.9(d)(1)**[2021-1678](#)

**Originator:** Kelly Lore

CONVENED IN CLOSED SESSION:

Number of Cases: 1

Jose O. Cruz v. Orange County Sanitation District Financing Corporation, a California corporation; and Does 1-50, inclusive, Superior Court of California, County of Orange, Case No. 30-2019-01100180-CU-WT-CJC.

**RECONVENED IN REGULAR SESSION.**

The Board reconvened in regular session at 7:55 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:**

At 7:56 p.m., Chair Shawver adjourned the meeting until the Regular Meeting of the Board of Directors to be held on June 23, 2021 at 6:00 p.m.

Submitted by:

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Kelly A. Lore, MMC  
Clerk of the Board



# BOARD OF DIRECTORS

## Agenda Report

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

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**File #:** 2021-1645

**Agenda Date:** 6/23/2021

**Agenda Item No:** 2.

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

**SUBJECT:**

**RESOLUTION NO. OC SAN 21-12 COMMENDING BOARD CHAIRMAN DAVID JOHN SHAWVER**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

Adopt Resolution No. OC SAN 21-12, entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District commending David John Shawver for his outstanding contributions and dedication to public service as Chairman of the Orange County Sanitation District's Board of Directors".

**BACKGROUND**

The Orange County Sanitation District (OC San) wishes to acknowledge Board Chairman David John Shawver (City of Stanton) for his many contributions to OC San during his tenure as Chairman of the Board of Directors.

The Resolution is a formal commendation recognizing Mr. Shawver's term as Chairman of the Board, the different positions he held, and the accomplishments to which he contributed while serving on the Board.

**ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- Resolution No. OC SAN 21-12

## RESOLUTION NO. OC SAN 21-12

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT COMMENDING DAVID JOHN SHAWVER FOR HIS CONTRIBUTIONS AND DEDICATION TO PUBLIC SERVICE AS CHAIRMAN OF THE ORANGE COUNTY SANITATION DISTRICT'S BOARD OF DIRECTORS

WHEREAS, David John Shawver is completing his tenure as Chairman of the Orange County Sanitation District (OC San) Board of Directors, having served from December 2018 through June 2021; and

WHEREAS, he has provided leadership and vision to the OC San Board of Directors, Administration Committee, Steering Committee, Legislative and Public Affairs Committee, Operations Committee, Groundwater Replenishment System (GWRS) Joint Steering Committee, Headquarters Complex Ad Hoc Committee and OC San/Santa Ana Watershed Project Authority Joint Policy Committee; and

WHEREAS, under his leadership, Chairman Shawver and the Board of Directors understood the gravity of the COVID-19 pandemic on our community and the financial hardship it created for many of our ratepayers, so they took action to forego the publicly noticed and board approved regional sewer service fee increase for the 2020-21 fiscal year, keeping it at \$339 for the year; and

WHEREAS, in 2020, the third and final phase of the expansion of the GWRS began. The GWRS Joint Steering Committee between OC San and OCWD oversees this project with Mr. Shawver serving as the Chairman. His commitment and vision have allowed OC San to move in the direction to recycle 100 percent of its reclaimable flow. Upon completion of this project in 2023, GWRS will produce 130 million gallons of high-quality water every day, which will be enough water for 1 million residents in north and central Orange County; and

WHEREAS, Chairman Shawver, helped OC San celebrate its 65<sup>th</sup> anniversary and marked the milestone with a ribbon cutting of the new centrifuge facilities coming online. These facilities replace aging equipment, improve efficiency, and expand solids handling capacity. The centrifuges perform the critical step of removing water from biosolids so that they can be transported for beneficial reuse as a soil amendment. Therefore, reducing the number of trucks on the road which relates to a decrease in vehicle emissions; and

WHEREAS, while COVID-19 has resulted in operational modifications, with the leadership of Mr. Shawver the Capital Improvement Program continues to move forward. In the current fiscal year alone, OC San will have had 32 projects advertise for construction with a total construction value of \$483 million, helping keep the economic engine running in Orange County; and

WHEREAS, with his leadership and guidance, he garnered support from the Board of Directors to facilitate the acquisition of several parcels in proximity to the current administration building in Fountain Valley to construct a new headquarters complex scheduled to be complete in 2023, while helping preserve space at the plant site for future wastewater treatment infrastructure; and

WHEREAS, David John Shawver has demonstrated his determination, vision, and leadership to OC San and its ratepayers through the commitment of his time, professional dignity, and devotion to the residents and businesses of Orange County.

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District DOES HEREBY RESOLVE:

That the Board of Directors and the staff of the Orange County Sanitation District express to Chairman David John Shawver their sincere appreciation for his outstanding public service to the citizens of Orange County, and his meritorious efforts on behalf of OC San and its mission of protecting public health and the environment by providing effective wastewater collection, treatment, and recycling.

PASSED AND ADOPTED by unanimous acclamation at the regular meeting of the Board of Directors of the Orange County Sanitation District held on June 23, 2021.

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Kelly A. Lore, MMC  
Clerk of the Board  
Orange County Sanitation District

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James D. Herberg  
General Manager  
Orange County Sanitation District

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John Withers  
Board Vice-Chairman  
Orange County Sanitation District

STATE OF CALIFORNIA )  
 )  
COUNTY OF ORANGE ) ss

I, Kelly A. Lore, Clerk of the Board of Directors of the Orange County Sanitation District, do hereby certify that the foregoing Resolution No. OC SAN 21-XX was passed and adopted at a regular meeting of said Board on the 23<sup>rd</sup> of June 2021, by the following vote, to wit:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTENTIONS:**

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 23<sup>rd</sup> day of June 2021.

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Kelly A. Lore, MMC  
Clerk of the Board  
Orange County Sanitation District

## BOARD OF DIRECTORS

### Agenda Report

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

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**File #:** 2021-1545

**Agenda Date:** 6/23/2021

**Agenda Item No:** 3.

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**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:

- A. Minutes of the Steering Committee Meeting held April 28, 2021
- B. Minutes of the Operations Committee Meeting held May 5, 2021
- C. Minutes of the Administration Committee Meeting held May 12, 2021

#### 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. OC SAN 21-04

#### ADDITIONAL INFORMATION

The minutes of the Committee meetings 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 OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- Minutes of the Monthly Committee Meetings



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## **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, April 28, 2021 at 5:13 p.m. in the Administration Building of the Orange County Sanitation District. Chair Shawver stated that the meeting was being held telephonically and via audio/video teleconferencing in accordance with the Governor's Executive Order No. N-29-20, due to the Coronavirus Pandemic (COVID-19).

## **ROLL CALL AND DECLARATION OF QUORUM:**

A quorum was declared present, as follows:

**PRESENT:** David Shawver, John Withers, Stacy Berry, Sandra Massa-Lavitt,  
Glenn Parker, Jesus Silva and Chad Wanke  
**ABSENT:** None

**STAFF MEMBERS PRESENT:** Kelly Lore, Clerk of the Board, and Joshua Martinez were present in the Board Room. General Manager Jim Herberg; Assistant General Manager Lorenzo Tyner; Assistant General Manager Rob Thompson; Director of Engineering Kathy Millea; Director of Environmental Services Lan Wiborg; Director of Human Resources Celia Chandler; Jennifer Cabral; Raul Cuellar; Tina Knapp and Jeff Mohr participated telephonically.

**OTHERS PRESENT:** Brad Hugin, General Counsel, was present in the Board Room.

## **PUBLIC COMMENTS:**

None.

## **REPORTS:**

Chair Shawver and General Manager Herberg did not provide a report.

## **CONSENT CALENDAR:**

### **1. APPROVAL OF MINUTES**

[2021-1563](#)

**Originator:** Kelly Lore

MOVED, SECONDED, AND DULY CARRIED TO:

Approve Minutes of the Regular Meeting of the Steering Committee held March 24, 2021.

**AYES:** David Shawver, John Withers, Stacy Berry, Sandra Massa-Lavitt, Glenn Parker, Jesus Silva and Chad Wanke

**NOES:** None

**ABSENT:** None

**ABSTENTIONS:** None

**NON-CONSENT:**

**2. PROPOSED ANNEXATION NO. OC SAN-66 - MASS ANNEXATION OF FIVE AREAS IN ANAHEIM, VILLA PARK, AND YORBA LINDA** [2021-1455](#)

**Originator:** Lorenzo Tyner

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

- A. Authorize Staff to annex five Areas to Orange County Sanitation District within the Cities of Yorba Linda, Anaheim, and Villa Park;
- B. Authorize the General Manager to execute associated Annexation documents in a form approved by General Counsel;
- C. Adopt Resolution No. OC SAN 21-XX entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District authorizing initiation of proceedings and requesting the Orange County Local Agency Formation Commission to take proceedings for the Annexation to the Orange County Sanitation District, of territory in the Cities of Yorba Linda, Anaheim, and Villa Park (Annexation No. OC SAN-66 - Mass Annexation of Five Areas in Anaheim, Villa Park, and Yorba Linda)"; and
- D. Forego past Annexation, Capital Facility Capacity Charges, and Annual User Fees for the parcels to be annexed which are currently discharging sewer flows to the Orange County Sanitation District.

**AYES:** David Shawver, John Withers, Stacy Berry, Sandra Massa-Lavitt, Glenn Parker, Jesus Silva and Chad Wanke

**NOES:** None

**ABSENT:** None

**ABSTENTIONS:** None

**INFORMATION ITEMS:**

None.



**DEPARTMENT HEAD REPORTS:**

None.

**CLOSED SESSION:****CONVENED IN CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(1):**

The Committee convened in closed session at 5:28 p.m. to discuss two items. 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 - [2021-1538](#)  
GOVERNMENT CODE SECTION 54956.9(d)(1)**

CONVENED IN CLOSED SESSION:

Number of Cases: 1

Bayside Village Marina, LLC v. Orange County Sanitation District; Orange County Sanitation District Board of Directors; and Does 1-25, Inclusive, Superior Court of the State of California for the County of Orange - Central Justice Center Case No. 30-2021-01194238-CU-WM-CXC.

**CS-2 CONFERENCE WITH LEGAL COUNSEL RE EXISTING LITIGATION - [2021-1605](#)  
GOVERNMENT CODE SECTION 54956.9(d)(1)**

CONVENED IN CLOSED SESSION:

Number of Cases: 1

Klean Waters, Inc. v. Orange County Sanitation District, United States District Court, Central District of California, Southern Division, Case No. 8:15-cv-00627.

**RECONVENED IN REGULAR SESSION.**

The Committee reconvened in regular session at 5:54 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 declared the meeting adjourned at 5:55 p.m. to the next Steering Committee meeting to be held on Wednesday, May 26, 2021 at 5:00 p.m.

Submitted by:



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Kelly A. Lore, MMC  
Clerk of the Board



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## **CALL TO ORDER**

A regular meeting of the Operations Committee was called to order by Committee Chair Stacy Berry on Wednesday, May 5, 2021 at 5:00 p.m. in the Administration Building of the Orange County Sanitation District. Chair Berry stated that the meeting was being held telephonically and via audio/video teleconferencing in accordance with the Governor's Executive Order No. N-29-20, due to the Coronavirus Pandemic (COVID-19). Director Sandra Massa-Lavitt led the Flag Salute.

## **ROLL CALL AND DECLARATION OF QUORUM:**

Roll call was taken and a quorum was declared present, as follows:

**PRESENT:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**ABSENT:** Kim Nichols

**STAFF PRESENT:** Kelly Lore, Clerk of the Board, and Josh Martinez were present in the Board Room. 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; Jennifer Cabral; Mortimer Caparas; Raul Cuellar; Tanya Chong; Brian Engeln; Tina Knapp; Jeff Mohr; Shahrzad Namini; Adam Nazaroff; Thomas Vu; and Eros Yong were in attendance telephonically.

**OTHERS PRESENT:** Brad Hogin, General Counsel, was in attendance telephonically.

## **PUBLIC COMMENTS:**

No public comments were provided. Clerk of the Board Kelly Lore announced late communication regarding minor changes to Item No. 9 and Item No. 16. She also announced that correspondence not related to tonight's agenda was received from the International Brotherhood of Electrical Workers, Local 441 Orange County regarding Contract No. P1-128A Headquarters Complex at Plant No. 1 which was distributed to the Committee and Board of Directors and made available to the public.

## **REPORTS:**

Chair Berry and General Manager Jim Herberg did not provide reports. Director of Engineering Kathy Millea provided a brief explanation of the bidding process of Project No. P1-128A.

**CONSENT CALENDAR:****1. APPROVAL OF MINUTES**[2021-1592](#)**Originator:** Kelly Lore

MOVED, SECONDED, AND DULY CARRIED TO:

Approve Minutes of the Regular Meeting of the Operations Committee held April 7, 2021.

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**2. QUARTERLY ODOR COMPLAINT REPORT**[2021-1442](#)**Originator:** Rob Thompson

MOVED, SECONDED, AND DULY CARRIED TO:

Receive and file the Fiscal Year 2020-21 Third Quarter Odor Complaint Report.

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**3. REGIONAL ODOR AND CORROSION CONTROL SERVICES (ROCCS) PROGRAM, SPECIFICATION NO. C-2017-899BD CONTINGENCY INCREASE**[2021-1579](#)**Originator:** Rob Thompson

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

- A. Approve a unit price contingency increase of \$0.74/gallon to the calcium nitrate contract with US Peroxide, LLC dba USP Technologies for the Regional Odor and Corrosion Control Services, Specification No. C-2017-899BD (PO 106291-OB), for July 1, 2021 through June 30, 2022, for a new total amount of \$3.21/gal; for a total estimated usage of \$1,071,339; and
- B. Approve Amendment No. 2 to the contract with Hill Brothers Chemical Company for Regional Odor and Corrosion Control Services, Specification No. C-2017-899BD (PO 106264-OB), for the period beginning July 1, 2021 through June 30, 2022, to approve an additional application service rate of \$80/site per day, a field service rate of \$80/site per day, and a flat surcharge delivery fee of \$400 for small truck deliveries (under 2,500 gallons) for low dosage sites of ferrous chloride only, including but not limited to Crystal Cove Pump Station and Tiffany Lift Station.

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**4. LIQUID FERRIC CHLORIDE SPECIFICATION NO. C-2019-1037BD  
CONTINGENCY INCREASE**

[2021-1569](#)

**Originator:** Rob Thompson

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

Approve a unit price contingency of \$78.70 per dry ton (13.18%) which is a \$19 per dry ton (3.18%) contingency increase to the liquid Ferric Chloride Agreement with Pencco, Inc., Specification No. C-2019-1037BD, for the period beginning July 1, 2021 through June 30, 2022. New dry ton unit cost not to exceed \$675.70 per dry ton. New contract estimated total is \$2,027,100 plus applicable sales tax.

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**5. ENGINEERING PROGRAM CONTRACT PERFORMANCE REPORT**

[2021-1582](#)

**Originator:** Kathy Millea

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

Receive and file the Engineering Program Contract Performance Report for the period ending March 31, 2021.

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**6. ORANGE-WESTERN SUB-TRUNK AND LOS ALAMITOS TRUNK SEWER REHABILITATION, CONTRACT NOS. 3-64A AND 3-64B** [2020-1140](#)

**Originator:** Kathy Millea

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

A. Approve a Professional Construction Services Agreement with AECOM Technical Services, Inc. to provide construction support services for Orange-Western Sub-Trunk and Los Alamitos Trunk Sewer Rehabilitation, Contract Nos. 3-64A and 3-64B for a total amount not to exceed \$610,000; and

B. Approve a contingency of \$61,000 (10%).

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**7. ORANGE-WESTERN SUB-TRUNK AND LOS ALAMITOS TRUNK SEWER REHABILITATION, CONTRACT NOS. 3-64A AND 3-64B** [2020-1238](#)

**Originator:** Kathy Millea

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

Approve a Cooperative Reimbursement Agreement between the Orange County Sanitation District and the City of Cypress for Pavement Slurry Seal Construction in conjunction with the Orange-Western Sub-Trunk and Los Alamitos Trunk Sewer Rehabilitation, Contract Nos. 3-64A and 3-64B, for an amount not to exceed \$83,000.

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**8. CONTROL CENTER OFFICES AND DAY TRAINING ROOM  
REMODELING AT PLANT NO. 1, PROJECT NO. FR1-0007**

[2021-1432](#)

**Originator:** Kathy Millea

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

- A. Receive and File Bid Tabulation and Recommendation for Control Center Offices and Day Training Room Remodeling at Plant No. 1, Project No. FR1-0007;
- B. Award a Construction Contract to Thomas Solar Energy for Control Center Offices and Day Training Room Remodeling at Plant No. 1, Project No. FR1-0007, for an amount not to exceed \$256,790; and
- C. Approve a contingency of \$25,679 (10%).

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**9. MACARTHUR FORCE MAIN IMPROVEMENTS, PROJECT NO. 7-68**

[2021-1534](#)

**Originator:** Kathy Millea

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

- A. Approve a Professional Design Services Agreement with Michael Baker International, Inc. to provide engineering services for MacArthur Force Main Improvements, Project No. 7-68, for an amount not to exceed \$500,000; and
- B. Approve a contingency of \$50,000 (10%).

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**10. ANNUAL PROFESSIONAL DESIGN SERVICES AGREEMENTS, [2021-1574](#)  
CONTRACT NO. FE21-00-XX**

**Originator:** Kathy Millea

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

- A. Approve Annual Professional Design Services Agreements (PDSA) with the following firms for professional engineering design and construction support services commencing July 1, 2021 with a maximum annual fiscal year contract limitation not to exceed \$600,000 for each Annual Professional Design Services Agreement; and

	<b>FIRM</b>	<b>CONTRACT NO.</b>
1	AECOM Technical Services, Inc. (AECOM)	FE21-00-01
2	Arcadis U.S., Inc. (Arcadis)	FE21-00-02
3	Black & Veatch Corporation (Black & Veatch)	FE21-00-03
4	Brown & Caldwell	FE21-00-04
5	CDM Smith, Inc. (CDM Smith)	FE21-00-05
6	CIVILTEC Engineering, Inc. (CIVILTEC)	FE21-00-06
7	Dudek	FE21-00-07
8	GHD, Inc. (GHD)	FE21-00-08
9	HDR Engineering, Inc. (HDR)	FE21-00-09
10	Infrastructure Engineering Corporation (IEC)	FE21-00-10
11	Kennedy Jenks Consultants, Inc. (Kennedy Jenks)	FE21-00-11
12	Kleinfelder, Inc. (Kleinfelder)	FE21-00-12
13	Michael Baker International, Inc. (Michael Baker)	FE21-00-13
14	ProjectLine Technical Services, Inc. (ProjectLine)	FE21-00-14
15	SPEC Services, Inc. (SPEC Services)	FE21-00-15
16	SVA Architects, Inc. (SVA Architects)	FE21-00-16
17	Tetra Tech	FE21-00-17
18	Woodard & Curran, Inc. (Woodard & Curran)	FE21-00-18

- B. Approve two additional one-year optional extensions for each PDSA.

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None



**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**11. NEWHOPE-PLACENTIA TRUNK REPLACEMENT, SEGMENT B AND SEGMENT C, CONTRACT NOS. 2-72B AND 2-72C** [2021-1583](#)

**Originator:** Kathy Millea

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

Approve the First Amendment to Agreement between the Orange County Sanitation District and the City of Anaheim for Construction of Water Facilities in Conjunction with the State College Boulevard Sewer Project, which increases by \$513,439 the maximum reimbursement by the City of Anaheim to a new total of \$1,813,439.

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**NON-CONSENT:**

**12. HEADQUARTERS COMPLEX AT PLANT NO. 1, CONTRACT NO. P1-128A** [2021-1527](#)

**Originator:** Kathy Millea

Ms. Millea provided a brief introduction to the item.

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

A. Approve a Professional Construction Services Agreement with HDR Engineering, Inc. to provide construction support services for Headquarters Complex at Plant No. 1, Contract No. P1-128A, for an amount not to exceed \$4,900,000; and

B. Approve a contingency of \$490,000 (10%).

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

Chair Berry stated that Item No. 15 would be heard prior to Item Nos. 13 and 14 at the request of staff.

**15. A-SIDE PRIMARY CLARIFIERS REPLACEMENT AT PLANT NO. 2, [2021-1530](#)  
CONTRACT NO. P2-98A**

**Originator:** Kathy Millea

Engineering Manager Jeff Mohr provided a PowerPoint presentation which described the project site plan at Plant No. 2 including: clarifier primary treatment, existing clarifier mechanism, primary treatment rehabilitation, project elements, needed improvements, risk management process, construction dewatering risk, work sequencing, and bid results.

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

- A. Receive and file Bid Tabulation and Recommendation for A-Side Primary Clarifiers Replacement at Plant No. 2, Project No. P2-98A;
- B. Award a Construction Contract to PCL Construction, Inc. for A-Side Primary Clarifiers Replacement at Plant No. 2, Contract No. P2-98A, for an amount not to exceed \$111,405,880; and
- C. Approve a contingency of \$6,684,353 (6%).

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**14. A-SIDE PRIMARY CLARIFIERS REPLACEMENT AT PLANT NO. 2, [2021-1529](#)  
CONTRACT NO. P2-98A**

**Originator:** Kathy Millea

Jeff Mohr provided a PowerPoint presentation which described information as to the necessity of the requested professional construction services.

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

A. Approve a Professional Construction Services Agreement with Black & Veatch Corporation to provide construction support services for A-Side Primary Clarifiers Replacement at Plant No. 2, Contract No. P2-98A, for an amount not to exceed \$8,400,000; and

B. Approve a contingency of \$840,000 (10%)

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**13. ORANGE-WESTERN SUB-TRUNK AND LOS ALAMITOS TRUNK [2021-1429](#)  
SEWER REHABILITATION, CONTRACT NOS. 3-64A AND 3-64B**

Jeff Mohr provided a PowerPoint presentation which provided information as to the project scope and location, unknown utility and sewage spill risks, and the close coordination with the affected local agencies.

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

A. Receive and file Bid Tabulation and Recommendation for Orange-Western Sub-Trunk and Los Alamitos Trunk Sewer Rehabilitation, Contract Nos. 3-64A and 3-64B;

B. Award a Construction Contract to Steve P. Rados, Inc. for Orange-Western Sub-Trunk and Los Alamitos Trunk Sewer Rehabilitation, Contract Nos. 3-64A and 3-64B, for a total amount not to exceed \$17,775,000; and

C. Approve a construction contract contingency of \$1,777,500 (10%).

**AYES:** Stacy Berry, Brooke Jones, Doug Chaffee, Stephen Faessel, Ryan Gallagher, Johnathan Ryan Hernandez, Steve Jones, Sandra Massa-Lavitt, Robert Ooten, Jesus Silva, David Shawver, John Withers and Chad Zimmerman

**NOES:** None

**ABSENT:** Kim Nichols

**ABSTENTIONS:** None

**INFORMATION ITEMS:****16. CAPITAL IMPROVEMENT PROGRAM PROPOSED BUDGET FOR [2021-1406](#)  
FY2021-22**

**Originator:** Kathy Millea

Engineering Manager Eros Yong provided a PowerPoint presentation regarding the Capital Improvement Program (CIP) FY 2021-22 Budget update including: performance overview, 10-year net and total CIP outlay, CIP budget authority, new projects, top budget increases and decreases, project closures, projected FY 2021-22 net CIP outlay, and 20-year net CIP outlay.

ITEM WAS RECEIVED AS AN:

Information Item.

**DEPARTMENT HEAD REPORTS:**

None.

**CLOSED SESSION:**

None.

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

None.

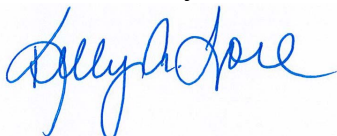
**BOARD OF DIRECTORS INITIATED ITEMS FOR A FUTURE MEETING:**

None.

**ADJOURNMENT:**

Chair Berry declared the meeting adjourned at 6:17 p.m. to the meeting to be held on Wednesday, June 2, 2021 at 5:00 p.m.

Submitted by:



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Kelly A. Lore, MMC  
Clerk of the Board



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## **CALL TO ORDER**

A regular meeting of the Administration Committee was called to order by Committee Vice-Chairman Glenn Parker on Wednesday, May 12, 2021 at 5:00 p.m. in the Administration Building of the Orange County Sanitation District. Vice-Chair Parker stated that the meeting was being held telephonically and via audio/video teleconferencing in accordance with the Governor's Executive Order No. N-29-20, due to the Coronavirus Pandemic (COVID-19).

## **ROLL CALL AND DECLARATION OF QUORUM:**

Roll call was taken and a quorum was declared present, as follows:

**PRESENT:** Glenn Parker, Brad Avery, Art Brown, Kim Carr, Mark Chirco, Rose Espinoza, Marshall Goodman, Patrick Harper, Andrew Nguyen, Anthony Kuo, David Shawver and John Withers

**ABSENT:** Chad Wanke

**STAFF PRESENT:** Kelly Lore, Clerk of the Board, and Josh Martinez were present in the Board Room. Jim Herberg, General Manager; Rob Thompson, Assistant General Manager; Lorenzo Tyner, Assistant General Manager; Celia Chandler, Director of Human Resources; Lan Wiborg, Director of Environmental Services; Jennifer Cabral; Raul Cuellar; Brian Engeln; Tina Knapp; Tom Meregillano; Adam Nazaroff; Wally Ritchie; Thomas Vu; and Eros Yong were in attendance telephonically.

**OTHERS PRESENT:** Brad Hogin, General Counsel; Dennis Mulqueeney, Alliant Insurance Services, Inc.; and Ed Soong, Public Resource Advisory Group were in attendance telephonically.

## **PUBLIC COMMENTS:**

None.

## **REPORTS:**

Vice-Chair Parker provided a brief update of the upcoming Cyber Security audit. General Manager Herberg did not provide a report.

**CONSENT CALENDAR:**

**1. APPROVAL OF MINUTES**

**[2021-1598](#)**

**Originator:** Kelly Lore

MOVED, SECONDED, AND DULY CARRIED TO:

Approve Minutes of the Regular Meeting of Administration Committee held April 14, 2021.

**AYES:** Glenn Parker, Brad Avery, Art Brown, Kim Carr, Mark Chirco, Rose Espinoza, Marshall Goodman, Patrick Harper, Andrew Nguyen, Anthony Kuo, David Shawver and John Withers

**NOES:** None

**ABSENT:** Chad Wanke

**ABSTENTIONS:** None

**2. CONSOLIDATED FINANCIAL REPORT FOR THE THIRD QUARTER ENDED MARCH 31, 2021**

**[2021-1555](#)**

**Originator:** Lorenzo Tyner

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

Receive and file the Orange County Sanitation District Third Quarter Financial Report for the period ended March 31, 2021.

**AYES:** Glenn Parker, Brad Avery, Art Brown, Kim Carr, Mark Chirco, Rose Espinoza, Marshall Goodman, Patrick Harper, Andrew Nguyen, Anthony Kuo, David Shawver and John Withers

**NOES:** None

**ABSENT:** Chad Wanke

**ABSTENTIONS:** None

**3. RECORDS MANAGEMENT PROGRAM UPDATE**

**[2021-1556](#)**

**Originator:** Kelly Lore

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

Adopt Resolution No. OC SAN 21-XX entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District Adopting the Records Management Program Procedures and Records Retention Schedule, Authorizing Destruction of Obsolete Records, and Repealing Resolution No. OCSD 20-10".

**AYES:** Glenn Parker, Brad Avery, Art Brown, Kim Carr, Mark Chirco, Rose Espinoza, Marshall Goodman, Patrick Harper, Andrew Nguyen, Anthony Kuo, David Shawver and John Withers

**NOES:** None

**ABSENT:** Chad Wanke

**ABSTENTIONS:** None

**4. GENERAL MANAGER APPROVED PURCHASES AND ADDITIONS TO THE PRE-APPROVED OEM SOLE SOURCE LIST** [2021-1620](#)

**Originator:** Lorenzo Tyner

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

A. Receive and file Orange County Sanitation District purchases made under the General Manager's authority for the period of January 1, 2021 to March 31, 2021; and

B. Approve the following additions to the pre-approved OEM Sole Source List for the period of January 1, 2021 to March 31, 2021:

- ALTRONIC - CenGen Engine Ignition Subsystem Components
- CECO Fybroc - Pumps and Parts
- FLUKE ELECTRONICS CORPORATION / PRUFTECHNIK - Rotalign Touch Laser Shaft Alignment System
- KURZ INSTRUMENTS - Gas Flow Meters
- METTLER TOLEDO, LLC - Truck Loading Scale Controller Replacement
- SDT ULTRASOUND SOLUTIONS - SDT Ultrasound Instruments, Hardware, and Software
- SWAGELOK - Parts, Tools, and Service

**AYES:** Glenn Parker, Brad Avery, Art Brown, Kim Carr, Mark Chirco, Rose Espinoza, Marshall Goodman, Patrick Harper, Andrew Nguyen, Anthony Kuo, David Shawver and John Withers

**NOES:** None

**ABSENT:** Chad Wanke

**ABSTENTIONS:** None

**NON-CONSENT:**

**5. WASTEWATER REFUNDING REVENUE OBLIGATIONS, SERIES 2021A** [2021-1609](#)

**Originator:** Lorenzo Tyner

Assistant General Manager Lorenzo Tyner provided a brief introduction to the item and explained the necessary debt issuance that is due next year. Mr. Ed Soong, Public Resource Advisory Group (PRAG), and Mr. Tyner responded to questions from the Committee as to the background of PRAG and the anticipated cost of refinancing.

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

- A. Adopt Resolution No. OC SAN 21-XX entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District authorizing the execution and delivery by the District of an Installment Purchase Agreement, a Trust Agreement, a Continuing Disclosure Agreement and Escrow Agreements in connection with the Orange County Sanitation District Wastewater Refunding Revenue Obligations, Series 2021A, authorizing the execution and delivery of such Revenue Obligations evidencing principal in an aggregate amount of not to exceed \$163,775,000, approving a Notice of Intention to Sell, authorizing the distribution of an Official Notice Inviting Bids and an Official Statement in connection with the offering and sale of such Revenue Obligations and authorizing the execution of necessary documents and related actions"; and
- B. That the Orange County Sanitation District Financing Corporation approve the documents supporting and authorizing the Revenue Obligations in an aggregate amount not to exceed \$163,775,000.

**AYES:** Glenn Parker, Brad Avery, Art Brown, Kim Carr, Mark Chirco, Rose Espinoza, Marshall Goodman, Patrick Harper, Andrew Nguyen, Anthony Kuo, David Shawver and John Withers

**NOES:** None

**ABSENT:** Chad Wanke

**ABSTENTIONS:** None

### **INFORMATION ITEMS:**

#### **6. INSURANCE RENEWAL MARKET OVERVIEW**

**[2021-1606](#)**

**Originator:** Lorenzo Tyner

Dennis Mulqueeney, Alliant Insurance Services, provided a PowerPoint presentation which included an in depth overview of OC San's Insurance Program including: Liability & Workers Compensation, Casualty, and Property Insurance. He also reported the risks that are affecting current rates including: Cyber Attacks, Ransomware, Aging Infrastructure, Earthquakes, Wildfires, and the Pandemic.

ITEM RECEIVED AS AN:

Information Item.



7. **CAPITAL IMPROVEMENT PROGRAM PROPOSED BUDGET FOR [2021-1628](#)  
FY2021-22**

**Originator:** Kathy Millea

Engineering Manager Eros Yong provided an informative PowerPoint presentation regarding the Capital Improvement Program (CIP) FY 2021-22 Budget update including: performance overview; 10-year net and total CIP outlay; CIP budget authority; new projects; top budget increases and decreases; project closures; projected FY 2021-22 net CIP outlay; and 20-year net CIP outlay.

ITEM RECEIVED AS AN:

Information Item.

**DEPARTMENT HEAD REPORTS:**

None.

**CLOSED SESSION:**

None.

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

Director Harper urged the Committee to support OC San's Community Project Assistance request for \$10,000,000 in federal funding for the Headworks Rehabilitation Project.

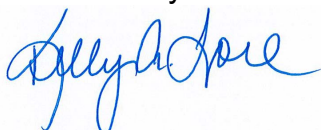
**BOARD OF DIRECTORS INITIATED ITEMS FOR A FUTURE MEETING:**

None.

**ADJOURNMENT:**

Vice-Chair Parker declared the meeting adjourned at 6:29 p.m. to the next Regular meeting of the Administration Committee to be held on Wednesday, June 9, 2021 at 5:00 p.m.

Submitted by:



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Kelly A. Lore, MMC  
Clerk of the Board



# BOARD OF DIRECTORS

## Agenda Report

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

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**File #:** 2021-1695

**Agenda Date:** 6/23/2021

**Agenda Item No:** 4.

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

**SUBJECT:**

**REPORT OF THE INVESTMENT TRANSACTIONS FOR THE MONTH OF MAY 2021**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION: Receive and file the following:

Report of the Investment Transactions for the month of May 2021.

**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 May 31, 2021.

**RELEVANT STANDARDS**

- CA Government Code Section 53607

**ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- Report of the Investment Transactions for the Month of May 2021

**U.S. Bank  
Transaction History  
May 2021**

Entry Date	CUSIP Id	Explanation	Units	Price	Net Cash Amt	Cost	Gain/Loss
<b>ACQUISITIONS</b>							
05/03/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	59,929.3800	1.000000	-59,929.38	59,929.38	0.00
05/04/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	423.1200	1.000000	-423.12	423.12	0.00
05/04/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	429.1300	1.000000	-429.13	429.13	0.00
05/06/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	1,171,458.7500	1.000000	-1,171,458.75	1,171,458.75	0.00
05/06/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	11,062.5000	1.000000	-11,062.50	11,062.50	0.00
05/07/2021	912828Z60	PURCHASED PAR VALUE OF U S TREASURY NT 1.375% 1/31/22 /NOMURA SECURITIES INTERNATIONAL/10,000,000 PAR VALUE AT 100.9726563 %	10,000,000.0000	1.009727	-10,097,265.63	10,097,265.63	0.00
05/07/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	20,064.2400	1.000000	-20,064.24	20,064.24	0.00
05/10/2021	14913Q2T5	PURCHASED PAR VALUE OF CATERPILLAR FINL MTN 2.950% 2/26/22 /MORGAN STANLEY & CO. LLC/2,000,000 PAR VALUE AT 102.185 %	2,000,000.0000	1.021850	-2,043,700.00	2,043,700.00	0.00
05/11/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	3,322,025.0000	1.000000	-3,322,025.00	3,322,025.00	0.00
05/12/2021	023135BW5	PURCHASED PAR VALUE OF AMAZON COM INC 0.450% 5/12/24 /J.P. MORGAN SECURITIES LLC/5,490,000 PAR VALUE AT 99.854 %	5,490,000.0000	0.998540	-5,481,984.60	5,481,984.60	0.00
05/17/2021	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
05/17/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	27,500.0000	1.000000	-27,500.00	27,500.00	0.00
05/17/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	3,846,861.7000	1.000000	-3,846,861.70	3,846,861.70	0.00
05/17/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	1,085.3300	1.000000	-1,085.33	1,085.33	0.00
05/18/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	84,917.8400	1.000000	-84,917.84	84,917.84	0.00
05/18/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	95,500.0000	1.000000	-95,500.00	95,500.00	0.00
05/19/2021	65558UBJ0	PURCHASED PAR VALUE OF NORDEA BK ABP C D 0.210% 5/16/22 /WELLS FARGO SECURITIES, LLC/3,000,000 PAR VALUE AT 100.01002967 %	3,000,000.0000	1.000100	-3,000,300.89	3,000,300.89	0.00
05/19/2021	65558UBJ0	PURCHASED PAR VALUE OF NORDEA BK ABP C D 0.210% 5/16/22 /WELLS FARGO SECURITIES, LLC/7,000,000 PAR VALUE AT 100.01002957 %	7,000,000.0000	1.000100	-7,000,702.07	7,000,702.07	0.00
05/20/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	1,171.5400	1.000000	-1,171.54	1,171.54	0.00
05/21/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	1,407,506.2500	1.000000	-1,407,506.25	1,407,506.25	0.00
05/21/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	178,791.3300	1.000000	-178,791.33	178,791.33	0.00
05/24/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	1,000,005.0000	1.000000	-1,000,005.00	1,000,005.00	0.00
05/24/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	6,875.0000	1.000000	-6,875.00	6,875.00	0.00
05/25/2021	89233HAU8	PURCHASED PAR VALUE OF TOYOTA MTR CR CORP DISC C P 1/28/22 /DBTC AMERICAS/COMMERCIAL PAPER/4,000,000 PAR VALUE AT 99.89666675 %	4,000,000.0000	0.998967	-3,995,866.67	3,995,866.67	0.00
05/25/2021	912828ZM5	PURCHASED PAR VALUE OF U S TREASURY NT 0.125% 4/30/22 /WELLS FARGO SECURITIES, LLC/7,500,000 PAR VALUE AT 100.0742188 %	7,500,000.0000	1.000742	-7,505,566.41	7,505,566.41	0.00
05/25/2021	31846V567	PURCHASED UNITS OF FIRST AM GOVT OB FD CL Z	25,224.4900	1.000000	-25,224.49	25,224.49	0.00
05/27/2021	912828ZM5	PURCHASED PAR VALUE OF U S TREASURY NT 0.125% 4/30/22 /J.P. MORGAN SECURITIES LLC/7,500,000 PAR VALUE AT 100.07031253 %	7,500,000.0000	1.000703	-7,505,273.44	7,505,273.44	0.00

**U.S. Bank**  
**Transaction History**  
**May 2021**

Entry Date	CUSIP Id	Explanation	Units	Price	Net Cash Amt	Cost	Gain/Loss
05/28/2021	91282CBT7	PURCHASED PAR VALUE OF U S TREASURY NT 0.750% 3/31/26 /J.P. MORGAN SECURITIES LLC/3,000,000 PAR VALUE AT 99.87109367 %	3,000,000.0000	0.998711	-2,996,132.81	2,996,132.81	0.00
<b>TOTAL ACQUISITIONS</b>			<b>62,750,830.6000</b>		<b>-62,887,623.12</b>	<b>62,887,623.12</b>	<b>0.00</b>
<b>DISPOSITIONS</b>							
05/06/2021	037833AR1	MATURED PAR VALUE OF APPLE INC 2.850% 5/06/21 1,155,000 PAR VALUE AT 100 %	-1,155,000.0000	1.000000	1,155,000.00	-1,182,327.30	-27,327.30
05/07/2021	31846V567	SOLD UNITS OF FIRST AM GOVT OB FD CL Z	-10,133,729.7200	1.000000	10,133,729.72	-10,133,729.72	0.00
05/10/2021	31846V567	SOLD UNITS OF FIRST AM GOVT OB FD CL Z	-2,055,827.7800	1.000000	2,055,827.78	-2,055,827.78	0.00
05/11/2021	369550BE7	MATURED PAR VALUE OF GENERAL DYNAMICS 3.000% 5/11/21 3,160,000 PAR VALUE AT 100 %	-3,160,000.0000	1.000000	3,160,000.00	-3,138,038.00	21,962.00
05/12/2021	31846V567	SOLD UNITS OF FIRST AM GOVT OB FD CL Z	-5,481,984.6000	1.000000	5,481,984.60	-5,481,984.60	0.00
05/17/2021	166764BG4	MATURED PAR VALUE OF CHEVRON CORP 2.100% 5/16/21 2,500,000 PAR VALUE AT 100 %	-2,500,000.0000	1.000000	2,500,000.00	-2,485,350.00	14,650.00
05/17/2021	89236TBJ3	MATURED PAR VALUE OF TOYOTA MOTOR MTN 2.750% 5/17/21 2,000,000 PAR VALUE AT 100 %	-2,000,000.0000	1.000000	2,000,000.00	-2,025,350.00	-25,350.00
05/17/2021	913366EJ5	MATURED PAR VALUE OF UNIV OF CALIFORNIA 5.035% 5/15/21 400,000 PAR VALUE AT 100 %	-400,000.0000	1.000000	400,000.00	-400,000.00	0.00
05/17/2021	31348SWZ3	PAID DOWN PAR VALUE OF F H L M C #786064 2.262% 1/01/28 APRIL FHLMC DUE 5/15/21	-20.6500	0.000000	20.65	-20.15	0.50
05/17/2021	3133TCE95	PAID DOWN PAR VALUE OF F H L M C MLTCL MTG 3.865% 8/15/32	-88.4500	0.000000	88.45	-88.54	-0.09
05/17/2021	43815NAB0	PAID DOWN PAR VALUE OF HONDA AUTO 1.900% 4/15/22	-254,286.5200	0.206376	254,286.52	-254,268.72	17.80
05/17/2021	47788EAC2	PAID DOWN PAR VALUE OF JOHN DEERE OWNER 3.080% 11/15/22	-311,787.8100	0.168315	311,787.81	-311,764.18	23.63
05/17/2021	65479GAD1	PAID DOWN PAR VALUE OF NISSAN AUTO 3.060% 3/15/23	-178,385.4400	0.294186	178,385.44	-178,379.66	5.78
05/18/2021	43814UAG4	PAID DOWN PAR VALUE OF HONDA AUTO 3.010% 5/18/22	-83,274.0200	0.000000	83,274.02	-83,272.20	1.82
05/19/2021	31846V567	SOLD UNITS OF FIRST AM GOVT OB FD CL Z	-3,000,388.3900	1.000000	3,000,388.39	-3,000,388.39	0.00
05/19/2021	31846V567	SOLD UNITS OF FIRST AM GOVT OB FD CL Z	-7,000,906.2400	1.000000	7,000,906.24	-7,000,906.24	0.00
05/20/2021	36225CAZ9	PAID DOWN PAR VALUE OF G N M A I I #080023 2.125% 12/20/26 APRIL GNMA DUE 5/20/21	-168.0000	0.000000	168.00	-170.78	-2.78
05/20/2021	36225CC20	PAID DOWN PAR VALUE OF G N M A I I #080088 2.875% 6/20/27 APRIL GNMA DUE 5/20/21	-225.6400	0.000000	225.64	-230.58	-4.94
05/20/2021	36225CNM4	PAID DOWN PAR VALUE OF G N M A I I #080395 2.875% 4/20/30 APRIL GNMA DUE 5/20/21	-49.4100	0.000000	49.41	-48.96	0.45
05/20/2021	36225CN28	PAID DOWN PAR VALUE OF G N M A I I #080408 2.875% 5/20/30 APRIL GNMA DUE 5/20/21	-293.4300	0.000000	293.43	-290.45	2.98
05/20/2021	36225DCB8	PAID DOWN PAR VALUE OF G N M A I I #080965 2.250% 7/20/34 APRIL GNMA DUE 5/20/21	-251.8500	0.000000	251.85	-251.69	0.16
05/21/2021	808513AW5	MATURED PAR VALUE OF CHARLES SCHWAB CORP 3.250% 5/21/21 1,385,000 PAR VALUE AT 100 %	-1,385,000.0000	1.000000	1,385,000.00	-1,419,472.65	-34,472.65

**U.S. Bank**  
**Transaction History**  
**May 2021**

Entry Date	CUSIP Id	Explanation	Units	Price	Net Cash Amt	Cost	Gain/Loss
05/21/2021	43815HAC1	PAID DOWN PAR VALUE OF HONDA AUTO 2.950% 8/22/22	-175,973.2700	3.933550	175,973.27	-175,949.13	24.14
05/24/2021	459058FH1	MATURED PAR VALUE OF INTL BK 1.375% 5/24/21 1,000,000 PAR VALUE AT 100 %	-1,000,000.0000	1.000000	1,000,000.00	-1,010,570.00	-10,570.00
05/24/2021	31846V567	SOLD UNITS OF FIRST AM GOVT OB FD CL Z	-94.4900	1.000000	94.49	-94.49	0.00
05/25/2021	31394JY35	PAID DOWN PAR VALUE OF F H L M C MLTCL MTG 6.500% 9/25/43	-6,832.8200	0.000000	6,832.82	-7,738.17	-905.35
05/25/2021	31371NUC7	PAID DOWN PAR VALUE OF F N M A #257179 4.500% 4/01/28 APRIL FNMA DUE 5/25/21	-113.6300	0.000000	113.63	-120.17	-6.54
05/25/2021	31376KT22	PAID DOWN PAR VALUE OF F N M A #357969 5.000% 9/01/35 APRIL FNMA DUE 5/25/21	-1,547.6400	0.000000	1,547.64	-1,663.71	-116.07
05/25/2021	31403DJZ3	PAID DOWN PAR VALUE OF F N M A #745580 5.000% 6/01/36 APRIL FNMA DUE 5/25/21	-2,086.8200	0.000000	2,086.82	-2,243.33	-156.51
05/25/2021	31403GXF4	PAID DOWN PAR VALUE OF F N M A #748678 5.000% 10/01/33 APRIL FNMA DUE 5/25/21	-3.9400	0.000000	3.94	-4.24	-0.30
05/25/2021	31406PQY8	PAID DOWN PAR VALUE OF F N M A #815971 5.000% 3/01/35 APRIL FNMA DUE 5/25/21	-490.5800	0.000000	490.58	-527.37	-36.79
05/25/2021	31406XWT5	PAID DOWN PAR VALUE OF F N M A #823358 2.035% 2/01/35 APRIL FNMA DUE 5/25/21	-512.8800	0.000000	512.88	-508.87	4.01
05/25/2021	31407BXH7	PAID DOWN PAR VALUE OF F N M A #826080 5.000% 7/01/35 APRIL FNMA DUE 5/25/21	-141.1600	0.000000	141.16	-151.75	-10.59
05/25/2021	31410F4V4	PAID DOWN PAR VALUE OF F N M A #888336 5.000% 7/01/36 APRIL FNMA DUE 5/25/21	-4,099.5600	0.000000	4,099.56	-4,407.03	-307.47
05/25/2021	3138EG6F6	PAID DOWN PAR VALUE OF F N M A #AL0869 4.500% 6/01/29 APRIL FNMA DUE 5/25/21	-181.9100	0.000000	181.91	-192.39	-10.48
05/25/2021	31417YAY3	PAID DOWN PAR VALUE OF F N M A #MA0022 4.500% 4/01/29 APRIL FNMA DUE 5/25/21	-223.9800	0.000000	223.98	-236.88	-12.90
05/25/2021	31397QRE0	PAID DOWN PAR VALUE OF F N M A GTD REMIC 2.472% 2/25/41	-4,242.3700	0.000000	4,242.37	-4,241.04	1.33
05/25/2021	31846V567	SOLD UNITS OF FIRST AM GOVT OB FD CL Z	-7,506,203.3000	1.000000	7,506,203.30	-7,506,203.30	0.00
05/25/2021	31846V567	SOLD UNITS OF FIRST AM GOVT OB FD CL Z	-3,995,866.6700	1.000000	3,995,866.67	-3,995,866.67	0.00
05/27/2021	31846V567	SOLD UNITS OF FIRST AM GOVT OB FD CL Z	-7,505,961.2800	1.000000	7,505,961.28	-7,505,961.28	0.00
05/28/2021	31846V567	SOLD UNITS OF FIRST AM GOVT OB FD CL Z	-2,999,698.3800	1.000000	2,999,698.38	-2,999,698.38	0.00
<b>TOTAL DISPOSITIONS</b>			<b>-62,305,942.6300</b>		<b>62,305,942.63</b>	<b>-62,368,538.79</b>	<b>-62,596.16</b>
<b>OTHER TRANSACTIONS</b>							
05/03/2021	00440EAU1	INTEREST EARNED ON ACE INA HOLDINGS 2.875% 11/03/22 \$1 PV ON 4169000.0000 SHARES DUE 5/3/2021	0.0000	0.000000	59,929.38	0.00	0.00
05/03/2021	31846V567	INTEREST EARNED ON FIRST AM GOVT OB FD CL Z UNIT ON 0.0000 SHARES DUE 4/30/2021 INTEREST FROM 4/1/21 TO 4/30/21	0.0000	0.000000	423.12	0.00	0.00
05/03/2021	31846V567	INTEREST EARNED ON FIRST AM GOVT OB FD CL Z UNIT ON 0.0000 SHARES DUE 4/30/2021 INTEREST FROM 4/1/21 TO 4/30/21	0.0000	0.000000	429.13	0.00	0.00

**U.S. Bank**  
**Transaction History**  
**May 2021**

Entry Date	CUSIP Id	Explanation	Units	Price	Net Cash Amt	Cost	Gain/Loss
05/06/2021	037833AR1	INTEREST EARNED ON APPLE INC 2.850% 5/06/21 \$1 PV ON 1155000.0000 SHARES DUE 5/6/2021	0.0000	0.000000	16,458.75	0.00	0.00
05/06/2021	3133ELYR9	INTEREST EARNED ON F F C B DEB 0.250% 5/06/22 \$1 PV ON 8850000.0000 SHARES DUE 5/6/2021	0.0000	0.000000	11,062.50	0.00	0.00
05/07/2021	3135G06G3	INTEREST EARNED ON F N M A 0.500% 11/07/25 \$1 PV ON 8255000.0000 SHARES DUE 5/7/2021	0.0000	0.000000	20,064.24	0.00	0.00
05/07/2021	912828Z60	PAID ACCRUED INTEREST ON PURCHASE OF U S TREASURY NT 1.375% 1/31/22	0.0000	0.000000	-36,464.09	0.00	0.00
05/10/2021	14913Q2T5	PAID ACCRUED INTEREST ON PURCHASE OF CATERPILLAR FINL MTN 2.950% 2/26/22	0.0000	0.000000	-12,127.78	0.00	0.00
05/11/2021	037833CU2	INTEREST EARNED ON APPLE INC 2.850% 5/11/24 \$1 PV ON 3000000.0000 SHARES DUE 5/11/2021	0.0000	0.000000	42,750.00	0.00	0.00
05/11/2021	369550BE7	INTEREST EARNED ON GENERAL DYNAMICS 3.000% 5/11/21 \$1 PV ON 3160000.0000 SHARES DUE 5/11/2021	0.0000	0.000000	47,400.00	0.00	0.00
05/11/2021	458140BD1	INTEREST EARNED ON INTEL CORP 2.875% 5/11/24 \$1 PV ON 5000000.0000 SHARES DUE 5/11/2021	0.0000	0.000000	71,875.00	0.00	0.00
05/13/2021	912828WU0	BOOK VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 38896.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI	0.0000	0.000000	0.00	0.00	0.00
05/13/2021	912828WU0	FED BASIS OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 38896.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI	0.0000	0.000000	0.00	38,896.00	0.00
05/13/2021	912828WU0	PAR VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 38896.0000 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI	38,896.0000	0.000000	0.00	0.00	0.00
05/13/2021	912828WU0	STATE COST OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 38896.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI	0.0000	0.000000	0.00	0.00	0.00
05/17/2021	084664BT7	INTEREST EARNED ON BERKSHIRE HATHAWAY 3.000% 5/15/22 \$1 PV ON 4000000.0000 SHARES DUE 5/15/2021	0.0000	0.000000	60,000.00	0.00	0.00
05/17/2021	166764BG4	INTEREST EARNED ON CHEVRON CORP 2.100% 5/16/21 \$1 PV ON 2500000.0000 SHARES DUE 5/16/2021	0.0000	0.000000	26,250.00	0.00	0.00
05/17/2021	31348SWZ3	INTEREST EARNED ON F H L M C #786064 2.262% 1/01/28 \$1 PV ON 2.8300 SHARES DUE 5/15/2021 MARCH FHLMC DUE 5/15/21	0.0000	0.000000	2.83	0.00	0.00
05/17/2021	3133TCE95	INTEREST EARNED ON F H L M C MLTCL MTG 3.865% 8/15/32 \$1 PV ON 13.2900 SHARES DUE 5/15/2021 \$0.00322/PV ON 4,125.30 PV DUE 5/15/21	0.0000	0.000000	13.29	0.00	0.00
05/17/2021	43815NAB0	INTEREST EARNED ON HONDA AUTO 1.900% 4/15/22 \$1 PV ON 465.0100 SHARES DUE 5/15/2021 \$0.00158/PV ON 293,689.53 PV DUE 5/15/21	0.0000	0.000000	465.01	0.00	0.00
05/17/2021	44933LAC7	INTEREST EARNED ON HYUNDAI AUTO REC 0.21533% 9/15/25 \$1 PV ON 376.8300 SHARES DUE 5/15/2021 \$0.00018/PV ON 2,100,000.00 PV DUE 5/15/21	0.0000	0.000000	376.83	0.00	0.00
05/17/2021	47787NAC3	INTEREST EARNED ON JOHN DEERE OWNER 0.510% 11/15/24 \$1 PV ON 629.0000 SHARES DUE 5/15/2021 \$0.00042/PV ON 1,480,000.00 PV DUE 5/15/21	0.0000	0.000000	629.00	0.00	0.00
05/17/2021	47788EAC2	INTEREST EARNED ON JOHN DEERE OWNER 3.080% 11/15/22 \$1 PV ON 2534.4400 SHARES DUE 5/15/2021 \$0.00257/PV ON 987,444.87 PV DUE 5/15/21	0.0000	0.000000	2,534.44	0.00	0.00

**U.S. Bank**  
**Transaction History**  
**May 2021**

Entry Date	CUSIP Id	Explanation	Units	Price	Net Cash Amt	Cost	Gain/Loss
05/17/2021	47788UAC6	INTEREST EARNED ON JOHN DEERE OWNER 0.4093% 9/15/25 \$1 PV ON 784.4900 SHARES DUE 5/15/2021 \$0.00034/PV ON 2,300,000.00 PV DUE 5/15/21	0.0000	0.000000	784.49	0.00	0.00
05/17/2021	58770FAC6	INTEREST EARNED ON MERCEDES BENZ AUTO 1.840% 12/15/22 \$1 PV ON 3143.3300 SHARES DUE 5/15/2021 \$0.00153/PV ON 2,050,000.00 PV DUE 5/15/21	0.0000	0.000000	3,143.33	0.00	0.00
05/17/2021	65479JAD5	INTEREST EARNED ON NISSAN AUTO 1.930% 7/15/24 \$1 PV ON 6730.8700 SHARES DUE 5/15/2021 \$0.00161/PV ON 4,185,000.00 PV DUE 5/15/21	0.0000	0.000000	6,730.87	0.00	0.00
05/17/2021	65479GAD1	INTEREST EARNED ON NISSAN AUTO 3.060% 3/15/23 \$1 PV ON 3792.7400 SHARES DUE 5/15/2021 \$0.00255/PV ON 1,487,349.68 PV DUE 5/15/21	0.0000	0.000000	3,792.74	0.00	0.00
05/17/2021	89237VAB5	INTEREST EARNED ON TOYOTA AUTO RECV 0.440% 10/15/24 \$1 PV ON 1085.3300 SHARES DUE 5/15/2021 \$0.00037/PV ON 2,960,000.00 PV DUE 5/15/21	0.0000	0.000000	1,085.33	0.00	0.00
05/17/2021	89236TBJ3	INTEREST EARNED ON TOYOTA MOTOR MTN 2.750% 5/17/21 \$1 PV ON 2000000.0000 SHARES DUE 5/17/2021 ACCRUED INTEREST ON 5/17/2021 MATURITY	0.0000	0.000000	27,500.00	0.00	0.00
05/17/2021	912828WJ5	INTEREST EARNED ON U S TREASURY NT 2.500% 5/15/24 \$1 PV ON 7000000.0000 SHARES DUE 5/15/2021	0.0000	0.000000	87,500.00	0.00	0.00
05/17/2021	913366EJ5	INTEREST EARNED ON UNIV OF CALIFORNIA 5.035% 5/15/21 \$1 PV ON 400000.0000 SHARES DUE 5/15/2021	0.0000	0.000000	10,070.00	0.00	0.00
05/18/2021	43813KAC6	INTEREST EARNED ON HONDA AUTO 0.370% 10/18/24 \$1 PV ON 997.4600 SHARES DUE 5/18/2021 \$0.00031/PV ON 3,235,000.00 PV DUE 5/18/21	0.0000	0.000000	997.46	0.00	0.00
05/18/2021	43814UAG4	INTEREST EARNED ON HONDA AUTO 3.010% 5/18/22 \$1 PV ON 646.3600 SHARES DUE 5/18/2021 \$0.00251/PV ON 257,684.43 PV DUE 5/18/21	0.0000	0.000000	646.36	0.00	0.00
05/18/2021	46625HRL6	INTEREST EARNED ON JP MORGAN CHASE CO 2.700% 5/18/23 \$1 PV ON 5000000.0000 SHARES DUE 5/18/2021	0.0000	0.000000	67,500.00	0.00	0.00
05/18/2021	58933YAF2	INTEREST EARNED ON MERCK CO INC 2.800% 5/18/23 \$1 PV ON 2000000.0000 SHARES DUE 5/18/2021	0.0000	0.000000	28,000.00	0.00	0.00
05/19/2021	65558UBJ0	PAID ACCRUED INTEREST ON PURCHASE OF NORDEA BK ABP C D 0.210% 5/16/22	0.0000	0.000000	-87.50	0.00	0.00
05/19/2021	65558UBJ0	PAID ACCRUED INTEREST ON PURCHASE OF NORDEA BK ABP C D 0.210% 5/16/22	0.0000	0.000000	-204.17	0.00	0.00
05/20/2021	36225CAZ9	INTEREST EARNED ON G N M A I I #080023 2.125% 12/20/26 \$1 PV ON 18.5000 SHARES DUE 5/20/2021 APRIL GNMA DUE 5/20/21	0.0000	0.000000	18.50	0.00	0.00
05/20/2021	36225CC20	INTEREST EARNED ON G N M A I I #080088 2.875% 6/20/27 \$1 PV ON 19.5900 SHARES DUE 5/20/2021 APRIL GNMA DUE 5/20/21	0.0000	0.000000	19.59	0.00	0.00
05/20/2021	36225CNM4	INTEREST EARNED ON G N M A I I #080395 2.875% 4/20/30 \$1 PV ON 10.2400 SHARES DUE 5/20/2021 APRIL GNMA DUE 5/20/21	0.0000	0.000000	10.24	0.00	0.00
05/20/2021	36225CN28	INTEREST EARNED ON G N M A I I #080408 2.875% 5/20/30 \$1 PV ON 81.0100 SHARES DUE 5/20/2021 APRIL GNMA DUE 5/20/21	0.0000	0.000000	81.01	0.00	0.00
05/20/2021	36225DCB8	INTEREST EARNED ON G N M A I I #080965 2.250% 7/20/34 \$1 PV ON 53.8700 SHARES DUE 5/20/2021 APRIL GNMA DUE 5/20/21	0.0000	0.000000	53.87	0.00	0.00
05/21/2021	808513AW5	INTEREST EARNED ON CHARLES SCHWAB CORP 3.250% 5/21/21 \$1 PV ON 1385000.0000 SHARES DUE 5/21/2021	0.0000	0.000000	22,506.25	0.00	0.00

**U.S. Bank**  
**Transaction History**  
**May 2021**

Entry Date	CUSIP Id	Explanation	Units	Price	Net Cash Amt	Cost	Gain/Loss
05/21/2021	43813GAC5	INTEREST EARNED ON HONDA AUTO 0.270% 4/21/25 \$1 PV ON 361.1300 SHARES DUE 5/21/2021 \$0.00023/PV ON 1,605,000.00 PV DUE 5/21/21	0.0000	0.000000	361.13	0.00	0.00
05/21/2021	43815HAC1	INTEREST EARNED ON HONDA AUTO 2.950% 8/22/22 \$1 PV ON 2456.9300 SHARES DUE 5/21/2021 \$0.00246/PV ON 999,427.48 PV DUE 5/21/21	0.0000	0.000000	2,456.93	0.00	0.00
05/24/2021	459058FH1	INTEREST EARNED ON INTL BK 1.375% 5/24/21 \$1 PV ON 1000000.0000 SHARES DUE 5/24/2021	0.0000	0.000000	6,880.00	0.00	0.00
05/24/2021	47788UAC6	INTEREST EARNED ON JOHN DEERE OWNER 0.4093% 9/15/25 \$1 PV ON 2300000.0000 SHARES DUE 5/15/2021	0.0000	0.000000	690.00	0.00	0.00
05/24/2021	47788UAC6	INTEREST EARNED ON JOHN DEERE OWNER 0.4093% 9/15/25 \$1 PV ON 784.4900 SHARES DUE 5/15/2021 RATE REVISION MAY	0.0000	0.000000	-784.49	0.00	0.00
05/25/2021	31394JY35	INTEREST EARNED ON F H L M C MLTCL MTG 6.500% 9/25/43 \$1 PV ON 2926.5900 SHARES DUE 5/25/2021 \$0.00542/PV ON 540,293.15 PV DUE 5/25/21	0.0000	0.000000	2,926.59	0.00	0.00
05/25/2021	31371NUC7	INTEREST EARNED ON F N M A #257179 4.500% 4/01/28 \$1 PV ON 34.0600 SHARES DUE 5/25/2021 APRIL FNMA DUE 5/25/21	0.0000	0.000000	34.06	0.00	0.00
05/25/2021	31376KT22	INTEREST EARNED ON F N M A #357969 5.000% 9/01/35 \$1 PV ON 300.7000 SHARES DUE 5/25/2021 APRIL FNMA DUE 5/25/21	0.0000	0.000000	300.70	0.00	0.00
05/25/2021	31403DJZ3	INTEREST EARNED ON F N M A #745580 5.000% 6/01/36 \$1 PV ON 273.1200 SHARES DUE 5/25/2021 APRIL FNMA DUE 5/25/21	0.0000	0.000000	273.12	0.00	0.00
05/25/2021	31403GXF4	INTEREST EARNED ON F N M A #748678 5.000% 10/01/33 \$1 PV ON 3.4200 SHARES DUE 5/25/2021 APRIL FNMA DUE 5/25/21	0.0000	0.000000	3.42	0.00	0.00
05/25/2021	31406PQY8	INTEREST EARNED ON F N M A #815971 5.000% 3/01/35 \$1 PV ON 398.1600 SHARES DUE 5/25/2021 APRIL FNMA DUE 5/25/21	0.0000	0.000000	398.16	0.00	0.00
05/25/2021	31406XWT5	INTEREST EARNED ON F N M A #823358 2.035% 2/01/35 \$1 PV ON 120.4100 SHARES DUE 5/25/2021 APRIL FNMA DUE 5/25/21	0.0000	0.000000	120.41	0.00	0.00
05/25/2021	31407BXH7	INTEREST EARNED ON F N M A #826080 5.000% 7/01/35 \$1 PV ON 52.7300 SHARES DUE 5/25/2021 APRIL FNMA DUE 5/25/21	0.0000	0.000000	52.73	0.00	0.00
05/25/2021	31410F4V4	INTEREST EARNED ON F N M A #888336 5.000% 7/01/36 \$1 PV ON 497.5400 SHARES DUE 5/25/2021 APRIL FNMA DUE 5/25/21	0.0000	0.000000	497.54	0.00	0.00
05/25/2021	3138EG6F6	INTEREST EARNED ON F N M A #AL0869 4.500% 6/01/29 \$1 PV ON 23.4100 SHARES DUE 5/25/2021 APRIL FNMA DUE 5/25/21	0.0000	0.000000	23.41	0.00	0.00
05/25/2021	31417YAY3	INTEREST EARNED ON F N M A #MA0022 4.500% 4/01/29 \$1 PV ON 38.7700 SHARES DUE 5/25/2021 APRIL FNMA DUE 5/25/21	0.0000	0.000000	38.77	0.00	0.00
05/25/2021	31397QRE0	INTEREST EARNED ON F N M A GTD REMIC 2.472% 2/25/41 \$1 PV ON 78.2900 SHARES DUE 5/25/2021 \$0.00066/PV ON 119,499.65 PV DUE 5/25/21	0.0000	0.000000	78.29	0.00	0.00
05/25/2021	912828ZM5	PAID ACCRUED INTEREST ON PURCHASE OF U S TREASURY NT 0.125% 4/30/22	0.0000	0.000000	-636.89	0.00	0.00
05/26/2021	912828WU0	BOOK VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 42120.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI	0.0000	0.000000	0.00	0.00	0.00
05/26/2021	912828WU0	FED BASIS OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 42120.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI	0.0000	0.000000	0.00	42,120.00	0.00



**U.S. Bank**  
**Transaction History**  
**May 2021**

Entry Date	CUSIP Id	Explanation	Units	Price	Net Cash Amt	Cost	Gain/Loss
05/26/2021	912828WU0	PAR VALUE OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 42120.0000 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI	42,120.0000	0.000000	0.00	0.00	0.00
05/26/2021	912828WU0	STATE COST OF U S TREASURY I P S 0.125% 7/15/24 ADJUSTED BY 42120.00 UNITS INCREASE TO ADJUST FOR CHANGE IN CPI	0.0000	0.000000	0.00	0.00	0.00
05/27/2021	912828ZM5	PAID ACCRUED INTEREST ON PURCHASE OF U S TREASURY NT 0.125% 4/30/22	0.0000	0.000000	-687.84	0.00	0.00
05/28/2021	91282CBT7	PAID ACCRUED INTEREST ON PURCHASE OF U S TREASURY NT 0.750% 3/31/26	0.0000	0.000000	-3,565.57	0.00	0.00
<b>TOTAL OTHER TRANSACTIONS</b>			<b>81,016.0000</b>		<b>581,680.49</b>	<b>81,016.00</b>	<b>0.00</b>

## OPERATIONS COMMITTEE

### Agenda Report

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**File #:** 2021-1690

**Agenda Date:** 6/23/2021

**Agenda Item No:** 5.

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

**SUBJECT:**

**COOPERATIVE PROCUREMENT WITH STATE OF CALIFORNIA, DEPARTMENT OF GENERAL SERVICES FOR FUEL PURCHASE PROGRAM**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

- A. Authorize the use of the State of California, Department of General Services Master Service Agreement No. 5-19-99-19 with WEX Bank for Fleet Payment System Services for the period beginning July 1, 2021 through June 30, 2022, for a total not to exceed \$250,000, with four one-year renewal options; and
- B. Approve a \$50,000 (20%) contingency per year.

**BACKGROUND**

Approval of this action allows the Orange County Sanitation District (OC San) to continue participating in the State of California Fleet Card Program. Under this program, OC San purchases fuel from fueling stations at a discounted rate. OC San has purchased fuel for vehicles and the ocean monitoring vessel through the state program since 2009, which provides lower unit fuel costs resulting from larger fuel volumes associated with the cooperative procurement.

The State of California, Department of General Services (DGS), and WEX Bank have recently entered into a new Agreement for the fuel card payment service. This Agreement with WEX Bank provides OC San a fuel card service. Local political subdivisions are allowed and encouraged to participate under this Cooperative Agreement. Every OC San vehicle and ocean monitoring vessel has a charge card to purchase gasoline or diesel fuel from local fueling stations.

**RELEVANT STANDARDS**

- Ensure the public's money is wisely spent
- Participate in local, state, and national cooperative purchasing programs

**PROBLEM**

The current Agreement between the State of California and the US Bank National Association dba Voyager Fleet Systems (Voyager) for the services of a fuel card payment system expires on June 30, 2021. The State of California went through a new procurement process with WEX Bank being awarded a new Agreement for these services.

**PROPOSED SOLUTION**

Approve participation in the State of California, DGS Master Service Agreement with WEX Bank.

**TIMING CONCERNS**

The current fuel card agreement between DGS and US Bank (Voyager) expires on June 30, 2021.

**RAMIFICATIONS OF NOT TAKING ACTION**

OC San would purchase fuel at increased prices and be required to find other alternatives to fit this need.

**PRIOR COMMITTEE/BOARD ACTIONS**

December 2016 - Board approved a purchase order with US Bank (Voyager) for a total amount not to exceed \$250,000 with four one-year optional renewals; and approved a \$50,000 (20%) contingency per year.

**ADDITIONAL INFORMATION**

The new Master Services Agreement is a State of California, DGS competitive procurement led by DGS. WEX Bank was the lowest bidder and received award of the DGS Master Services Agreement. A 20% contingency is requested to allow for variances in market fuel prices and usage rates.

**FINANCIAL CONSIDERATIONS**

This request complies with authority levels of OC San's Purchasing Ordinance. This item is budgeted in the fiscal year 2020-21 & 2021-22 budget, Operations and Maintenance Department line item: Section 6, Page 80.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
06/23/2021	\$250,000	\$50,000 (20%)

**ATTACHMENT**

*The following attachment(s) may be viewed online at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

N/A

DS:bb:sr:qc

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**File #:** 2021-1691

**Agenda Date:** 6/23/2021

**Agenda Item No:** 6.

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

**SUBJECT:**

**AGREEMENT FOR NATURAL GAS, SPECIFICATION NO. C-2021-1227BD**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

Approve the Master Retail Natural Gas Supply agreement with Constellation NewEnergy - Gas Division, LLC for the purchase of Natural Gas, Specification No. C-2021-1227BD, for the period August 1, 2021 through July 31, 2022 for \$0.035 per Million British Thermal Units (MMBtu) over the Natural Gas Intelligence Weekly Gas Price Index Monthly Bid for the SoCal Citygate for a total estimated annual cost of \$715,000 with four one-year renewal options.

**BACKGROUND**

Orange County Sanitation District (OC San) Central Generation (CenGen) facilities at Plant Nos. 1 and 2 are vital to OC San's resource recovery and resilient operation. CenGen engines utilize all process digester gas to generate electricity and heat which are utilized in the treatment plants and support buildings. Natural gas is used as a supplemental fuel in the CenGen engines during routine operations and peak power months to reduce electrical demand.

Natural gas is purchased as a bulk commodity from a third-party energy marketing firm and is delivered through regional pipelines owned by Southern California Gas Company. OC San buys natural gas on the open market with pricing set relative to a published index price, the Natural Gas Intelligence Weekly Gas Price Index Monthly Bid for the SoCal Citygate region. OC San has utilized gas marketing firms for over 21 years to effectively manage the cost of natural gas required for CenGen operation. This strategy results in the lowest cost over the long term.

**RELEVANT STANDARDS**

- Use all practical and effective means for resource recovery
- Ensure the public's money is wisely spent
- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard

**PROBLEM**

Present purchase order for procurement and management of natural gas is due to expire on July 31, 2021.

**PROPOSED SOLUTION**

Award a new agreement with Constellation NewEnergy - Gas Division, LLC for the purchase of natural gas tied to a market index rate.

**TIMING CONCERNS**

The current purchase order is due to expire July 31, 2021.

**RAMIFICATIONS OF NOT TAKING ACTION**

If a new agreement is not awarded before the existing contract expires, a short-term emergency supply arrangement would have to be made with Southern California Gas which could result in increased gas costs.

**ADDITIONAL INFORMATION**

A competitive bid was advertised on April 1, 2021. Two bids were received on April 27, 2021; one from Direct Energy Services and the other from Constellation NewEnergy - Gas Division, LLC. Direct Energy Service offered a unit price of \$0.149/MMBtu over the index price and Constellation NewEnergy - Gas Division, LLC offered a unit price of \$0.035/MMBtu over the index price.

The bids were evaluated in accordance with OC San policies and procedures. Staff recommends awarding a new purchase order contract to Constellation NewEnergy - Gas Division, LLC for supply of natural gas. The premium unit price charge of \$0.035/MMBtu is a decrease from the current premium rate of \$0.039/MMBtu.

**FINANCIAL CONSIDERATIONS**

This request complies with authority levels of OC San Purchasing Ordinance. This item has been included in the Fiscal Years 2020-2021 and 2021-2022 Budget, Division 830 Utilities (Section 6, p. 84) and Division 840, Utilities (Section 6, Page 88).

**ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- Master Retail Natural Gas Supply Agreement

MPV:JS:cf

## MASTER RETAIL NATURAL GAS SUPPLY AGREEMENT

This Master Retail Natural Gas Supply Agreement ("**Master Agreement**") is entered into as of June \_\_\_\_, 2021, but effective August 1, 2021 ("**Effective Date**") by and between Orange County Sanitation District ("**Customer**") and Constellation NewEnergy – Gas Division, LLC ("**CNEG**"). CNEG and Customer are sometimes referred to individually as a "**Party**" and collectively as the "**Parties**."

This Master Agreement sets forth the general terms and conditions governing transactions for the purchase and sale of natural gas and related products and services (each a "**Transaction**") to one or more of Customer's accounts or facilities (each a "**Facility**") as agreed to from time to time. Each Transaction may be evidenced by a transaction confirmation (each a "**TC**"). The Parties may further agree to implement certain strategies or related services, the specifics of which will be set forth in a rider executed by the Parties (each a "**Rider**"). Each TC and Rider shall constitute part of and shall be subject to this Master Agreement. This Master Agreement and each TC and Rider shall constitute a single integrated agreement between the Parties (collectively referred to as the "**Agreement**"). In the event of a conflict between (i) a TC, (ii) a Rider, (iii) the terms and conditions of this Master Agreement, and (iv) any oral agreement of the Parties as to a Transaction, the terms shall govern in the priority listed in this sentence.

The Parties intend that they are legally bound by the terms of each Transaction from the moment each Party agrees to those terms, whether (i) via electronic transmission, (ii) written record, or (iii) orally. Nothing in this Agreement obligates either Party to enter into a Transaction at any time. Any applicable requirement that a Transaction be "in writing" and "signed" shall be deemed to have been satisfied by this Master Agreement, by the Parties' signatures below and their express agreement to these procedures. CNEG shall have the exclusive right to confirm any Transaction by sending Customer a written TC, substantially in the form attached hereto as Exhibit A or otherwise, by facsimile, e-mail or other means. Notwithstanding any provision to the contrary in this Master Agreement, failure to send a TC shall not invalidate a Transaction agreed to by the Parties. If CNEG sends a TC and Customer fails to object in writing to any term in the TC within two (2) Business Days, the TC shall constitute the definitive written expression of the Transaction. "**Business Day**" means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday and shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Prevailing Time.

### 1. CNEG and Customer Obligations.

**Natural Gas Supply.** CNEG shall sell and supply, and Customer shall purchase and receive, the Contract Quantity for each Facility identified in a TC or Rider. "**Contract Quantity**" means the quantity of gas to be delivered and received pursuant to a TC. Such deliveries and receipts of natural gas shall be on a Firm, Secondary Firm or Interruptible basis, or otherwise as described in a TC. "**Firm**" means deliveries and receipts may not be interrupted without liability except for reasons of Force Majeure. "**Secondary Firm**" means deliveries and receipts will be on a best-efforts basis up to Customer's maximum daily quantity and performance may be interrupted without liability to the extent that one or more of the following conditions are present: (i) Force Majeure; (ii) curtailment by the local distribution company owning and/or controlling and maintaining the distribution system required for delivery of gas to the Facility(ies) (the "**Utility**"); (iii) curtailment of supply by a natural gas supplier; (iv) curtailment of storage by a storage provider; (v) curtailment of transportation by a gas gathering or pipeline company, or Utility (each a "**Transporter**"), transporting gas for CNEG or Customer downstream or upstream of the Delivery Point(s), including, but not limited to, transportation between secondary firm points; (vi) recall of transportation capacity release by its releaser; or (vii) curtailment of gas production behind a specific meter. "**Interruptible**" means deliveries and receipts may be interrupted at any time for any reason except for Customer's obligation to take and pay for gas it nominates and CNEG's obligation to honor the price set forth in the TC. The terms of any Transaction between CNEG and Customer shall be as set forth on the applicable TC, but CNEG will procure gas from its suppliers on terms CNEG deems appropriate. CNEG holds title to the gas and has the sole responsibility to deliver, or cause to be delivered, the natural gas to the applicable Delivery Point. Title shall pass to Customer at the Delivery Point and Customer shall have the sole responsibility for transporting the gas from the Delivery Point. "**Delivery Point**" means the city gate interconnection between the Utility and the upstream Transporter or such other delivery point(s) as are agreed in a TC. However, to the extent that Customer owned transportation capacity is used to deliver natural gas to the Customer, the Delivery Point shall be the receipt point of such capacity.

**Failure to Deliver or Receive.** The sole and exclusive remedy of the Parties in the event of a breach of an obligation to deliver or receive gas shall be the following: (a) If CNEG fails to deliver gas (other than Interruptible) for a reason other than Customer's breach, CNEG shall pay Customer the "**Replacement Cost**," which is the amount Customer actually pays to replace the undelivered Contract Quantity less the amount Customer would have paid under this Agreement for such Contract Quantity. (b) If Customer fails to receive gas (other than Interruptible) for a reason other than CNEG's breach, Customer shall pay CNEG the "**Revenue Loss**," which is the amount that CNEG would have received for the sale of the unreceived Contract Quantity pursuant to this Agreement less (i) the amount actually received by CNEG in an alternate sale, plus any incremental costs, or (ii) if no alternate sale takes place, the amount CNEG would have received by reselling such Contract Quantity at spot market prices at or near the Delivery Point(s), as determined by CNEG in a commercially reasonable manner. CNEG and Customer shall exercise commercially reasonable efforts to mitigate any Revenue Loss or Replacement Cost, respectively. If the calculation of the Replacement Cost or Revenue Loss results in a negative number, then the amount shall be deemed to equal zero.

**Nominations.** The Parties shall coordinate nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). If Customer or the Utility fails to provide CNEG with a usage nomination for any month in a timely manner, CNEG (i) may establish a nomination for such month in a commercially reasonable manner based on Customer's historical usage data available to CNEG, and (ii) shall have the right to use and rely on such nomination unless notified otherwise by Customer or the Utility. If a Party becomes aware that actual deliveries are greater or lesser than the quantity of gas confirmed by a Transporter for movement, transportation or management, the Party shall promptly notify the other Party. Usage nominations may be made orally, in writing, by facsimile or by electronic means.

**Imbalances.** The Parties shall use commercially reasonable efforts to avoid imposition of any fees, penalties, cash-outs, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy balancing and/or nomination requirements ("**Imbalance Charges**"). If either Party receives an invoice from a Transporter that includes Imbalance Charges, the Parties shall determine the validity and cause of such Imbalance Charges. The Party causing the imposition of the Imbalance Charges will be responsible to pay such Imbalance Charges.

**Transporter Restrictions.** If either Party receives an operational flow order or any other usage or operating instructions, restrictions or similar notice (each an "**OFO**") from a Transporter requiring action to be taken in connection with the flow and/or consumption of gas covered by this Agreement, such party will use commercially reasonable efforts to notify the other party of such event in a timely manner. Such notice may be given by electronic means. Each Party will take all commercially reasonable actions required by the OFO within the time prescribed. If OFO penalties, charges, fees, costs or expenses result from the actions or inactions of one Party, then such Party shall be solely responsible for any such penalties, charges, fees, costs or expenses. Both parties agree that OFOs may require one or both parties to

buy or sell gas quantities in the then-current market conditions, which may be appreciably higher or lower than the original pricing. If CNEG is responsible for nominations and balancing on a Transporter imposing an OFO or similar restriction, CNEG may (but is not required to) increase or decrease nominations, as appropriate, to avoid penalties.

2. **Contract Term and Renewal.** The term of this Master Agreement will commence on the Effective Date and shall remain in effect for a period of one (1) year. Customer may exercise the option to renew this Master Agreement for up to four (4) additional one year terms upon mutual agreement of the Parties. Any TC or Rider will continue to be governed by this Master Agreement until the TC or Rider has been separately terminated or expired.

**Term of TC.** Each TC or Rider shall set forth the applicable “**Delivery Period**” or term during which deliveries of natural gas are to be made and/or services are to be provided. CNEG shall not be liable for any failure to enroll or drop a Facility by any applicable start and end date(s) set forth in the TC or Rider due to circumstances beyond its control.

3. **Information and Authorization.** Customer hereby authorizes CNEG to take such actions CNEG deems necessary to enroll each Facility with the Utility and to be served by CNEG and to otherwise meet CNEG’s obligations under the Agreement, including executing on Customer’s behalf any documents necessary to effectuate any Facility enrollment or election, undertaking the management of any storage or transportation capacity allocated to Customer by the Utility or other transporters, disposing of storage balances, adding or deleting Facility(ies) as necessary, receiving usage nominations from the Utility relating to Customer’s natural gas requirements, and other similar documents. Customer’s signature on this Master Agreement constitutes Customer’s written authorization for CNEG to obtain from time to time from the applicable Utility all current and historical natural gas billing, usage data and other related information. Customer shall take any actions, execute any documents and shall provide to CNEG any information as CNEG may reasonably require.

4. **Billing and Payment.**

**Billing.** Customer will be billed for natural gas usage and related products and services supplied under the Agreement in one of the following ways based on availability and eligibility of each Facility, which may change from time to time: (a) Dual Billing: Customer will receive two invoices, one from CNEG for the natural gas supply and one from the Utility for the amounts payable by Customer for services provided by the Utility (“**Delivery Charges**”); (b) CNEG Consolidated Billing: Customer will receive one invoice from CNEG that includes both the natural gas supply charges and the Delivery Charges. In the case of CNEG Consolidated Billing, Customer agrees that (i) Customer remains exclusively liable to the Utility for all Delivery Charges, (ii) CNEG has no obligation to review Delivery Charges for accuracy, (iii) should Customer dispute Delivery Charges, that is a matter for Customer and the Utility to resolve without any involvement or obligation on the part of CNEG, and (iv) CNEG may withhold any payments due to the Utility if Customer fails to pay CNEG invoices in accordance with this Master Agreement.

**Taxes.** Customer shall pay all federal, state, municipal and local taxes, duties, fees, levies, premiums or other charges imposed by any governmental authority, directly or indirectly, on or with respect to the natural gas and related products and services provided under the Agreement, including without limitation any production, severance or ad valorem taxes, and including any taxes enacted after the Effective Date (collectively, “**Taxes**”). The term “**Taxes**” shall include any amounts imposed on Customer directly or on CNEG in its function as Customer’s supplier, and that are associated with the supply of gas to Customer (in which case the Customer shall be responsible to reimburse CNEG for such amounts). If Customer is exempt from any Taxes, Customer shall provide CNEG with any state and/or local exemption certificate prior to the issue date of Customer’s first invoice. All Taxes invoiced to Customer under this Agreement will be included on the invoice or in the applicable fixed price as allowed by Law.

**Estimates.** CNEG’s ability to invoice Customer is dependent on the Transporter’s ability to furnish CNEG with all necessary information, including Customer’s metered usage. When there is a delay in receiving information from the Transporter, CNEG will, to the extent necessary, estimate charges and credits for a billing period and reconcile such estimates against actual charges and credits in a future invoice(s). Each invoice is also subject to adjustment for errors in arithmetic, computation, meter readings or other errors. Interest shall not accrue on such adjustments.

**Payment.** All amounts set forth in an invoice are payable to the Party issuing the invoice and will include, in addition to the natural gas supply charges, Delivery Charges, and Taxes, all other amounts related to the purchase and delivery of natural gas. CNEG’s invoices will be sent to Customer in accordance with CNEG’s normal billing cycle, as adjusted from time to time. CNEG’s invoices are due and payable on the thirtieth (30<sup>th</sup>) day after the date of invoice or such other date as set forth in a Rider (the “**Payment Date**”) without offset or reduction of any kind, to the address set forth on the invoice. Invoices not paid on or before the Payment Date will accrue interest daily on outstanding amounts from the Payment Date until paid in full, at the lesser of 1.5% per month or the highest rate permitted by law.

**Pricing Structures.** “**Contract Price**” means the price for gas as set forth in the applicable TC or Rider. To the extent (a) there are beginning of the month nominated volumes where the price is not fixed, (b) a Facility requires additional natural gas quantities in excess of the nominated or fixed quantities set forth in a TC or Rider, or (c) a Facility continues to receive natural gas from CNEG beyond the Delivery Period (where such deliveries will be considered month to month), all such natural gas will be priced at Market Price unless otherwise set forth in a TC or Rider. “**Market Price**” means a price comprised of (i) the spot commodity cost of gas as determined by CNEG in its reasonable discretion, (ii) all related interstate and intrastate pipeline charges required to deliver gas to the Delivery Point, and (iii) a reasonable market based margin. Market Price does not include any applicable Utility charges, including but not limited to Utility or pipeline balancing charges, unless otherwise agreed upon.

**Market Disruption.** If the Contract Price is based in whole or in part upon a specified index and a Market Disruption Event occurs on a day on which the relevant source published or was to publish the relevant price, then the Parties shall negotiate in good faith to agree on an alternative method of determining the Contract Price. A “**Market Disruption Event**” is any one of the following: (a) failure of the specified

index to announce or publish information necessary for determining the Contract Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading in the relevant options contract or commodity on the exchange or market acting as the specified index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the specified index; or (e) a material change in the formula for or the method of determining the relevant price component.

**Price Locks.** Unless otherwise set forth in a TC or a Rider, Customer can request to lock in the commodity price for any month(s) at any time during the Delivery Period, prior to 12:00 p.m. EST/EDT on the final day of NYMEX last day settlement for each applicable delivery month. Commodity purchase/sale prices exclude pipeline and Utility distribution charges. Customer also has the right to lock basis at a fixed price and at predetermined volumes. Basis includes interstate and intrastate pipeline transportation but does not include the commodity cost or the Delivery Charges.

5. **Adequate Assurance.** If CNEG has reasonable grounds: (i) to believe that Customer’s creditworthiness has become unsatisfactory; or (ii)

for insecurity with respect to Customer's performance under the Agreement, CNEG may demand, in writing, adequate assurance of future performance from Customer in a form, in an amount, from an issuer, and for a term, all as reasonably satisfactory to CNEG ("Adequate Assurance"). To satisfy a demand, Customer shall provide Adequate Assurance to CNEG within three (3) Business Days of the date of the written demand. If at any time CNEG requires Customer to prepay for gas, then (i) CNEG shall be under no obligation to deliver gas if Customer fails to pay any prepayment by its due date, and (ii) in the event the aggregate cost of any quantities of gas required by Customer in a month in excess of the scheduled nominated quantities exceeds \$15,000.00, Customer shall pay CNEG the aggregate cost of such quantities within three (3) Business Days of CNEG's request for payment.

6. **Event of Default.** An "Event of Default" means any one of the following: (a) Customer's failure to make, when due, any payment required under the Agreement if not paid within five (5) Business Days (or such longer period required by applicable law) following written notice to Customer that a payment is past due; (b) any representation or warranty made by a Party in the Agreement is false or misleading in any material respect when made or ceases to remain true in all material respects during the term of the Agreement, if not cured within five (5) Business Days after written notice from the other Party; (c) Customer fails to provide the Adequate Assurance as provided in this Agreement; (d) the failure by a Party to perform any material obligation set forth in this Agreement (other than the events that are otherwise specifically covered as a separate Event of Default hereunder or a failure to deliver or receive gas) which is not cured within five (5) Business Days after receipt of written notice thereof; or (e) a Party: (i) makes an assignment or any general arrangement for the benefit of creditors; (ii) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed for it or any substantial portion of its property or assets (iii) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law for the protection of creditors, or has such petition filed against it; (iv) otherwise becomes bankrupt or insolvent (however evidenced); (v) is unable to pay its debts as they fall due; or (vi) is dissolved (other than pursuant to a consolidation, amalgamation or merger).
7. **Remedies Upon Event of Default.** If an Event of Default occurs with respect to a Party (the "Defaulting Party"), the other Party (the "Non-Defaulting Party") may, in its discretion, at any time, (i) withhold any payments or suspend any deliveries hereunder and/or (ii) terminate the Agreement in whole or solely with respect to those Facility(ies) adversely affected by such Event of Default, upon written notice to the Defaulting Party setting forth the effective date of termination (the "Early Termination Date"). The Early Termination Date for any Facility located in New Jersey shall be no less than thirty (30) calendar days from the date of written notice of termination. Further, if Customer is the Defaulting Party, then CNEG may, without waiving any rights or remedies it may have, to the extent applicable, remove Customer from CNEG's managed balancing and/or storage pools and/or apply any storage balance at prevailing market prices as an offset against the amount owed to CNEG by Customer. If this Agreement is terminated, the Non-Defaulting Party will in good faith calculate a termination payment as set forth below and the owing Party shall pay such amount within three (3) Business Days of receipt of notice of the amount due. The Parties acknowledge and agree that any termination payment under the Agreement constitutes a reasonable approximation of harm or loss, and is not a penalty or punitive in any respect. The remedies under this Section 7 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Event of Default.

As of the Early Termination Date, the Non-Defaulting Party shall determine: (i) the difference between the Contract Value and the Market Value, such that the difference shall be due to the Customer if the Market Value exceeds the Contract Value and to CNEG if the opposite is the case; (ii) the Non-Defaulting Party's Costs; and (iii) the amount owed (whether or not then due) by each Party with respect to all gas delivered and received. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the Parties under this Section, so that all such amounts are netted or aggregated to a single liquidated amount payable by one Party to the other.

"Costs" means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar transaction costs and expenses reasonably incurred by such Party as a result of the Event of Default. The "Contract Value" shall be the Contract Price multiplied by the amount of gas, as determined by the Non-Defaulting Party, that would have been delivered under each terminated Rider or TC, had it not been terminated early (the "Terminated Volumes"). The "Market Value" shall be the amount, as of the Early Termination Date, a third party would pay for the Terminated Volumes at the Delivery Point(s) at current market prices. The Non-Defaulting Party may determine the Market Value of a terminated transaction by reference to information either available to it internally or supplied by one or more third parties including, without limitation, any or all of the settlement prices of NYMEX gas futures contracts, quotations from leading dealers, energy swap agreements or physical gas trading markets, similar sales or purchases, and any other bona fide offers from either third parties or affiliates of the Party, all as commercially available to the Party and adjusted for the length of the term and differences in transportation costs and other factors, as the Party reasonably determines. The Non-Defaulting Party shall not be required to enter into a replacement transaction in order to determine or be entitled to a termination payment.

8. **Change in Law.** CNEG may pass through or allocate, as the case may be, to Customer any increase or decrease in CNEG's costs related to the natural gas and related products and services sold to Customer that results from the implementation of new, or changes (including changes to transportation rates) to existing, Laws, or other requirements or changes in administration or interpretation of Laws or other requirements. "Law" means any law, rule, regulation, ordinance, statute, judicial decision, administrative order, Transporter business practices or protocol, Transporter tariff, or rule of any commission or agency with jurisdiction in the state in which the Facility(ies) is located. Such adjusted amounts will be included in subsequent invoices to Customer.
9. **Representations and Warranties.** Each Party warrants and represents to the other (now and deemed repeated by each Party on each date on which a TC or Rider is executed or deemed accepted) that: (i) it is duly organized, validly operating and in good standing under the laws of the jurisdiction of its formation; (ii) it is authorized and qualified to do business in the jurisdictions necessary to perform under the Agreement; (iii) execution, delivery and performance of the Agreement are duly authorized and do not violate any governing documents or any of its contracts or any applicable Law; (iv) there is no material event(s) or agreement(s) which would impair that Party's right, authority or ability to execute the Agreement and otherwise perform under the Agreement; and (v) it has the knowledge and experience to evaluate the merits and risks associated with the Agreement.

Furthermore, Customer warrants, represents and covenants that: (i) the data given and representations made concerning its Facility(ies) are true and correct; (ii) it is entering into this Agreement to purchase its natural gas requirements only and not for speculative or resale purposes; and that the natural gas purchased under this Agreement will be consumed at the Facility(ies); (iii) it is the party of record of the Facility(ies), or if it is not the party of record, it has the authority to enter into and bind its principal to the Agreement; (iv) if any Transaction hereunder gives Customer the right to adjust the Contract Quantity, or to require CNEG to provide some other quantity of gas, Customer's election to exercise such right is based predominantly on supply and demand factors related to Customer's business; and (v) if Customer is a Governmental Entity, it will not claim immunity on grounds of sovereignty or similar grounds from enforcement of the Agreement. If it is a Governmental Entity, Customer covenants to obtain all necessary budgetary approvals, appropriations and funding for all of its obligations under this Agreement, the failure of which shall not be an excuse for Governmental Entity's performance or failure to perform hereunder and upon request will provide proof of such authority. "Governmental Entity" means a municipality, county, governmental board, governmental



department, commission, agency, bureau, administrative body, joint action agency, court or other similar political subdivision (including public school districts or special purpose district or authority), or public entity or instrumentality of the United States or one state.

- 10. Force Majeure.** Notwithstanding any other provision of this Agreement, where a Party is unable to carry out any obligation under the Agreement due to a Force Majeure event (other than a payment obligation, which will not be excused for Force Majeure), the Agreement will remain in effect but such obligation will be suspended for the period necessary as a result of the Force Majeure, provided that: (i) the Claiming Party gives the other Party, as soon as possible, written notice describing the particulars of the Force Majeure; (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure; and (iii) the Claiming Party uses commercially reasonable efforts to remedy its inability to perform. “**Force Majeure**” means an event that is not within the reasonable control of the Party claiming Force Majeure (“**Claiming Party**”), and that by the exercise of due diligence, the Claiming Party is unable to overcome the event in a commercially reasonable manner, and such event will not be deemed a breach or default under the Agreement. Force Majeure includes, but is not limited to, acts of God; fire; war; terrorism; flood; earthquake; civil disturbance; sabotage; facility failure; strike; curtailment, disruption or interruption of supply by a supplier or distribution or transportation by a Transporter (including without limitation as the result of an OFO); declaration of emergency by a Transporter(s); regulatory, administrative, or legislative action, or action or restraint by court order or governmental authority; or any act or omission of a third party not under the control of the Claiming Party (including without limitation the Utility).
- 11. INDEMNIFICATION/DUTY TO DEFEND.** CNEG shall assume all responsibility for damages to property and/or injuries to persons, including accidental death, which may arise out of or be caused by CNEG's services under this Master Agreement, or by its subcontractor or by anyone directly or indirectly employed by CNEG, and whether such damage or injury shall accrue or be discovered before or after the termination of this Master Agreement. Except as to the sole active negligence or willful misconduct of Customer, CNEG shall indemnify, protect, defend and hold harmless Customer, its elected and appointed officials, officers, agents and employees, from and against any and all claims, liabilities, damages or expenses of any nature, including attorneys' fees: (a) for injury to or death of any person or damage to property or interference with the use of property, arising out of or in connection with CNEG's performance under this Master Agreement, and/or (b) on account of use of any copyrighted or uncopyrighted material, composition, or process, patented or unpatented invention, article or appliance, furnished or used under this Master Agreement, and/or (c) on account of any goods and services provided under this Master Agreement. This indemnification provision shall apply to any acts or omissions, willful misconduct, or negligent misconduct, whether active or passive, on the part of CNEG or anyone employed by or working under CNEG. To the maximum extent permitted by law, CNEG's duty to defend shall apply whether or not such claims, allegations, law suits, or proceedings have merit or are meritless, or which involve claims or allegations that any of the parties to be defended were actively, passively, or concurrently negligent, or which otherwise assert that the parties to be defended are responsible, in whole or in part, for any loss, damage, or injury. CNEG agrees to provide this defense immediately upon written notice from Customer, and with well qualified, adequately insured, and experienced legal counsel acceptable to Customer. This section shall survive the expiration or early termination of this Master Agreement.
- 12. Limitation of liability.** Notwithstanding any other provision of the Agreement to the contrary, the entire liability of each Party for any and all Claims will be limited to direct actual damages only, subject in all cases to an affirmative obligation on the part of each Party to mitigate its damages, and neither Party will be liable for any consequential, exemplary, special, incidental or punitive damages, including, without limitation, lost opportunities or lost profits not contemplated by THE TERMINATION CALCULATION IN Section 7 above. Customer acknowledges and agrees that the Utility is exclusively responsible for the gas distribution and delivery system, that CNEG has no independent control over the Utility's systems and will have no liability for any of the Utility's acts or omissions.
- 13. DISCLAIMER.** CUSTOMER ACKNOWLEDGES AND AGREES THAT NO WARRANTY, DUTY, OR REMEDY, WHETHER EXPRESSED, IMPLIED, OR STATUTORY, IS GIVEN OR INTENDED TO ARISE OUT OF THIS AGREEMENT EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, AND CNEG SPECIFICALLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE.
- 14. Waiver and Severability.** Failure to provide notice of, or object to, any default under this Agreement will not operate or be construed as a waiver of any future default, whether like or different in character. If any portion of this Agreement, or application thereof to any person or circumstance, is held legally invalid, the remainder will not be affected and will be valid and enforced to the fullest extent permitted by law and equity, and there will be deemed substituted for the invalid provisions such provisions as will most nearly carry out the mutual intent of the Parties as expressed in this Agreement to the fullest extent permitted by applicable Law; provided, however, that this severability provision will not be applicable if any provision of Sections 6 and 7 of this Master Agreement (or any definition or provision in this Agreement to the extent it relates to, or is used in connection with, such sections) is held invalid or unenforceable.
- 15. Assignment.** Customer may assign all its rights and obligations under this Agreement; *provided* (a) it gives CNEG forty-five (45) days prior written notice of its intent to do so; (b) the assignee satisfies in full CNEG's credit requirements; (c) the assignee assumes in writing all of Customer's obligations under the Agreement; and (d) Customer continues to be liable for performance, including payment for goods and services received, prior to the assignment date. CNEG may assign, sell, pledge, transfer, or encumber any of its rights and obligations under this Agreement or the accounts, revenues, or proceeds hereof to: (a) a bank, insurer or other financial institution; or (b) any person or entity (i) succeeding to all or substantially all of CNEG's assets or business or the division or region of CNEG to which this Agreement relates or (ii) into which CNEG is merged or otherwise combined or reorganized; provided (with respect to this clause (b)) the succeeding entity agrees to be bound to the Agreement; or (c) any affiliate of CNEG.
- 16. Confidentiality.** To the extent allowed by law, each Party agrees to keep all terms and provisions of this Agreement and all communication provided in connection with this Agreement, including the pricing offered to Customer, confidential to the extent not otherwise publicly available and not to disclose them to any third parties without the prior written consent of the other Party, except as necessary to perform its obligations under this Agreement or as otherwise required by Law. Each Party may disclose such information to its affiliates and to its affiliates' employees, agents, advisors, and on a need to know basis, to its independent contractors, provided each such recipient agrees to hold such information in the strictest confidence. CNEG may disclose information respecting Customer to third parties that are representing Customer in the purchase of gas or related services. Furthermore, CNEG may make such other disclosures to third parties of information, including aggregate consumption data, provided they are in a manner that cannot be reasonably expected to specifically identify Customer. If disclosure of confidential information is sought through a court, or a state or federal regulatory agency or other legal compulsion, the Party receiving such request will notify the other Party immediately to afford it the opportunity to oppose such disclosure via a protective order or other relief as may be available and will provide reasonable support.
- 17. Applicable Law/Venue/Attorneys' Fees.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. Any action or proceeding for dispute resolution arising out of this Agreement shall be brought and tried in the County of Orange, State of California, and the prevailing party shall be entitled to reasonable attorneys' fees, costs and expenses.. To the fullest extent allowed by law, the provisions of this Agreement shall be construed in a manner that avoids any violation of statute, ordinance, regulation,

or law. If a court of competent jurisdiction holds any provision of the Agreement to be void, the remaining provisions shall continue in full force and effect.

**18. Miscellaneous.** The Agreement embodies the Parties' entire agreement and understanding and may not be contradicted by any prior or contemporaneous oral or written agreement. Notwithstanding any provision to the contrary in a prior agreement, the Parties agree that this Master Agreement shall supersede and replace all prior written and oral agreements or arrangements between the Parties with respect to the purchase and sale of gas and related services and that all transactions under any such prior agreement(s) are, as of the Effective Date, now governed solely by the terms of this Master Agreement and shall be Transactions hereunder and a part of the single integrated agreement between the Parties. A facsimile or e-mailed copy of either Party's signature will be considered an original for all purposes under this Agreement, and each Party will provide its original signature upon request. No purchase order, or any amendment or edit to this Agreement, will be valid or given any effect unless signed by both Parties or expressly contained in a TC deemed accepted pursuant to the procedures set forth herein. The applicable provisions of this Agreement will continue in effect after termination or expiration hereof to the extent necessary, including but not limited to providing for final billing, billing adjustments and payments, limitations of liability, the forum and manner of dispute resolution, and with respect to any indemnification obligations under the Agreement. The section headings used in this Master Agreement are for reference purposes only and will in no way affect the meaning of the provisions of the Master Agreement. The Parties acknowledge that any document generated by the Parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically and such imaged documents may be introduced as evidence in any proceeding as if such were original business records and neither Party shall contest their admissibility as evidence in any proceeding. The rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by Law. CNEG shall have the right to set-off and net against any amounts owed to it under the Agreement, including without limitation any early termination payment, any amounts owed by CNEG to Customer under the Agreement or any other agreement between the Parties, including without limitation any Adequate Assurance. Except for Section 11 above, no third party will have any rights under this Agreement whatsoever and Customer will be fully responsible for any compensation owing any third party representing Customer in connection with this Agreement and will indemnify, defend and hold harmless CNEG from all related Claims. To the extent Customer is represented by a broker, agent, association or other third party (collectively, "Broker"), Customer acknowledges and understands that: (i) CNEG may be making a payment to Broker in connection with Broker's efforts to facilitate Customer and CNEG entering into a Transaction; (ii) unless otherwise noted, the Contract Price reflects the fee, if any, paid to Broker, and (iii) Broker is acting on Customer's behalf as Customer's representative and is not a representative or agent of CNEG. Customer further authorizes CNEG to utilize Customer's name for publicity and marketing purposes.

**19. Affirmation; Acknowledgements.** Customer affirms that it has read this Agreement in its entirety and it agrees to the terms and conditions contained herein. Any ambiguity or question of intent or interpretation under this Agreement will be construed as if drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring either Party by virtue of the authorship of any of the provisions of this Agreement. The Parties acknowledge and agree that: (i) CNEG is an independent contractor under this Agreement and except as otherwise explicitly provided in this Agreement, neither Party has the authority to execute documents that purport to bind the other, and nothing in this Agreement will be construed to constitute a joint venture, fiduciary relationship, partnership or other joint undertaking; (ii) TCs and Riders entered into hereunder will constitute "forward contracts" and/or "swap agreements" under the U.S. Bankruptcy Code, as amended, the rights of the Parties under Section 7 above will constitute contractual rights to liquidate them, and the Parties are entities entitled to the rights and protections afforded to "forward contracts" and "swap agreements" by the U.S. Bankruptcy Code; (iii) CNEG is not Customer's consultant or advisor for any purpose including advice regarding the value or advisability of trading in "commodity interests" as defined in the Commodity Exchange Act, 7 U.S.C. §§ 1-25, et seq., as amended (the "CEA"), including futures contracts and commodity options or any other activity which would cause CNEG or any of its affiliates to be considered a commodity trading advisor under the CEA; (iv) each Party is an "eligible contract participant" as that term is defined in the CEA; and (v) Customer is making its own decisions based solely upon its own analysis and the advice of its own advisors, if any.

**20. Notices.** To be effective, all notices must be in writing delivered by hand, by certified mail return receipt requested, by first class mail, or express carrier to the addresses provided in this Agreement. CNEG shall send invoices and TCs to the notice address provided herein unless otherwise directed by Customer. Notice by hand delivery shall be effective on the date it is delivered. Notice by certified mail, return receipt requested, by first class mail, or express carrier shall be effective on the date that mail is delivered or its delivery is attempted. A Party may change its address by providing notice of change in accordance herewith or by other means agreed by the Parties.

**IN WITNESS WHEREOF,** the Parties have executed this Master Agreement through their duly authorized representatives as of the date set forth above.

**Constellation NewEnergy – Gas Division, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Notice Information

9960 Corporate Campus Drive, Suite 2000  
Louisville, KY 40223  
Phone: (502) 426-4500  
Facsimile: (502) 214-6381

**OC San: Orange County Sanitation District**

By \_\_\_\_\_  
Chair, Board of Directors

By \_\_\_\_\_  
Kelly Lore  
Clerk of the Board

By \_\_\_\_\_  
Ruth Zintzun  
Purchasing & Contracts Manager

Date: \_\_\_\_\_

Notice Information (Same As Invoice and Transaction Confirmation)

Attention: MarcoPolo Velasco, Principal Staff Analyst  
Address: 10844 Ellis Ave, O&M Division 820  
Fountain Valley, CA 92708-7018  
Phone: (714) 593-7088 Facsimile:  
Email: mvelasco@ocsan.gov

Invoice Copy to:

Attention: Accounts Payable OCSD  
Address: 10844 Ellis Ave, Accounting Division 220  
Fountain Valley, CA 92708-7018  
Phone: (714) 962-2411 Facsimile: (714) 962-8379

**EXHIBIT A – FORM OF TRANSACTION CONFIRMATION\***

*\*The actual Transaction Confirmation entered into between Customer and CNEG may differ from this form to reflect state regulatory and other local requirements and terms applicable to the Facility. This Form of Transaction Confirmation is for illustrative purposes only and CNEG reserves the right to alter its form of Transaction Confirmation at any time.*

This Transaction Confirmation is delivered pursuant to and in accordance with a Master Retail Natural Gas Supply Agreement effective \_\_\_\_\_, 20\_\_ (the "Master Agreement"), by and between Constellation NewEnergy – Gas Division, LLC ("CNEG") and \_\_\_\_\_ ("Customer"), and is subject to and made part of the terms and conditions of such Master Agreement. Capitalized terms used herein but not defined will have the meanings ascribed to them in the Master Agreement.

Trade Date:

Facility Name:

Delivery Period:

Deal Type:

Nature of Parties' Obligation:

Contract Quantity/Price:

Month/Yr	Contract Quantity (in MMBtu)	Contract Price

*US\$ Rounded to four decimal places  
Plus applicable taxes*

Incremental Pricing:

Delivery Point(s):

Utility:

Default Service: To the extent a Facility continues to receive gas from CNEG beyond the Delivery Period, all such gas will be considered month to month purchases and will be priced at the Market Price.

Special Provisions:

**This Transaction Confirmation documents a Transaction previously reached by authorized representatives of the Parties. It is binding and shall be deemed accepted as the definitive expression of the Transaction unless disputed by Customer in writing within two (2) business days of CNEG's execution date.**

**CONSTELLATION NEWENERGY – GAS DIVISION, LLC**

**CUSTOMER**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title \_\_\_\_\_  
Date: \_\_\_\_\_

By: SAMPLE  
Name: NOT FOR EXECUTION  
Title \_\_\_\_\_  
Date: \_\_\_\_\_

**Account Manager:** Marsalese, Phil  
(248) 504-8861  
philip.marsalese@constellation.com

**DEAL NO. TBD**

### Transaction Confirmation

This Transaction Confirmation is delivered pursuant to and in accordance with a gas supply agreement ("Gas Supply Agreement"), effective **8/1/2021**, by and between Constellation NewEnergy-Gas Division, LLC ("Constellation") and Orange County Sanitation District ("Customer"), and is subject to and made part of the terms and conditions of such Gas Supply Agreement.

**Special Condition:** This Transaction Confirmation is not effective and binding upon the parties hereto unless signed by both parties.

**Trade Date:** TBD

**Buyer:** Orange County Sanitation District

**Seller:** Constellation NewEnergy - Gas Division, LLC (CNEGAS)

**Facility Name:** Orange County Sanitation District Financing C PHYS POOL ACCT

**Delivery Period:** 8/1/2021 - 7/31/2022 (inclusive)

**Nature of Obligation:** Firm - "Firm" means deliveries and receipts may not be interrupted without liability except for reasons of Force Majeure regardless of the capacity type Constellation uses to receive such gas.

**Deal Type:** Physical Index

**Index Price:** To be based on Natural Gas Intelligence's ("NGI") Bidweek Survey, under the column heading "AVG" on the first business day of each month during the calculation period for SoCal Citygate.

Year 2021			Year 2022	
Contract Month	Fixed Amount (MMBtu)	Price	Fixed Amount (MMBtu)	Price
January			5,432.0	\$0.03500
February			4,343.0	\$0.03500
March			7,022.0	\$0.03500
April			10,185.0	\$0.03500
May			12,395.0	\$0.03500
June			10,595.0	\$0.03500
July			10,715.0	\$0.03500
August	12,722.0	\$0.03500		
September	12,673.0	\$0.03500		
October	12,400.0	\$0.03500		
November	11,552.0	\$0.03500		
December	12,212.0	\$0.03500		

**US\$ Rounded to five decimal places**  
**Plus applicable taxes**

**Incremental Pricing:** For all additional quantities required by Customer, in excess of the fixed quantities listed herein in combination with any other nominated quantities, or for gas quantities bought back from Customer by

Constellation due to Customer's requirements being less than the total nominated volumes each month, the price for such additional purchases or buybacks shall be based on the then current market price, as determined by Constellation in its reasonable discretion.

If Constellation and Customer have previously entered into any commodity transaction(s) for the Facility (the "Previous Transaction") that overlap one or more of the delivery months covered in this Transaction Confirmation (the "Overlapping Month(s)"), the incremental gas pricing in this Transaction Confirmation shall apply to the Overlapping Months instead of any conflicting incremental gas pricing associated with the Previous Transaction.

Eight (8) business days prior to each month of flow, Customer may provide Constellation with a monthly nomination. If Customer does not provide a nomination, Constellation will evaluate Customer's procured gas position based on their expected gas requirements for the upcoming month. If it is determined that Customer requires additional gas volumes to meet that expected requirement, Constellation will procure this gas at the then current market price, captured appropriately on Customer's invoice.

**Alternative Pricing Mechanism:** The above described index pricing may be amended by a mutually agreed to fixed, NYMEX based, price arrangement at any time during the Delivery Period herein. Upon expiration of such a fixed price arrangement before the end of the Delivery Period, the pricing mechanism shall return to the index pricing of the Delivery Period herein.

**NYMEX Trigger Rights:** Customer has the right to trigger the NYMEX price for any month(s) at any time during the Delivery Period, prior to 12:00 p.m. EST/EDT on the final day of NYMEX settlement for each applicable month.

**Allocation:** Constellation will allocate the Contract Quantity listed herein among the Customer's separate facilities or meters at a later date.

**Pipeline:** SOCAL

**Delivery Point(s):** SOCAL-CITYGATE NON-CORE

**Utility:** SOCAL

**LDC Account No(s):** 094-210-9500, 104-710-9500

Seller's planned billing method for this facility is to bill Buyer based on: Actual Consumption

**Default Service:** Should Constellation continue to deliver to Customer beyond the term of this Transaction Confirmation, said deliveries will be made for successive 1 month terms (each an "Extension Term"), until terminated by either party by giving written notice of termination not less than 30 days prior to the expiration of the then-current Extension Term. Each month, the default price (the "Evergreen Price") will equal the applicable published index, plus transportation, fuel and any other charges associated with the delivery of gas to the Delivery Point. Unless otherwise provided by Customer, Constellation will determine Customer's monthly nomination in a commercially reasonable manner based upon Customer's historical usage data.

(SIGNATURE BLOCKS FOLLOW ON NEXT PAGE)

Please return via the DocuSign E-Signature process or email to [CNEGTransactionConfirmations@Constellation.com](mailto:CNEGTransactionConfirmations@Constellation.com).

Constellation NewEnergy-Gas Division, LLC

OC San: Orange County Sanitation District

By:

By:

\_\_\_\_\_  
David John Shawver  
Chair, Board of Directors

Name: \_\_\_\_\_  
Nancy H. Fischer

By:

\_\_\_\_\_  
Kelly A. Lore  
Clerk of the Board

Title: \_\_\_\_\_  
Vice President-Retail Ops

By:

\_\_\_\_\_  
Ruth Zintzun  
Purchasing & Contracts Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Customer ID PA-114824  
Contract No. CNEG45997  
Deal No. TBD



# OPERATIONS COMMITTEE

## Agenda Report

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

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**File #:** 2021-1692

**Agenda Date:** 6/23/2021

**Agenda Item No:** 7.

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

**SUBJECT:**

**MANHOLE FRAME AND COVER REPLACEMENT SERVICES, SPECIFICATION NO. S-2019-1055BD**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

Approve a contingency increase of \$120,433 (approximately 31%) to the Service Contract with Ayala Engineering for Manhole Frame and Cover Replacement Services, Specification No. S-2019-1055BD, for the period November 1, 2020 through October 31, 2021, for a new total contingency amount not to exceed \$178,966 (approximately 46%).

**BACKGROUND**

The Orange County Sanitation District (OC San) collection system is comprised of 388 miles of pipe and more than 4,400 manholes. The manholes allow access to the pipe network for cleaning and maintenance. The manholes are subject to corrosion and mechanical wear due to vehicular traffic or hydraulic forces in drainage courses.

Many of these manhole frames and covers are in public right-of-way streets. Street maintenance is by others. OC San is obligated to adjust the frames and covers to match new street elevations whenever the local city or county agency repaves the surrounding street.

The current authorized contract amount for the Manhole Frame and Cover Replacement Services is \$390,220, plus the \$58,533 (15%) contingency, for November 1, 2020 through October 31, 2021. The contractor has provided good service to date.

**RELEVANT STANDARDS**

- Operate and maintain facilities to minimize impacts on surrounding communities, including odor, noise, and lighting
- Protect OC San assets
- Commitment to safety & reducing risk in all operations

**PROBLEM**

Local street maintenance was greater than anticipated this year. The current funding is exhausted with five months remaining in the current contract period, and there is a backlog of approximately 40 manholes that need replacing.

**PROPOSED SOLUTION**

Approve a contingency increase of \$120,433 to the Service Contract with Ayala Engineering in the current term to cover the greater than anticipated number of units to allow staff to promptly address the backlog of manholes needing replacement or adjustment. Staff intends to rebid the service for the next term with a higher adjusted estimate of annual work quantities to reflect the needed work more accurately.

**TIMING CONCERNS**

Manhole frames and covers that are reported as corroded, misaligned, rattling, or worn need attention and fixing in order to protect OC San's assets and the public's safety.

**RAMIFICATIONS OF NOT TAKING ACTION**

Without an increased contingency amount, some manhole frames and covers will present a risk or nuisance to the public and integrity of OC San's assets.

**PRIOR COMMITTEE/BOARD ACTIONS**

August 2019 - Board of Directors awarded a contract to Ayala Engineering for Manhole Frames and Covers Replacement Services, Specification No. S-2019-1055BD, for a total amount not to exceed \$390,220 for the period beginning November 1, 2019 through October 31, 2020, with four optional one-year renewals and an annual contingency of \$58,533 (15%).

**ADDITIONAL INFORMATION**

The chart below illustrates the contingency increase breakdowns.

Work Type	Cost(each)	Estimated Quantity	Adjusted Cost
36" Frame & Cover Replacement	\$5,020	17	\$ 85,340
24" Frame & Cover Replacement	\$3,690	4	\$ 14,760
36" Topper (Internal Liner)	\$ 990	10	\$ 9,900
24" Topper (Internal Liner)	\$ 900	2	\$ 1,800
Traffic Control (Single Lane Closure)	\$ 199	17	\$ 3,383
Coating Repair	\$ 495	10	\$ 4,950



Emergency Call Out	\$ 300	1	\$ 300
<b>TOTAL</b>			<b>\$120,433</b>

**FINANCIAL CONSIDERATIONS**

This request complies with authority levels of OC San's Purchasing Ordinance. This budgeted item is in the fiscal year 2020-21 & 2021-22 budget. Line item: Section 06, Page 76.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
08/24/2019	\$390,220	\$ 58,533 (15%)
06/23/2021		\$120,433 (appx.31%)

**ATTACHMENT**

The following attachment(s) may be viewed online at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:

N/A

DS:mb:sr:gc

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**File #:** 2021-1693

**Agenda Date:** 6/23/2021

**Agenda Item No:** 8.

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

**SUBJECT:**

**OUTFALL LOW FLOW PUMP STATION, CONTRACT NO. J-117B**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

- A. Approve a Purchase Order to ConvergeOne for the purchase of IT Hardware (J-117B), Specification No. E-2021-1231BD (Base Bid), for Outfall Low Flow Pump Station, Contract No. J-117B, for a total amount of \$785,482, plus applicable sales tax and freight; and
- B. Approve an additional Purchase Order to ConvergeOne for the purchase of optional IT hardware items (J-117B), Specification No. E-2021-1234BD (Optional Bid), for Outfall Low Flow Pump Station, Contract No. J-117B, for a total amount not to exceed \$288,328, plus applicable sales tax and freight.

**BACKGROUND**

The Orange County Sanitation District (OC San) previously installed a plant-wide, three-tier hierarchical Industrial Control System (ICS) network at Plant No. 1 to move all Programmable Logic Controllers (PLCs), Supervisory Control and Data Acquisition (SCADA) servers, and Human Machine Interfaces (HMIs) to this network, allowing OC San to abandon legacy networks, including Modbus Plus, and remove the HMI from the office network as recommended by the Department of Homeland Security (DHS).

Contract No. J-117B is constructing a new plant-wide ICS network at Plant No. 2, similar to Plant No. 1, which includes the installation of single mode fiber optics and new networking hardware throughout Plant No. 2.

**RELEVANT STANDARDS**

- Comply with California Public Contract Code Section 20103.8: Award contract to the lowest responsive, responsible bidder
- Ensure that public's money is wisely spent
- 24/7/365 treatment plant reliability

**PROBLEM**

New equipment is required to construct the new ICS network. Similar to past construction projects, OC San purchases the network equipment for the contractor to install. This allows OC San to obtain the latest equipment model prior to installation.

**PROPOSED SOLUTION**

Approve the Purchase Orders to ConvergeOne to provide networking equipment.

**TIMING CONCERNS**

This procurement is needed to turn over the new equipment to the J-117B Contractor for installation and avoid project delays.

**RAMIFICATIONS OF NOT TAKING ACTION**

The new plant-wide ICS network at Plant No. 2 would not be completed on or before March 2022, as currently planned. Potential time delays and cost impacts to Contract No. J-117B and future projects that will utilize the new Plant No. 2 ICS network may also occur.

**PRIOR COMMITTEE/BOARD ACTIONS**

N/A

**ADDITIONAL INFORMATION**

OC San advertised for bids on April 1, 2021, and nine sealed bids were received on May 5, 2021. The estimated bill of material was \$1,500,000. A summary of the bids follows:

<u>Bidder</u>	<u>Amount of Base Bid</u>
ConvergeOne	\$ 785,482
Total Communications, Inc.	\$ 808,858
NetXperts, Inc	\$ 816,193
Insight Public Sector, Inc	\$ 821,406
Burnwood Group, Inc	\$ 885,407
ePlus Technology, Inc.	\$ 936,981
SaiTech, Inc	\$ 1,124,715
Thomas Gallaway Corp	\$ 1,646,435
CDW Government LLC	\$ 1,805,498

The bids were evaluated in accordance with OC San policies and procedures. A notice was sent to all the bidders on May 11, 2021, informing them of the intent of OC San to recommend awarding Purchase Order to ConvergeOne.

Staff recommends approving a Purchase Order to the lowest responsive and responsible bidder, ConvergeOne, for Purchase of IT Hardware (J-117B), Specification No. E-2021-1231BD (Base Bid), for a total amount of \$785,482 and an additional Purchase Order for optional items Specification No.

E-2021-1231BD (Optional Bid) in the amount not to exceed \$288,328, for a combined award amount not to exceed \$1,073,810, plus applicable sales tax and freight.

### **CEQA**

The project is included in the Ocean Outfall System Rehabilitation/Outfall Low Flow Pump Station (Project No. J-117B) Mitigated Negative Declaration (MND) State Clearinghouse Number 2017071012.

This MND was certified by the Board of Directors and a Notice of Determination was filed on October 2, 2017.

### **FINANCIAL CONSIDERATIONS**

The request complies with authority levels of OC San's Purchasing Ordinance. This item has been budgeted, FY 2020-2021 & 2021-2022 Adopted Budget, Section 8, Page 37 and the project budget is sufficient for the recommended action.

### **ATTACHMENTS**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

N/A

VP:MD:dm:gc



# ADMINISTRATION COMMITTEE

## Agenda Report

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

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**File #:** 2021-1709

**Agenda Date:** 6/23/2021

**Agenda Item No:** 9.

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

**SUBJECT:**

**FY 2021-22 USE CHARGES FOR THE SANTA ANA WATERSHED PROJECT AUTHORITY**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

Adopt Resolution No. OC SAN 21-10, entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District Establishing Use Charges for the 2021-22 Fiscal Year Pursuant to the Wastewater Treatment and Disposal Agreement with the Santa Ana Watershed Project Authority ("SAWPA")".

**BACKGROUND**

Currently, the Orange County Sanitation District (OC San) invoices Santa Ana Watershed Project Authority (SAWPA) on a quarterly basis for the wastewater discharge OC San receives from the SARI line. Annually, the rates for flow, biochemical oxygen demand (BOD), and total suspended solids (TSS) are calculated based upon the fiscal year budget for treatment and disposal costs and the 1996 Wastewater Treatment and Disposal Agreement. The rates calculated for each constituent for FY 2021-22 for wastewater discharge are:

FLOW	\$224.56
BOD	\$320.54
TSS	\$473.07

The FY 2021-22 rates are a 5.28 percent increase from the FY 2020-21 rates due to a 5.28 percent increase in the treatment and disposal costs in the proposed FY 2021-22 Budget. These rates are separate from the rates charged for additional capacity purchases by SAWPA.

**RELEVANT STANDARDS**

- Comply with OC San Policy - establishing annual SAWPA treatment and disposal rates
- Supports the 1996 Treatment and Disposal agreement with SAWPA

**TIMING CONCERNS**

Rates should be effective for July 1 of FY 2021-22.

**RAMIFICATIONS OF NOT TAKING ACTION**

Rates would not be established for FY 2021-22 for cost recovery for treatment and disposal of SAWPA's wastewater discharge.

**PRIOR COMMITTEE/BOARD ACTIONS**

A Resolution is adopted annually in June pursuant to the Wastewater Treatment and Disposal Agreement with SAWPA.

**ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- Resolution No. OC SAN 21-10

RESOLUTION NO. OC SAN 21-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT ESTABLISHING USE CHARGES FOR THE 2021-22 FISCAL YEAR PURSUANT TO THE WASTEWATER TREATMENT AND DISPOSAL AGREEMENT WITH THE SANTA ANA WATERSHED PROJECT AUTHORITY ("SAWPA")

WHEREAS, the Board of Directors has approved the Wastewater Treatment and Disposal Agreement with the Santa Ana Watershed Project Authority ("SAWPA"); and,

WHEREAS, said Agreement provides for payment of Disposal Costs for the measured and sampled flow of Wastewater discharged from SAWPA's SARI Service Area to Orange County Sanitation District's facilities; and,

WHEREAS, said agreement provides for adjustment of said Disposal Costs on an annual basis.

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District, DOES HEREBY RESOLVE, DETERMINE, AND ORDER:

Section 1. That pursuant to Section C4 of the Wastewater Treatment and Disposal Agreement, the 2021-22 fiscal year charges for Disposal Costs are hereby established as follows:

For Flow:	\$ 224.56 per million gallons of flow
For Biochemical Oxygen Demand:	\$ 320.54 per thousand pounds
For Total Suspended Solids:	\$ 473.07 per thousand pounds

PASSED AND ADOPTED at a regular meeting of the Orange County  
Sanitation District's Board of Directors held June 23, 2021.

---

David John Shawver  
Board Chairman

ATTEST:

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Kelly A. Lore, MMC  
Clerk of the Board



STATE OF CALIFORNIA    )  
  )     ss  
COUNTY OF ORANGE     )

I, Kelly A. Lore, Clerk of the Board of Directors of the Orange County Sanitation District, do hereby certify that the foregoing Resolution No. OC SAN 21-10 was passed and adopted at a regular meeting of said Board on the 23<sup>rd</sup> day of June 2021, by the following vote, to wit:

**AYES:**  
**NOES:**  
**ABSTENTIONS:**  
**ABSENT:**

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 23<sup>rd</sup> day of June 2021.

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Kelly A. Lore, MMC  
Clerk of the Board of Directors  
Orange County Sanitation District



# ADMINISTRATION COMMITTEE

## Agenda Report

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

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**File #:** 2021-1710

**Agenda Date:** 6/23/2021

**Agenda Item No:** 10.

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

**SUBJECT:**

**GANN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2021-22**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

Adopt Resolution No. OC SAN 21-11, entitled: "A Resolution of the Board of Directors of the Orange County Sanitation District Establishing the Annual Appropriations Limit for Fiscal Year 2021-22 for the Sanitation District in accordance with the Provisions of Division 9 of Title 1 of the California Government Code".

**BACKGROUND**

This routine annual action adopts a resolution establishing the spending limit for "proceeds of taxes" in accordance with Article XIII B of the Constitution of the State of California (Section 7910 of the Government Code). The Orange County Sanitation District's (OC San) annual appropriations are well below the limit.

In 1979, Proposition 4 (the Gann Initiative) was approved adding Article XIII B to the State Constitution. The provisions of this article place limits on the amount of revenue that can be appropriated by all entities of government. This initiative was designed to constrain government expenditures by placing an annual limit on jurisdictions' revenue and appropriation growth. The Appropriations Limit is based on actual appropriations during the 1978-1979 fiscal year, as increased each year using specified population and inflationary growth factors. This annual allowance growth is linked to changes in population and cost of living. The passage of Proposition 111 in June 1990 amended Article XIIIB, making changes in the base year upon which the appropriations limit is based, establishing new cost of living factors and new population factors for use by local governments, and increasing appropriations not subject to the limit (primarily qualified capital outlay projects). The financial constraints of Article XIII B apply to the State, all cities, counties, special districts, and all other political subdivisions.

**RELEVANT STANDARDS**

- Produce Operations and CIP budgets every two years, with annual update

**PROBLEM**

Article XIII B of the State Constitution places limits on the amount of revenue that can be appropriated by all entities of government.

**PROPOSED SOLUTION**

Approval of the proposed Resolution establishing the annual appropriations limit for fiscal year 2021-22 in accordance with the provisions of Division 9 of Title 1 of the California Government Code.

**TIMING CONCERNS**

The proposed one-year budget, effective July 1 of this year, will be finalized and presented to the Board for adoption in June. The appropriations limit Resolution needs to be approved in conjunction with the budget.

**RAMIFICATIONS OF NOT TAKING ACTION**

OC San will not be able to carry out its financial fiduciary duties beyond June 30, 2021.

**ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- Resolution No. OC SAN 21-11

RESOLUTION NO. OC SAN 21-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
ORANGE COUNTY SANITATION DISTRICT ESTABLISHING  
THE ANNUAL APPROPRIATIONS LIMIT FOR FISCAL YEAR  
2021-22 FOR THE SANITATION DISTRICT IN  
ACCORDANCE WITH THE PROVISIONS OF DIVISION 9  
OF TITLE 1 OF THE CALIFORNIA GOVERNMENT CODE

WHEREAS, Article XIII B of the Constitution of the State of California as proposed by the Initiative Measure approved by the people at the special statewide election held on November 6, 1979, provides that the total annual appropriations limit of each local government agency shall not exceed the appropriations limit of such entity for the prior year, adjusted for changes in the cost of living and population, except as otherwise specifically provided for in said Article; and,

WHEREAS, the State Legislature added Division 9 (commencing with Section 7900) to Title 1 of the Government Code of the State of California to implement Article XIII B of the California Constitution; and,

WHEREAS, Section 7910 of the Government Code provides that each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit for the following fiscal year pursuant to Article XIII B at a regularly-scheduled meeting or a noticed special meeting and that fifteen (15) days prior to such meeting, documentation used in the determination of the appropriations limit shall be available to the public; and,

WHEREAS, Section 7902 (a) of the Government Code sets forth the method for determining the appropriations limit for each local jurisdiction for the 2021-22 fiscal year; and,

WHEREAS, the Board of Directors wishes to establish the appropriations limit for fiscal year 2021-22 for the Sanitation District.

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District DOES HEREBY RESOLVE, DETERMINE AND ORDER:

Section 1: That it is hereby found and determined that the documentation used in the determination of the appropriations limit for the Orange County Sanitation District, for fiscal year 2021-22, was available to the public in the Finance Department of said Sanitation District at least fifteen (15) days prior to this date.

Section 2: That the appropriations limit for fiscal year 2021-22 for the Orange County Sanitation District, as established in accordance with Section 7902(b) of the California Government Code is \$124,166,799. The budgeted appropriations from proceeds of taxes is within this maximum authorized spending limitation for fiscal year 2021-22.

Section 3: That the Board of Directors of the Orange County Sanitation District, has determined that the percent change in California per capita personal income from the preceding year would be the cost of living factor to be used and the weighted average population change of the cities within the Sanitation District would be the population factor to be used in calculating the Orange County Sanitation District's appropriations limit for the Fiscal Year 2021-22.

Section 4: The determination of the appropriation limit is based upon the best and most complete information available at this time. The Sanitation District reserves the right to review and re-establish a new and different limit in the event that it subsequently determines that a modification of the limitation amount is appropriate.

PASSED AND ADOPTED at a regular meeting of the Board of Directors held June 23, 2021.

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David John Shawver  
Board Chairman

ATTEST:

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Kelly A. Lore, MMC  
Clerk of the Board

[illegible]

I, Kelly A. Lore, Clerk of the Board of Directors of the Orange County Sanitation District, do hereby certify that the foregoing Resolution No. OC SAN 21-11 was passed and adopted at a regular meeting of said Board on the 23rd day of June 2021, by the following vote, to wit:

**AYES:**  
**NOES:**  
**ABSTENTIONS:**  
**ABSENT:**

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 23rd day of June 2021.

Kelly A. Lore, MMC  
Clerk of the Board of Directors  
Orange County Sanitation District

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**File #:** 2021-1711

**Agenda Date:** 6/23/2021

**Agenda Item No:** 11.

---

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

**SUBJECT:**

**COMPLETE ELECTRICAL DATA MANAGEMENT SOLUTION**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

- A. Award a Professional Services Agreement to AVO Multi-Amp Corporation dba Megger to provide Electrical Data Management Services, Specification No. CS-2021-1039BD-R, for a total amount not to exceed \$212,255; and
- B. Approve a contingency of \$31,838 (15%).

**BACKGROUND**

The Orange County Sanitation District (OC San) desires to implement a complete solution for Electrical Testing Data Management. The solution will be used for the collection, organization, trending, and reporting of electrical data from maintenance, condition-based monitoring, and inspection activities. A competitive procurement via a Request for Proposal was conducted and is described below.

**RELEVANT STANDARDS**

- Ensure the public's money is wisely spent
- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard
- Protect OC San assets
- Maintain a proactive asset management program

**PROBLEM**

OC San's current electrical testing documentation, archiving, and data collecting is compiled manually by several work groups, resulting in inconsistent record keeping. Additionally, OC San's current systems do not have capability for analysis of collected data for asset management optimization or establishing standardized electrical testing data processes. These deficiencies lead to operational and regulatory compliance risks and inefficient use of labor.

**PROPOSED SOLUTION**

Procure and implement the software and hardware solutions from Avo Multi-Amp Corp. to automate the electrical testing process and establish a standard methodology for routing, testing, and trending electrical assets at Plant No. 1, Plant No. 2, and Pump Stations.

**RAMIFICATIONS OF NOT TAKING ACTION**

OC San will be unable to verify electrical testing results and will fail to protect OC San assets.

**ADDITIONAL INFORMATION**

On February 24, 2021, OC San issued a Request for Proposal (RFP) for a Field Electrical Testing Solution. The following evaluation criterion were described in the RFP and used to determine the most qualified firm.

<b>CRITERION</b>	<b>WEIGHT</b>
1. Qualifications & Experience of Firm	40%
2. Proposed Staffing & Project Organization	20%
3. Work Plan	20%
4. Cost	20%

The RFP closed on March 31, 2021. OC San received responses from three vendors. The RFP evaluation team consisted of three Maintenance Supervisors, a Principal Info Tech Analyst, and a Senior Engineer. This RFP used the individual scoring method. The evaluation team first reviewed and scored the proposals based upon the criteria listed above.

<b>Rank</b>	<b>Proposer</b>	<b>Criterion 1 (Max 40%)</b>	<b>Criterion 2 (Max 20%)</b>	<b>Criterion 3 (Max 20%)</b>	<b>Subtotal Score (Max 80%)</b>
1	<b>Avo Multi-Amp Corp dba Megger</b>	38%	19%	18%	75%
2	<b>James E. Hughes</b>	24%	13%	13%	50%
3	<b>The RoviSys Company</b>	18%	8%	10%	36%

All proposals were accompanied by a sealed cost proposal. Only the cost proposal for the highest ranked firm was opened.

<b>Rank</b>	<b>Proposer</b>	<b>Subtotal Score without cost (Max 80%)</b>	<b>Cost (Max 20%)</b>	<b>Total Weighted Score (Max 100%)</b>
1	<b>Avo Multi-Amp Corp dba Megger</b>	76%	20%	96%
2	<b>James E. Hughes</b>	50%	4%	54%
3	<b>The RoviSys Company</b>	37%	4%	41%



Based on these results, staff recommends awarding the Agreement to Avo Multi-Amp Corporation dba Megger.

## **FINANCIAL CONSIDERATIONS**

This request complies with authority levels of OC San's Purchasing Ordinance. This item has been budgeted in the FY2020-21 & 2021-22 Budget, EAM Software & Process Implementation SP-100 (Section 8, Page 83).

<u><b>Date of Approval</b></u>	<u><b>Contract Amount</b></u>	<u><b>Contingency</b></u>
06/23/2021	\$212,255	\$31,838 (15%)

## **ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- Professional Services Agreement

**PROFESSIONAL SERVICES AGREEMENT  
ELECTRICAL DISTRIBUTION SYSTEM TEST  
DATA MANAGEMENT SOFTWARE REBID  
Specification No. CS-2021-1039BD-R**

**THIS AGREEMENT** is made and entered into as of the date fully executed below, by and between Orange County Sanitation District, with a principal place of business at 10844 Ellis Avenue, Fountain Valley, CA 92708 (hereinafter referred to as "OC San") and AVO Multi-Amp Corporation dba Megger with a principal business at 4545 Davis Street, Dallas, TX 75211 (hereinafter referred to as "Consultant") collectively referred to as the "Parties".

**WITNESSETH**

**WHEREAS**, based on Consultant's expertise and experience, OC San desires to temporarily engage Consultant to provide electrical distribution system test data management software "Services" as described in Exhibit "A"; and

**WHEREAS**, Consultant submitted its Proposal, dated March 31, 2021; and

**WHEREAS**, OC San has chosen Consultant to conduct Services in accordance with Ordinance No. OCSD-52; and

**WHEREAS**, on June 23, 2021, the Board of Directors of OC San, by minute order, authorized execution of this Agreement between OC San and Consultant.

**NOW, THEREFORE**, in consideration of the mutual promises and mutual benefits exchanged between the Parties, the Parties mutually agree as follows:

**1. Introduction**

- 1.1. This Agreement and all exhibits hereto (called the "Agreement") is made by OC San and Consultant. The terms and conditions herein exclusively govern the purchase of Services as described in Exhibit "A".
- 1.2. Exhibits to this Agreement are incorporated by reference and made a part of this Agreement as though fully set forth at length herein.

Exhibit "A"	Scope of Work
Exhibit "B"	Proposal submitted March 31, 2021
Exhibit "B-1"	Cost Proposal Submitted March 31, 2021
Exhibit "C"	Determined Insurance Requirement Form
Exhibit "D"	Contractor Safety Standards
Exhibit "E"	Human Resources Policies

- 1.3. In the event of any conflict or inconsistency between the provisions of this Agreement and any of the provisions of the exhibits hereto, the provisions of this Agreement shall in all respects govern and control.
- 1.4. This Agreement may not be modified, changed or supplemented, nor may any obligations hereunder be waived or extensions of time for performance granted, except by written instrument signed by both Parties.

- 1.5. The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any section or provision hereof.
- 1.6. The term "workday". Workdays are defined as all days that are not Saturday, Sunday, or OC San observed holidays. Meetings with OC San staff shall be scheduled from Monday through Thursday between the hours of 8 a.m. and 4 p.m. (exception is operations staff who maintain plant Operations 24/7 and work a rotated 12-hour shift) and shall conform to OC San work schedules. OC San review periods shall not include OC San observed holidays.
- 1.7. OC San holidays (non-working days) are as follows: New Year's Day, Lincoln's Birthday, Presidents' Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, and Christmas Day.
- 1.8. The term "days", when used in the Agreement, shall mean calendar days, unless otherwise noted as workdays.
- 1.9. Work Hours:
- 1.9.1. The work required under this Agreement may include normal business hours, evenings, and weekends. OC San will not pay for travel time.
- 1.9.2. All work with OC San staff shall be scheduled Monday through Thursday, between the hours of 7:30 a.m. and 3:30 p.m.
- 1.10. Consultant shall provide OC San with all required premiums and/or overtime work at no charge beyond the prices provided in Exhibit "B-1" and under "Compensation" below.
- 1.11. Except as expressly provided otherwise, OC San accepts no liability for any expenses, losses, or action incurred or undertaken by Consultant as a result of work performed in anticipation of purchases of said Services by OC San.
- 1.12. Goods and Services, whether stated separately or in conjunction with each other, shall mean electrical distribution system test data management software and the Services related to the provision of such as described in Exhibit "A".
- 1.13. Construction of Agreement. This Agreement is the product of joint discussions and negotiations at arms' length between the Parties, both of whom are sophisticated and knowledgeable in business matters and both of whom have relied on the advice of independent legal counsel. Any rule of law which would require interpretation of this Agreement against the party that drafted it shall have no application to this Agreement.

## **2. Miscellaneous**

- 2.1. Access to Premises. OC San shall provide Consultant with reasonable and timely access to the sites and personnel necessary for Consultant to perform its obligations under this Agreement. OC San shall allow Consultant personnel reasonable access to OC San site and facilities (telephone, parking, etc.) during normal business hours and at other reasonable times as requested by Consultant and pre-approved by OC San. The assistance or presence of OC San's personnel will not relieve Consultant of any responsibilities under this Agreement.
- 2.2. Amendments. No amendment or modification to this Agreement is valid unless it is contained in a writing signed by both Parties.

- 2.3. Approvals in Writing. All approvals or consents required or contemplated by this Agreement must be in writing to be effective.
- 2.4. Background Checks and Removal of Personnel. Prior to being allowed to perform any work on this project, all non-OC San personnel assigned to the project may be required to submit to and pass a background check by the Fountain Valley, California Police Department. In addition, OC San shall have the sole and exclusive right to require Consultant to immediately remove any individual from the project for any reason deemed to be in the best interest of OC San. Consultant shall replace any employee removed from the project within ten (10) business days of said removal.
- 2.5. Compliance with Work Rules. Consultant will ensure that, while it is on OC San premises, Consultant's personnel and its subconsultant(s) will comply with OC San's working rules and policies, including OC San's security procedures.
- 2.6. Successors and Assigns. This Agreement is binding on and inures to the benefit of the Parties and their respective successors and assigns.
- 2.7. Advertising. Consultant shall not refer to the existence of this Agreement in any press release, advertising or materials distributed to prospective customers without the prior written consent of OC San.

3. **Scope of Work** General requirements for the work of this project are listed below. A detailed list of tasks and responsibilities are included in Exhibit "A".

- 3.1. Subject to the terms of this Agreement, Consultant shall perform the Services identified in Exhibit "A". Consultant warrants that all of its Services shall be performed in a competent, professional and satisfactory manner.
- 3.2. Modifications to Equipment and Facilities. OC San shall be responsible for making OC San-approved modifications identified in an OC San-approved, site analysis report. Thereafter, Consultant will be precluded from asserting that it is unable to perform its obligations under this Agreement because of any pre-existing condition. During implementation, any changes to the system or any costs that may be incurred in order to complete the requirements of this Agreement, but were not identified in the site analysis report, will be the sole and exclusive responsibility of Consultant. In addition, if the system is unable to meet the functional, performance and reliability specifications and requirements in this Agreement after the identified upgrades and changes have been made, then Consultant will be responsible, at its own expense, for making any further upgrades or changes necessary to achieve this result.
- 3.3. User Qualifications. OC San shall use its best efforts to ensure that persons operating the system will be qualified, supervised, and trained in the use of personal computers and normal operations. Consultant will ensure that all training on the system or system components will be conducted professionally and effectively so that each operator trained by Consultant is proficient in its use.
- 3.4. Transition. Consultant will work with OC San to ensure a smooth and efficient transition from OC San's current systems to the new system and to minimize disruption to current operations, even if it necessitates working late evening, early morning, or weekend hours. Any required disruptions to OC San's operations shall be scheduled in advance and approved by OC San.

**4. Compensation**

4.1. Compensation to be paid by OC San to Consultant shall be in the following amounts:

Completion of all Milestones	\$134,400
Software	\$ 64,340
Maintenance (first year)	\$ 13,515

4.2. Compensation to be paid by OC San to Consultant for the Services provided under this Agreement shall be for a total amount not to exceed Two Hundred Twelve Thousand, Two Hundred Fifty-five Dollars (\$212,255.00).

**5. Payment**

5.1. OC San shall pay, net thirty (30) days, upon receipt and approval, by OC San's Project Manager or designee, of itemized invoices submitted for Milestones completed in accordance with Exhibit "A", at the prices identified in Exhibit "B-1".

5.2. OC San, at its sole discretion, shall be the determining party as to whether the tasks and deliverables for each Milestone have been satisfactorily completed.

**6. Invoices**

6.1. OC San shall pay within thirty (30) days of completion and receipt and approval by OC San's Project Manager or designee of an itemized invoice, in a form acceptable to OC San to enable audit of the charges thereon.

6.2. Invoices shall be emailed by Consultant to OC San at [APStaff@OCSan.gov](mailto:APStaff@OCSan.gov). Specification No. CS-2021-1039BD-R and Purchase Order number shall both be referenced in the subject line.

**7. Audit Rights** Consultant agrees that, during the term of this Agreement and for a period of three (3) years after its termination, OC San shall have access to and the right to examine any directly pertinent books, documents, and records of Consultant relating to the invoices submitted by Consultant pursuant to this Agreement.

**8. Performance** Time is of the essence in the performance of the provisions hereof.

**9. Term**

9.1. The Services provided under this Agreement shall be completed within one hundred eighty (180) calendar days from the effective date of the Notice to Proceed as follows:

9.2. Annual Maintenance Support services shall commence upon completion of all Milestones and continue for the period of one (1) year.

9.3. Effect on Project Schedule. The time periods and requirements set forth in Exhibit "A", will not excuse Consultant from complying with the completion date set forth in this Agreement.

**10. Annual Maintenance Support**

10.1. OC San may exercise the option to renew Annual Maintenance Support services for up to four (4) additional one-year periods, under the terms and conditions contained herein and at the prices set forth below:

2 <sup>nd</sup> Year	\$14,190
3 <sup>rd</sup> Year	\$14,900
4 <sup>th</sup> Year	\$15,640
5 <sup>th</sup> Year	\$16,425

10.2. OC San shall make no obligation to renew Annual Maintenance services nor give reason if it elects not to renew.

10.3. Annual Maintenance services may be renewed by OC San Purchase Order

## **11. Termination**

11.1. OC San reserves the right to terminate this Agreement for its convenience, with or without cause, in whole or in part, at any time, by written notice from OC San. Upon receipt of a termination notice, Consultant shall immediately discontinue all work under this Agreement (unless the notice directs otherwise). OC San shall thereafter, within thirty (30) days, pay Consultant for work performed (cost and fee) to the date of termination. Consultant expressly waives any claim to receive anticipated profits to be earned during the uncompleted portion of this Agreement. Such notice of termination shall terminate this Agreement and release OC San from any further fee, cost or claim hereunder by Consultant other than for work performed to the date of termination.

11.2. OC San reserves the right to terminate this Agreement immediately upon OC San's determination that Consultant is not meeting the requirements, if the level of service is inadequate, or any other default of this Agreement.

11.3. OC San may also immediately cancel for default of this Agreement in whole or in part by written notice to Consultant:

- if Consultant becomes insolvent or files a petition under the Bankruptcy Act; or
- if Consultant sells its business; or
- if Consultant breaches any of the terms of this Agreement; or
- if total amount of compensation exceeds the amount authorized under this Agreement.

11.4. All OC San property in the possession or control of Consultant shall be returned by Consultant to OC San on demand, or at the termination of this Agreement, whichever occurs first. In addition, Consultant will deliver to OC San all work product currently in existence and for which payment has been made.

**12. Indemnification and Hold Harmless Provision** Consultant shall assume all responsibility for damages to property and/or injuries to persons, including accidental death, which may arise out of or be caused by Consultant's services under this Agreement, or by its subconsultant(s) or by anyone directly or indirectly employed by Consultant, and whether such damage or injury shall accrue or be discovered before or after the termination of the Agreement. Except as to the sole active negligence of or willful misconduct of OC San, Consultant shall indemnify, protect, defend and hold harmless OC San, its elected and appointed officials, officers, agents and employees, from and against any and all claims, liabilities, damages or expenses of any nature, including attorneys' fees: (a) for injury to or death of any person or damage to property or interference with the use of property, arising out of or in connection with Consultant's performance under the Agreement, and/or (b) on account of use of any copyrighted or uncopyrighted material, composition, or process, or any patented or unpatented invention, article or appliance, furnished or used under the Agreement, and/or (c) on account of any goods and services provided under this Agreement. This indemnification provision shall apply to any acts or omissions, willful misconduct, or negligent misconduct, whether active or passive, on the part of Consultant or anyone employed by or working under Consultant. To the maximum extent permitted by law, Consultant's duty to defend shall apply whether or not such claims, allegations, lawsuits, or proceedings have merit or are meritless, or which involve claims or allegations that any of the

parties to be defended were actively, passively, or concurrently negligent, or which otherwise assert that the parties to be defended are responsible, in whole or in part, for any loss, damage, or injury. Consultant agrees to provide this defense immediately upon written notice from OC San, and with well qualified, adequately insured, and experienced legal counsel acceptable to OC San. This section shall survive the expiration or early termination of the Agreement.

**13. Force Majeure** Neither party shall be liable for delays caused by accident, flood, acts of God, fire, labor trouble, war, acts of government or any other cause beyond its control, but said party shall use reasonable efforts to minimize the extent of the delay. Work affected by a Force Majeure condition may be rescheduled by mutual consent or may be eliminated from the Agreement.

**14. Insurance** Consultant and all subconsultant(s) shall purchase and maintain, throughout the life of this Agreement and any periods of warranty or extensions, insurance in amounts equal to the requirements set forth in Exhibit "C" Determined Insurance Requirement Form. Consultant shall not commence work under this Agreement until all required insurance is obtained in a form acceptable to OC San, nor shall Consultant allow any subconsultant to commence service pursuant to a subcontract until all insurance required of the subconsultant has been obtained. Failure to maintain required insurance coverage shall result in termination of this Agreement.

**15. Key Personnel** Personnel, as provided in Exhibit "B", are considered "key" to the work under this Agreement and will be available for the term of the Agreement. No person designated as key under this Agreement shall be removed or replaced without prior written consent of OC San. If OC San asks Consultant to remove a person designated as key under this Agreement, Consultant agrees to do so immediately regardless of the reason, or the lack of reason, for OC San's request. Consultant shall assign only competent personnel to perform Services pursuant to this Agreement.

**16. Confidentiality and Non-Disclosure**

16.1. Consultant acknowledges that in performing the Services hereunder, OC San may have to disclose to Consultant orally and in writing certain confidential information that OC San considers proprietary and has developed at great expense and effort.

16.2. Consultant agrees to maintain in confidence and not disclose to any person, firm, or corporation, without OC San's prior written consent, any trade secret or confidential information, knowledge or data relating to the products, process, or operation of OC San.

16.3. Consultant further agrees to maintain in confidence and not to disclose to any person, firm, or corporation any data, information, technology, or material developed or obtained by Consultant during the term of this Agreement.

16.4. Consultant agrees as follows:

- To use the confidential information only for the purposes described herein; to not reproduce the confidential information; to hold in confidence and protect the confidential information from dissemination to and use by anyone not a party to this Agreement; and to not use the confidential information to benefit itself or others.
- To restrict access to the confidential information to its subconsultants or personnel of subconsultants who (1) have a need to have such access and (2) have been advised of and have agreed in writing to treat such information in accordance with the terms of this Agreement.

- To return all confidential information in Consultant's possession upon termination of this Agreement or upon OC San's request, whichever occurs first.
- To hold in confidence information and materials, if any, developed pursuant to the Services hereunder.

16.5. The provisions of this section shall survive termination or expiration of this Agreement and shall continue for so long as the material remains confidential.

**17. Ownership of Documents** All drawings, specifications, reports, records, documents, memoranda, correspondence, computations, and other materials prepared by Consultant, its employees, subconsultants, and agents in the performance of this Agreement shall be the property of OC San and shall be promptly delivered to OC San upon request of the Project Manager or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by OC San of its full rights of ownership of the documents and materials hereunder. Any use of such completed documents for other projects and/or use of incomplete documents without specific written authorization by the Consultant will be at OC San's sole risk and without liability to Consultant. Consultant shall ensure that all its subconsultants shall provide for assignment to OC San of any documents or materials prepared by them.

**18. Ownership of Intellectual Property**

18.1. Consultant agrees that all designs, plans, reports, specifications, drawings, schematics, prototypes, models, inventions, and all other information and items made during the course of this Agreement and arising from the Services (hereinafter referred to as "New Developments") shall be and are assigned to OC San as its sole and exclusive property.

18.2. Consultant agrees to promptly disclose to OC San all such New Developments. Upon OC San's request, Consultant agrees to assist OC San, at OC San's expense, to obtain patents or copyrights for such New Developments, including the disclosure of all pertinent information and data with respect thereto, the execution of all applications, specifications, assignments, and all other instruments and papers which OC San shall deem necessary to apply for and to assign or convey to OC San, its successors and assigns, the sole and exclusive right, title and interest in such New Developments. Consultant agrees to obtain or has obtained written assurances from its employees and contract personnel of their agreement to the terms hereof with regard to New Developments and confidential information.

18.3. Consultant warrants that Consultant has good title to any New Developments, and the right to assign New Developments to OC San free of any proprietary rights of any other party or any other encumbrance whatever.

18.4. The originals of all computations, drawings, designs, graphics, studies, reports, manuals, photographs, videotapes, data, computer files, and other documents prepared or caused to be prepared by Consultant or its subconsultants in connection with these Services shall be delivered to and shall become the exclusive property of OC San. OC San may utilize these documents for OC San applications on other projects or extensions of this project, at its own risk.

**19. Infringement Claims** If an infringement claim occurs, Consultant has thirty (30) days after the receipt of OC San's written notice of the claim or the date on which Consultant first becomes aware of the claim, whichever is sooner, to either: (a) procure for OC San the right to continue using the affected product, service, subsystem, component or interface and deliver or provide



the product, service, subsystem, component, or interface to OC San; or (b) repair or replace the infringing product, service, subsystem, component, or interface so that it becomes non-infringing, provided the performance of the system or any subsystems, components, or interfaces is not adversely affected by the replacement or modification. In the event Consultant is unable to comply with either subsection (a) or (b) of this paragraph within thirty (30) days, OC San may terminate this Agreement without any further obligation to Consultant. In the event of termination, in addition to any other legal remedies available to OC San, Consultant will refund OC San within ten (10) days of OC San's notice of termination, the license fees OC San paid to Consultant for the product, service, subsystem, component or interface. If the inability to comply with either subsection (a) or (b) of this paragraph causes the system to fail to meet the functional, performance and reliability specifications and requirements or to otherwise become ineffective, Consultant will refund OC San all fees paid to Consultant under this Agreement.

## **20. No Solicitation of Employees or Subcontractors**

20.1. Consultant agrees that it shall not, during the term of this Agreement and for a period of one (1) year immediately following termination of this Agreement, or any extension hereof, call on, solicit, or take away any of the employees or subcontractors about whom Consultant became aware as a result of Consultant's Services to OC San.

20.2. Consultant acknowledges that OC San's employees are critical to its business. Consultant agrees not to employ or otherwise engage OC San's employees or subcontractors during the term of this Agreement and for a period of one (1) year following termination of this Agreement. Should Consultant violate this provision, Consultant will pay OC San fifty percent (50%) of the former employee's most recent annual salary earned at OC San to accurately reflect the reasonable value of OC San's time and costs. This payment is in addition to any other rights and remedies OC San may have at law.

## **21. Independent Contractor Capacity**

21.1. The relationship of Consultant to OC San is that of an independent contractor and nothing herein shall be construed as creating an employment or agency relationship.

21.2. Consultant shall act independently and not as an officer or employee of OC San. OC San assumes no liability for Consultant's action and performance, nor assumes responsibility for taxes, funds, payments or other commitments, implied or expressed, by or for Consultant.

21.3. Consultant shall not be considered an agent of OC San for any purpose whatsoever, nor shall Consultant have the right to, and shall not, commit OC San to any agreement, contract or undertaking. Consultant shall not use OC San's name in its promotional material or for any advertising or publicity purposes without expressed written consent.

21.4. Consultant shall not be entitled to any benefits accorded to those individuals listed on OC San's payroll as regular employees including, without limitation, worker's compensation, disability insurance, vacation, holiday or sick pay. Consultant shall be responsible for providing, at Consultant's expense, disability, workers' compensation or other insurance as well as licenses and permits usual or necessary for conducting the Services hereunder.

21.5. Consultant shall be obligated to pay any and all applicable Federal, State, and local, payroll and other taxes incurred as a result of fees hereunder. Consultant hereby indemnifies OC San for any claims, losses, costs, fees, liabilities, damages or penalties suffered by OC San arising out of Consultant's breach of this provision.

21.6. Consultant shall not be eligible to join or participate in any benefit plans offered to those individuals listed on OC San's payroll as regular employees. Consultant shall remain ineligible for such benefits or participation in such benefit plans even if a court later decides that OC San misclassified Consultant for tax purposes.

**22. Licenses and Permits** Consultant represents and warrants to OC San that it has obtained all licenses, permits, qualifications and approvals of whatever nature that are legally required to engage in this work. Any and all fees required by Federal, State, County, City and/or municipal laws, codes and/or tariffs that pertain to work performed under the terms of this Agreement will be paid by Consultant.

**23. Governing Law** This Agreement shall be governed by and interpreted under the laws of the State of California and the Parties submit to jurisdiction in Orange County, in the event any action is brought in connection with this Agreement or the performance thereof.

**24. Environmental Compliance** Consultant shall, at its own cost and expense, comply with all Federal, State, and local environmental laws, regulations, and policies which apply to the Consultant, its subconsultants, and the Services, including, but not limited to, all applicable Federal, State, and local air pollution control laws and regulations.

**25. Applicable Laws and Regulations** Consultant shall comply with all applicable Federal, State, and local laws, rules, and regulations. Consultant also agrees to indemnify and hold harmless from any and all damages and liabilities assessed against OC San as a result of Consultant's noncompliance therewith. Any permission required by law to be included herein shall be deemed included as a part of this Agreement whether or not specifically referenced.

**26. Consultant's Representations** In the performance of duties under this Agreement, Consultant shall adhere to the highest fiduciary standards, ethical practices and standards of care and competence for its trade/profession.

**27. Familiarity with Work** By executing this Agreement, Consultant warrants that: 1) it has investigated the work to be performed; and 2) it understands the facilities, difficulties and restrictions of the work under this Agreement. Should Consultant discover any latent or unknown conditions materially differing from those inherent in the work or as represented by OC San, it shall immediately inform OC San of this and shall not proceed, except at Consultant's risk, until written instructions are received from OC San.

**28. Dispute Resolution**

28.1. In the event of a dispute as to the construction or interpretation of this Agreement, or any rights or obligations hereunder, the Parties shall first attempt, in good faith, to resolve the dispute by mediation. The Parties shall mutually select a mediator to facilitate the resolution of the dispute. If the Parties are unable to agree on a mediator, the mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Agreement, through the alternate dispute resolution procedures of Judicial Arbitration through Mediation Services of Orange County ("JAMS"), or any similar organization or entity conducting an alternate dispute resolution process.

28.2. In the event the Parties are unable to timely resolve the dispute through mediation, the issues in dispute shall be submitted to arbitration pursuant to California Code of Civil Procedure, Part 3, Title 9, Sections 1280 et seq. For such purpose, an agreed arbitrator shall be selected, or in the absence of agreement, each party shall select an arbitrator, and those two (2) arbitrators shall select a third. Discovery may be conducted in connection with the arbitration proceeding pursuant to California Code of Civil Procedure Section 1283.05. The arbitrator, or three (3) arbitrators acting as a board, shall take such evidence

and make such investigation as deemed appropriate and shall render a written decision on the matter in question. The arbitrator shall decide each and every dispute in accordance with the laws of the State of California. The arbitrator's decision and award shall be subject to review for errors of fact or law in the Superior Court for the County of Orange, with a right of appeal from any judgment issued therein.

**29. Attorney's Fees** If any action at law or inequity 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 it may be entitled.

**30. Waiver** The waiver of either party of any breach or violation of, or default under, any provision of this Agreement, shall not be deemed a continuing waiver by such party of any other provision or of any subsequent breach or violation of this Agreement or default thereunder. Any breach by Consultant to which OC San does not object shall not operate as a waiver of OC San's rights to seek remedies available to it for any subsequent breach.

**31. Survival** All provisions of this Agreement that by their nature would reasonably be expected to continue after the termination of this Agreement will survive the termination of this Agreement.

**32. Right to Review Services, Facilities, and Records**

32.1. OC San reserves the right to review any portion of the Services performed by Consultant under this Agreement, and Consultant agrees to cooperate to the fullest extent possible.

32.2. Consultant shall furnish to OC San such reports, statistical data, and other information pertaining to Consultant's Services as shall be reasonably required by OC San to carry out its rights and responsibilities under its agreements with its bondholders or noteholders and any other agreement relating to the development of the project(s) and in connection with the issuance of its official statements and other prospectuses with respect to the offering, sale, and issuance of its bonds and other obligations.

32.3. The right of OC San to review or approve drawings, specifications, procedures, instructions, reports, test results, calculations, schedules, or other data that are developed by Consultant shall not relieve Consultant of any obligation set forth herein.

**33. Severability** If any section, subsection, or provision of this Agreement, or any agreement or instrument contemplated hereby, or the application of such section, subsection, or provision is held invalid, the remainder of this Agreement or instrument in the application of such section, subsection or provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby, unless the effect of such invalidity shall be to substantially frustrate the expectations of the Parties.

**34. Contractor Safety Standards** OC San requires Consultant and its subconsultants to follow and ensure their employees follow all Federal, State, and local regulations as well as Contractor Safety Standards while working at OC San locations. If during the course of the Agreement it is discovered that Contractor Safety Standards do not comply with Federal, State, or local regulations, then the Consultant is required to follow the most stringent regulatory requirement at no additional cost to OC San. Consultant and all of its employees and subconsultants, shall adhere to all applicable Contractor Safety Standards attached hereto in Exhibit "D" as well as the Human Resources Policies in Exhibit "E".

**35. Damage to OC San's Property** Any OC San property damaged by Consultant will be subject to repair or replacement by Consultant at no cost to OC San.

- 36. Freight (F.O.B. Destination)** Consultant assumes full responsibility for all transportation, transportation scheduling, packing, handling, insurance, and other services associated with delivery of all products deemed necessary under this Agreement.
- 37. Assignments** Consultant shall not delegate any duties nor assign any rights under this Agreement without the prior written consent of OC San. Any such attempted delegation or assignment shall be void.
- 38. Changes in Control of Consultant** In the event of a change in control of Consultant, OC San shall have the option of terminating this Agreement by written notice to Consultant. Consultant shall notify OC San within ten (10) days of the occurrence of a change in control. As used in this section, "control" is defined as the possession, direct or indirect, of either:
- the ownership or ability to direct the voting of fifty-one percent (51%) or more of the equity interests, value, or voting power in Consultant; or
  - the power to direct or cause the direction of the management and policies of Consultant, whether through ownership of voting securities, by contract, or otherwise.
- 39. Third Party Rights** Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than OC San and Consultant.
- 40. Non-Liability of OC San Officers and Employees** No officer or employee of OC San shall be personally liable to Consultant, or any successor-in-interest, in the event of any default or breach by OC San or for any amount which may become due to Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.
- 41. Conflict of Interest and Reporting**
- 41.1. Consultant shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.
- 41.2. Consultant affirms that to the best of its knowledge there exists no actual or potential conflict between Consultant's families, business or financial interest or its Services under this Agreement, and in the event of change in either its private interests or Services under this Agreement, it will raise with OC San any question regarding possible conflict of interest which may arise as a result of such change.
- 42. Authority to Execute** The persons executing this Agreement on behalf of the Parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the Parties are formally bound.
- 43. Read and Understood** By signing this Agreement, Consultant represents that it has read and understood the terms and conditions of the Agreement.
- 44. Entire Agreement** This Agreement constitutes the entire agreement of the Parties and supersedes all prior written or oral and all contemporaneous oral agreements, understandings, and negotiations between the Parties with respect to the subject matter hereof.

**45. Notices** All notices under this Agreement must be in writing. Written notice shall be delivered by personal service or sent by registered or certified mail, postage prepaid, return receipt requested, or by any other overnight delivery service which delivers to the noticed destination and provides proof of delivery to the sender. Any facsimile notice must be followed within three (3) days by written notice. Rejection or other refusal to accept or the inability to deliver because of changed address or which no notice was given as provided hereunder shall be deemed to be receipt of the notice, demand or request sent. All notices shall be effective when first received at the following addresses:

OC San: Jackie Lagade, Principal Buyer  
Orange County Sanitation District  
10844 Ellis Avenue  
Fountain Valley, CA 92708

Consultant: Brad Perry, National Sales Manager  
AVO Multi-Amp Corporation dba Megger  
4545 Davis Street  
Dallas, TX 75211

***IN WITNESS WHEREOF***, intending to be legally bound, the Parties hereto have caused this Agreement to be signed by the duly authorized representatives.

**ORANGE COUNTY SANITATION DISTRICT**

Dated: \_\_\_\_\_ By: \_\_\_\_\_  
David John Shawver  
Chair, Board of Directors

Dated: \_\_\_\_\_ By: \_\_\_\_\_  
Kelly A. Lore  
Clerk of the Board

Dated: \_\_\_\_\_ By: \_\_\_\_\_  
Ruth Zintzun  
Purchasing & Contracts Manager

**AVO MULTI-AMP CORPORATION dba MEGGER**

Dated: \_\_\_\_\_ By: \_\_\_\_\_

\_\_\_\_\_  
Print Name and Title of Officer

CMM

**Exhibit A**  
**SCOPE OF WORK**  
**For**  
**Electrical Distribution System Test Data Management Software (Rebid)**

**EXHIBIT A**  
**SCOPE OF WORK**  
**ELECTRICAL DISTRIBUTION SYSTEM TEST DATA MANAGEMENT SOFTWARE (REBID)**  
**SPECIFICATION NO. CS-2021-1039BD-R**

**EXECUTIVE SUMMARY/OVERVIEW**

The Orange County Sanitation District (OC San) operates the third largest wastewater agency west of the Mississippi River. Since 1954, OC San has safely collected, treated, and disposed of and/or reclaimed the wastewater generated by 2.6 million people living and working in central and northwestern Orange County, California.

Each day OC San treats approximately 185 million gallons of wastewater. About 80 percent of the wastewater comes from homes – sinks, toilets, showers, laundry, and dishwashers. The remaining comes from businesses – retail stores, restaurants, manufacturers, hotels, offices, and other industries.

A professional staff of more than 600 employees manages the day-to-day activities of OC San. OC San's facilities include 587 miles of sewer pipes, located throughout the county, and 2 treatment plants – one in Fountain Valley, CA and the other in Huntington Beach, CA – where wastewater is treated in accordance with strict Federal, State, and local standards.

**1 PURPOSE**

The Orange County Sanitation District is seeking a qualified Consultant to implement an Electrical Distribution System Test Data Management Software. The software is used for the collection and reporting of data from maintenance and inspection activities performed on equipment used in the generation, transmission, and distribution of electric power, in accordance with various regulatory requirements and process systems sustainability.

**2 SUMMARY OF DESCRIPTION OF GOODS/SERVICES TO BE PROVIDED (OVERVIEW)**

The Software shall be capable of collecting and reporting data from maintenance and inspection activities performed on equipment used in the generation, transmission, and distribution of electric power in accordance with the requirements and recommendations as specified in NFPA70B, Recommended Practice for Electrical Equipment Maintenance. The product should also be capable of integrating with existing IBM Maximo Asset Management system. The services provided by the Consultant include but are not limited to project management, implementation, installation, configuration, integration, training, and documentation.

The Consultant shall work with OC San staff and its consultant(s) in designing and implementing the integration of the software with the existing Maximo Asset Management software.

**3 PROJECT MANAGEMENT**

- 3.1 Consultant will provide project management Services for the duration of the project phase and is responsible to attend all scheduled project meetings, develop and submit weekly progress reports as outlined by the OC San Project Manager, and serve as the single point of contact for project communications.

- 3.2 Consultant will maintain a weekly updated project schedule (including: project milestones, estimated level of effort, and proposed resource requirements) within a format approved by the OC San Project Manager and include this item in status reports to OC San Project Manager or as otherwise directed by OC San. Service provider will follow the processes/guidelines of the Project Management Body of Knowledge (PMBOK) published by the Project Management Institute.
- 3.3 Project Management services include but are not limited to the following:
- 3.1.1 Assign a project manager dedicated directly to this project. A Project Management Professional (PMP) certification is preferred.
  - 3.1.2 Identify and provide a senior level associate familiar with the Scope of Work, to be available to OC San during the duration of the Agreement to resolve project team or implementation issues that cannot be resolved at the project manager's level of authority.
  - 3.1.3 Identify and provide all "key" project members; "key" project members will not be changed during the duration of the Agreement without written approval by the OC San Project Manager.
  - 3.1.4 Provide a formal Project Charter to be jointly developed by the Consultant and OC San project team. OC San will have the final approval on the Project Charter.
  - 3.1.5 Prepare and submit a project communications plan to the OC San Project Manager for approval, in a format consistent with PMBOK.
  - 3.1.6 Prepare and submit a change management plan to the OC San Project Manager for approval, in a format consistent with PMBOK.
  - 3.1.7 Prepare and submit a project schedule and work breakdown structure for the project and each project element to the OC San Project Manager for approval, in a format consistent with PMBOK.
  - 3.1.8 Prepare and submit weekly status reports to the OC San Project Manager for approval, in a format consistent with PMBOK.
  - 3.1.9 Prepare and submit a quality assurance plan to the OC San Project Manager for approval, in a format consistent with PMBOK.
  - 3.1.10 Project Kickoff Meeting – Within two (2) weeks of the effective date of the Notice To Proceed (NTP), Consultant shall conduct a project kick-off meeting with OC San staff to introduce key members of the Consultant 's team. The discussion topics will be established by the OC San Project Manager and may include, but not be limited to: OC San's responsibilities, Consultant's responsibilities, project schedule, communication plan, and project methodology for successful implementation.
  - 3.1.11 Progress Meetings – The Consultant shall meet with OC San as required throughout the duration of the Agreement. Weekly project management meetings with the Consultant will be required. These meetings will be conducted via conference call or WebEx.
  - 3.1.12 OC San Coordination - OC San will coordinate with Consultant during all phases of the project. Coordination will include but not be limited to the following:
    - 3.1.12.1 Assistance from OC San staff or subject matter experts as needed to develop, test, and implement the software.
    - 3.1.12.2 Other assistance as requested by Consultant and approved by the OC San Project Manager to support the project efforts.
    - 3.1.12.3 Access to OC San resources must be planned to ensure OC San staff are able to accomplish their primary task assignments within the organization. Consultant shall coordinate resource requests with



the OC San Project Manager at a minimum of two (2) weeks in advance of the actual need. Resources are identified but not limited to: OC San staff, OC San computer or network systems, OC San hardware not related to Information Technology systems.

- 3.1.12.4 On-going coordination with OC San resources are to be managed by the OC San Project Manager.

## 4 PROJECT SCOPE AND DELIVERABLES

- 4.1 MILESTONE 1 - Detail Requirements and Design** – Consultant shall conduct a detailed requirements analysis to clarify Consultant's understanding of OC San's current procedure and process workflow. This includes interviews and meetings to review, discuss and document business requirements, existing business rules, existing business practices and the business process currently in effect at OC San. Consultant will conduct meetings with applicable OC San staff and management, discuss and review the results of the interview process and update OC San's business rules, business practices and workflow as may be necessary to adequately prepare for the implementation process. Consultant will include in this process a detailed workflow analysis and prepare flowcharts and diagrams as applicable and necessary for the project. Consultant will work with OC San staff to determine the role base assignment. All final business rules, business processes and workflow documented for planned use in the project shall be prepared in written form including applicable flow charts and subject to the OC San Project Manager's approval prior to completion of the project.

Payment for Milestone No. 1 shall be **ten percent (10%)** of the not to exceed amount of the Agreement. Payment for Milestone No. 1 is contingent upon the assigned OC San Project Manager's acceptance of the final version of the submittal. Payment for Milestone No. 1 will include the following:

### **Milestone 1 Deliverables:**

- Workflow diagrams and flowcharts
- Business practices and process
- Role based assignment

- 4.2 MILESTONE 2 - System Implementation, Configuration, and Integration** – Consultant shall work with OC San staff and its consultant(s) to implement the selected software. The Software and Services provided shall include, but not be limited to the following:

- 4.2.1 Includes interfaces for many common test instruments and allows for automated testing and data acquisition, as well as imports from various file formats.
- 4.2.2 Ability to document, track and trend electrical test data of our electrical assets.
- 4.2.3 Contain a test form library that includes forms for a wide variety of equipment types from relays to batteries, transformers and more. The test forms shall provide a user interface for both data entry and reporting and ability to customize forms or create new forms. Forms shall also have the built-in capability of communicating with many different electrical test instruments, enabling automated data entry to speed up data handling and eliminate many of the errors associated with manual keyboard entry.
- 4.2.4 Ability for each technician or user to work remotely, and then sync the collected data to a central database repository.

- 4.2.5 Ability to efficiently organize Assets in the database that can be searched for by their location, serial number or asset ID number.
- 4.2.6 Ability to query and trend data over time and provide analysis tools to help in evaluating the condition of equipment or asset.
- 4.2.7 Ability to flag deteriorating equipment by automatically highlighting worsening data trends.
- 4.2.8 Ability to store electrical test data in an orderly and easily retrievable electronic format.
- 4.2.9 Ability to directly interface with existing test equipment in order to reduce manual hand-written data entry.
- 4.2.10 Include a large library of pre-configured test forms for all existing equipment and provide capability to customize the forms as needed.
- 4.2.11 Ability to automatically generate test reports.
- 4.2.12 Ability to integrate with existing IBM Maximo Asset Management System. Integration should include but is not limited to information regarding Assets, Locations, Preventive Maintenance, and Work orders.
- 4.2.13 Ability to interface with SQL Server database as the central database repository. Field databases could either be SQL Server Lite or Microsoft Access.
- 4.2.14 Support up to a minimum of 35 user accounts and multiple facilities.
- 4.2.15 Support Electrical Asset inventory of a minimum of 5000 assets.
- 4.2.16 Vendor must convert existing paper test forms used by OC San's electrical staff to electronic forms that could be used in the software system.
- 4.2.17 Vendor must provide support for installation and configuration of the product.
- 4.2.18 Vendor must provide support for integration of the product with existing systems like Maximo.
- 4.2.19 Vendor must provide end user training for 32 users and system administration training for 3 users.
- 4.2.20 Vendor must provide project management services for implementation of the software system.
- 4.2.21 Vendor must work with OC San staff and their Maximo consultant TRM (Total Resource Management) to design and implement integration of their software system with Maximo.

Payment for Milestone No. 2 shall be **forty percent (40%)** of the not to exceed amount of the Agreement. Payment for Milestone No. 2 is contingent upon the assigned OC San Project Manager's acceptance of the final version of the submittal. Payment for Milestone No. 2 will include the following:

**Milestone 2 Deliverables:**

- An Electrical Test and Management system that is integrated with the existing IBM Maximo Asset Management System that delivers all functions listed above to enhance the safe execution of maintenance and operations related work.
- Convert 25 existing paper test forms into the new system.

**4.3 MILESTONE 3 - Training** – Consultant shall develop training material and provide training to thirty-five (35) OC San Staff. All training material shall be reviewed and approved by the OC San Project Manager prior to the start of the training class. Training shall be role based and be held on OC San's property using OC San Training environment with OC San specific data. Consultant will develop all role base training and reference materials for OC San staff for review and approval prior to training sessions. The Consultant will develop and conduct training based on, but not limited to, the following roles:

- 4.3.1 System Administrator

#### 4.3.2 Test form creation and modifications

#### 4.3.3 Field User

Payment for Milestone No. 3 shall be **ten percent (10%)** of the not to exceed amount of the Agreement. Payment for Milestone No. 3 is contingent upon the assigned OC San Project Manager's acceptance of the final version of the submittal. Payment for Milestone No. 3 will include the following:

#### **Milestone 3 Deliverables:**

- Role base training manuals
- Role base training for up to thirty-five (35) OC San staff
- All training will be conducted on OC San's property using OC San standard computer and within OC San's Training environment with OC San specific data.

#### **4.4 MILESTONE 4 - Knowledge Transfer** – Consultant will work with OC San Staff to transfer knowledge. Consultant shall conduct periodic knowledge transfer sessions. These sessions will be performed with the OC San Project Manager and assigned IT personnel.

4.4.1 The scope of these sessions will include, but not be limited to: Review of all existing documentation.

4.4.1.1 Actual hands-on installation and setup of the software and tools being used for the project.

4.4.1.2 Setup of the data and database connections to the software and tools, a demonstration of how the software and tools work and how to maintain and upgrade the data.

4.4.1.3 VENDOR shall also provide a hands-on review of the installation of any custom applications, tools and steps relating to the installation or setup.

Payment for Milestone No. 4 shall be **ten percent (10%)** of the not to exceed amount of the Agreement. Payment for Milestone No. 4 is contingent upon the assigned OC San Project Manager's acceptance of the final version of the submittal. Payment for Milestone No. 4 will include the following:

#### **Milestone 4 Deliverable:**

- Scheduled knowledge transfer sessions throughout project term.

#### **4.5 MILESTONE 5 - Testing, Go-live, and Support** – Consultant shall develop a comprehensive formal testing process approved by the OC San Project Manager. Consultant shall develop a test plan for each component/module or system function establishing roles/responsibilities of team members for each test plan. Consultant shall develop and load test data into a test system and facilitate the completion of each test plan.

4.5.1 Testing shall be coordinated with efforts between the OC San Project Manager, OC San Technical Lead, and OC San staff.

4.5.2 All testing procedures shall be developed and documented by Consultant and submitted to OC San for review and approval no less than two (2) weeks before testing begins. Testing scenarios shall reflect real-world processes and situations encountered by OC San employees.

4.5.3 Prior to moving the software into a production environment, Consultant shall remedy all known defects and install and test the most current, commercially

available fix pack(s) from IBM and remedy all problems and deficiencies that may surface during that process.

- 4.5.4 All tests shall be performed on-site at OC San on standard computers and servers with OC San standard software and hardware.
- 4.5.5 Tests shall not be considered complete until the OC San Project Manager and assigned IT personnel are satisfied that the software and data performed properly and is compliant with OC San standards in accordance with the Scope of Work. All training shall be completed prior to go-live.
- 4.5.6 Upon successful completion of testing and written certification by Consultant that the software is complete in all respects, and all known defects have been remedied by Consultant, the software will be prepared for live operations.
- 4.5.7 Consultant shall provide dedicated remote support during go-live for not less than 15 business days. If the module is deemed not functioning, then the response time will be within 4 hours of the next business day. If defects surface during that period, OC San reserves the right to require Consultant to remain on site until the software is stable and material defects have been remedied, at no additional cost to OC San.

Payment for Milestone No. 5 shall be **twenty percent (20%)** of the not to exceed amount of the Agreement. Payment for Milestone No. 5 is contingent upon the assigned OC San Project Manager's acceptance of the final version of the submittal. Payment for Milestone No. 5 will include the following:

**Milestone 5 Deliverables:**

- Test plan
- User acceptance test
- System test
- Go-live
- Go-live support

**4.6 MILESTONE 6 - Project Documentation** – All project-related documentation shall be updated and provided to OC San prior to training.

- 4.6.1 Project documentation shall include, but not be limited to: hardware configuration, software configuration, security setup and administration, training manuals, collected data, installation procedures, and testing procedures.
- 4.6.2 All documentation shall be delivered in the form of electronic files. All project documentation deliverables shall be in their original format (e.g., Word or Excel). The final documentation deliverable shall consist of a complete set of electronic user manuals and electronic system administration manuals exclusive of IBM-MAXIMO user/system manuals procured by OC San.

Payment for Milestone No. 6 shall be **ten percent (10%)** of the not to exceed amount of the Agreement. Payment for Milestone No. 6 is contingent upon the assigned OC San Project Manager's acceptance of the final version of the submittal. Payment for Milestone No. 6 will include the following:

**Milestone 6 Deliverables:**

- System/Application configuration.
- System/Application security setup.
- System/Application workflow documentation.
- System/Application test plans and test plan results.
- Finalized version of workflow diagrams & flowcharts.

- Finalized version of standard operating procedures.
- Finalized version of training manuals.
- All other documentation generated by other project tasks (e.g., status reports, logs, and training materials).

## 5. SCHEDULE

- Consultant shall adhere to the following deadlines in creating its schedule and work breakdown structure for accomplishing the SOW. Consultant shall coordinate all meetings and presentations with the assigned OC San representative. All meetings and presentations will be held at OC San's Plant 1 facility located in the City of Fountain Valley, CA.

ACTIVITY	DEADLINE
Notice to Proceed (NTP)	NTP = Effective Date
Kick-Off Meeting	NTP + 21 Calendar Days
Detail Requirements and Design	NTP + 42 Calendar Days
System Implementation, Configuration, and Integration	NTP + 90 Calendar Days
Project Documentation	NTP + 120 Calendar Days
Training	NTP + 135 Calendar Days
Knowledge Transfer & Testing and Go-Live	NTP + 180 Calendar Days

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**File #:** 2021-1712

**Agenda Date:** 6/23/2021

**Agenda Item No:** 12.

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

**SUBJECT:**

**APPROVE A CONTINGENCY INCREASE TO EXISTING SERVICE CONTRACT FOR HAZARDOUS WASTE DISPOSAL SERVICES**

**GENERAL MANAGER'S RECOMMENDATION**

**RECOMMENDATION:**

Approve an annual contingency increase of \$150,000 (in addition to the original contingency of \$19,200 for a total annual contingency of \$169,200, in addition to the original contract amount of \$192,000) to the Service Contract with Clean Harbors Environmental Services, Inc., Specification No. S-2017-841, for hazardous waste services, for the contract term ending June 30, 2021, and for the contract term ending June 30, 2022.

**BACKGROUND**

The Orange County Sanitation District (OC San) utilizes Clean Harbors Environmental Services, Inc. (CHES), a third-party California registered, EPA permitted, hazardous waste disposal service provider, to perform routine collection, manifesting, off-site transportation, inspection, recordkeeping, hazardous waste disposal, and emergency spill response for the two treatment plant facilities. Services are provided weekly, with manifesting, transportation, and disposal services provided quarterly in accordance with regulatory requirements.

The Hazardous Waste Disposal Services Contract with CHES was approved by the Board in 2017 for a one-year performance period, with up to four (4) one-year renewals. The final remaining one-year renewal option will be processed in June 2021 for a period from July 1, 2021 through June 30, 2022.

**RELEVANT STANDARDS**

- CA Government Code: Title 22, Division 4.5 Environmental Health Standards for Management of Hazardous Waste
- Protect OC San assets
- Commitment to safety & reducing risk in all operations

**PROBLEM**

The current contract term with CHES has a period of performance of July 1, 2020 through June 30, 2021. Staff intends to renew this contract for the period from July 1, 2021 through June 30, 2022. The annual amount allocated to Hazardous Waste Disposal Services is \$192,000, which was budgeted based upon historical cost information. Unforeseen disposal costs, primarily due to some capital improvement projects, have exhausted the annual approved amount. The budgeted amount, previously approved by the Board, is not sufficient to cover anticipated services through June 30, 2021. In addition, the costs are expected to be higher again in the coming fiscal year due to capital improvement projects such as Headworks Rehabilitation at Plant No. 1, Project No. P1-105, and A-Side Primary Clarifiers Replacement at Plant No. 2, Project No. P2-98A.

**PROPOSED SOLUTION**

Approve an annual contingency increase of \$150,000 (in addition to the original contingency of \$19,200) for a total annual contingency of \$169,200, in addition to the contract amount of \$192,000, to cover the cost of services in the fiscal year ending June 30, 2021, and for the fiscal year ending June 30, 2022.

**TIMING CONCERNS**

Approval of the contingency increase is necessary to meet compliance requirements related to hazardous waste disposal.

**RAMIFICATIONS OF NOT TAKING ACTION**

Without approval of the contingency increase for additional funds, OC San will not be able to properly manage generated hazardous waste resulting in fines, violations, and potential releases to the environment.

**PRIOR COMMITTEE/BOARD ACTIONS**

May 2020 - Approved a contingency increase of \$35,000 (in addition to the original contingency of \$19,200) for a total contingency of \$54,200, in addition to the contract amount of \$192,000, to cover the cost of services through June 30, 2020.

August 2017 - Approved a service contract with Clean Harbors Environmental Services, Inc., Specification No. S-2017-841, for the period of September 1, 2017 through June 30, 2018, for a total annual amount not to exceed \$192,000, with up to four (4) one-year renewal options; and an annual contingency of \$19,200.

**ADDITIONAL INFORMATION**

OC San is required to properly dispose of all hazardous waste generated. The primary service CHES provides is the transportation, treatment, and either recycling or disposal of hazardous waste generated by OC San, in addition to the following services:

- Hazardous waste profiling - sampling waste and conducting lab analysis to determine how the waste is supposed to be disposed of properly
- Lab packs - sampling and properly packing small quantities of chemicals to ensure they are disposed of properly
- Spill cleanup - providing the trained personnel, material, and equipment to clean up spills caused OC San activities that are beyond the capabilities of OC San staff to handle
- Hazardous waste storage yard inspections - examining all the different storage areas at Plant Nos. 1 and 2 to ensure compliance with regulations

## **FINANCIAL CONSIDERATIONS**

This request complies with authority levels of OC San's Purchasing Ordinance. The costs for this work have been budgeted, either as an operational expense (Line item: Section 6, Page 20) or as part of the budget of capital projects, depending on the work being performed.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
08/23/2017	\$192,000	\$ 19,200
06/23/2021		\$150,000

## **ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

N/A

JM:dm



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**File #:** 2021-1713

**Agenda Date:** 6/23/2021

**Agenda Item No:** 13.

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

**SUBJECT:**

**CLASSIFICATION & COMPENSATION STUDIES**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

- A. Approve a Professional Consultant Services Agreement to Gallagher Benefit Services, Inc. (previously Kaneko and Krammer Corp. dba Koff & Associates) to provide Classification and Compensation Services, Specification No. CS-2021-1229BD, for a total amount not to exceed \$243,660; and
- B. Approve a project contingency of \$24,366 (10%).

**BACKGROUND**

The Orange County Sanitation District (OC San) periodically conducts comprehensive Classification and Compensation (C&C) Studies to support effective operations and labor relations. These studies allow OC San to ensure an accurate representation of the duties of each job classification and understand the agency's positions as they relate to the job market.

Classification and compensation systems provide necessary tools for organizations to make administrative, fiscal, and human resources decisions. Accurate, current, and legally compliant classification specifications (job descriptions) provide fundamental and essential building blocks for successfully administering recruitment, performance management, compensation, training and development, succession planning, and other human resources processes. A competitive and equitable compensation program allows OC San to attract and retain a qualified workforce.

**RELEVANT STANDARDS**

- Offer competitive compensation and benefits
- Negotiate fair and equitable labor agreements
- Maintain positive employer-employee relations
- Comply with Government Codes (Fair Labor Standards Act, Americans with Disabilities Act, Equal Pay Act)

**PROBLEM**

OC San's last comprehensive C & C Studies were completed in July 2016. Updated job descriptions and salary market position benchmark information are needed as negotiations with employee bargaining units are scheduled to begin next fiscal year.

**PROPOSED SOLUTION**

Award a contract to the top ranked firm to ensure that OC San receives the required level of C & C Studies services at a competitive price.

**TIMING CONCERNS**

OC San's current labor contracts will expire on June 30, 2022. The current Memoranda of Understanding (MOUs) were adopted in October 2019 and represent three-year agreements with represented employee groups. Salary market data from OC San's comparator agencies (currently 17, approved by OC San's Board of Directors in September 2015) has been key over the years for OC San's negotiating team and the Board of Directors in forming strategy for negotiating with the bargaining units.

**RAMIFICATIONS OF NOT TAKING ACTION**

OC San would utilize outdated job descriptions and lack updated salary market data to support its upcoming labor contract negotiations.

**PRIOR COMMITTEE/BOARD ACTIONS**

October 2020 - Steering Committee received an overview presentation on Classification and Compensation in preparation for the upcoming agency-wide study.

September 2019 - Board of Directors adopted Resolutions No. OCSD 19-13, 19-14, 19-15, and 19-16, approving salary range adjustments for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022 for employees in the Executive Management, Management, Exempt Confidential, and Non-Exempt Confidential Employee Groups, respectively.

August 2019 - Board of Directors adopted Resolutions No. OCSD 19-08, 19-09, and 19-10, approving the Memoranda of Understanding in effect from July 1, 2019, through June 30, 2022, for the Supervisory and Professional Management Group, Orange County Employees Association, and Local 501 bargaining units, respectively.

July 2016 - Board of Directors received and filed the Report of the Total Compensation Study final results.

September 2015 - Board of Directors approved OC San's current list of 17 comparator agencies.

**ADDITIONAL INFORMATION**Scope of Services:

Comprehensive C & C Studies will provide an update and review of positions to validate and revise job classifications and ensure appropriate compensation levels.

During the Classification Phase, all OC San job descriptions (classification specifications, approximately 134) will be updated based on input from stakeholders, including employees, management, bargaining units, and Human Resources. This will include review and update as needed to job duties, required knowledge/skills/abilities, and employment standards (minimum requirements for education, experience, certificates, licenses).

During the Compensation Phase, labor market data will be collected from OC San's Board-approved comparison agencies as well as other compensation for informational purposes from other sources such as private sector agencies if available. Data on base salary and total compensation (salary plus benefits) is collected for benchmark classifications. This allows OC San to gauge its market position with like organizations, compare its compensation for similar job duties at other agencies, and review internal compensation alignment based on job duties and qualifiers that are similar in nature and in the market to ensure pay equity. The vendor will obtain, review and assess, and provide a summary report of their findings which includes updates to job specifications and market position. The information will be presented to the Steering Committee and Board of Directors as well as union boards during the upcoming labor negotiations.

Solicitation Information:

A Request for Proposal was issued on March 10, 2021, via PlanetBids. Proposals were due on April 15, 2021. OC San received four (4) responsive proposals which are valid for 180 days from the bid opening date.

Protest Information:

None.

Evaluation:

Prior to receipt of proposals, an evaluation team was formed consisting of OC San's staff listed below. The team was chaired by a Purchasing representative as a non-voting member. On April 19, 2021, the evaluation team met to discuss the policies and procedures for the evaluation process.

NAME	TITLE
Laura Maravilla	Human Resources & Risk Manager
Janine Aguilar	Human Resources Supervisor
Laurie Klinger	Senior Human Resources Analyst

Individual scoring was the chosen method of evaluation for this procurement. Members of the team performed an independent review of the proposals and later met as a group with the Buyer to discuss their preliminary scores and discuss any questions/concerns they had. Proposals were evaluated based on the following criteria:

CRITERION	WEIGHT
Qualifications & Experience of Firm	30%
Proposed Staffing & Project Organization	20%
Work Plan	20%
Presentation/Interview	10%
Cost	20%

The evaluation team first reviewed and scored the proposals based upon the criteria listed above, other than cost.

Rank	Proposer	Criterion 1 (Max 30%)	Criterion 2 (Max 20%)	Criterion 3 (Max 20%)	Subtotal Score (Max 70%)
1	Kaneko and Krammer	30%	20%	20%	70%
2	The Segal Company	22%	14%	13%	49%
3	Gallagher Benefit Services	17%	11%	11%	39%
4	Reward Strategy Group	16%	10%	10%	36%

The two highest ranking firms, Kaneko and Krammer and The Segal Company, were selected for interviews. The interviews were conducted on May 6, 2021. Following the interviews, the evaluation team ranked the firms based on both the proposals and interviews using the evaluation criteria and weighting listed above.

Rank	Proposer	Subtotal Score (Max 70%)	Presentation (Max 10%)	Total Score without cost (Max 80%)
1	Kaneko and Krammer	70%	10%	80%
2	The Segal Company	49%	6%	55%

All proposals were accompanied by a sealed cost proposal. Only the cost proposals for the two highest ranked firms were opened and negotiated.

Rank	Proposer	Subtotal Score (Max 80%)	Cost (Max 20%)	Total Weighted Score (Max 100%)
1	Kaneko and Krammer	80%	12%	92%
2	The Segal Company	55%	20%	75%

Cost Information for Opened Proposals:

Rank	Proposer	ORIGINAL COST	BAFO (if applicable)
1	Kaneko and Krammer	Two Options presented with 1 at \$211,110 and the 2 <sup>nd</sup> at \$314,185	\$243,660 (Negotiated Cost after combining tasks from both options)
2	The Segal Company	\$145,000	N/A

Award Recommendation:

During the award phase, the awardee, Kaneko & Krammer Corp dba Koff & Associates, was acquired by Arthur J. Gallagher & Co which we were notified of on June 2, 2021. The proposal by Kaneko & Krammer will be unchanged as their team will continue to operate and serve under this Agreement. The legal name of the company will now be listed as Gallagher Benefit Services Inc and the final agreement is attached.

Based on these results, staff recommends awarding the Agreement to Gallagher Benefit Services, Inc. (previously Kaneko and Krammer Corp. dba Koff & Associates). The term of this Agreement will begin upon effective date of Notice to Proceed.

## FINANCIAL CONSIDERATIONS

This request complies with authority levels of OC San's Purchasing Ordinance. OC San's FY 2021/2022 budget for professional services for Classification and Compensation Studies is \$200,000. The total estimated cost for Classification and Compensation Studies submitted by Gallagher Benefit Services, Inc. (previously Kaneko and Krammer) for Specification No. CS-2021-1229BD was \$243,660. This is not an ongoing annual cost, as OC San conducts comprehensive Classification and Compensation Studies approximately every five (5) years.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
06/23/2021	\$243,660	\$24,366

## ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:

- Professional Consultant Services Agreement

**PROFESSIONAL CONSULTANT SERVICES AGREEMENT**  
**Classification & Compensation Studies**  
**2021 ALL EMPLOYEE GROUPS**  
**SPECIFICATION NO. CS-2021-1229BD**

**THIS AGREEMENT** is made and entered into as of the date fully executed below, by and between Orange County Sanitation District, with a principal place of business at 10844 Ellis Avenue, Fountain Valley, CA 92708 (hereinafter referred to as "OC San") and Gallagher Benefit Services, Inc. with a principal place of business at 2835 Seventh Street, Berkeley, CA 94710 (hereinafter referred to as "Consultant") collectively referred to as the "Parties".

**WITNESSETH**

**WHEREAS**, based on Consultant's expertise and experience, OC San desires to temporarily engage Consultant to provide Classification and Compensation Studies for all employee groups "Services" as described in Exhibit "A"; and

**WHEREAS**, Consultant submitted its Proposal, dated April 15, 2021; and

**WHEREAS**, on June 23, 2021, the Board of Directors of OC San, by minute order, authorized execution of this Agreement between OC San and Consultant; and

**WHEREAS**, OC San has chosen Consultant to conduct Services in accordance with Ordinance No. OCSD-52; and

**NOW, THEREFORE**, in consideration of the mutual promises and mutual benefits exchanged between the Parties, the Parties mutually agree as follows:

**1. Introduction**

1.1 This Agreement and all exhibits hereto (called the "Agreement") is made by OC San and the Consultant. The terms and conditions herein exclusively govern the purchase of Services as described in Exhibit "A".

1.2 Exhibits to this Agreement are incorporated by reference and made a part of this Agreement as though fully set forth at length herein.

Exhibit "A" Scope of Work

Exhibit "B" Proposal dated April 15, 2021

Exhibit "B-1" Cost Proposal Best and Final Offer dated May 16, 2021

Exhibit "C" Determined Insurance Requirement Form

Exhibit "D" Contractor Safety Standards

Exhibit "E" Human Resources Policies

1.3 In the event of any conflict or inconsistency between the provisions of this Agreement and any of the provisions of the exhibits hereto, the provisions of this Agreement shall in all respects govern and control.

1.4 This Agreement may not be modified, changed, or supplemented, nor may any obligations hereunder be waived or extensions of time for performance granted, except by written instrument signed by both Parties.

- 1.5 The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any section or provision hereof.
- 1.6 The term “days”, when used in the Agreement, shall mean calendar days, unless otherwise noted as workdays.
- 1.7 The term “workday”. Workdays are defined as all days that are not Saturday, Sunday, or OC San observed holidays. Meetings with OC San staff shall be scheduled from Monday through Thursday between the hours of 8 a.m. and 4 p.m. (exception is Operations staff who maintain plant operations 24/7 and work a rotated 12-hour shift) and shall conform to OC San work schedules. OC San review periods shall not include OC San observed holidays.
- 1.8 OC San holidays (non-working days) are as follows: New Year’s Day, Lincoln’s Birthday, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, and Christmas Day.
- 1.9 Work Hours: The work required under this Agreement may include normal business hours, evenings, and weekends.
- 1.10 Meetings: Meetings with day-shift staff shall be scheduled Monday through Thursday, between the hours of 8:00 a.m. and 4:00 p.m. OC San will not pay for travel time.
- 1.11 Consultant shall provide OC San with all required premiums and/or overtime work at no charge beyond the total amount of the Agreement.
- 1.12 Except as expressly provided otherwise, OC San accepts no liability for any expenses, losses, or action incurred or undertaken by Consultant as a result of work performed in anticipation of purchases of said services by OC San.
2. **Scope of Work** Subject to the terms of this Agreement, Consultant shall perform the Services identified in Exhibit “A”. Consultant warrants that all of its Services shall be performed in a competent, professional, and satisfactory manner.
3. **Modifications to Scope of Work** Requests for modifications to the Scope of Work hereunder can be made by OC San at any time. All modifications must be made in writing and signed by both Parties. A review of the time required for the modification will be made by OC San and Consultant and the Agreement period adjusted accordingly.
4. **Compensation** Compensation to be paid by OC San to Consultant for the Services provided under this Agreement shall be a total amount not to exceed Two Hundred Forty-three Thousand, Six Hundred Sixty Dollars (\$243,660.00).
5. **California Department of Industrial Relations (DIR) Registration and Record of Wages**
  - 5.1 To the extent Consultant’s employees and/or subconsultants who will perform work 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.
  - 5.2 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 1771.4(a)(3). Penalties for non-compliance with the requirements of Section 1776 may be deducted from progress payments per Section 1776.

- 5.3 Pursuant to Labor Code Section 1776, the Consultant and subconsultants shall furnish a copy of all certified payroll records to OC San and/or general public upon request, provided the public request is made through OC San, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement of the Department of Industrial Relations.
- 5.4 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(e).

**6. Payment and Invoicing**

- 6.1 OC San shall pay, net thirty (30) days, upon receipt and approval, by OC San's Project Manager or designee, of itemized invoices submitted for Milestones completed in accordance with Exhibit "A", at the prices identified in Exhibit "B-1". If OC San contests or questions any invoice, it agrees to raise any questions with Consultant within such 30-day period. OC San, at its sole discretion, shall be the determining party as to whether the Milestones have been satisfactorily completed.
- 6.2 Invoices shall be emailed by Consultant to OC San Accounts Payable at [APStaff@OCSan.gov](mailto:APStaff@OCSan.gov) and "INVOICE" with the Purchase Order Number and CS-2021-1229BD shall be referenced in the subject line.

- 7. **Audit Rights** Consultant agrees that, during the term of this Agreement and for a period of three (3) years after its termination, OC San shall have access to and the right to examine any directly pertinent books, documents, and records of Consultant relating to the invoices submitted by Consultant pursuant to this Agreement.

- 8. **Commencement and Term** The Services provided under this Agreement shall be commence on the effective date of the Notice to Proceed and continue through October 31, 2021.

- 9. **Extensions** The term of this Agreement may be extended only by written instrument signed by both Parties.

- 10. **Performance** Time is of the essence in the performance of the provisions hereof.

**11. Termination**

- 11.1 OC San reserves the right to terminate this Agreement for its convenience, with or without cause, in whole or in part, at any time, by written notice from OC San. Upon receipt of a termination notice, Consultant shall immediately discontinue all work under this Agreement (unless the notice directs otherwise). OC San shall thereafter, within thirty (30) days, pay Consultant for work performed (cost and fee) to the date of termination. Consultant expressly waives any claim to receive anticipated profits to be earned during the uncompleted portion of this Agreement. Such notice of termination shall terminate this Agreement and release OC San from any further fee, cost or claim hereunder by Consultant other than for work performed to the date of termination.
- 11.2 OC San reserves the right to terminate this Agreement immediately upon OC San's determination that Consultant is not complying with the Scope of Work requirements, if the level of service is inadequate, or any other default of this Agreement.



11.3 OC San may also immediately terminate for default of this Agreement in whole or in part by written notice to Consultant:

- if Consultant becomes insolvent or files a petition under the Bankruptcy Act; or
- if Consultant sells its business; or
- if Consultant breaches any of the terms of this Agreement; or
- if total amount of compensation exceeds the amount authorized under this Agreement.

11.4 All OC San property in the possession or control of Consultant shall be returned by Consultant to OC San on demand, or at the termination of this Agreement, whichever occurs first.

**12. Indemnification and Hold Harmless Provision** Consultant shall assume all responsibility for damages to property and/or injuries to persons, including accidental death, which may arise out of or be caused by Consultant's services under this Agreement, or by its subconsultant(s) or by anyone directly or indirectly employed by Consultant, and whether such damage or injury shall accrue or be discovered before or after the termination of the Agreement. Except as to the sole active negligence of or willful misconduct of OC San, Consultant shall indemnify, protect, defend and hold harmless OC San, its elected and appointed officials, officers, agents and employees, from and against any and all claims, liabilities, damages or expenses of any nature, including attorneys' fees: (a) for injury to or death of any person or damage to property or interference with the use of property, arising out of or in connection with Consultant's performance under the Agreement, and/or (b) on account of use of any copyrighted or uncopyrighted material, composition, or process, or any patented or unpatented invention, article or appliance, furnished or used under the Agreement, and/or (c) on account of any goods and services provided under this Agreement. This indemnification provision shall apply to any acts or omissions, willful misconduct, or negligent misconduct, whether active or passive, on the part of Consultant or anyone employed by or working under Consultant. To the maximum extent permitted by law, Consultant's duty to defend shall apply whether or not such claims, allegations, lawsuits, or proceedings have merit or are meritless, or which involve claims or allegations that any of the parties to be defended were actively, passively, or concurrently negligent, or which otherwise assert that the parties to be defended are responsible, in whole or in part, for any loss, damage, or injury. Consultant agrees to provide this defense immediately upon written notice from OC San, and with well qualified, adequately insured, and experienced legal counsel acceptable to OC San. This section shall survive the expiration or early termination of the Agreement. Consultant's liability to OC San and any other party for any losses, injury or damages to persons or properties or work performed arising out of in connection with this Agreement and for any other claim, whether the claim arises in contract, tort, statute or otherwise, shall be limited to one million dollars (\$1,000,000).

**13. Insurance** Consultant and all subconsultants shall purchase and maintain, throughout the life of this Agreement and any periods of warranty or extensions, insurance in amounts equal to the requirements set forth in the signed Determined Insurance Requirement Form, Exhibit "C". Consultant shall not commence work under this Agreement until all required insurance is obtained in a form acceptable to OC San, nor shall Consultant allow any subconsultant to commence service pursuant to a subcontract until all insurance required of the subconsultant has been obtained. Failure to maintain required insurance coverage shall result in termination of this Agreement.

14. **Key Personnel** Personnel, as provided in Exhibit "B", are considered "key" to the work under this Agreement and will be available for the term of the Agreement. No person designated as key under this Agreement shall be removed or replaced without prior written consent of OC San. If OC San asks Consultant to remove a person designated as key under this Agreement, Consultant agrees to do so immediately regardless of the reason, or the lack of reason, for OC San's request. Consultant shall assign only competent personnel to perform Services pursuant to this Agreement.

15. **Confidentiality and Non-Disclosure**

15.1 Consultant acknowledges that in performing the Services hereunder, OC San may have to disclose to Consultant orally and in writing certain confidential information that OC San considers proprietary and has developed at great expense and effort.

15.2 Consultant agrees to maintain in confidence and not disclose to any person, firm, or corporation, without OC San's prior written consent, any trade secret or confidential information, knowledge or data relating to the products, process, or operation of OC San.

15.3 Consultant further agrees to maintain in confidence and not to disclose to any person, firm, or corporation any data, information, technology, or material developed or obtained by Consultant during the term of this Agreement.

15.4 Consultant agrees as follows:

- To use the confidential information only for the purposes described herein; to not reproduce the confidential information; to hold in confidence and protect the confidential information from dissemination to and use by anyone not a party to this Agreement; and to not use the confidential information to benefit itself or others.
- To restrict access to the confidential information to its subconsultant or personnel of Consultant who (1) have a need to have such access and (2) have been advised of and have agreed in writing to treat such information in accordance with the terms of this Agreement.
- To return all confidential information in Consultant's possession upon termination of this Agreement or upon OC San's request, whichever occurs first.
- Consultant may submit to OC San, for approval prior to release, a request which must contain a reason for the request, for a copy of their work product produced in connection to confidential information.
- To hold in confidence information and materials, if any, developed pursuant to the Services hereunder.

15.5 The provisions of this section shall survive termination or expiration of this Agreement and shall continue for so long as the material remains confidential.

16. **Ownership of Documents** All drawings, specifications, reports, records, documents, memoranda, correspondence, computations, and other materials prepared by Consultant, its employees, subconsultants, and agents in the performance of this Agreement shall be the property of OC San and shall be promptly delivered to OC San upon request of OC San's Project Manager or designee, or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by OC San of its full rights of ownership of the documents and materials hereunder. Any use of such completed documents for other projects and/or use of

incomplete documents without specific written authorization by the Consultant will be at OC San's sole risk and without liability to Consultant. Consultant shall ensure that all its subconsultants shall provide for assignment to OC San of any documents or materials prepared by them.

**17. Ownership of Intellectual Property**

- 17.1 Consultant agrees that all designs, plans, reports, specifications, drawings, schematics, prototypes, models, inventions, and all other information and items made during the course of this Agreement and arising from the Services (hereinafter referred to as "New Developments") shall be and are assigned to OC San as its sole and exclusive property.
- 17.2 Consultant agrees to promptly disclose to OC San all such New Developments. Upon OC San's request, Consultant agrees to assist OC San, at OC San's expense, to obtain patents or copyrights for such New Developments, including the disclosure of all pertinent information and data with respect thereto, the execution of all applications, specifications, assignments, and all other instruments and papers which OC San shall deem necessary to apply for and to assign or convey to OC San, its successors and assigns, the sole and exclusive right, title and interest in such New Developments. Consultant agrees to obtain or has obtained written assurances from its employees and contract personnel of their agreement to the terms hereof with regard to New Developments and confidential information.
- 17.3 Consultant warrants that Consultant has good title to any New Developments, and the right to assign New Developments to OC San free of any proprietary rights of any other party or any other encumbrance whatever.
- 17.4 The originals of all computations, drawings, designs, graphics, studies, reports, manuals, photographs, videotapes, data, computer files, and other documents prepared or caused to be prepared by Consultant or its subconsultants in connection with these Services shall be delivered to and shall become the exclusive property of OC San. OC San may utilize these documents for OC San applications on other projects or extensions of this project, at its own risk.

**18. No Solicitation of Employees**

- 18.1 Consultant agrees that it shall not, during the term of this Agreement and for a period of one (1) year immediately following termination of this Agreement, or any extension hereof, call on, solicit, or take away any of the employees whom Consultant became aware of as a result of Consultant's Services to OC San.
- 18.2 Consultant acknowledges that OC San's employees are critical to its business and OC San expends significant resources to hire, employ, and train employees. Should Consultant employ or otherwise engage OC San's employees during the term of this Agreement and for a period of one (1) year following termination of this Agreement, Consultant will pay OC San fifty percent (50%) of the former employee's most recent annual salary earned at OC San to accurately reflect the reasonable value of OC San's time and costs. This payment is in addition to any other rights and remedies OC San may have at law.
- 18.3 OC San agrees that it shall not, during the term of this Agreement and for a period of one (1) year immediately following termination of this Agreement, or any extension hereof, call on, solicit, or take away any of the employees whom OC San became aware of as a result of Consultant's Services to OC San.

18.4 OC San acknowledges that Consultant's employees are critical to its business and Consultant expends significant resources to hire, employ, and train employees. Should OC San employ or otherwise engage Consultant's employees during the term of this Agreement and for a period of one (1) year following termination of this Agreement, OC San will pay Consultant fifty percent (50%) of the former employee's most recent annual salary earned from Consultant to accurately reflect the reasonable value of Consultant's time and costs. This payment is in addition to any other rights and remedies Consultant may have at law.

**19. Independent Contractor Capacity**

19.1 The relationship of Consultant to OC San is that of an independent contractor and nothing herein shall be construed as creating an employment or agency relationship.

19.2 Consultant shall act independently and not as an officer or employee of OC San. OC San assumes no liability for Consultant's action and performance, nor assumes responsibility for taxes, funds, payments, or other commitments, implied or expressed, by or for Consultant.

19.3 Consultant shall not be considered an agent of OC San for any purpose whatsoever, nor shall Consultant have the right to, and shall not, commit OC San to any agreement, contract or undertaking. Consultant shall not use OC San's name in its promotional material or for any advertising or publicity purposes without expressed written consent.

19.4 Consultant shall not be entitled to any benefits accorded to those individuals listed on OC San's payroll as regular employees including, without limitation, worker's compensation, disability insurance, vacation, holiday, or sick pay. Consultant shall be responsible for providing, at Consultant's expense, disability, worker's compensation or other insurance as well as licenses and permits usual or necessary for conducting the Services hereunder.

19.5 Consultant shall be obligated to pay any and all applicable Federal, State and local payroll and other taxes incurred as a result of fees hereunder. Consultant hereby indemnifies OC San for any claims, losses, costs, fees, liabilities, damages or penalties suffered by OC San arising out of Consultant's breach of this provision.

19.6 Consultant shall not be eligible to join or participate in any benefit plans offered to those individuals listed on OC San's payroll as regular employees. Consultant shall remain ineligible for such benefits or participation in such benefit plans even if a court later decides that OC San misclassified Consultant for tax purposes.

**20. Licenses, Permits** Consultant represents and warrants to OC San that it has obtained all licenses, permits, qualification and approvals of whatever nature that are legally required to engage in this work. Any and all fees required by Federal, State, County, City and/or municipal laws, codes and/or tariffs that pertain to work performed under the terms of this Agreement will be paid by Consultant.

**21. Consultant's Representations** In the performance of duties under this Agreement, Consultant shall adhere to the highest fiduciary standards, ethical practices and standards of care and competence for their trade/profession. Consultant agrees to comply with all applicable Federal, State and local laws and regulations.

**22. Familiarity with Work** By executing this Agreement, Consultant warrants that: 1) it has investigated the work to be performed; 2) it has investigated the site of the work and is aware of all conditions there; and 3) it understands the facilities, difficulties and restrictions of the work under this Agreement. Should Consultant discover any latent or unknown conditions

materially differing from those inherent in the work or as represented by OC San, it shall immediately inform OC San of this and shall not proceed, except at Consultant's risk, until written instructions are received from OC San.

**23. Right to Review Services, Facilities, and Records**

23.1 OC San reserves the right to review any portion of the Services performed by Consultant under this Agreement, and Consultant agrees to cooperate to the fullest extent possible.

23.2 Consultant shall furnish to OC San such reports, statistical data, and other information pertaining to Consultant's Services as shall be reasonably required by OC San to carry out its rights and responsibilities under its agreements with its bondholders or noteholders and any other agreement relating to the development of the project(s) and in connection with the issuance of its official statements and other prospectuses with respect to the offering, sale, and issuance of its bonds and other obligations.

23.3 The right of OC San to review or approve drawings, specifications, procedures, instructions, reports, test results, calculations, schedules, or other data that are developed by Consultant shall not relieve Consultant of any obligation set forth herein.

**24. Force Majeure** Neither party shall be liable for delays caused by accident, flood, acts of God, fire, labor trouble, war, acts of government or any other cause beyond its control, but said party shall use reasonable efforts to minimize the extent of the delay. Work affected by a Force Majeure condition may be rescheduled by mutual consent or may be eliminated from the Agreement.

**25. Severability** If any section, subsection, or provision of this Agreement, or any agreement or instrument contemplated hereby, or the application of such section, subsection, or provision is held invalid, the remainder of this Agreement or instrument in the application of such section, subsection or provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby, unless the effect of such invalidity shall be to substantially frustrate the expectations of the Parties.

**26. Waiver** The waiver of either party of any breach or violation of, or default under, any provision of this Agreement, shall not be deemed a continuing waiver by such party of any other provision or of any subsequent breach or violation of this Agreement or default thereunder. Any breach by Consultant to which OC San does not object shall not operate as a waiver of OC San's rights to seek remedies available to it for any subsequent breach.

**27. Remedies** In addition to other remedies available in law or equity, if the Consultant fails to make delivery of the goods or Services or repudiates its obligations under this Agreement, or if OC San rejects the goods or Services or revokes acceptance of the goods or Services, OC San may (1) terminate the Agreement; (2) recover whatever amount of the purchase price OC San has paid, and/or (3) "cover" by purchasing, or contracting to purchase, substitute goods or Services for those due from Consultant. In the event OC San elects to "cover" as described in (3), OC San shall be entitled to recover from Consultant as damages the difference between the cost of the substitute goods or Services and the Agreement price, together with any incidental or consequential damages.

**28. Governing Law** This Agreement shall be governed by and interpreted under the laws of the State of California and the Parties submit to jurisdiction in Orange County, in the event any action is brought in connection with this Agreement or the performance thereof.

29. **Environmental Compliance** Consultant shall, at its own cost and expense, comply with all Federal, State, and local environmental laws, regulations, and policies which apply to the Consultant, its sub-consultants, and the Services, including, but not limited to, all applicable Federal, State, and local air pollution control laws and regulations.
30. **Attorney's Fees** If any action at law or inequity 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 it may be entitled.
31. **Dispute Resolution**
- 31.1 In the event of a dispute as to the construction or interpretation of this Agreement, or any rights or obligations hereunder, the Parties shall first attempt, in good faith, to resolve the dispute by mediation. The Parties shall mutually select a mediator to facilitate the resolution of the dispute. If the Parties are unable to agree on a mediator, the mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Agreement, through the alternate dispute resolution procedures of Judicial Arbitration through Mediation Services of Orange County ("JAMS"), or any similar organization or entity conducting an alternate dispute resolution process.
- 31.2 In the event the Parties are unable to timely resolve the dispute through mediation, the issues in dispute shall be submitted to arbitration pursuant to California Code of Civil Procedure, Part 3, Title 9, Sections 1280 et seq. For such purpose, an agreed arbitrator shall be selected, or in the absence of agreement, each party shall select an arbitrator, and those two (2) arbitrators shall select a third. Discovery may be conducted in connection with the arbitration proceeding pursuant to California Code of Civil Procedure Section 1283.05. The arbitrator, or three (3) arbitrators acting as a board, shall take such evidence and make such investigation as deemed appropriate and shall render a written decision on the matter in question. The arbitrator shall decide each and every dispute in accordance with the laws of the State of California. The arbitrator's decision and award shall be subject to review for errors of fact or law in the Superior Court for the County of Orange, with a right of appeal from any judgment issued therein.
32. **Damage to OC San's Property** Any OC San property damaged by Consultant will be subject to repair or replacement by Consultant at no cost to OC San.
33. **Contractor Safety Standards and Human Resources Policies** OC San requires Consultant and its subconsultants to follow and ensure their employees follow all Federal, State, and local regulations as well as Contractor Safety Standards while working at OC San locations. If during the course of the Agreement it is discovered that Contractor Safety Standards do not comply with Federal, State, or local regulations, then the Consultant is required to follow the most stringent regulatory requirement at no additional cost to OC San. Consultant and all of its employees and subconsultants, shall adhere to all applicable Contractor Safety Standards attached hereto in Exhibit "D" and the Human Resources Policies in Exhibit "E".
34. **Freight (F.O.B. Destination)** Consultant assumes full responsibility for all transportation, transportation scheduling, packing, handling, insurance, and other services associated with delivery of all products deemed necessary under this Agreement.
35. **Assignments** Consultant shall not delegate any duties nor assign any rights under this Agreement without the prior written consent of OC San. Any such attempted delegation or assignment shall be void.

**36. Conflict of Interest and Reporting**

36.1 Consultant shall at all times avoid conflicts of interest or appearance of conflicts of interest in performance of this Agreement.

36.2 Consultant affirms that to the best of its knowledge there exists no actual or potential conflict between Consultant's families, business or financial interest or its Services under this Agreement, and in the event of change in either its private interests or Services under this Agreement, it will raise with OC San any question regarding possible conflict of interest which may arise as a result of such change.

**37. Third Party Rights** Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than OC San and Consultant.

**38. Non-Liability of OC San Officers and Employees** No officer or employee of OC San shall be personally liable to Consultant, or any successor-in-interest, in the event of any default or breach by OC San or for any amount which may become due to Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

**39. Authority to Execute** The persons executing this Agreement on behalf of the Parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the Parties are formally bound.

**40. Read and Understood** By signing this Agreement, Consultant represents that it has read and understood the terms and conditions of the Agreement.

**41. Entire Agreement** This Agreement constitutes the entire agreement of the Parties and supersedes all prior written or oral and all contemporaneous oral agreements, understandings, and negotiations between the Parties with respect to the subject matter hereof.

42. **Notices** All notices under this Agreement must be in writing. Written notice shall be delivered by personal service or sent by registered or certified mail, postage prepaid, return receipt requested, or by any other overnight delivery service which delivers to the noticed destination and provides proof of delivery to the sender. Any facsimile notice must be followed within three (3) days by written notice. Rejection or other refusal to accept or the inability to deliver because of changed address for which no notice was given as provided hereunder shall be deemed to be receipt of the notice, demand or request sent. All notices shall be effective when first received at the following addresses:

OC San: Jackie Lagade  
Principal Buyer  
Orange County Sanitation District  
10844 Ellis Avenue  
Fountain Valley, CA 92708-7018

Consultant: Georg S. Krammer  
Managing Director  
Gallagher Benefit Services, Inc.  
2835 Seventh Street  
Berkeley, CA 94710

Each party shall provide the other party written notice of any change in address as soon as practicable.

***IN WITNESS WHEREOF***, intending to be legally bound, the Parties hereto have caused this Agreement to be signed by the duly authorized representatives.

**ORANGE COUNTY SANITATION DISTRICT**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
David John Shawver  
Chair, Board of Directors

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Kelly A. Lore  
Clerk of the Board

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Ruth Zintzun  
Purchasing & Contracts Manager

**GALLAGHER BENEFIT SERVICES, INC.**

Dated: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Print Name and Title of Officer

CMM



**Exhibit “A”**  
**SCOPE OF WORK**

**EXHIBIT A**  
**SCOPE OF WORK**  
**Classification & Compensation Studies**  
**2021 ALL EMPLOYEE GROUPS**  
**SPECIFICATION NO. CS-2021-1229BD**

**1.0 OVERVIEW**

The Orange County Sanitation District (OC San) is seeking a highly qualified and experienced individual or firm (hereinafter referred to as "Consultant") with a proven track record of accomplishment in similar projects in the public sector, ideally in California and including water and wastewater agencies, to conduct comprehensive Classification and Compensation Studies for all employee groups and provide recommendations to address any anomalies within the current classification and pay structures. The Consultant should provide a list of public sector clients in California. The Consultant should utilize up-to-date methodology, processes, and technology to conduct all aspects of the study, including data collection, research, and communications.

**2.0 BACKGROUND INFORMATION**

OC San is the third largest wastewater treatment system west of the Mississippi River. For over 65 years OC San has safely collected, treated and disposed or recycled the wastewater generated by 2.6 million people living and working in a 479-square mile area of Orange County, California.

OC San has a Board of Directors (Board), which meets to establish the policies that govern the agency. The 25 Directors are elected public officials, including city mayors or council members, or representatives from local sanitary or water districts, as well as one representative from the Orange County Board of Supervisors.

OC San has two treatment facilities, one in Fountain Valley and one in Huntington Beach, with a Board authorized staffing level of 639 employees. There are six (6) operating departments within the agency: 1) General Manager's Office; 2) Human Resources; 3) Administrative Services; 4) Environmental Services; 5) Engineering; and 6) Operations and Maintenance.

The following is a list of all OC San job classifications (approximately 134 total) and the number of incumbents (615 total) in each as of January 2021. Note that classifications listed without incumbents may have positions currently under recruitment, and the actual number of allocated positions within a classification may be higher due to vacancies. Any classification marked with an asterisk (\*) is a legacy classification with incumbents and will sunset once vacated. Updated data will be provided upon initiation of the study.

Accountant	2	Automotive/Heavy Equip Asst	1
Accounting Assistant I	0	Automotive/Heavy Equip Tech	3
Accounting Assistant II	4	Boat Captain	1
Accounting Supervisor	3	Buyer	2
Administration Manager	1	Chief Plant Operator	2
Administration Supervisor	0	CIP Project Manager*	1
Administrative Assistant	15	Clerk of the Board	1
Assistant Clerk of the Board	1	Construction Insp Supervisor	1
Assistant Engineer	2	Construction Inspector	8
Assistant General Manager	2	Contracts Administrator	3
Associate Engineer	11	Contracts Supervisor	1

Contracts/Purchasing Assistant	5	Lead Plant Operator	10
Control Center Operator	2	Lead Power Plant Operator	1
Controller	1	Lead Storekeeper	2
Cost Estimator	1	Machinist	1
Data Mgmt Tech I	5	Maintenance Manager	1
Data Mgmt Tech II	6	Maintenance Specialist	7
Director of Engineering	1	Maintenance Superintendent	2
Director of Environmental Svcs	1	Maintenance Supervisor	14
Director of Fin & Admin Svcs	0	Maintenance Worker	7
Director of Human Resources	1	Materials Control Supervisor	0
Director Operations & Maint	0	Mechanic	12
Electrical Tech I	2	Mobile Crane Operator	2
Electrical Tech II	13	Office Assistant	5
Engineer	28	Operations Manager	1
Engineering Assistant I	2	Operations Supervisor	12
Engineering Assistant II	4	Operator In Training	2
Engineering Associate	2	Payroll Technician	2
Engineering Manager	5	Planner/Scheduler	1
Engineering Supervisor	10	Plant Operator	29
Environmental Lab & OM Mgr	1	Power Plant Operator I	1
Environmental Specialist	1	Power Plant Operator II	8
Environmental Supervisor	2	Prin Environmental Specialist	7
Environmental Technician	4	Prin Project Controls Analyst	1
Executive Assistant	3	Principal Accountant	3
Facilities Worker/Builder	2	Principal Buyer	1
Facilities Worker/Painter	2	Principal Contracts Admin	2
General Manager	1	Principal Engineer	0
Graphics Designer	1	Principal Human Res Analyst	2
Human Resources Analyst	6	Principal Info Tech Analyst	7
Human Resources & Risk Mgr	1	Principal Public Affairs Speclst	0
Human Resources Assistant	1	Principal Staff Analyst	4
Information Tech Technician II	2	Program Assistant	6
Information Tech Analyst II	4	Public Affairs Specialist	1
Information Tech Analyst III	5	Purchasing & Contracts Mgr	1
Information Tech Supervisor	2	Purchasing Supervisor	1
Information Technology Tech I	2	Records Management Specialist	0
Information Technology Tech II	1	Regulatory Specialist	2
Instrumentation Tech I	1	Reliability Maint Technician	4
Instrumentation Tech II	13	Safety & Health Representative	3
I.T. Systems & Operations Mgr	1	Safety & Health Specialist	1
Lead Electrical Tech	4	Safety & Health Supervisor	1
Lead Facilities Worker	1	Scientist	2
Lead Instrumentation Tech	2	Secretary to General Manager	1
Lead Mechanic	9	Security/Emerg Plng Specialist	1
		Senior Accountant	1

Senior Buyer	2	Senior Scientist	4
Senior Construction Inspector	6	Senior Staff Analyst	4
Senior Contracts Administrator	3	Senior Storekeeper	2
Senior Cost Estimator	1	Source Control Inspector I	1
Senior Engineer	17	Source Control Inspector II	7
Senior Info Tech Analyst	13	Source Control Supervisor	1
Senior Mechanic	31	Sr. Environmental Specialist	15
Senior Planner/ Scheduler	1	Sr. Human Resources Analyst	4
Senior Plant Operator	27	Staff Analyst	4
Senior Public Affairs Specialist	1	Storekeeper	5
Senior Regulatory Specialist	1	Welder/Fabricator	3
Senior Safety & Health Rep	1		

Classification and compensation studies were most recently completed for all classifications in 2016, including represented employee group classifications and unrepresented executive and management classifications. Some of the data from these previous studies was gathered between 2014 and 2015.

An update and review of positions is necessary to validate/revise classifications and ensure appropriate compensation levels. OC San's desired market position is to be competitive with the comparable labor market for fully qualified employees when base pay, non-base building pay and/or total compensation comparisons are made. It is understood that the relative positioning to the market will vary for each job classification and job family, and is a fluid measure that may vary at different points in time.

### 3.0 SERVICES TO BE PROVIDED

3.1 During Phases I and II, the Consultant shall perform comprehensive classification studies to validate/update OC San's job classifications in accordance with the requirements described in this Scope of Work. The services provided shall include, but not be limited to, the following:

- 3.1.1 Consultant shall conduct orientation meetings with OC San staff, including representatives from each recognized employee organization, to explain the scope of the classification studies, methodology and expected results, and to answer any questions.
- 3.1.2 Consultant meetings will describe, explain the value from an employee perspective, and provide instruction to staff on how to complete Position Description Questionnaire (PDQ) documents, which will be provided to, completed by and obtained from all active employees on a voluntary basis.
- 3.1.3 Consultant shall review all completed PDQs to ensure content is sufficient for successful study completion and follow up with appropriate staff as needed to obtain necessary information and then document how that information was obtained for future reference.
- 3.1.4 Consultant shall interview employees to further analyze and gather additional information about classification duties, which may include:
  - 3.1.4.1 All incumbents in single position classifications.
  - 3.1.4.2 A sampling of incumbents in multiple position classifications.
  - 3.1.4.3 Incumbents who request an interview, as approved by Human Resources.

- 3.1.5 Consultant shall evaluate requests, information, and observations gathered since the previous study pertaining to the classification and compensation systems. This includes items such as suggested revisions to classifications from management, employment standards including educational requirements and required regulatory certifications, desired updates to job series, job families and career progression, housekeeping revisions, salary compaction concerns, etc. The Consultant shall coordinate with the Human Resources Department (HR) for additional information on these items.
  - 3.1.6 As part of the studies, Consultant will assess the appropriateness of the following:
    - 3.1.6.1 Work being completed for each position and the relationship of positions to each other within a job family, division, department and OC San-wide.
    - 3.1.6.2 Current classification structures, reporting relationships, differentiating duties/ characteristics, and structures of duties and responsibilities.
  - 3.1.7 Upon gathering all PDQs and completing employee interviews, Consultant will update existing class specification duties, responsibilities, and minimum qualifications and create revised class specifications, providing rationale for the changes.
  - 3.1.8 Update job families, classification series, benchmark classifications, number of classifications and classification levels as necessary and to maintain internal alignment, providing rationale for the changes.
  - 3.1.9 Follow established titling system for all class levels to ensure appropriate and consistent titling and provide rationale for any recommended changes.
  - 3.1.10 Update physical demands and essential functions for each class specification in accordance with the Americans with Disabilities Act.
  - 3.1.11 Update essential functions for each class specification relative to the Fair Labor Standards Act exemptions (29 C.F.R. Part 541).
  - 3.1.12 Ensure that any compensation updates comply with the Equal Pay Act.
  - 3.1.13 Gather and maintain resource information for future reference consisting of all working papers such as PDQs, class specifications, and related material.
- 3.2 During Phase III, the Consultant shall conduct comprehensive compensation surveys for all classifications in accordance with the requirements described in this Scope of Work. The services provided shall include, but not be limited to, the following:
- 3.2.1 Review and recommend revisions, as applicable, to OC San's existing labor market of the 17 comparison agencies, recently updated in 2015. Note that any updates would require discussions with the Board of Directors and/or committees and meet and confer with represented groups. Develop a presentation for the Board of Directors if recommending modifications to the list of comparison agencies, including the rationale for changes.
  - 3.2.2 Review and provide recommendations, including rationale, to align OC San's compensation structure for all positions in consideration of OC San's current pay practices and policies, internal pay relationships and salary compaction, and the external labor market.

3.2.3 Prepare and submit to HR a compensation survey final report that summarizes and analyzes salary and total compensation labor market data for all benchmark job classifications, to include the following:

- Agencies surveyed
- Comparable class title
- Salary range minimum
- Salary range maximum
- Number of job matches
- Geographic cost of labor factor applied (if applicable)
- 50<sup>th</sup> percentile (market median)
- 75<sup>th</sup> percentile (OC San's historic target)
- Market value relative to both 50<sup>th</sup> percentile (market median) and 75<sup>th</sup> percentile for benchmark positions
- Percentile placement for each benchmark position for both salary and total compensation relative to market position
- Percent of OC San salary range above/below the market median value
- Explanation and outline of methodology used
- Summary and assessment of OC San's data relative to the market data points
- Review of current pay structure relative to market data points
- Identification of key issues that may need to be addressed
- Recommendations that include rationale for each key issue identified and a proposal for implementation

3.2.4 Make recommendations related to any issues identified, including a cost analysis and fiscal impacts of proposed solutions.

3.3 For the duration of the project, the Consultant shall work under the direction of HR, and shall provide HR with ongoing and regular reports on the status and any issues encountered during the project.

3.4 During Phase I, the Consultant shall become familiar with and work within OC San's policies and procedures throughout the project, particularly those relating to compensation and classification; and provide any recommendations for future policy and procedure changes, as applicable throughout the project, including the rationale for those changes.

3.5 During Phases II and III, the Consultant shall provide HR a recommended strategy for implementing identified changes, if any, within the context of OC San policies and procedures and a represented work environment.

3.6 The following is a breakdown of examples of major tasks to be completed as part of this project and is not intended to represent a complete task plan. Consultant or the HR may propose additional tasks as deemed necessary. Any additional work may be included within the Consultant's contract with OC San.

### 3.6.1 PHASE I – INITIATION

#### 3.6.1.1 Task 1 – Review and Finalize Work Plan

The Consultant will meet with HR to identify the tasks to be accomplished, specific end products, and a project timetable to satisfactorily complete the overall assignment. HR will provide background information on classification, salary, and the organization to assist the Consultant in gaining a general understanding of OC San operations.

#### 3.6.1.2 Task 2 – Understanding of Other Study Needs

In order to understand and identify specific classification issues, the Consultant will meet with HR staff. These meetings will identify some issues that require further classification study. Subsequent to this task, PDQs can be distributed to employees. Consultant works with HR to review PDQs for quality.

#### 3.6.1.3 Task 3 – Conduct Employee Meetings

The Consultant will first meet with represented employee groups to provide an overview of the study and initiate the process. The Consultant then will meet with all available employees to explain the purpose of the studies and the process involved. The employees' involvement in the studies and their participation in the job analysis interviews will be an important discussion item for this meeting. A detailed PDQ will also be distributed and explained during these sessions.

#### 3.6.1.4 Task 4 – Review Comparison Agencies

Evaluate and recommend any updates, as applicable, to OC San's existing labor market of comparison agencies (17), which were revised in 2015. Review selection factors and which survey agencies are included. Note that any updates would require discussions with the Board of Directors and/or committees, and meet and confer with represented groups. The Consultant will be involved in the process for any updates.

### 3.6.2 PHASE II – CLASSIFICATION

#### 3.6.2.1 Task 1 – Complete PDQs

Incumbents will complete a PDQ. Prior to distribution, the questionnaire will be reviewed with HR staff and customized as needed to meet the studies' objectives. The completed questionnaires will be reviewed by appropriate management for completeness and accuracy in the process.

#### 3.6.2.2 Task 2 – Review PDQs and Conduct Employee Interviews and/or Follow-Up Meetings

Once the completed PDQ questionnaires are received, the Consultant will conduct a detailed analysis of the questionnaires. Follow-up meetings then may be scheduled and conducted with incumbents where issues or significant changes are identified. Phone or online interviews may be conducted if needed.

**3.6.2.3 Task 3 – Prepare Draft Classification Recommendations**

Each position will be analyzed relative to information provided in questionnaires and other documentation. The Consultant then will update/revise class specifications. Draft recommendations will be reviewed with HR staff and modifications made, as appropriate, prior to the employee review process.

**3.6.2.4 Task 4 – Employee and Stakeholder Review Process**

Consultant will assist OC San to ensure employees and other stakeholders, including management and recognized employee organizations, are given the opportunity to provide comments and concerns about class specification changes. Note that proposed changes should be discussed with HR, as manager and employee group input is feedback for consideration and not direction.

**3.6.2.5 Task 5 – Prepare and Submit Final Recommendations**

Following the review process, the class specifications will be finalized and submitted for approvals. A standardized classification manual for HR use will be developed to include documentation regarding the studies' goals and objectives, approach and process, all resulting recommendations, and differences between classification levels. At this time, all employees that submitted their comments on the drafted class specs during the review process will be notified in writing by HR regarding the outcome of their concerns.

**3.6.3 PHASE III – COMPENSATION**

**3.6.3.1 Task 1 – Confirm Survey Methodology**

Prior to initiating the compensation survey, the Consultant will confirm OC San's current labor market, survey benchmark classes, survey scope and policy directives regarding labor market position. Based on the specific goals identified in study initiation tasks, the Consultant will thoroughly analyze potential survey agencies and recommend new survey comparables, as applicable, consistent with OC San's compensation policies and objectives. The Consultant will consider information provided by HR staff.

**3.6.3.2 Task 2 – Collect Survey Data**

Discuss and consult with HR the compensation survey methodology and specific items to include and report. This includes such items as identifying which benefits to survey for total compensation. Update the list of benchmark positions based on OC San needs. Collect survey data from comparison agencies. Apply a geographic cost of labor factor in data analysis for comparison agencies, if OC San determines this is appropriate. Perform data analysis utilizing up to 17 comparison agencies, and potentially provide alternative analyses including a smaller number of comparison agencies, as requested. The Consultant may be asked to provide private sector data, both base salary and total compensation, for reference also.



- 3.6.3.3 Task 3 – Conduct Internal Relationship/ Alignment Analysis**  
Using information gathered in the classification phase, the Consultant will conduct a comprehensive review of internal salary relationships and salary compaction both within and across related job families. This analysis will be integrated with the results of the compensation surveys and will include an analysis of benchmark classifications and discussion of any resulting recommendations and rationale.
- 3.6.3.4 Task 4 – Prepare and Review Draft Compensation Report**  
The draft compensation report will document the survey process, all survey analyses, compensation data collected, and related observations/ recommendations. OC San may request data analysis utilizing the current 17 comparison agencies and/ or a smaller number of comparison agencies, as noted above. The Consultant will provide HR with a draft compensation report outlining their recommendations for HR staff review and approval.
- 3.6.3.5 Task 5 – Prepare Final Compensation Report**  
The final report will incorporate any appropriate revisions identified and submitted during the review of the draft report.
- 3.6.3.6 Task 6 – Present Final Compensation Report**  
The Consultant will make presentations of the studies' results and recommendations to OC San's Board of Directors, Steering Committee, recognized employee organizations, and any other Committee or group as needed.

## **4.0 PROJECT MANAGEMENT**

### **4.1 Periodic Meetings**

Prior to commencement of work by the Consultant, a kick-off meeting with HR staff shall be held to establish appropriate contacts and review the Consultant's plan to complete the work.

Consultant shall meet weekly with OC San staff assigned to the project to review work in progress and receive comments and feedback. Additionally, the Consultant shall prepare weekly progress meetings and review with the OC San assigned HR staff and/or HR management.

The Consultant will conduct a final meeting with OC San HR staff to present the draft final report in accordance with the project schedule.

### **4.2 Progress Reports**

Weekly progress reports shall be prepared by the Consultant and used as the basis of the meeting between OC San and Consultant staff.

### **4.3 Confidentiality**

The Consultant will work with HR to discuss any findings and recommendations. Communication with other individuals or groups should be solely for the purpose of data collection, and the Consultant should not disclose information on study findings or recommendations except in cases where explicitly requested by HR.

## **5.0 SCHEDULE**

The project shall be completed before November 1, 2021, with project milestones to be mutually agreed upon by OC San and the Consultant.



# ADMINISTRATION COMMITTEE

## Agenda Report

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

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**File #:** 2021-1715

**Agenda Date:** 6/23/2021

**Agenda Item No:** 14.

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

**SUBJECT:**

**2021-22 PROPERTY - LIABILITY INSURANCE RENEWALS**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

Approve the Orange County Sanitation District FY 2021-22 Property-Liability Insurance Renewals included in the FY 2021-22 Budget Update for the not-to-exceed amounts specified below:

Property and Boiler & Machinery - Not to Exceed	\$ 1,484,593
Excess General Liability Insurance - Not to Exceed	\$ 906,635
Excess Workers' Compensation Insurance - Not to Exceed	\$ 271,860
Earthquake Insurance - Not to Exceed	\$ 118,166
<b>TOTAL</b>	<b>\$ 2,781,254</b>

Includes Option #2 of the OC San 2021 Year Over Year Premiums Worksheet which is a reduction to the Flood Limit from \$100M to \$25M and an increase in the deductible from \$500,000 to \$1M.

**BACKGROUND**

Financial Management staff and the Orange County Sanitation District's (OC San) operational insurance broker, Alliant, began the renewal process in January and received final quotes in June. After negotiating with the insurance carriers, Alliant was able to secure competitive rates for OC San without compromising the quality of coverage provided. The insurance market has been in a state of flux due to COVID-19, weather extremes, sea level rise, wildfires, catastrophic losses, social inflation, and cybersecurity threats around the world and in the state of California. There is a lot of uncertainty in the market and insurers have taken losses for previous years and, as a result, insurance costs will increase to absorb the losses.

The extreme uncertainty in the market due to COVID-19 and the abovementioned factors will impact the insurance rates. As such, OC San will need to pay higher rates to obtain the same coverage limits. The current extreme degree of uncertainty in the insurance industry means severe rate increases, at least in the short term, until the numbers play out for the insurance industry over the next few years.

The proposed cost of insurance coverage for Fiscal Year is \$2,781,254, an increase of \$645,809 (30%). A summary of the insurances is included in the Additional Information section below.

## **RELEVANT STANDARDS**

- Protect OC San assets

## **PROBLEM**

Insurance is necessary to protect OC San's assets and financial well-being.

## **PROPOSED SOLUTION**

Approve the insurance renewals as described above to ensure continued coverage of OC San's assets.

## **TIMING CONCERNS**

Board approval is necessary since current insurance coverage expires on June 30, 2021.

## **RAMIFICATIONS OF NOT TAKING ACTION**

Without Board approval, OC San cannot finalize the contracts with the insurance carriers, and OC San's insurance will lapse.

## **PRIOR COMMITTEE/BOARD ACTIONS**

June 2021 - The Administration Committee received two (2) options related to the Property Insurance. Option #1 is for the expiring coverage with the associated deductibles in the amount of \$1,642,913 which is greater than the not to exceed amount. Option #2 reduces the Flood Limit from \$100M to \$25M and increases the deductible from \$500,000 to \$1M. This option costs \$1,428,061, which was within the not to exceed limit. Option #2 was approved to recommend to the Board of Directors.

May 2021 - Informational presentation to the Administration Committee providing an overview of the insurance renewal market.

March 2021 - Informational presentation to the Administration Committee detailing each of the five major insurances for OC San operations, and the status of the insurance market.

## **ADDITIONAL INFORMATION**

The cost of insurance coverage for Fiscal Year is \$2,781,254, an increase of \$645,809 (30%).

OC San's budget provides funds for the renewal of the following four (4) major insurances for OC San operations:

**1) All-Risk Property and Flood Insurance (Includes Boiler & Machinery)**

The All-Risk Property and Flood Insurance Program (Property Insurance) provides comprehensive coverage for much of OC San's real and personal property regarding virtually all perils including fire, flood, and business interruption.

Current Property Insurance limits are \$800 million dollars for most perils other than flood and earthquakes, and \$100 million dollars for flood, with many sub-limits for various situations. In order to reach \$800 million dollars in limits, the broker had to arrange for more than a dozen different insurers. The SIR is \$500,000 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 offers the purchasing power of numerous large public entities without the pooling or sharing of coverage or losses.

The Boiler & Machinery Insurance component 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 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 from machinery breakdown, are covered by the Boiler & Machinery Insurance. This program augments OC San's All-Risk Property Insurance that covers perils such as fire and flood.

The estimated cost for All-Risk Property and Flood is \$1,484,593, an increase of \$408,154 (38%).

**2) Excess General Liability Insurance**

OC San'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). OC San has participated in the CAMEL program since FY 1996-97.

This program currently provides OC San 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.

The estimated cost for Excess General Liability is \$906,635, an increase of \$151,106 (20%).

**3) Excess Workers' Compensation**

The Excess Workers' Compensation insurance coverage is with Public Risk Innovation, Solutions, and Management (PRISM) (formerly California State Association of Counties

Excess Insurance Authority (CSAC EIA). OC San 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. The use of Excess Workers' Compensation Insurance dates back to the late 1980's.

The estimated cost for Excess Workers' Compensation is \$271,860, an increase of \$67,091 (33%).

4) **Earthquake Insurance**

OC San 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. OC San asked its insurance broker each year to survey the market to see if rates have changed. In 2015, a plan was created to maintain coverage on several key OC San structures identified by Engineering, thus keeping the cost manageable. The insurance is a high deductible plan with a limit of \$25 million dollars in total.

The estimated cost for Earthquake Insurance is \$118,166, an increase of \$19,459 (20%).

## **FINANCIAL CONSIDERATIONS**

This request complies with authority levels of OC San's Purchasing Ordinance. This item has been included in the FY 2021-22 Budget Update.

## **ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- OC San 2021 Year Over Year Premiums Worksheet

## 2021 Year over Year Total Cost Estimates

As of 6-9-21

Excess Liability	Total Cost 2020	Total Cost 2021	Change - Dollars/Percent	
Limit	40,000,000	40,000,000	-	-
Self-Insured Retention	750,000	750,000	-	-
\$10MM - XS SIR	366,194	442,842	76,648	21%
\$15MM - XS 10M	256,035	302,419	46,384	18%
\$5MM - XS 25M	51,500	54,590	3,090	6%
\$10MM - XS \$30M	81,800	87,500	5,700	7%
Premium	755,529	887,351	131,822	17%

Excess Workers' Comp	Total Cost 2020	Total Cost 2021	Change - Dollars/Percent	
Payroll	73,639,437	79,958,707	6,319,270	9%
Limit	Statutory	Statutory	N/A	N/A
Rate Per \$100	0.28	0.34	0.06	22%
Self-Insured Retention	1,000,000	1,000,000	-	0%
Premium	204,769	271,860	67,091	33%

Option 1 - Property, As Expiring				
Property (incl. Cyber & B&M)	Total Cost 2020	Total Cost 2021	Change - Dollars/Percent	
Values	2,175,238,884	2,222,240,711	47,001,827	2%
A/R Limit	800,000,000	800,000,000	-	0%
Flood Limits	100M/25M	100M/25M	-	0%
A/R Deductible	500,000	500,000	-	0%
Flood Deductible	500,000	500,000	-	0%
Boiler Limit/Deductibles	100M/25k/Vrs	100M/25k/Vrs	-	0%
Rate Per \$100	0.05	0.07	0.02	49%
Premium	1,076,439	1,642,913	566,474	53%

Option 2 - Property - Narrowed Flood Coverage				
Property (incl. Cyber and B&M)	Total Cost 2020	Total Cost 2021	Change - Dollars/Percent	
Values	2,175,238,884	2,222,240,711	47,001,827	2%
A/R Limit	800,000,000	800,000,000	-	0%
Flood Limits	100M/25M	25M/25M	-	0%
A/R Deductible	500,000	500,000	-	0%
Flood Deductible	500,000	1,000,000	-	0%
Boiler Limit/Deductibles	100M/25k/Vrs	100M/25k/Vrs	-	0%
Rate Per \$100	0.05	0.06	0.01	30%
Premium	1,076,439	1,428,061	351,622	33%

Earthquake	Total Cost 2020	Total Cost 2021	Change - Dollars/Percent	
Values	106,186,206	109,091,054	2,904,848	3%
Rate Per \$100	0.09	0.10	0.01	11%
Deductibles	5% \$5MM Min	5% \$5MM Min	N/A	N/A
Premium	98,707	112,087	13,380	14%

Total Premium - Option #1	2,210,444	2,914,212	703,767	32%
Total Premium - Option #2	2,210,444	2,699,359	488,915	22%

Property - Cost Difference Between Options: 214,852

## STEERING COMMITTEE

### Agenda Report

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**File #:** 2021-1720

**Agenda Date:** 6/23/2021

**Agenda Item No:** 15.

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**FROM:** James D. Herberg, General Manager

**SUBJECT:**

#### **GENERAL MANAGER'S FY 2020-2021 WORK PLAN YEAR-END REPORT**

#### **GENERAL MANAGER'S RECOMMENDATION**

##### RECOMMENDATION:

Receive and file the General Manager's FY 2020-2021 Work Plan Year-End Report.

#### **BACKGROUND**

Each year, the General Manager prepares a work plan of activities supporting Orange County Sanitation District's strategic goals and initiatives to be accomplished during the fiscal year. The General Manager's FY 2020-2021 draft work plan was reviewed with the Steering Committee in July 2020. The final work plan was received and filed by the Steering Committee and Board of Directors in August 2020; and a mid-year update was provided in January 2021. Attached is the year-end report for the General Manager's FY 2020-2021 work plan.

#### **RELEVANT STANDARDS**

- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard
- Plan for and execute succession, minimizing vacant position times
- Cultivate a highly qualified, well-trained, and diverse workforce
- Maintain and adhere to appropriate internal planning documents (Biosolids, Odor, and Energy Master Plans)
- Use all practical and effective means for resource recovery

#### **PRIOR COMMITTEE/BOARD ACTIONS**

January 2021 - Steering and Board of Directors received and filed the mid-year update of the General Manager's FY 2020-2021 Work Plan.

August 2020 - Steering Committee and Board of Directors received and filed the General Manager's FY 2020-2021 Work Plan.



July 2020 - Steering Committee received and filed the General Manager's Fiscal Year 2020-2021 Draft Work Plan.

### **ADDITIONAL INFORMATION**

The General Manager's work plan includes 17 goals for the fiscal year. Fourteen items in the work plan have been completed, three will carry over into fiscal year 2021-2022.

### **FINANCIAL CONSIDERATIONS**

All items included in the General Manager's Work Plan were budgeted in the FY 2020-2021 Budget.


### **ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- General Manager's FY 2020-2021 Work Plan Year-End Report

June 23, 2021

**TO:** Chairman and Members of the Board of Directors

**FROM:** James D. Herberg, General Manager 

**SUBJECT:** General Manager's FY 2020-2021 Work Plan Year-End Report

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I am pleased to present the year-end report for my Fiscal Year 2020-21 Work Plan. The Work Plan has 17 individual goals organized under the four focus areas of business principles, environmental stewardship, wastewater management, and workplace environment. This Work Plan was reviewed and approved by the Steering Committee and Board of Directors in August 2020 and a mid-year update was provided in January 2021.

**1. Business Principles**

- **Budget Control and Fiscal Discipline** – Provide the Administration Committee with an analysis of options, including an IRS Section 115 Trust for funding OC San's pension obligations by October 31, 2020.

**UPDATE: Complete.** Proposals were received and reviewed. Purchasing and Contracts is currently working with legal counsel to finalize contract language. Award will go to Administration Committee and Board in July 2021.

- **Asset Management Plan** – Update the Asset Management Plan by December 31, 2020 including an inventory of critical assets for each process area and the collection system; an evaluation of their condition and performance; and an updated implementation plan to maintain, rehabilitate, and replace these assets to meet the required levels of service at the lowest life cycle cost and at an acceptable level of risk.

**UPDATE: Complete.** The Asset Management Plan is complete and was presented to the Operations Committee and the Board in December 2020.

- **Headquarters Project** – Complete site preparation for the new Headquarters facility, Project P1-128C, by June 30, 2021.

**UPDATE: Complete.** Demolition of the buildings and site preparation were completed in January 2021.

- **Cybersecurity/Safety** – Develop and conduct two emergency response and recovery drills for our interplant digester gas line and a cybersecurity breach by June 30, 2021.

**UPDATE: Complete.** OC San conducted a full-scale emergency response exercise of the Interplant Digester Gas Pipeline on April 28, 2021. The exercise tested OC San's response to an externally caused utility line strike that required isolation of the pipeline, mobilization of the damage assessment team, coordination of repairs, and response to public inquiries. The comprehensive drill simulated a line break and fire with real time interaction from other local agencies. Liberty Energy Services and the Water Emergency Response Organization of Orange County evaluated OC San's response to this exercise. In addition, in April 2021, IT conducted four tabletop exercises. The scenarios included e-mail phishing, data theft, ransomware, and unauthorized application access. These exercises were conducted with the assistance of outside cybersecurity specialists, Tevora, and teams from IT, Engineering, Finance, Human Resources, and Public Affairs. This effort is part of the development of OC San's cybersecurity incident response plan.

- **Property Management** – Inspect real property, easements, and rights-of-way for encroachments and encumbrances which limit access or impede proper use of the right by December 31, 2020. Develop action plans by June 30, 2021 that restore long-term use for identified encroachments or encumbrances.

**UPDATE: Continuing.** Inventory and inspections are complete. Minor access limitations and encumbrances are addressed as they occur. Large issues, such as the Miller Holder Easement south of Heil are being worked on by the Executive Management Team and legal counsel. Completed action plans will be implemented during the 2021-22 Fiscal Year.

## 2. **Environmental Stewardship**

- **Energy Independence** – Overhaul two Central Generation Engines to begin the second 25-year operations cycle for the Central Generation Facilities by June 30, 2021.

**UPDATE: Continuing.** The first contractor failed to deliver a working rebuilt engine. A second vendor, the Original Equipment Manufacturer for the engine, has been contracted and began work in May 2021.

- **Climate and Catastrophic Event Resilience** – Execute a contingency biosolids disposal agreement with Orange County Waste and Recycling (OCWR) to formally establish a local emergency failsafe biosolids disposal option by March 31, 2021.

**UPDATE: Complete.** In September 2020, OCWR provided guidance to OC San on a protocol to deliver biosolids during an emergency. OCWR has

designated Prima Deshecha Landfill as the emergency failsafe landfill for biosolids disposal.

- **Food Waste Treatment** – Complete market assessment for food waste feedstock co-digestion at OC San. Solicit bids to construct the Interim Food Waste Facility at Plant No. 2, Project P2-124, by December 31, 2020.

**UPDATE: Complete.** Draft contracts issued to three food waste haulers in November 2020. Solicitation for bids to construct advertised on December 1, 2020.

- **Water Reuse** – Study alternatives to reduce the use of City Water in its operations by October 31, 2020 and implement water saving measures by June 30, 2021.

**UPDATE: Complete.** In March 2021, staff successfully tested plant water as a replacement for city water in the centrifuge polymer system. Staff are replumbing the centrifuge polymer systems for plant water use with planned completion in June 2021.

- **Environmental Water Quality, Stormwater Management and Urban Runoff** – Complete business process mapping for source control permit management, compliance data management, and Environmental Protection Agency compliant reporting to evaluate the current system and alternatives for enhancing the system. Complete final report and recommendations by March 31, 2021.

**UPDATE: Continuing.** The external vendor was selected in early 2021 and a kick-off meeting was held in April 2021 to refine project tasks and the corresponding schedule. This item will be carried over to my Fiscal Year 2021-22 GM Work Plan.

### 3. **Wastewater Management**

- **Chemical Sustainability** – OC San will develop a plan to maintain at least two suppliers for iron-based coagulants at all times with a final report-out to the Board of Directors by June 30, 2021.

**UPDATE: Complete.** OC San has maintained ferric chloride supply contracts with two independent vendors, Kemira and Pencco. Each supplier has the capacity to meet the total demand of OC San. The current contract with each supplier allows for three additional annual renewals.

- **Biosolids Management** – Conduct an annual review of the regulatory aspects of the OC San Biosolids Management Plan to adjust for evolving regulations for contaminants of emerging concern and update contingency options as

needed. Provide an informational update to the Board of Directors by June 30, 2021.

**UPDATE: Complete.** A programmatic information update was presented to the Board of Directors as a part of the 2021 Strategic Planning Special Workshop on April 21, 2021.

- **Constituents of Emerging Concern** – Continue OC San's leadership role in developing analytical capability, advocating for sound science and regulations, and identification of significant sources in constituents of emerging concerns such as per- and polyfluoroalkyl (PFAS) and microplastics. Provide an informational briefing to the Board of Directors by June 30, 2021. Provide preliminary results from the California State Water Resources Control Board investigative order for PFAS by June 30, 2021.

**UPDATE: Complete.** An information update was presented to the Board of Directors as a part of the 2021 Strategic Planning Special Workshop on April 21, 2021. OC San is developing an in-house method to measure 39 PFAS compounds in wastewater and obtain method certification by the end of the 2021 calendar year. Staff is preparing an update on the Investigative Order sampling results to date to be included as part of the June 2021 GM Monthly Report.

#### **4. Workplace Environment**

- **COVID-19 Pandemic Response and Recovery** – Continue to respond to the COVID-19 pandemic with operations remaining in full permit compliance while providing a safe workplace and complying with the Center for Disease Control and Prevention health official guidance, and applicable employment and labor laws. Develop a “reopening plan” and present it to the Board of Directors by September 30, 2020.

**UPDATE: Complete.** COVID-19 response efforts continue with the Executive Management Team meeting daily and the internal Emergency Operations Center and Pandemic Team meetings occurring weekly and biweekly, respectively. As COVID-19 has extended longer than anticipated, the “reopening plan” was deferred from the initial completion date of September 30, 2020 to a Return to Office Plan. The Pandemic Team has completed *Return to Office* criteria which has been provided to use in development of workspace schedules for returning teleworkers to the physical worksite; all while maintaining COVID-19 protocols to ensure a safe work environment during and after plan implementation.

- **Safety and Physical Security** – Complete implementation of an Industrial Hygiene Program and a Job Safety Analysis program to meet the Voluntary Protection Program requirements by June 30, 2021.

**UPDATE: Complete.** In November 2020, two safety and health policies were adopted for Industrial Hygiene (SOP-642) and Hazard Assessment and Risk Control (SOP-645) to meet the Voluntary Protection Program requirements. The Industrial Hygiene Program established the framework for how qualitative and quantitative assessments will be completed, documented, and updated. The qualitative assessments (or hazard analysis) have been completed for the year. Quantitative assessments (or sampling) have been ongoing throughout the year and will continue each year moving forward. Job Safety Analysis (JSA) are reviewed and updated on an ongoing basis and new ones are created for all high hazard jobs where a JSA does not already exist. Hazard identification training, which will teach employees how to use JSAs, is scheduled for June 2021. Results of the industrial hygiene assessments and JSAs will be maintained in Cority, OC San's Incident Management System Software. In May 2021, Cority was expanded to include an Industrial Hygiene and JSA module to centralize information, streamline processes, and effectively manage safety and health programs.

- **Classification and Compensation Study** – Begin preparations for an agencywide Classification and Compensation Study by completing a Request for Proposal for a specialized vendor and accessing, discussing, and meeting and conferring regarding the 17 survey agencies by June 30, 2021.

**Update: Complete.** The Classification and Compensation Studies Request for Proposals (RFP) was advertised March 10 to April 15, 2021. An invitation to bid was sent to approximately 1,060 registered vendors and additional vendors recommended by other Orange County agencies. The Scope of Work was comprehensive for classification and compensation study phases and included specific items identified with management and the Board of Directors. RFP evaluation criteria included qualifications of firm, proposed staffing/project organization, work plan, oral interviews, and cost/price. Final vendor selection will be presented for approval at June's Administration Committee and Board meetings. The project will begin once the vendor is in place, with a comprehensive study that will update job descriptions, analyze salary market position against survey agencies, review internal equity, etc.

- **Succession Planning** – Conduct two specialized training classes for supervisors, managers, and executive management team members and provide organizational awareness coursework via OC San "U" for all employees with a final report-out on June 30, 2021.

**Update: Complete.** In 2020, two trainings were provided to supervisors, managers, and EMT that offered various topics designed to provide the tools and resources needed to navigate the core functions of OC San. Specifically, the groups received training from seasoned legal experts on Navigating Public Sector and Performance Management Best Practices; and the feedback received indicated the training was effective in providing practical tools and

guidance. In September 2020, a renewed, all virtual voluntary development program was launched (now called OC San “U”). Learning options included monthly webinars and on demand content relating to leadership, technology, communication, and organizational awareness. Employees may also apply to participate in mentoring and a CSUF leadership curriculum. For fiscal year 2020-21, over 50 percent of staff participated in at least one option, 60 joined each webinar, and course feedback was consistently positive. In fiscal year 2021-22, OC San “U” will continue to offer pertinent topics and explore further program enhancement ideas.

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**File #:** 2021-1721

**Agenda Date:** 6/23/2021

**Agenda Item No:** 16.

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

**SUBJECT:**

**INTERIM FOOD WASTE RECEIVING FACILITY, PROJECT NO. P2-124**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

- A. Receive and file Bid Tabulation and Recommendation for Interim Food Waste Receiving Facility, Project No P2-124; and
- B. Reject all bids and direct staff to continue efforts to negotiate agreements with food waste pre-processors.

**BACKGROUND**

The State of California requires cities to divert organics such as food waste away from landfills. This food waste, after processing, can be added to an anaerobic digester such as those operated by the Orange County Sanitation District (OC San) to produce methane gas and energy. This food waste must be hauled from the source to a pre-processing facility to produce a pumpable product that can be introduced into OC San's anaerobic digesters, and then trucked to OC San.

The Biosolids Master Plan evaluated the feasibility of receiving pre-processed food waste and determined that the costs to construct and operate the required processing facilities could be offset by tipping fees charged to food waste pre-processors and additional power generated from increased digester gas production. The Biosolids Master Plan recommended construction of an interim food waste facility until a more permanent facility can be constructed in 10 to 15 years.

The design of Interim Food Waste Receiving Facility, Project No. P2-124, has been completed, and construction bids have been received.

**RELEVANT STANDARDS**

- Use all practical and effective means for resource recovery
- Ensure the public's money is wisely spent



**PROBLEM**

Staff has been negotiating with food waste management companies to deliver pre-processed food waste in time to test and operate the Interim Food Waste Receiving Facility. Producing pre-processed food waste that OC San can accept requires companies to acquire a site for the processing facility, obtain approvals and permits, and build the facility. While there has been strong interest, to date no company is ready to agree to a contract because they will not be able to complete their pre-processing facilities in time.

Without revenue from tipping fees from haulers, OC San would have no way to recover the cost of its facility.

**PROPOSED SOLUTION**

Reject all bids for Interim Food Waste Receiving Facility, Project No. P2-124. Staff expects that food waste management companies will eventually be ready to commit, but when an appropriate pre-processing facility would be operational cannot be predicted with any certainty. Staff will continue discussions with interested food waste management companies. When such a company is ready to commit, and has a credible schedule for construction, OC San can reissue the project for construction bids.

**TIMING CONCERNS**

Cities are required by the State of California to divert organics from landfills beginning January 2022.

OC San will need approximately 21 months from the date that the reissued construction contract documents are advertised until the facility is ready to receive pre-processed food waste. Staff expects that a new pre-processing facility would take substantially longer than that for property acquisition, obtaining permits, and construction.

**RAMIFICATIONS OF NOT TAKING ACTION**

Board action is required by the California Public Contract Code to either award the contract as advertised or to reject all bids.

**ADDITIONAL INFORMATION**

OC San advertised for bids on December 1, 2020, and seven bids were received on January 19, 2021. A summary of the bids follows:

Engineer's Estimate	\$2,660,000
<u>Bidder</u>	<u>Amount of Bid</u>
Aid Builders, Inc.	\$2,635,000
J.R. Filanc Construction Co., Inc.	\$3,149,537
Tharsos Inc.	\$3,196,000
PCL Construction, Inc.	\$3,232,417
Innovative Construction Solutions	\$3,299,000

Shimmick Construction Company, Inc.	\$3,546,000
Mehta Mechanical Co. Inc.	\$3,555,000
dba MMC Inc.	

The bids were evaluated in accordance with OC San's policies and procedures. Staff determined the apparent low bidder was non-responsive. An evaluation of the second apparent low bidder, J.R. Filanc Construction Co., Inc. (Filanc), determined the bid of \$3,149,537 to be both responsive and responsible.

Staff and J.R. Filanc Construction Co., Inc., agreed to an initial 40-day extension of the bid validity period to allow more time to negotiate with haulers and pre-processors. Responding to a staff request, Filanc indicated that they would only agree to a 90-day extension of the bid validity with a cost increase, which legal counsel indicated could not be granted.

## **CEQA**

The project is included in the Biosolids Master Plan Program Environmental Impact Report (PEIR), State Clearinghouse Number 2017071026. A Notice of Determination was filed on September 27, 2018, after Board approval of the Professional Design Services Agreement.

## **ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

N/A

JGD:dm



# ADMINISTRATION COMMITTEE

## Agenda Report

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

**File #:** 2021-1716

**Agenda Date:** 6/23/2021

**Agenda Item No:** 17.

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

**SUBJECT:**

### PROPOSED FY 2021-22 BUDGET UPDATE

### GENERAL MANAGER'S RECOMMENDATION

#### RECOMMENDATION:

Approve the proposed Operating, Capital, Debt Service, and Self-Insurance Budgets for FY 2021-22 as follows:

	<b>FY 2021-22</b>
Net Operating	\$ 183,950,874
Self-Insurance - Workers' Comp.	\$ 841,860
Self-Insurance - Property & Gen. Liability	\$ 2,609,393
Net Capital Improvement Program	\$ 224,560,503
Debt/COP Service(1)	\$ 234,506,355
Intra-District Joint Equity Purchase/Sale(2)	\$ 3,500,000
<b>TOTAL</b>	<b>\$ 649,968,985</b>

(1) Includes \$163,775,355 in maturing and callable debt

(2) Cash to/from Revenue Area 14 (RA14) in exchange for capital assets to/from Consolidated Revenue Area 15 (RA15)

### BACKGROUND

The FY 2021-22 Proposed Budget Update is included for the Committee's consideration. The Budget Update has been presented to the Operations Committee at the regular June meeting in order to allow each Standing Committee an opportunity to review the proposal prior to the June Board meeting. Although each Committee has had an opportunity to review the proposal, it remains the responsibility of the Administration Committee to recommend approval.

The Administration Committee is requested to recommend that the Board of Directors approve this budget at the June 23, 2021 Board of Directors meeting.

### RELEVANT STANDARDS

- Produce Operating and CIP budgets every two years, with annual update

## **PROBLEM**

The Orange County Sanitation District (OC San) cannot maintain and monitor its financial condition, operations, and future capital improvements without examination and transparency into its resources, revenues, reserves, and outlays.

## **PROPOSED SOLUTION**

Providing the Board of Directors with an understanding of OC San's resources will assist in the approval of the proposed budget update.

## **TIMING CONCERNS**

The proposed budget update, effective July 1 of this year, will be finalized and presented to the Board of Directors for adoption in June.

## **RAMIFICATIONS OF NOT TAKING ACTION**

OC San will not have an updated budget reflecting any changes since the adoption of the two-year budget to be able to carry out its financial fiduciary duties beyond June 30, 2021.

## **ADDITIONAL INFORMATION**

OC San's proposed Fiscal Year 2021-22 operating (\$183.9 million) and capital improvement program (\$224.6 million) budget totals \$408.6 million, or \$6.8 million (1.6 percent) below what was approved last year as the second year of the adopted two-year budget. The decrease in the FY 2020-21 budget is primarily attributable to a \$16.2 million reduction in capital spending for changes in project estimates and scheduling and an increase of \$9.5 million in operating budget.

The budget continues to reflect the agency's ongoing efforts to streamline operations. Staffing levels are proposed to remain at 639 FTEs in FY 2021-22.

## **ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- FY 2021-22 Budget Presentation
- Proposed FY 2021-22 Budget Update

# Proposed FY 2021-22 Budget Update

*Wally Ritchie,  
Controller*

*Administration  
Committee*

*June 9, 2021*



1

## Overview

- FY 2021-22 Update
    - 2<sup>nd</sup> Year of 2-Year Adopted Budget
    - Stable Revenues
    - Expenses Include
      - Operating
      - Capital Improvement Program
      - Debt Service
    - Staffing – No New Positions (639 FTE)
    - No New Debt
- \*All figures in millions unless otherwise noted

2

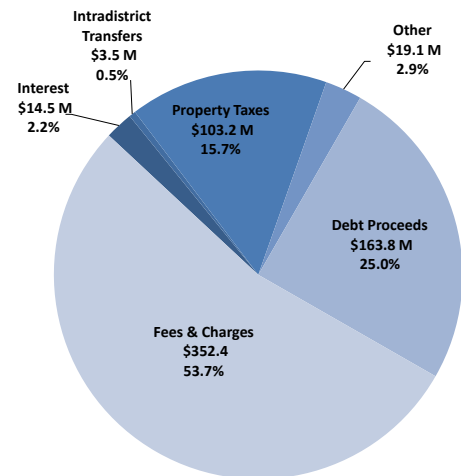
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## REVENUE

### Where the Money Comes From

Category	2020-21 Adopted	2021-22 Adopted	2021-22 Proposed
Service Fees	\$316.7	\$325.4	\$323.2
Property Taxes	99.9	102.0	103.2
Capital Facilities Capacity Charges	20.1	20.7	16.6
Permit User Fees	12.8	13.0	12.6
Interest	13.2	13.1	14.5
Intradistrict Transfers	6.1	3.5	3.5
Debt Proceeds*	0.0	0.0	163.8
Other Revenue	16.0	16.7	19.1
<b>Total Funding Sources</b>	<b>\$484.8</b>	<b>\$494.4</b>	<b>\$656.5</b>

\* 2021A Refunding

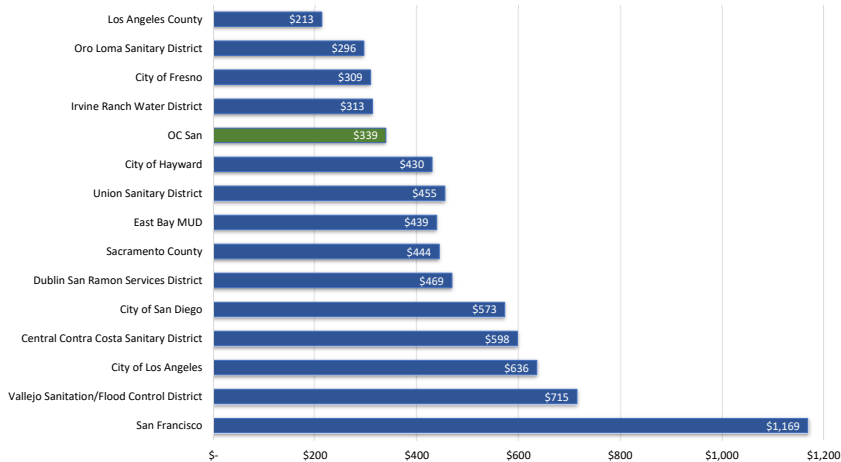


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3

## REVENUE - RATES

Annual Single Family Residential Rates  
(July 2020)



SFR Rate for FY 2021-22

**\$343**

**\$4 or 1.2% Increase**

4

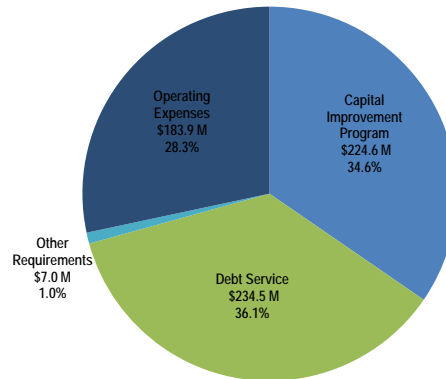
4

## EXPENSES

### Where the Money Goes

Category	2020-21 Adopted	2021-22 Adopted	2021-22 Proposed
Capital Improvement Program, Net	\$147.6	\$240.8	\$224.6
Operating Expenses	174.3	174.5	183.9
Debt Service*	72.8	168.9	234.5
Other Requirements	6.1	6.5	7.0
Total Funding Uses	\$400.8	\$590.7	\$650.0

\*2021A Refunding - \$163.8M



5

5

## OPERATING EXPENSES

Department	Budget 2020-21	Adopted 2021-22	Percent Change	Proposed 2021-22	Percent Change
<i>Administration Units</i>					
General Manager's Office	\$4.3	\$4.4	2.3%	\$4.1	(6.8%)
Human Resources	6.6	7.0	6.1%	7.2	2.9%
Administrative Services	27.7	28.5	2.9%	30.1	5.6%
<i>Sub-Total</i>	<i>\$38.6</i>	<i>\$39.9</i>	<i>3.4%</i>	<i>\$41.4</i>	<i>3.8%</i>
<i>Operating Units</i>					
Environmental Services	19.3	20.3	5.2%	21.2	4.4%
Engineering	5.6	5.6	0.0%	5.4	(3.6%)
Operations & Maintenance	110.8	108.7	(1.9%)	115.9	6.6%
<i>Sub-Total</i>	<i>\$135.7</i>	<i>\$134.6</i>	<i>(0.8%)</i>	<i>\$142.5</i>	<i>5.9%</i>
<b>Total</b>	<b>\$174.3</b>	<b>\$174.5</b>	<b>0.1%</b>	<b>\$183.9</b>	<b>5.4%</b>

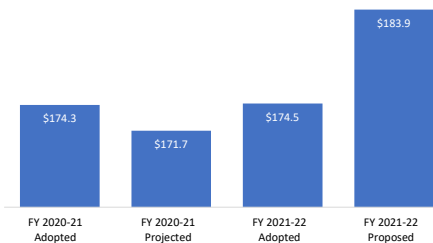
Total FY 20-21 &  
FY 21-22 Adopted Budgets

\$348.8

Total FY 20-21 Projected &  
FY 21-22 Proposed Budgets

\$355.7

Operating Expenses  
(in millions)



6

6

## OPERATING EXPENSES - \$9.5M INCREASE

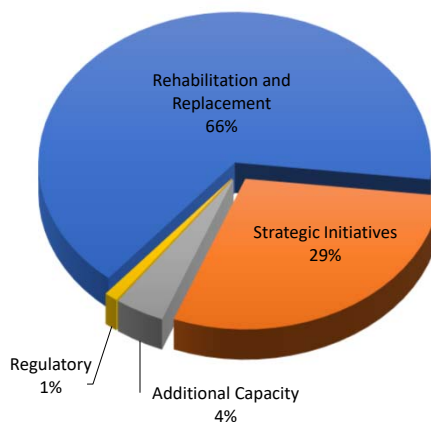
• Repairs & Maintenance	\$5.5M
• Professional Services	\$1.1M
• Utilities	\$0.9M
• Salaries & Benefits	\$0.8M
• Operating Materials & Supplies	\$0.7M
• Other Materials & Supplies	\$0.5M

7

7

## CAPITAL IMPROVEMENT PROGRAM

<u>CIP Categories</u>	
Treatment Projects	\$ 194.1
Collection Projects	40.5
Equipment	5.0
FY 2021-22 CIP Authority	239.6
CIP Savings & Deferrals	(15.0)
FY 2021-22 Net CIP	\$ 224.6
10-Year Net CIP Outlay	\$ 3.0 Billion

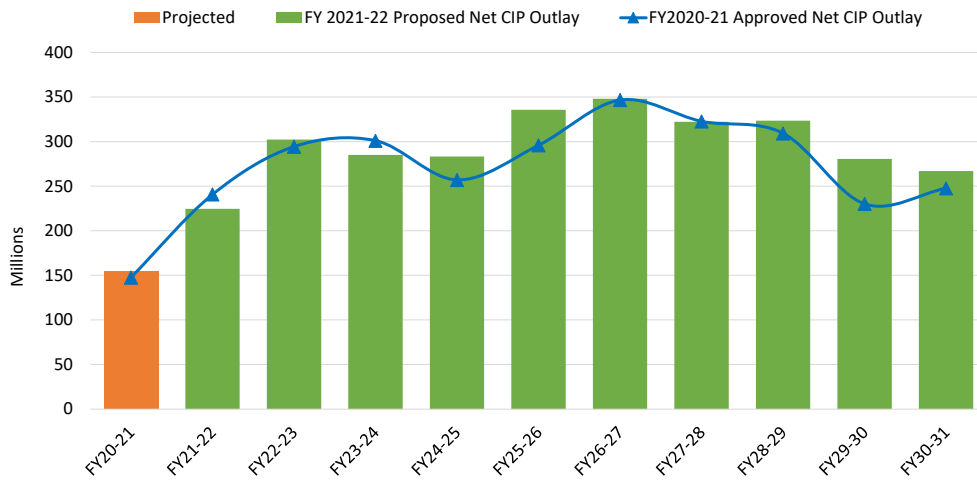


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8



## CAPITAL IMPROVEMENT PROGRAM



9

9

## DEBT SERVICE

Total Outstanding COP Balance 7/1/21      \$ 909,620,000

Blended Interest Rate      3.05%

FY 2021-22 Debt Service      \$ 234.5M\*

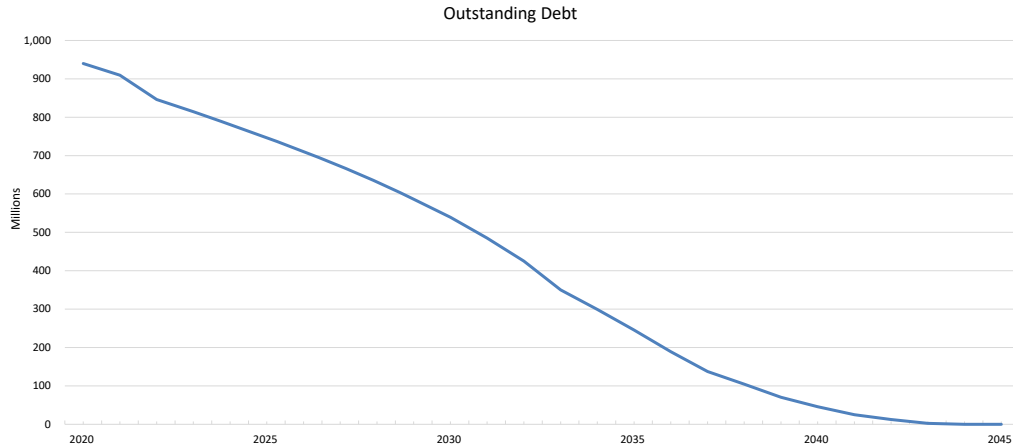
\* Refunding debt will be issued to replace 2011A and 2018A in the amount of \$163.8M

\* All outstanding debt to be paid off by 2044

10

10

## DEBT SERVICE



\* No New Debt Issues are Planned

11

11

## SUMMARY

### Revenue

	<b>Proposed FY 2021-22</b>
Fees & Charges	\$ 352.4
Property Taxes	103.2
Refunding Debt	163.8
Interest	14.5
Intradistrict Transfers	3.5
Other Revenue	<u>19.1</u>
	<b>\$ 656.5</b>

### Expenses

	<b>Proposed FY 2021-22</b>
Operating Expenses	\$ 183.9
Capital Improvement Program	224.6
Debt Service	234.5
Other Requirements	<u>7.0</u>
	<b>\$ 650.0</b>

12

12

## Questions



13

# BUDGET UPDATE



**FISCAL YEAR 2021-2022**

*Orange County Sanitation District, California*



**Orange County Sanitation District, California**

# **BUDGET UPDATE**

**Fiscal Year 2021-22**



## **OUR MISSION**

*"To protect public health and the environment by providing effective wastewater collection, treatment, and recycling."*





# GFOA BUDGET PRESENTATION AWARD



GOVERNMENT FINANCE OFFICERS ASSOCIATION

## *Distinguished Budget Presentation Award*

PRESENTED TO

**Orange County Sanitation District  
California**

For the Biennium Beginning

**July 1, 2020**

*Christopher P. Morill*

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Orange County Sanitation District, California, for its biennial budget for the biennium beginning July 1, 2020.

In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

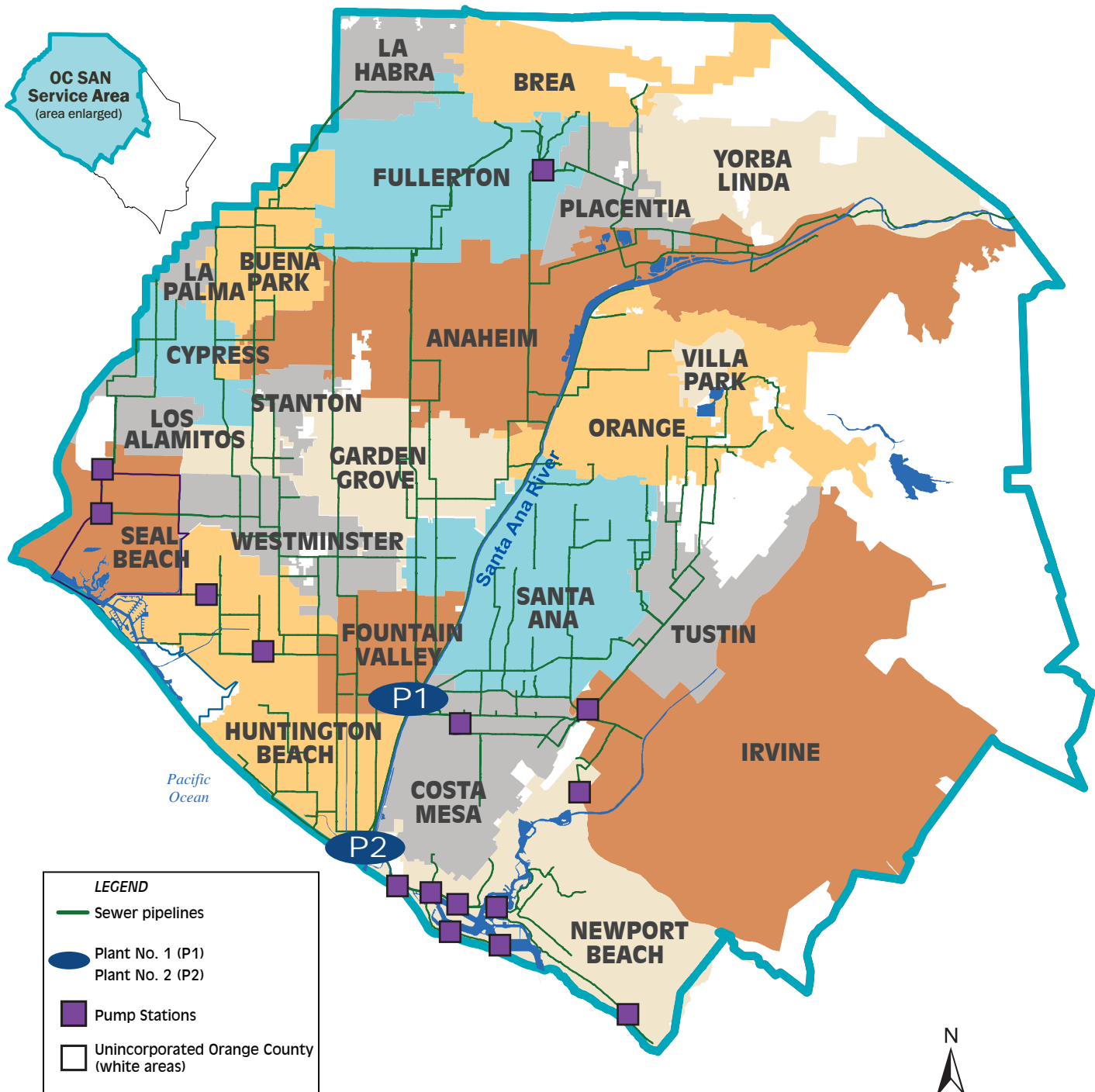
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# OC SAN SERVICE AREA

## Orange County Sanitation District Service Area and Treatment Plant Locations in Orange County, California



DISCLAIMER: Map prepared by the Orange County Sanitation District. This map is intended for graphical representation only. No level of accuracy is claimed. Portions of this derived product contain geographical information copyrighted by Rand McNally 2013. All Rights Reserved. REVISED: 2018

## BOARD OF DIRECTORS

### Agency/City

### Active Director

### Alternate Director

Anaheim	Stephen Faessel	Jose Diaz
Brea	Glenn Parker	Steven Vargas
Buena Park	Art Brown	Connor Traut
Cypress	Stacy Berry	Anne Hertz
Fountain Valley	Patrick Harper	Glenn Grandis
Fullerton	Jesus J. Silva	Nick Dunlap
Garden Grove	Steve Jones	John O'Neill
Huntington Beach	Kim Carr	Dan Kalmick
Irvine	Anthony Kuo	Farrah N. Khan
La Habra	Rose Espinoza	Jose Medrano
La Palma	Marshall Goodman	Nitesh Patel
Los Alamitos	Mark Chirco	Ron Bates
Newport Beach	Brad Avery	Joy Brenner
Orange	Kim Nichols	Chip Monaco
Placentia	Chad Wanke	Ward Smith
Santa Ana	Johnathan Ryan Hernandez	Nelida Mendoza
Seal Beach	Sandra Massa-Lavitt	Schelly Sustarsic
Stanton	David Shawver	Carol Warren
Tustin	Ryan Gallagher	Austin Lumbard
Villa Park	Chad Zimmerman	Robert Collacott

### Sanitary/Water Districts

Costa Mesa Sanitary District	Robert Ooten	Art Perry
Midway City Sanitary District	Andrew Nguyen	Sergio Contreras
Irvine Ranch Water District	John Withers	Douglas Reinhart
Yorba Linda Water District	Brooke Jones	Phil Hawkins

### County Areas

Member of the Board of Supervisors	Doug Chaffee	Donald P. Wagner
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# BOARD COMMITTEES

## Steering Committee

David Shawver, Board Chair  
John Withers, Board Vice-Chair  
Stacy Berry, Chair, Operations Committee  
Jesus Silva, Chair, LaPA Committee  
Chad Wanke, Chair, Administration Committee  
Sandra Massa-Lavitt, Member-At-Large  
Glenn Parker, Member-At-Large

## Legislative and Public Affairs Committee

Jesus Silva, Chair  
Marshall Goodman, Vice-Chair  
Kim Carr, Member-At-Large  
Anthony Kuo, Member-At-Large  
Andrew Nguyen, Member-At-Large  
David Shawver, Board Chair  
John Withers, Board Vice-Chair

## Administration Committee

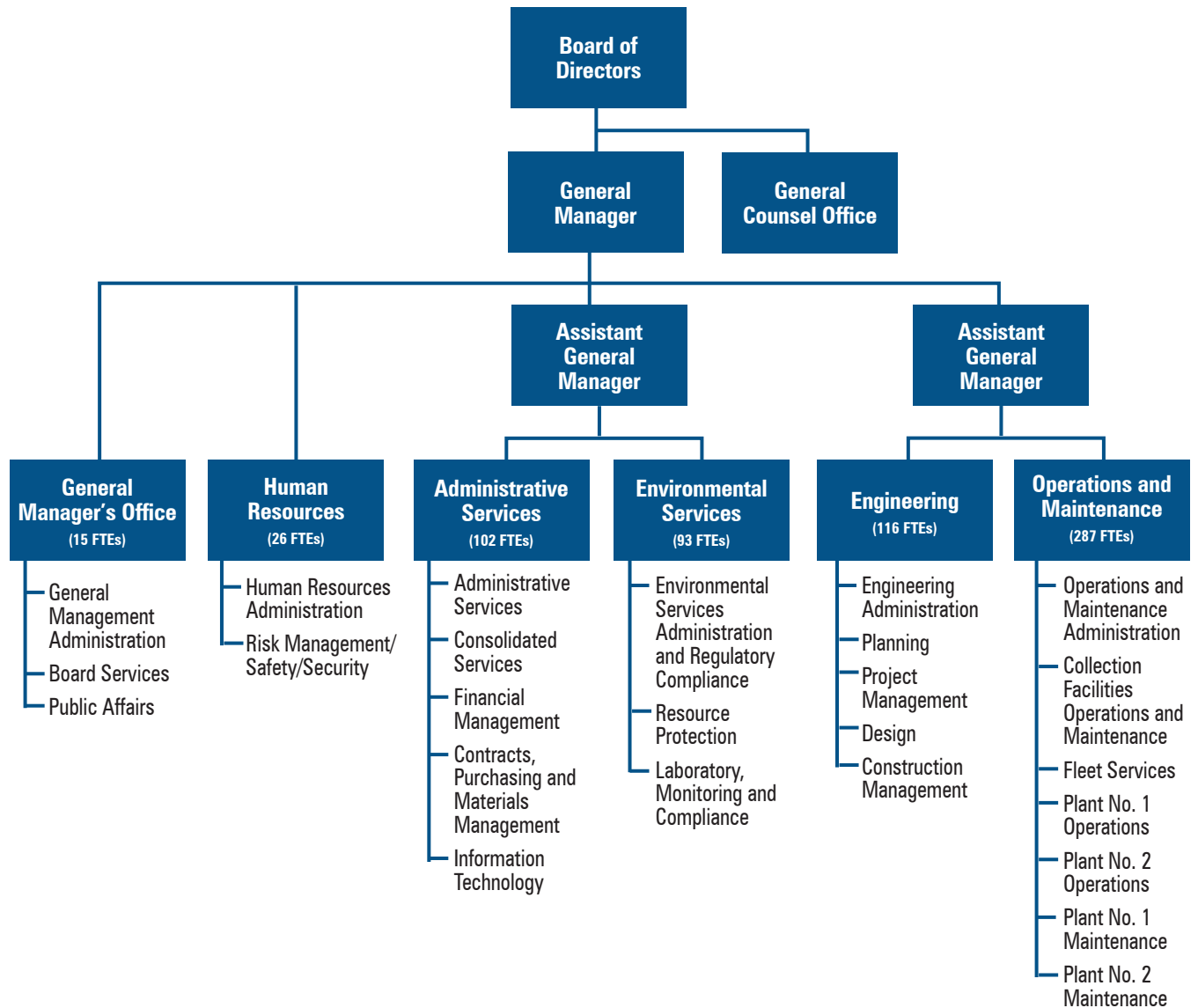
Chad Wanke, Chair (Placentia)  
Glenn Parker, Vice-Chair (Brea)  
Brad Avery (Newport Beach)  
Art Brown (Buena Park)  
Kim Carr (Huntington Beach)  
Mark Chirco, (Los Alamitos)  
Rose Espinoza (La Habra)  
Marshall Goodman (La Palma)  
Patrick Harper (Fountain Valley)  
Anthony Kuo (Irvine)  
Andrew Nguyen (MCSD)  
David Shawver, Board Chair (Stanton)  
John Withers, Board Vice-Chair (IRWD)

## Operations Committee

Stacy Berry, Chair (Cypress)  
Brooke Jones, Vice-Chair (YLWD)  
Doug Chaffee (Board of Supervisors)  
Stephen Faessel (Anaheim)  
Ryan Gallagher (Tustin)  
Johnathan Ryan Hernandez (Santa Ana)  
Steve Jones (Garden Grove)  
Sandra Massa-Lavitt (Seal Beach)  
Kim Nichols (Orange)  
Bob Ooten (CMSD)  
Jesus J. Silva (Fullerton)  
Chad Zimmerman (Villa Park)  
David Shawver, Board Chair (Stanton)  
John Withers, Board Vice-Chair (IRWD)



# ORGANIZATION CHART



# ADMINISTRATIVE OFFICIALS

## Management Team

General Manager .....	James D. Herberg
Assistant General Manager and Director of Finance and Administrative Services .....	Lorenzo Tyner
Assistant General Manager and Director of Operations and Maintenance.....	Robert Thompson
Director of Engineering .....	Kathy Millea
Director of Environmental Services .....	Lan C. Wiborg
Director of Human Resources.....	Celia Chandler
General Counsel .....	Bradley R. Hogin





# MESSAGE FROM THE GENERAL MANAGER

June 1, 2021

Honorable Chair and Board of Directors:

I am pleased to submit the Orange County Sanitation District's (OC San) Proposed Budget Update for fiscal year 2021-22, the second year of the two year budget adopted in June 2020. This document lays out the framework of OC San's activities during the upcoming fiscal year and serves as a source of information for the Board of Directors, our ratepayers, and our employees. This budget includes the operational, capital and debt service expenditures necessary to cost-effectively support our mission and execute the Strategic Plan adopted by our Board of Directors in November 2019. The projects and programs contained in this budget are mostly a continuation of OC San's on-going workload.

OC San's proposed Fiscal Year 2021-22 operating and capital improvement program budget totals \$408.5 million, or \$6.8 million (1.6 percent) below what was approved last year as the second year of the adopted two-year budget. The proposed 2021-22 Capital Improvement Program (CIP) budget includes an overall decrease of \$16.2 million from the budget approved a year ago, while the Operating Budget includes an increase of \$9.4 million. The Operating Budget increase is primarily driven by additional chemical, utility, and infrastructure maintenance/repair costs. Some of the Operating Budget increase is also due to \$3.5 million in charges being moved from the CIP to the Operating budget in accordance with accounting standards. During the budget preparation process, I met with each of the departments to ensure their budget proposals were prudent and cost-effective.

This budget is being submitted 15 months into the COVID-19 pandemic. While there are still some unknowns and uncertainties about how the pandemic will fully be resolved, this proposed budget reflects a financially sound and stable organization that is weathering the crisis and continues to move forward.

I would like to highlight some of our areas of focus for 2021-22:

- **Operational Readiness** – OC San continues to look ahead, preparing for our future infrastructure needs and for emergency events such as line breaks, earthquakes, and potential cybersecurity breaches. We are updating our Business Continuity Plans and conducting tabletop exercises for emergency scenarios to allow us to respond quickly and effectively without compromising our mission or levels of service.
- **Expanded Recycling Efforts**
  - **Groundwater Replenishment System Final Expansion** – In partnership with the Orange County Water District (OCWD), our agency recycles enough water to supply the needs of 850,000 people through the Groundwater Replenishment System (GWRS). Construction continues on the Final Expansion phase of this internationally recognized project. Changes and additions to infrastructure will allow for the treated water from Plant No. 2 that is currently unavailable, to be processed at the GWRS facility in Fountain Valley. With this final phase, the GWRS will increase treatment capacity from 100 to 130 million gallons per day; enough water for 1 million people in central and northern Orange County.
  - **Food Waste Treatment Facility** – A project created to assist the cities in our service area satisfy the requirements of California State Assembly Bill 1826 and Senate Bill 1383 which requires that organic wastes be diverted away from landfills. This regulatory shift has created an opportunity in the wastewater sector to provide a cost effective and environmentally friendly service to help manage organics using OC San's existing anaerobic digesters, which in turn will produce renewable energy to power our treatment plants.
- **Headquarters Complex** – In our ongoing effort to streamline our operation and plan for the future, we have acquired 7.5 acres across Ellis Avenue from Reclamation Plant No. 1 in Fountain Valley. The buildings on those properties have been demolished to make room for a consolidated headquarters building to house the staff that are currently located in various buildings and trailers spread out on the existing 100-acre wastewater treatment facility. The new headquarters complex will allow space for future wastewater treatment infrastructure and will centralize our administrative functions. Construction is scheduled to begin in August 2021 with move-in by the end of 2023.

## 2021-22 BUDGET UPDATE

- **Capital Improvement Program** – OC San’s Capital Improvement Program (CIP) has evolved over time. It began by focusing on creating the initial infrastructure of the collections and treatment system, shifted to expanding capacity, and now our focus is on aging infrastructure, incorporating climate resiliency, seismic risk, and maximizing resource recovery. While the COVID-19 pandemic has resulted in operational modifications, OC San has continued moving our CIP forward, with 32 projects with a construction budget of \$438 million, helping keep the economic engine running in Orange County.
- **Infrastructure Reliability and Asset Management** – OC San’s infrastructure must operate continuously day and night, requiring that we proactively manage the condition of more than \$10.7 billion in assets to ensure reliable operation. Over the past two years, we made a concerted effort to establish an updated and more robust understanding of the condition and performance of all critical and major assets and our ability to meet established levels of service. Last year, we updated our Asset Management Plan to develop a tactical approach for addressing asset condition and performance issues. The plan lays out how we will operate and maintain those assets to deliver the required level of service at the lowest lifecycle cost with an acceptable level of risk. OC San will be investing an additional \$29.7 million in repairs and maintenance this next year.
- **Safety and Security** – Capital projects, maintenance activities, drafting of an implementation plan for a Voluntary Protection Program Certification, and training to address safety in our workplace are all included in this budget, as are enhancements to our physical, electronic, and cyber security infrastructure.
- **Staffing Cost Containment** – While continuing to implement programs to enhance our resiliency, reliability and resource recovery, this budget displays our commitment to efficiency as it includes no staffing increases.
- **Strategic Planning** – OC San strives to create an integrated planning environment which begins with the strategic and policy expectations of the Board of Directors and ensures that our efforts are aligned throughout the organization. In 2021-22, the Board will adopt an updated Strategic Plan to set the policy framework and priorities for the next two years. OC San will continue to provide wastewater collection, treatment, recycling, infrastructure maintenance, ocean monitoring, and many other services while keeping rates among the lowest in California. This budget fully supports the goals and levels of service included in the Orange County Sanitation District’s Strategic Plan and positions us well to proactively manage in the coming years.



James D. Herberg  
General Manager  
Orange County Sanitation District







# FINANCE SUMMARY

# FINANCIAL SUMMARY/OVERVIEW AND BUDGETARY ISSUES

## Budget Overview

OC San's proposed Fiscal Year 2021-22 operating and capital improvement program budget totals \$408.5 million, or \$6.8 million (1.6 percent) below what was approved last year as the second year of the adopted two-year budget. The decrease in the FY 2021-22 budget is primarily attributable to a \$16.2 million reduction in capital spending for changes in project estimates and scheduling and an increase of \$9.4 million in operating budget.

The budget continues to reflect the agency's ongoing efforts to streamline operations. Staffing levels are proposed to remain at 639 FTEs in FY 2021-22.

OC San's Capital Improvement Program (CIP) budget for FY 2021-22 is \$224.6 million. This CIP budget finances collection system, joint works treatment and disposal system improvement projects. The \$16.2 million decrease from the originally proposed budget is attributable to changes in project schedules and estimates that result in deferred spending.

## Financing

OC San uses long-term Certificates of Participation (COP) for financing capital improvements that cannot be completely funded from current revenue. Before any new debt is issued, the impact of debt service payments on total annual fixed costs is analyzed. Total COP indebtedness is currently at \$909.6 million. It is planned to refinance \$163.8 million of maturing and callable debt during FY 2021-22 because of the low interest rate environment that will produce savings over the life of the debt. No new money debt financings are currently forecasted to assist in the funding of the \$3.0 billion in capital improvements required over the next ten years.

## Staffing

Reflecting the organization's commitment to providing service at the lowest costs, the budget includes no increase in authorized full time positions for FY 2021-22. Total filled positions will not exceed 639 full time equivalent (FTE) staff positions. This staffing level continues to reflect a significant reduction from the Fiscal Year 1995-96 approved staffing level of 678 positions.

Overall personnel costs for FY 2021-22 will approximate the original adopted budget due to reductions in retirement premiums following the pay down of the Orange County Employees' Retirement System (OCERS) unfunded accrued liability.

Costs for medical insurance and workers compensation benefits are also expected to remain the same as the level originally approved. OC San will continue to effectively manage these expenses with approximately 26 percent of the budget allocated to employee costs, much less than most other government agencies.

## Cost of Treatment

The agency's two treatment plants, located in Fountain Valley and Huntington Beach, process about 188 million gallons of wastewater each day generated by approximately 2.6 million residents and a 1.8-million-person employment in central and northwest Orange County. The proposed budget to operate, maintain and manage our sewage collection, treatment and disposal system in FY 2021-22 is \$183.9 million.

The cost per million gallons of wastewater treated, (an industry-wide performance measurement), is expected to increase in FY 2021-22 to \$2,681, a \$106, or 4.1 percent increase from the 2020-21 projection of \$2,575. The increase in the cost per million gallons is due to an \$9.4 million increase in total operating costs.

## Sewer Service Fees

The 2021-22 single family residential rate, the underlying basis for all sewer rates, is proposed at \$343 a year. This follows a one-year rate hold due to the coronavirus pandemic and represents an increase of \$4 per the rate structure approved by the Board of Directors.

## Groundwater Replenishment System (GWRS)

The OC San Strategic Plan includes water reclamation. Partnered with the Orange County Water District (OCWD), OCWD completed the GWRS, the nation's largest water reclamation project, in January 2008.

The original GWRS facility reclaimed 70 million gallons of water a day (mgd). OC San and OCWD equally shared the expenses of this project.

Initial expansion of the GWRS increased the production of reclaimed water to 100 mgd. The project, which was funded entirely by the OCWD, was completed in 2015. OC San is directing all reclaimable flows from Plant No. 1 to OCWD in support of providing maximum amounts of treated wastewater for reclamation.

## 2021-22 BUDGET UPDATE



The plan to achieve the final expansion of the GWRS was approved by both OC San and OCWD Board of Directors in 2016. The final expansion of GWRS will bring the total production of reclaimed water to 130 mgd. Since OC San has maximized the available reclaimable wastewater treated at Plant No. 1, secondary effluent from Plant No. 2 will be sent to the GWRS for reclamation. Modification of existing Plant No. 2 Headworks, a new Plant Water pump station and construction of new pumping, equalization and conveyance facilities will be funded by the OCWD. As the Headworks Modification and Plant Water project is impacting OC San's critical infrastructure, OC San will manage the design and construction of these projects and will be reimbursed by OCWD up to \$50 million. GWRS final expansion is scheduled to complete in 2023.

### **Capital Improvement Program (CIP)**

The total CIP budget for FY 2021-22 is being proposed at \$224.6 million, a decrease of \$16.2 million from the previously approved 2021-22 budget primarily due to

changes in project schedules and estimates that result in deferred spending. Over the next 10 years, OC San's Capital Improvement Program will:

- Rehabilitate the headworks, primary treatment, utility systems and perform security improvements at Plant No. 1.
- Replace a third of the primary treatment facilities, rehabilitate the outfall pumping and perform power reliability improvements at Plant No. 2.
- Rehabilitate all of the digester gas compressor systems
- Construct a new food waste receiving facility and rehabilitate and replace digesters at Plant No.2
- Construct a new Headquarters Complex.
- Replace or rehabilitate OC San's aging pump stations and trunk sewers in the collections system. This includes the West Side sewers and Seal Beach Pump Station. Newhope Placentia Trunk Improvements (in Anaheim) will continue construction through 2022.

# FINANCIAL SUMMARY/OVERVIEW AND BUDGETARY ISSUES

## Operating Budget Increase – \$12.2M

The operations budget for the collection, treatment, and disposal of wastewater is proposed at \$183.9 million, a \$12.2 million (7.1 percent) increase above 2020-21 projected expenditures.

Although some expenses will increase or decrease slightly, the overall increase to the operating budget in 2021-22 over the 2020-21 projected is primarily attributable to the following specific areas:

## Salaries and Benefits – \$5.7M Increase

Salaries and benefits will increase \$5.7 million above the 2020-21 projected expenditures primarily due to the impacts of the collective bargaining agreements and increases in medical insurance premiums. The increases are partially offset by a decrease in workers' compensation costs and lower retirement premiums resulting from OC San's previous decision to use available cash reserves to reduce the unfunded pension liability.

These changes reflect the impacts from collective bargaining agreements and revised actuarial assumptions on retirement premiums.

## Professional Services – \$2.7M Increase

The increase is primarily due to increases in anticipated engineering costs and technical consulting for operationally funded projects and software program consultants for OC San systems.

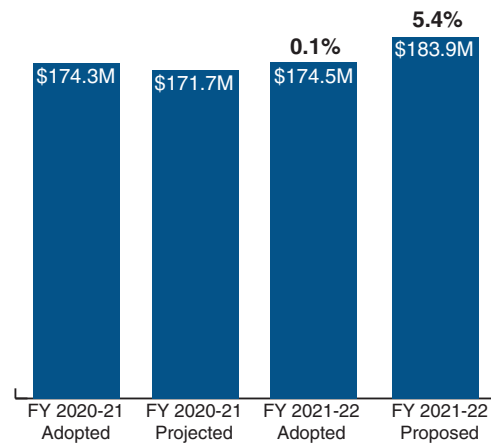
## Repairs and Maintenance – \$1.7M Increase

This expense category includes parts and services for repairing aging treatment plant and collection facilities and reflects base budgets for equipment maintenance as well as out-sourced annual service contracts and maintenance agreements. The fiscal year 2021-22 budget increase over the 2020-21 projected expenditures is mostly attributable to delayed rehabilitation projects for primary and secondary clarifiers, increases in basic repairs and maintenance costs and repairs to major trunklines in the collection system.

## Other Materials, Supplies and Services – \$1.1M Increase

The proposed budget increase over the 2020-21 projected expenditures is due to lab certification and audit fees, regulatory operating fees, and expenses associated with PFAS studies and monitoring.

## Operating Expenses (in millions)



Budget over budget percentages are shown above the columns.

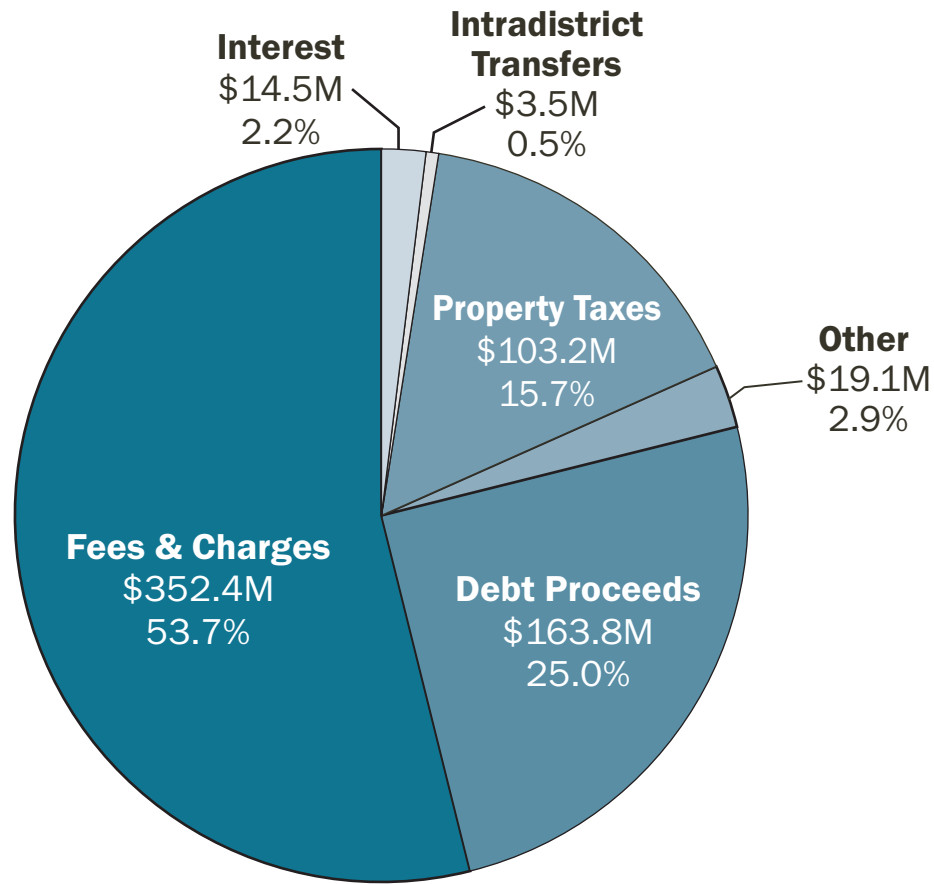


**2021-22 BUDGET UPDATE**



# FINANCIAL SUMMARY/FUNDING SOURCES BY CATEGORY

## Where The Money Comes From



### Funding Sources by Category (in millions)

Category	2020-21 Adopted	2021-22 Adopted	2021-22 Proposed
Service Fees	\$316.7	\$325.4	\$323.2
Property Taxes	99.9	102.0	103.2
Permit User Fees	12.8	13.0	12.6
Capital Facilities Capacity Charges	20.1	20.7	16.6
Interest	13.2	13.1	14.5
Intradistrict Transfers	6.1	3.5	3.5
Debt Proceeds	0.0	0.0	163.8
Other Revenue	16.0	16.7	19.1
Total Funding Sources	\$484.8	\$494.4	\$656.5

## 2021-22 BUDGET UPDATE

OC San has a variety of revenue sources available for operating and capital expenses. The major revenue sources are:

### **General Service Fees – \$323.2M**

User fees are ongoing fees for service paid by customers connected to the sewer system and are the primary source of OC San's revenue. A property owner, or user, does not pay user fees until connected to the sewer system and receiving services. Once connected, users are responsible for their share of the system's costs, both fixed and variable, in proportion to their demand on the system. These fees are for both Single Family Residences (SFR) and Multiple Family Residences (MFR).

### **Property Taxes – \$103.2M**

The County of Orange is permitted by State law (Proposition 13) to levy taxes at one percent of full market value (at time of purchase) and can increase the assessed value no more than two percent per year. OC San receives a share of the basic levy proportionate to what was received in the 1976 to 1978 period, less \$3.5 million, the amount that represents the State's permanent annual diversion from special districts to school districts that began in 1992-93. OC San's share of this revenue is dedicated for the payment of debt service before other operational expenses.

### **Permit User Fees – \$12.6M**

Permit user fees are paid by large industrial and commercial properties owners connected to the sewer system. These fees are for the owner's share of the system's costs, both fixed and variable, in proportion to the user's demand on the system.

Since the inception of the Permit User Fee Program in 1970, users of OC San's system that discharge high volumes or high strength wastewater have been required to obtain a discharge permit and pay extra fees for the cost of service received.

### **Capital Facilities Capacity Charges (CFCC) – \$16.6M**

The Capital Facilities Capacity Charge is a one-time charge imposed at the time a building or structure is newly connected to OC San's system, directly or indirectly, or an existing structure or category of use is expanded or increased. This charge pays for

OC San facilities that exist at the time the charge is imposed, or to pay for new facilities to be constructed in the future that will benefit the property being charged.

### **Interest Earnings – \$14.5M**

Interest earnings are generated from the investment of accumulated reserves consisting of a cash flow/contingency, a capital improvement, a renewal/replacement, and a self-insurance reserve.

### **Intradistrict Transfers – \$3.5M**

In accordance with Amendment No. 2 to the Agreement for Purchase and Sale of Capacity Rights in Treatment, Disposal and Sewer Facilities between Irvine Ranch Water District (IRWD) and OC San dated November 15, 1995, ownership is adjusted annually to reflect the current equity percentage ownership based on sewage flows.

### **Debt Proceeds – \$163.8M**

Certificates of Participation (COPs) are OC San's primary mechanism for financing capital projects. COPs are repayment obligations based on a lease or installment sale agreement. COPs are not viewed as "debt" by the State of California, but rather a share in an installment arrangement where OC San serves as the purchaser.

Refinancing COPs can be beneficial to OC San when there is maturing or callable issues. In the current low interest rate environment, OC San can realize savings by issuing refunding COPs in the amount of \$163.8 million. No new money debt issuances are being proposed as the \$3.0 billion in future replacement, rehabilitation, and refurbishment projects anticipated over the next ten years will be adequately funded through current sewer service fee charges and existing reserves.

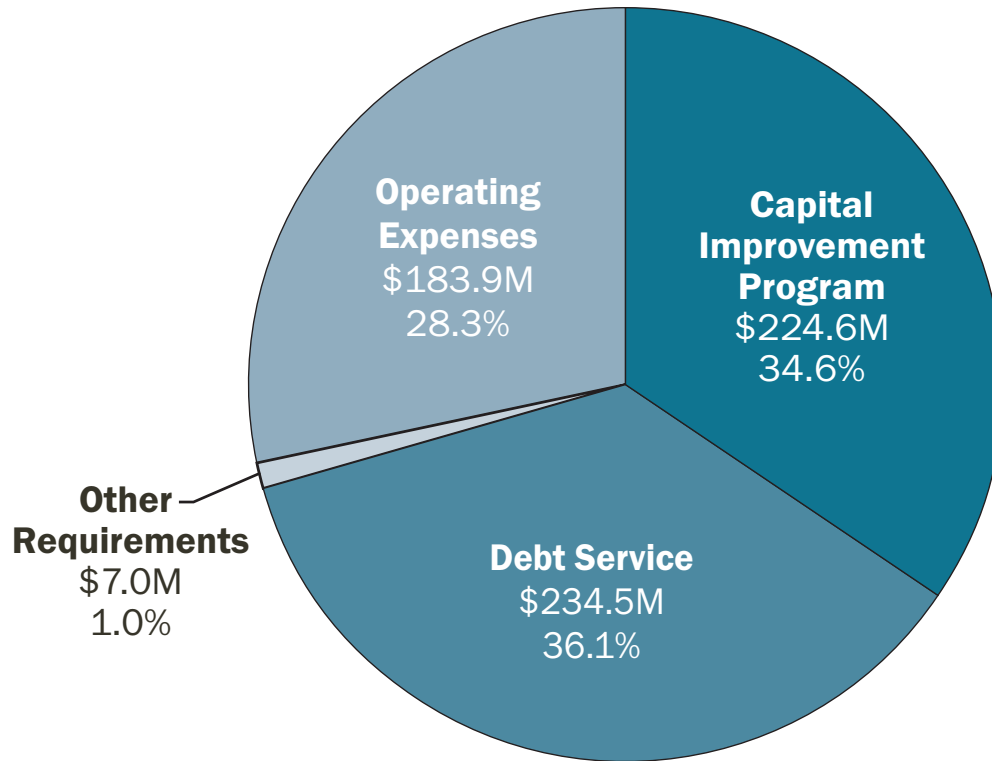
### **Other Revenue – \$19.1M**

Other revenue includes self-insurance assessments for workers' compensation and general liability coverage as well as reimbursements from other agencies for shared CIP and operating costs and miscellaneous revenue such as rents and leases.



# FINANCIAL SUMMARY/FUNDING USES BY CATEGORY

## Where The Money Goes



### Funding Uses by Category (in millions)

Category	2020-21 Adopted	2021-22 Adopted	2021-22 Proposed
Capital Improvement Program, Net	\$147.6	\$240.8	\$224.6
Operating Expenses	174.3	174.5	183.9
Debt Service*	72.8	168.9	234.5
Other Requirements	6.1	6.5	7.0
Total Funding Uses	\$400.8	\$590.7	\$650.0

*\*The fiscal year 2021-22 debt service amount includes payment of \$163.8 million for maturing and callable debt for the refunding COPs.*



## 2021-22 BUDGET UPDATE

OC San budgets its funds in four distinct areas:

### **Operating Expenses - \$183.9M**

The proposed budget allocates resources to operate, maintain and manage our sewage collection, treatment, recycling and disposal system, and for any associated administrative or technical requirements.

### **Capital Improvement Program (CIP) - \$224.6M**

To provide an appropriate level of service to OC San's ratepayers, large capital improvements are required. The CIP provides for the management and implementation of these improvements. The CIP budget includes specific projects, cost estimates, and timelines. The gross CIP project budgets for 2021-22 total \$234.6 million; however, the CIP cash outlays, net of savings and deferrals, is \$224.6 million.

### **Debt Service - \$234.5M**

This is the cost of repaying debt. Long-term debt financing allows OC San to complete large multi-year capital projects by providing funds not always immediately available. Currently, OC San is on track to pay off its \$909.6 million outstanding debt by 2044.

### **Other Requirements - \$7.0M**

This item includes an allocation for future replacement, rehabilitation, and refurbishment projects where detailed job plans have not yet been prepared. Also included, in accordance with Amendment No. 2 to the Agreement for Purchase and Sale of Capacity Rights in Treatment, Disposal and Sewer Facilities between IRWD and OC San dated November 15, 1995, ownership is adjusted annually to reflect the current equity percentage ownership based on sewage flows.



# COLLECTION, TREATMENT AND RECYCLING PROCESS OVERVIEW

OC San collects wastewater from 479 square miles and approximately 2.6 million residents and a 1.8-million-person-employment in central and northwest Orange County. The wastewater is conveyed through 15 pump stations and gravity sewers to either Reclamation Plant No. 1 in Fountain Valley or Treatment Plant No. 2 in Huntington Beach. After the wastewater reaches one of the two treatment facilities, it undergoes preliminary treatment where large solids, rags, non-dispersible materials, and plastics are removed when the wastewater passes through bar screens. Then it flows through aerating grit chambers that remove coffee grounds, sand, seeds, and gravel. All matter collected in the preliminary treatment is taken by a contractor to a landfill.

Primary treatment consists of wastewater settling in large clarifying basins; chemicals enhance the solids settling. The solids are scraped from the bottom and skimmed from the top of the clarifiers and then sent to digestion. Primary treated wastewater is then pumped to secondary treatment where it is processed using activated sludge and trickling filters. The secondary solids collection process is similar to the primary treatment solids collection process. All the resulting water from the secondary treatment processes at Plant No. 1 is sent to the Orange County Water District (OCWD) for recycling/reuse after purification by the Groundwater Replenishment System (GWRS). Plant No. 2 secondary effluent is discharged into the ocean. With the final expansion of the GWRS in 2023, reclaimable Plant No. 2 secondary effluent will be conveyed to the GWRS as another source of specification water.

All of the solids collected during primary and secondary treatment are sent to digesters for solids processing. Primary solids and secondary solids

remain for an average of 18 days at 98 degrees Fahrenheit in the digesters and are decomposed by anaerobic bacteria into two main products, biosolids and methane. The methane gas generated during the natural decomposition of the solids in the digesters is used to fuel the Central Power Generation Systems and produce electricity used to operate both treatment plants. The solids, with settling enhanced by the addition of chemical coagulants, are treated, and then dewatered to a cake. The caked biosolids are then hauled from the treatment plants and recycled by composting, by use as a land application, or by use at a local landfill that produces methane.

Approximately 120 million gallons per day of secondary effluent from Reclamation Plant No. 1 is sent to the OCWD for reclamation in its two treatment and distribution systems. OCWD uses the secondary effluent in two ways: The first is GWRS. The GWRS is the largest water purification project of its kind in the world; its construction was funded jointly by OCWD and OC San. At 100 million gallons per day, the GWRS generates enough pure water to meet the needs of 850,000 people. The second is OCWD's Green Acres Project, which is a water recycling effort that provides reclaimed water for landscape irrigation at parks, schools and golf courses as well as for industrial uses, such as carpet dying. Multiple projects in design and construction will contribute to the final expansion program that will increase the conveyance of reclaimable secondary effluent from Plant No. 2 to GWRS and increase production to 130 million gallons per day of recycled water.

Since the 1970's, OC San, as an environmental agency, has always recycled and reused by-products of its treatment processes for the benefit of the health and the environment of the people in its service area.





## 2021-22 BUDGET UPDATE



# STRATEGIC PLANNING

## Introduction

Driven by the mission, vision, core values, and the Strategic Plan, OC San continues aggressive efforts to meet the sanitation, health, and safety needs of the more than 2.6 million people we serve while protecting the environment where we live.

## Mission Statement

The Mission Statement is the basic foundation that defines why we exist.

“To protect public health and the environment by providing effective wastewater collection, treatment, and recycling.”

## Vision Statement

The Vision Statement supports the Mission Statement by expressing a broad philosophy of what the Orange County Sanitation District strives to achieve now and in the future in the delivery of services to our customers, vendors, other agencies, the general public and each other.

Orange County Sanitation District will be a leader in:

- Providing reliable, responsive, and affordable services in line with customer needs and expectations.
- Protecting public health and the environment utilizing all practical and effective means for wastewater, energy, and solids resource recovery.
- Continually seeking efficiencies to ensure that the public's money is wisely spent.
- Communicating our mission and strategies with those we serve and all other stakeholders.
- Partnering with others to benefit our customers, this region, and our industry.
- Creating the best possible workforce in terms of safety, productivity, customer service, and training.

## Core Values

Our Core Values support the Mission and Vision Statements by expressing the values, beliefs, and philosophy that guides our daily actions. They help form the framework of our organization and reinforce our professional work ethic.

## Honesty, Trust, and Respect

We aspire to the highest degree of integrity, honesty, trust, and respect in our interaction with each other, our suppliers, our customers, and our community.

## Teamwork and Problem Solving

We strive to reach OC San goals through cooperative efforts and collaboration with each other and our constituencies. We work to solve problems in a creative, cost-effective and safe manner, and we acknowledge team and individual efforts.

## Leadership and Commitment

We lead by example, acknowledging the value of our resources and using them wisely and safely to achieve our objectives and goals. We are committed to act in the best interest of our employees, our organization, and our community.

## Learning/Teaching – Talents, Skills and Abilities

We continuously develop ourselves, enhancing our talents, skills, and abilities, knowing that only through personal growth and development will we continue to progress as an agency and as individuals.

## Recognition/Rewards

We seek to recognize, acknowledge and reward contributions to OC San by our many talented employees.

## OC San Planning Environment

OC San has developed an integrated planning system that allows for intentional, thoughtful decision making to maintain current operations while adding resilience and meeting new challenges. This integrated planning system includes Strategic Planning, Asset Management, Budgeting (Capital and Operating), a General Manager's work plan, and focused engineering study efforts. While these plans are important, equally important is an organizational structure and relationships between employees that work together toward these common goals.

Strategic Planning is the first step. OC San has developed a strategic planning model that creates a long-term level-of-service agreement between its Board of Directors and staff. The Board of Directors use this document to lay out a vision of what the agency will deliver over the next 10 to 20 years. This is an alignment document to define long-term levels of service. The Strategic Plan also serves as a continuity bridge as members of the 25-member

## 2021-22 BUDGET UPDATE



Board of Directors come onto and leave the governing body. It is initially important as an education tool for what and why OC San does what it does, but also allows for new Board members to adjust the vision as it is revised every two years. The Strategic Plan is timed to be adopted by the Board of Directors in the November prior to the bi-annual budget development.

### Strategic Plan

In November 2019, the Board of Directors adopted a new comprehensive strategic plan to steer OC San's efforts. The Strategic Plan developed by the Board of Directors and staff defines the strategic initiatives to be pursued by OC San and provides a basis for long-term financial, capital, and operational planning. In addition, it provides for long-term continuity of vision as Board and staff members change over the many years it takes to deliver public works infrastructure.

Driven by our Mission, Vision and Core Values, this Strategic Plan continues OC San's aggressive efforts to meet the sanitation, health, and safety needs of the more than 2.6 million people we serve while protecting the environment where we live.

The Strategic Plan is broken down into four broad categories with fourteen topic areas that define our responsibilities and the services we provide. These areas are:

- Business Principles
  - Budget Control and Fiscal Discipline
  - Asset Management
  - Cybersecurity
  - Property Management
- Environmental Stewardship
  - Energy Independence
  - Climate and Catastrophic Event Resiliency
  - Food Waste Treatment
  - Water Reuse
  - Environmental Water Quality, Stormwater Management and Urban Runoff
- Wastewater Management
  - Chemical Sustainability
  - Biosolids Management
  - Constituents of Emerging Concern
- Workplace Environment
  - Resilient Staffing
  - Safety and Physical Security

The Strategic Plan is not a radical departure from the current direction, but rather the well-defined iterative update to the direction of OC San. With the updating of the Strategic Plan in November 2021, staff will be updating the Asset Management Plan, Capital Improvement Program, and Financial Plan that are the basis of a two-year budget that will be adopted by the Board of Directors. The Budget goals and the General Manager's work plan are the accountability steps that measure achievable progress toward the strategic initiatives listed in the Strategic Plan.



## Asset Management

In December 2002, the Orange County Sanitation District (OC San) Board adopted their “Asset Management Strategic Plan and Framework Analysis” (Strategic Plan). The Strategic Plan defined Asset Management for OC San as; “to create and acquire, maintain, rehabilitate, replace and augment these valuable wastewater assets in the most cost effective (lowest life cycle cost) sustainable manner at the level of service required by present and future generations of regulators and customers at an acceptable level of risk.”

OC San is committed to providing services for its ratepayers to reliably meet our regulatory mandates and levels of service approved by the Board of Directors and will provide these services using sustainable engineering principles that result in the lowest responsible lifecycle cost. OC San installs, operates, maintains, refurbishes and disposes of assets with lifecycles measured from years to decades, so an approach which balances long, medium and short-term needs is necessary.

Asset management has evolved into a comprehensive decision-making framework that encompasses engineering planning, design and construction of quality facilities, optimized operation, proper maintenance, and planned refurbishment and disposal that will meet OC San’s changing needs. This coordinated decision-making process will allow OC San to consistently meet mandated levels of service to the ratepayers at the lowest lifecycle cost.

OC San’s Asset Management Program focuses on identifying short, medium and long-term planning of systems to ensure the proper rate structure is in place to support sustainable operations. OC San’s condition assessment studies are conducted based on service life and service conditions. This is important aspect of the program and have yielded tangible benefits in reduced risk levels and an improved capital planning approach. The Asset Engineers use condition assessment data along with maintenance data in Maximo Computer Maintenance Management System (CMMS) to update and maintain the Asset Registries. The Registries include installation date, condition and remaining useful life estimates for all of OC San’s critical assets.

The Engineering Planning Division has been maintaining a medium to long-term (up to 20 years) Capital Improvement Program (CIP) by creating specific project plans for the refurbishment, rehabilitation or replacement for each asset area. The Asset Registries help guide the scope and timing of these medium to long-term CIP projects.

This medium-term management is important for several reasons. By moving away from narrowly focused projects to solve individual problems, to more comprehensive projects refurbishing entire processes, OC San benefits by having less operational disruption and more efficient project delivery, better cash flow estimation, and better operations and maintenance decision-making framework. This is a huge undertaking based on the number of assets and facilities, but over the twenty-years, the unknown amount of capital that is in need of rehabilitation is expected to be drastically reduced and replaced by more specific estimated capital needs.

Complementing the medium-term planning are the short-term efforts to coordinate maintenance actions that can reduce risks, actively defer the larger refurbishment projects, and reduce asset consumption rates to minimize the need for replacement of structures and conveyance systems when projects are executed. The Planning Division Asset Engineers are consistently reviewing their area assets, utilizing their criticality, condition information, maintenance history and engineering judgment, to identify opportunities for operational adjustments or maintenance activities that cost effectively extend the life of key assets which may allow for deferral of the larger overall project. This may be a targeted equipment replacement or pipeline repair that is more urgent than the need of the overall facility. These engineers may also identify opportunities to reduce asset consumption through coating systems, atmosphere improvements or small structure repairs before major damage is done. These actions can drastically reduce the cost of future projects by preventing the need to demolish and replace entire structures.

OC San is committed to continuous improvement of the process by which it manages the assets and facilities that are required to reliably deliver its level of service commitments. The additional resources and individual accountability for specific areas will continue to improve our capital planning, project packaging, project execution and delivery, plant operability and maintenance planning.

The average age and value of the assets OC San owns is increasing steadily over time, the latent asset replacement obligation is rising, and as a consequence, OC San has planned for decreased capital projects for expansion and increased renewal expenditures in the future relative to past expenditure levels. Additional focus is given to ensuring that appropriate operation and maintenance strategies are being applied that consider the different ages of assets being maintained.

## 2021-22 BUDGET UPDATE



# INFRASTRUCTURE ASSET MANAGEMENT

## Asset Valuation

The replacement valuation for all of OC San's assets has been updated in January 2020. The table below presents the current replacement values of OC San's assets. The replacement value represents the cost in August 2017 dollars to completely rebuild all the assets to a new condition.

Valuation	Plants	Collection	Total
Replacement Value (in billions)	\$7.2	\$3.5	\$10.7

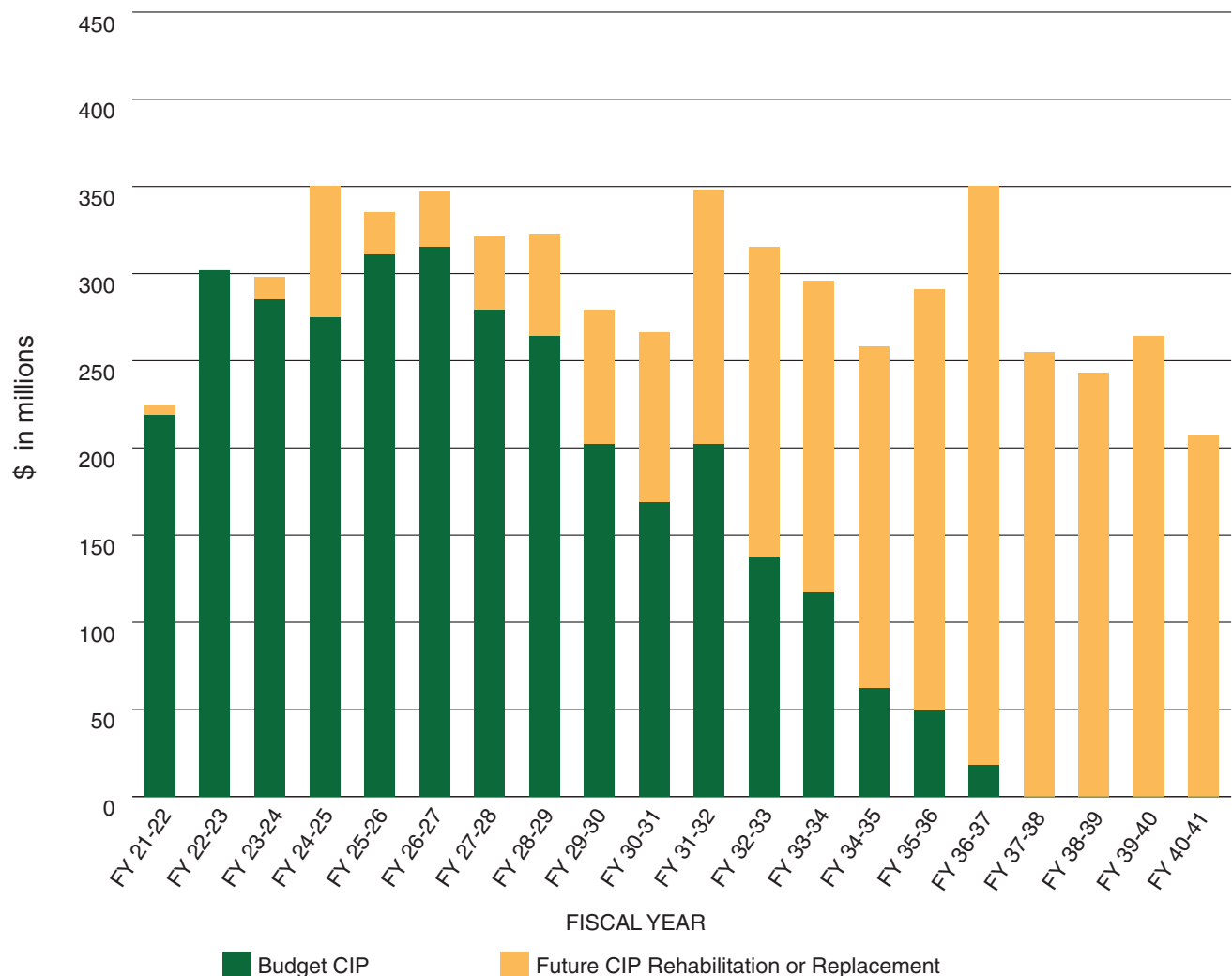
The 2020 replacement value is estimated to be \$10.7B. In 2012, the prediction was \$6.2B. It is projected that the replacement value will increase as the Capital Improvement Program continues and OC San tracks its assets in a progressive manner. The major reasons for this, the 2020 valuation was significantly detailed and thorough compared to the past.

## Planned CIP Outlays

The following chart shows the 20-year CIP outlay which includes current and predicted future Capital Improvement Program projects.

OC San's capital improvement and maintenance programs are focused on maintaining our infrastructure to ensure that our mission is delivered reliably and that our facilities are managed in a way that minimizes overall life cycle costs.

## 20 Year CIP Outlay





# 2021-22 BUDGET UPDATE

## Collection System:

OC San's collection system consists of 388 miles of sewers, 15 pump stations and 3 metering stations. The maintenance of all regional sewers is actively managed but only 230 miles of regional sewers are on a cleaning schedule. The largest sewers and force mains are designed to be self-cleaning using higher flows and natural scouring action. Typical gravity sewer maintenance activities consist of: closed circuit television (CCTV) inspection, physical inspection, and cleaning operations. The cleaning frequencies are based on data from pipe inspections, closed-circuit television (CCTV) work, process conditions, historical records, and industry best practices. Pump station and metering station maintenance activities include operating the stations, maintaining electrical, mechanical and civil components, and cleaning activities. The collection system odors and corrosive gases are actively managed for nuisance odor mitigation and asset preservation. Maintenance activities are based on established levels of service to ensure compliance with our permit required Sewer System Management Plan, which is designed to reduce spills and increase reliability and safety. The planned activities help extend the useful life of the assets and minimize nuisance odors.

During fiscal year 2020-21 the following maintenance activities are projected to be completed:

- Cleaned 42 miles of regional sewer lines on a cleaning schedule.
- CCTV video inspection of 75 regional system manholes.
- CCTV video inspection of 50 miles of regional sewer pipeline.
- Completed 83% of scheduled preventative maintenance work.
- Managed odor control chemical expenditures to 93% of budget.
- Continued to implement emergency preparedness bypass pumping plan for pump stations.

In addition, OC San has deployed level sensing technology in the collection system for early warning of a potential sewer spill, and condition-based sewer cleaning. This will provide 24/7 level monitoring of critical areas in the gravity collection system.

Total costs for the collections system maintenance is greater than \$9 million.

The following activities and goals are planned for fiscal year 2021-22:

- Major valve replacement at three Pump Stations.
- Repair of liners in the Sunflower Trunkline.
- Repair of the Bushard Diversion Structure.
- Clean 56 miles of regional sewer lines on a cleaning schedule.
- CCTV video inspection of 650 regional system manholes.
- CCTV video inspection of 70 miles of regional sewer pipeline.
- Complete at least 85% of scheduled preventative maintenance work.
- Manage odor control chemical expenditures to between 95-102 percent of budget.
- Continue to implement emergency preparedness bypass pumping plan for pump stations.
- Continue to deploy collection system level sensing equipment for condition-based cleaning.

The total cost for these proposed collections system activities is greater than \$15 million.

## Collection System Capital Improvement Projects:

Our collections projects go through planning and design process to ensure all elements of the project are thoroughly assessed. These projects typically renew or replace aging pipelines and pump stations, upgrade facilities to meet current codes and standards, and in some instances to increase flow capacity due to observed increases in stormwater infiltration and/or growth in localized portions of our service area.

One of the larger projects is the Newhope-Placentia Trunk Replacement (Project No. 2-72) which is taking place in the cities of Fullerton and Anaheim. Seven miles of sewer along State College Boulevard, from Yorba Linda Boulevard to Orangewood Avenue, will be upsized to accommodate the flow necessary to allow the abandonment of the Yorba Linda Pump Station which has reached the end of its useful life. After analyzing the system, it is not practical to update the facility due to the high costs of rehabilitation and the limitation to utilize the flow for reclamation. Currently, flow is diverted into the

# INFRASTRUCTURE ASSET MANAGEMENT

Santa Ana River Interceptor instead of the Newhope-Placentia line due to the existing insufficient capacity, thus preventing the use of flow for the Groundwater Replenishment System. The project also includes modifications to existing diversion structures to add flexibility to the collection system and divert additional reclaimable flows. Construction is scheduled for completion in Summer 2021. The project has a current budget of \$126 million.

Another large-scale project is the Rehabilitation of the Western Regional Sewers (Project No. 3-64) This project is comprised of three separate contracts that encompass the western region of OC San's service area. This project covers an area of over 20 miles of sewer pipelines and associated manholes primarily in the public rights of way in the cities of Anaheim, Buena Park, Cypress, La Palma, Seal Beach, and unincorporated Orange County. Staff has worked and will work closely with the involved cities throughout the design of these projects. Community outreach has also taken place during the design phase to identify and mitigate risks before construction occurs. City coordination and community outreach will continue throughout construction. This Project includes the Orange Western Sub-trunk Rehabilitation that covers approximately 13,000 feet of pipe. Also, the Los Alamitos Trunk Sewer Rehabilitation covers approximately 24,000 feet. Two of the contracts are to begin construction during this Budget Book's fiscal year. The project budget is \$82 million.

At the southern edge of the previously mentioned project, the Seal Beach Pump Station (Project No. 3-62 & 3-67) also requires attention to properly support the western region of our service area. Not only are the electrical and safety codes significantly different from when the station was first constructed in the early 1970s, but many of the electrical, mechanical, and control system components are becoming obsolete, so long-term maintenance is no longer an option. One of the sewer force main pipes is too risky to operate and the others useful life is near its end. The two-sewer force main pipes (2.5 miles long) and the pump station will be replaced. Odor control facilities will be added to reduce system corrosion and minimize public impacts. The Force Main construction is underway and will be completed Fall 2022 and the Pump Station is currently under design. The budget for these projects is \$131 million.

## Plant Maintenance:

The maintenance organization has taken additional steps to strategically align its organization to support OC San's increasing Capital Improvement

Program (CIP) outlay and improve asset availability and reliability. Major initiatives during FY2020-2021 include increased collaboration with asset management efforts as well as the centralization of preventive maintenance optimization, and maintenance planning, scheduling and coordination to integrate with the CIP.

Throughout the Plants, more than 12,400 preventative maintenance activities were performed. In addition, the following significant maintenance and repair activities are projected to be completed in fiscal year 2020-21:

- Completed major maintenance service of 16 remaining primary sedimentation basins for increased reliability at Plant No. 1.
- Major overhaul of one gas compressor at each Plant.
- Cleaned four digesters at Plant No. 1 and three at Plant No. 2.
- Overhauled Main Sewage Pump motors at the Plant No. 2 Headworks.
- Overhauled 6 secondary clarifiers at Plant No. 2.
- Replaced secondary clarifier inlet gates at Plant No. 2.
- Replaced the truckloading augers, valves and sliding frame systems at Plant No. 2.
- Completing the overhaul of the Steam Turbine at Plant No. 2.

Total costs for the treatment plant maintenance is greater than \$23 million.

Looking forward to fiscal year 2021-22, there are more than 12,600 preventative/predictive maintenance activities scheduled to be completed at Plant Nos. 1 and 2. This includes typical time or cycle based maintenance tasks such as adjustments and mechanical alignments, cleaning and tightening of electrical equipment, calibration of sensors and meters, changing of lubricants and filters, exercising equipment, rebuilds and regulatory testing. In addition, staff will be utilizing predictive technologies such as vibration analysis to measure imbalance in rotating equipment, thermography to detect heat signatures, oil analysis to predict imminent failure of equipment and lubricant degradation, and ultrasonic analysis to measure material flaws. These predictive technologies will not only improve how maintenance is performed but will also provide decision







# INFRASTRUCTURE ASSET MANAGEMENT



# 2021-22 BUDGET UPDATE

making information to support the OC San Capital Improvement Plan.

In addition to normal maintenance activities, OC San is planning the following major activities for fiscal year 2021-22:

- Replacement of the Plant No. 1 CenGen Battery System.
- Bi-annual and annual major overhaul of thickening and dewatering centrifuges at Plant Nos. 1 and 2.
- On-going efforts of major mechanical repair of Plant No. 2 Digester equipment to retain in service until completion of new digesters.
- Major overhaul of one gas compressor at each Plant.
- Replacement of end-of-life pump motor drive units throughout Plant Nos. 1 and 2.
- Repair of failed low voltage cables at the Plant No. 2 Headworks.
- Cleaning of three digesters at Plant No. 1 and three at Plant No. 2.

The total cost for these proposed plant maintenance activities is greater than \$19 million.

## Reclamation Plant No. 1 Capital Improvement Projects:

These projects are intended to rehabilitate or reconstruct major components of our treatment process.

One of the largest projects is the Headworks Rehabilitation at Plant No. 1 (Project No. P1-105). The facility is almost 30 years old, so a comprehensive refurbishment is required in order to extend its life. Facilities to be rehabilitated include the metering and diversion structure, the bar screen building, the bin loading building, the main sewage pump station, the grit basins, the primary influent channels, the headworks odor control scrubbers, and electrical power distribution and control systems. The project will also include demolition of the original Headworks No. 1 facilities and the unused Chlorine Building pumps. Construction is scheduled to break ground Summer 2021. The total budgeted cost for this project is \$340 million.

Project No. P1-133 Primary Clarifiers Reliability Improvements at Plant No. 1 will increase the operating reliability of the rectangular primary clarifiers along with the replacement of equipment

that is beyond its useful life. The Project is scheduled to begin construction in March 2022 and the total budget is \$14 million.

## Treatment Plant No. 2 and Joint Facility Capital Improvement Projects:

Plant No. 2 will be the site of many construction projects over the coming decade. A few of these projects include:

The Primary Treatment Rehabilitation Project (Project No. P2-98) will rehabilitate or replace primary clarifiers, influent pipes, construct new primary effluent pipes, and rehabilitate and upgrade the odor control systems. There are 14 primary clarifiers at Plant No. 2. The "A-Side" clarifiers are the first set of four clarifiers constructed in the 1960's. The A-Side Primary Clarifiers Replacement project not only constructs four new primary clarifiers, it also includes the construction of two primary sludge pump stations, odor treatment complex, electrical distribution center, electrical and fiber systems, and process controls. The current A-Side clarifiers have dome covers and measure 140-feet in diameter and 21-feet high from the ground surface. The four new circular clarifiers will have aluminum flat covers instead of the dome shape, with hinged panels to allow for operator observation and maintenance access. Construction of the first phase is underway, and the next phase will be completed by 2026. The total project budget is \$195 million.

Digester Gas Facilities Rehabilitation, Project No. J-124, will rehabilitate digester gas facilities at Plants No. 1 and 2 to meet current and future OC San needs such as Air Quality Management District and National Fire Protection Association regulations, and future projected gas production. As a resource recovery agency, the digester gas facilities at both plants capture, clean, and compress digester gas from the treatment process and converts it to power the Central Generation facilities. Design on this project will continue to the next year with anticipated construction to commence in Fall 2022. The Project budget is \$173 million.

## Support Facilities Projects:

The Administration Building does not have sufficient office space to accommodate employees resulting in personnel being spread throughout the plant in temporary trailers. Furthermore, the Administration Building is approaching 60 years old and require extensive rehabilitation and upgrades to meeting



# INFRASTRUCTURE ASSET MANAGEMENT

current building code and permit requirements. Some of the temporary trailers have been in use since the 1990s. The Headquarters Complex (Project No. P1-128) will construct a new building, which will be located north of Ellis Ave. across from Plant No. 1, will consolidate employees and business functions, and will also preserve valuable land at Plant No. 1 for future process needs, as identified by the 2017 Facilities Master Plan. This project is currently in Bid/Award phase as of June 2021. The total project budget is \$167.5 million.

## Planning Studies:

As part of the long-term CIP planning efforts, several studies are currently underway, evaluating various areas of the plants and the collection system to determine their condition, and identify deficiencies or improvements needed to develop and support CIP Projects. Below are two examples of current ongoing studies.

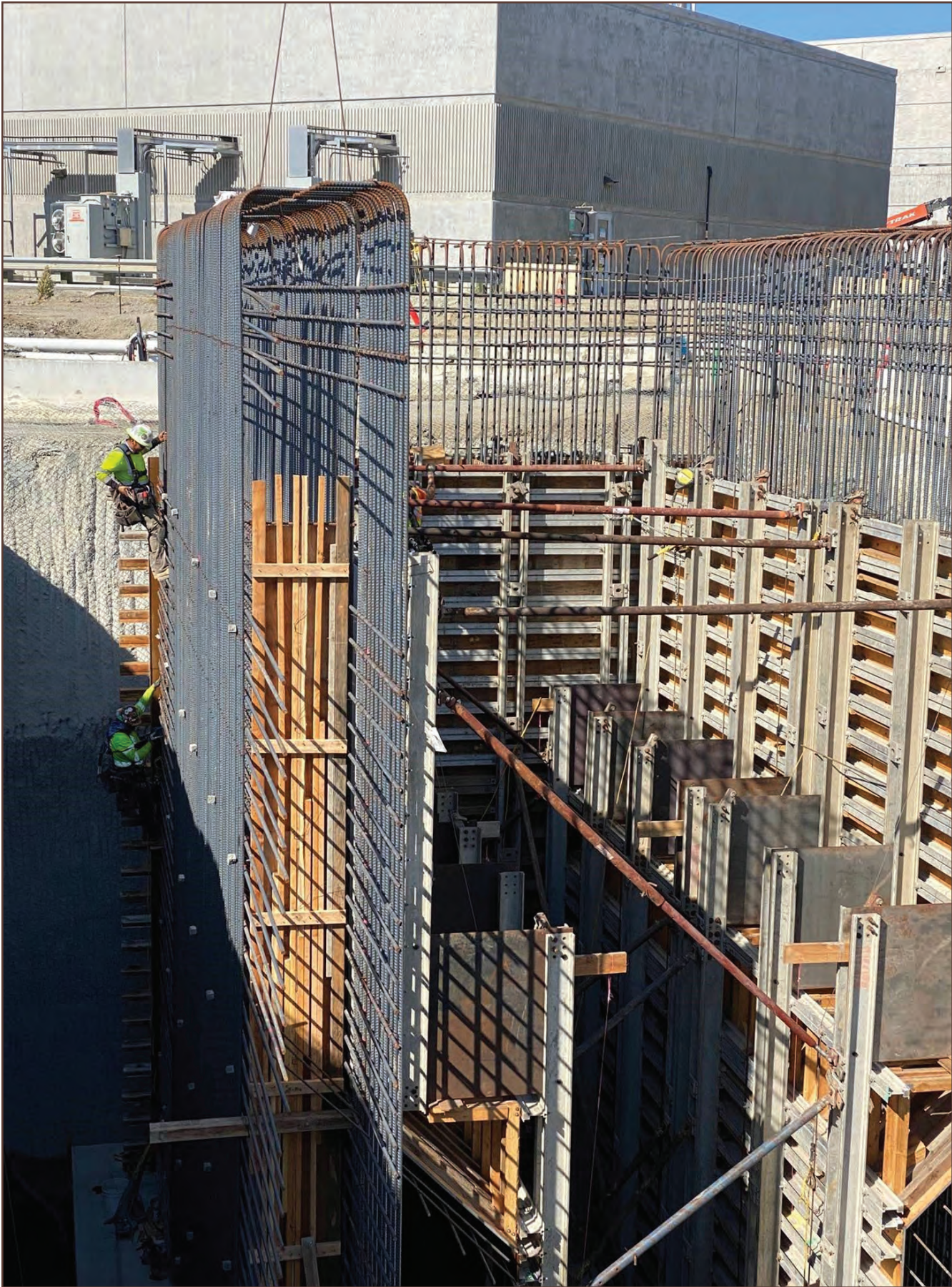
The Central Laboratory Building at Plant No. 1 was originally constructed in 1989. It is a two-story

building of approximately 36,000 square feet. There are various issues associated with the building. The current layout is presenting challenges for newer testing and regulatory requirements. Other issues include: the building originally constructed without a formal review process by the local city building departments; and seismic issues that are projected to result in significant cost impacts in modifying the existing building. This Study will help make the determination to rehabilitate the existing structure versus a new building.

Recent efforts have revealed issues towards the ability to overhaul the existing engines at the Central Generation Facilities. This study will provide a market analysis and determine if OC San can successfully perform the bottom-end overhauls and if OC San is on a sustainable path to reliably operate and maintain the Cen Gen Facility engines for the next 20 years. Planning Studies Program Budget: \$28.7 million.









# CAPITAL IMPROVEMENT PROGRAM

## CIP Budget Request Summary

This is an update to the Fiscal Year 2020-22 two-year budget. With \$10.7 billion of aging assets requiring constant investment and attention, OC San is focusing its efforts on the continued refinement of its asset management-based engineering planning process. This process has been used to propose project modifications to efficiently package projects for execution. OC San staff is working to carefully identify all the necessary scope of work items in the planning phase of projects to assist with successful CIP execution that will also reduce future construction change orders and other project risks. Through this, a rolling 20-year Capital Improvement Program is maintained.

The Project Management Controls System staff work with the project managers and management throughout the year to manage the scope, schedule, budget, risk and other key project indicators for each project. The information is collected monthly and compiled in the Project Management Office Sharepoint website. This information is then readily available during the budgeting process to minimize the time and effort needed to prepare and update the CIP portion of the overall budget.

Annually, as part of the CIP budget validation and prioritization process, OC San staff review each ongoing CIP project to ensure that the scope of the project is appropriate, and that the cost estimates are up to date. All projects in the CIP program have been prioritized based on risk exposure. Projects that would present a higher risk if they were delayed are given a higher priority. The CIP budget process is continually improved and further refined as the OC San improves the CIP project management controls system.

The validated CIP includes 64 large capital projects with a total 10-year estimated cashflow expenditure of \$3.0 billion, not including reimbursables. This represents a net \$123 million increase from the 2020-21 CIP estimate. For a listing of capital projects and their budgets, see “Summary of Capital Requirements” in the appendix. As a part of this cashflow, there are also smaller Projects that fall under budgets that are listed as M-FE, , M-STUDIES, M-RESEARCH, M-MC-IT:

- 40 – Facilities Engineering Projects (consist of smaller design costs)
- 17 – Planning and Research Studies
- 3 – Information Technology Support budget

During this budget validation process, projects

budgets are modified to account for newly discovered issues. In some cases, more accurate construction cost estimates were developed at the preliminary design level when more project details have been defined. For example, a detailed cost estimate for the Los Alamitos Sub-Trunk Extension Project (No. 3-68) revealed the need to increase the budget from \$84 million to \$117 million. Note this Project is scheduled to start in 2025.

Four projects have been created totaling \$294 million. These projects are:

- 6-20 - Fairview Trunk Rehabilitation
- P1-139 - Standby Generator Feeders for Plant No. 1 Secondary Systems
- P1-140 - Activated Sludge-1 and Secondary Clarifier Rehabilitation
- P2-139 - Emergency Overflow Wingwalls Rehabilitation at Plant No. 2

Project 6-20 was recently discovered when a sewer video inspection revealed structural defects that required the Project start within the next year. P1-140 was created from two older Projects that were to start in the Future. Current Asset Management Assessments revealed the need to rehabilitate this facility sooner than later.

There are no projects that were not identified in the FY 2020-22 budget book, that have since been approved by the OC San Board of Directors.

As part of the budget update process, the following projects are cancelled or closed:

Cancelled: None

Closed:

- P1-101 - Sludge Dewatering and Odor Control at Plant 1
- P2-110 - Consolidated Demolition and Utility Improvements at Plant 2
- P1-115 - Title 24 Access Compliance and Building Rehabilitation Project
- 6-17 - District 6 Trunk Sewer Relief
- 2-41-8 - SARI Rock Stabilizers Removal
- 2-65 - Newhope - Placentia Trunk Grade Separation Replacement

Following within the appendix are descriptions and justifications for the capital improvement projects which are new projects proposed for this Fiscal Year 2021-22 budget update. For a description of ongoing projects, see Section 8 of the Fiscal Years 2020-21 and 2021-22 Budget (last year’s book).



**2021-22 BUDGET UPDATE**



# DEBT FINANCING PROGRAM

## Debt Financing

Due to the potential magnitude of the capital improvement program, it is necessary that OC San utilize debt financing to meet its total obligations. Debt financing allows OC San to meet projected construction schedules while achieving the lowest possible user fees, as well as long-term stability in future sewer service fee rates.

## Certificates of Participation (COP)

The primary debt financing mechanism used is Certificates of Participation (COP). COPs are repayment obligations based on a lease or installment sale agreement. The COP structure was selected over other structures because COPs are not viewed as debt by the State of California, as the purchaser does not actually receive a “bond,” but rather a share in an installment sale arrangement where OC San serves as the purchaser. COPs can be issued with fixed or variable interest rates.

As of July 1, 2021, the total outstanding COP indebtedness will be \$909.6 million.

## Build America Bonds Financings

OC San issued the \$80.0 million Wastewater Revenue Obligations, Series 2010A in May 2010 and the \$157.0 million Wastewater Revenue Obligations, Series 2010C in November 2010 as “Build America Bonds” (BABs) fixed rate debt.

The American Recovery and Reinvestment Act of 2009 created a new financing product, BABs, for the municipal issuer. BABs are issued as higher interest taxable bonds; however, the U.S. Treasury provides a 35 percent subsidy on interest payments. The net cost, after accounting for the 35 percent subsidy payment, frequently results in lower net costs to the issuer, specifically in the maturity years beyond ten years.

On March 1, 2013, the federal government implemented certain automatic spending cuts known as the sequester. As a result of the sequester, federal subsidy payments on BABs were reduced by 8.7 percent, 7.2 percent, 7.3 percent, 6.8 percent, 6.9 percent, 6.6 percent, 6.2 percent, and 5.9 percent for the federal fiscal years ended 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020, respectively.

## Dedicated Funding Source

In 1992 and 2004 the Board of Directors formalized the dedication of certain funding sources. To ensure the continuation of favorable credit ratings, revenues were dedicated to debt service in the following order:

1. Ad valorem property taxes
2. Sanitary sewer service charges
3. Other revenues

This apportionment of the ad valorem tax was consistent with and pursuant to the Revenue Program adopted in April 1979 to comply with regulations of the Environmental Protection Agency and the State Water Resources Control Board and in accordance with COP documents and Board policy.

## OC San Maintains AAA Bond Rating

OC San’s bond rating is “AAA” from Moody’s and Fitch Ratings. An “AAA” Rating is the highest for a government agency. In order to maintain this rating, OC San adheres to its debt policy and coverage ratios requirements. This Board-adopted policy serves as the agency’s guide in the management of existing debt and in the issuance of future debt.

## Debt Ratios

OC San has contractual covenants within the existing COP agreements which require minimum coverage ratios of 1.25. The minimum coverage ratio is the ratio of net annual revenues available for debt service requirements to total annual debt service requirements for all senior lien COP debt. The coverage ratio for senior lien COP debt is being proposed at 4.13 for fiscal year 2021-22.

## Future Financings

No new money debt issuances are being proposed over the next fiscal year as the \$3.0 billion in future replacement, rehabilitation, and refurbishment projects anticipated over the next ten years will be adequately funded through current sewer service fee charges and existing reserves.





## OPERATING EXPENSES

### Summary of Operating and Maintenance Expenses (in millions)

Category	2020-21 Adopted	2020-21 Projected	2021-22 Adopted	2021-22 Proposed
Salaries and Benefits	\$102.1	\$102.4	\$107.3	\$108.1
Contractual Services	19.2	18.6	19.4	19.2
Repairs and Maintenance	28.4	28.1	24.2	29.7
Operating Materials & Supplies	21.5	21.4	21.3	22.0
Utilities	8.4	9.4	8.4	9.3
Professional Services	5.7	4.2	5.8	6.9
Other Materials, Supplies, Services	2.8	2.4	2.9	3.4
Self-Insurance Requirements	2.2	2.2	2.2	2.2
Administrative Expenses	2.0	1.9	1.9	2.1
Training and Meetings	1.1	0.5	1.0	0.8
Research and Monitoring	1.3	1.1	1.4	1.5
Printing and Publications	0.4	0.3	0.4	0.4
Cost Allocation	(20.8)	(20.7)	(21.7)	(21.7)
Total Operating Expenses	\$174.3	\$171.7	\$174.5	\$183.9

### Salaries, Wages, and Benefits – \$108.1M

**Salaries and Wages** – The proposed budget for Full Time Equivalent (FTE) positions for 2021-22 reflects no increase of FTEs from the 2020-21 approved staffing level of 639.0 FTEs. Provision has been made in these salary projections to comply with the terms of the most recently adopted Memorandum's of Understanding.

**Retirement** – OC San employees are members of the Orange County Employees' Retirement System (OCERS). Information from OCERS indicates that the employer's required contribution rates will be flat in fiscal year 2021-22 from 10.02 percent to 9.8 percent. As a result of OC San's Board of Director's actions to reduce the unfunded actuarial accrued liability, OC San's contribution rate is among the lowest in the county.

**Group Insurance** – These expenses include OC San's share (approximately \$15,414 per employee) of employee medical plan benefits for the indemnity plan, prepaid HMO plans, dental insurance plan, and life and disability insurance premiums. The proposed

budget includes a seven percent increase for medical plans starting January 2022.

### Contractual Services – \$19.2M

The treatment plants currently produce about 550 wet tons per day of biosolids which are recycled in California and Arizona. About half of the biosolids are currently allocated to create compost and the other half is used on farms to grow feed and seed crops. The 2021-22 biosolids budget is \$13.1 million, approximately 68 percent of the Contractual Services budget. Other residuals solids and waste includes disposal costs for grit and screening waste, digester cleaning waste, and hazardous materials.

This category also includes appropriations for grounds keeping, janitorial, security, toxic waste removal, outside laboratory, trash pickup, plant site sweeping, closed circuit television pipeline inspections, line cleaning, and temporary services.

### Repairs and Maintenance – \$29.7M

This item, which is for parts and services for repair



## 2021-22 BUDGET UPDATE

of plant and collection facilities and annual service contracts, is expected to increase \$1.6 million, or 5.7 percent above the 2020-21 projected costs of \$28.1 million.

Planned repairs include: digester cleaning (\$3.4 million); Sunflower trunk repairs (\$3.3 million); centrifuge overhaul (\$2.0 million); secondary clarifier repairs (\$1.6 million); and digester maintenance projects (\$1.0 million).

### Operating Materials and Supplies – \$22.0M

**Chemical Coagulants** – Anionic polymer is added to the influent wastewater along with ferric chloride to improve solids removal efficiencies in the primary clarifiers. Ferric chloride is also added to the digesters for solids odor control. Cationic polymer is added to digested sludge prior to dewatering to aid in coagulation, improving 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 costs for this group of chemicals are expected to be \$10.7 million, a decrease of \$500,000 from the 2021-22 projected costs due to price increases.

**Odor Control Chemicals** – OC San uses hydrogen peroxide, sodium hydroxide (caustic soda), sodium hypochlorite (bleach) and muriatic acid as the primary odor control chemicals in the treatment plants. Ferrous chloride, magnesium hydroxide, calcium nitrate, and caustic soda are the primary odor control chemicals used in the collection system.

The 2021-22 budget for these chemicals is \$7.6 million, approximately \$1.2 million more than the 2020-21 projected costs.

### Utilities – \$9.3M

During fiscal year 2021-22, the overall cost for utilities, a significant component of the operating budget, is anticipated to decrease by \$100,000 as follows:

**Natural Gas** – Natural gas is purchased from two providers for different purposes. Purchases from a gas marketer are used to supplement the digester gas that is used to run the CenGen facilities. The fiscal year 2021-22 natural gas budget is \$1.0 million, 11.8 percent lower than the projected 2020-21 costs. CenGen engine natural gas usage is expected to increase during the summer months in order to reduce peak electricity demand.

**Electricity** – Electricity is the largest utility cost incurred by OC San. Purchased electricity is used in running the plant processes as a supplement to power produced in the central generation facilities.

The 2021-22 proposed budget of \$6.7 million is 1.9 percent higher than the 2020-21 projected costs due to price increases and the use of centrifuges.

Staff have the opportunity to optimize power usage by either purchasing supplemental natural gas or electricity, whichever costs less.

**Water** – Water is used throughout the treatment plants. Potable (drinking) water is supplied by the Cities of Fountain Valley and Huntington Beach; and plant water is disinfected secondary effluent.

- **Potable Water** – The potable water budget includes water supplied by the City of Fountain Valley for Plant No. 1 and the City of Huntington Beach for Plant No. 2. Approximately 5 percent of the potable water at Plant No. 1 is used for domestic uses and less than 1 percent is used for irrigation. The majority of the irrigation at both plants uses reclaimed water. Less than 1 percent 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 proposed total potable water cost for 2021-22 is \$1.0 million, approximating the projected 2020-21 costs.

### Professional Services – \$6.9M

Professional Services includes General Counsel, special labor counsel, audit and miscellaneous accounting services, legislative advocacy, engineering, and other technical consulting services. The 2021-22 proposed budget is 64.3 percent higher than the 2020-21 projected cost mainly due to project delays from COVID-19 pandemic, increases of engineering services, safety assessments, lab certification and audit, PFAS monitoring and studies, and consulting services.

### Other Material, Supplies, Services – \$3.4M

This category of costs includes an appropriation for 2021-22 of \$2.2 million for in-lieu premium contribution charged to operations is recommended for the Property and General Liability Program. This will serve to maintain the reserves balance for the property and general liability self-insurance programs.

## OPERATING EXPENSES

OC San's outside excess general liability insurance coverage is \$40 million per occurrence with self-insurance retention of \$750,000.

OC San's property insurance coverage is \$800 million for perils of fire and \$100 million for perils of flood, subject to a self-insurance retention of \$250,000. OC San is partially self-insured for earthquake but does carry \$25 million in coverage on seven key structures with a \$5 million deductible. OC San also has a \$50 million sublimit for builder's risk under the property insurance program to ensure upcoming construction projects are adequately covered.

Expenses not chargeable to other categories, such as freight and miscellaneous items, and annual regulatory fees assessed by the South Coast Air Quality Management District, are recorded with this category.

### **Administrative Expenses – \$2.1M**

These accounts include supplies, postage, technical journals and publications, forms, small office equipment, and small computer items that cost less than \$5,000 per item and exclude items that are capitalized.

### **Training and Meetings – \$0.8M**

Board member and staff travel has been significantly reduced in recent years. This category also includes meetings of professional societies; ongoing technical training and materials for staff; training for computerized plant monitoring and control systems, MAXIMO (a computerized maintenance management system), Enterprise Resource Planning (ERP), and other "high tech" equipment, processes and systems; and training to allow for an adaptive and flexible work force. While OC San continues to place an emphasis on effective safety training, as well as technical, leadership and management training, the training budget has been reduced from previous highs of 2.0 percent to approximately 1.0 percent of budgeted regular salaries due to savings achieved in part through the use of online courses.

### **Research and Monitoring – \$1.5M**

The budget for research and monitoring expenditures is maintained at approximately \$1.5 million each year. It consists of contract services to carry out the extensive ocean monitoring program required by the EPA under provisions of OC San's NPDES permit; air quality monitoring costs; OC San's contribution to the Southern California Coastal Water Research Project (SCCWRP) being conducted under a joint powers agreement with other Southern California municipal dischargers; and also provide for increased operational and ocean research and evaluation to develop optimum operating parameters in treatment plants.

### **Printing and Publication – \$0.4M**

The budget provides for in-house and outside reproduction costs and reflects an expanded management information system and administrative requirements, as well as a continuing demand by the public and regulatory agencies for information. The continuing effort of the Public Affairs Office to improve public education programs about OC San's activities is also reflected in the budget for this line item. This group of accounts also includes costs for photo processing, advertisements, and notices.

### **Cost Allocation – (\$21.7M)**

This represents direct labor and benefit charge outs and materials, supplies and services cost allocation to the capital projects where the related work was performed.





## DEPARTMENTS SUMMARY

<b>Expenses by Department (in millions)</b>					
Department	2020-21 Budget	2021-22 Originally Proposed	Percent Change	2021-22 Updated Proposed	Percent Change
<b>Administration Units:</b>					
General Manager's Office	\$4.3	\$4.4	2.3%	\$4.1	(4.9%)
Human Resources	6.6	7.0	6.1%	7.2	2.5%
Administrative Services	27.7	28.5	2.9%	30.1	5.5%
<i>Sub-Total</i>	<i>\$38.6</i>	<i>\$39.9</i>	<i>3.4%</i>	<i>\$41.4</i>	<i>3.8%</i>
<b>Operating Units:</b>					
Environmental Services	19.3	20.3	5.2%	21.2	4.6%
Engineering	5.6	5.6	0.0%	5.4	(3.2%)
Operations & Maintenance	110.8	108.7	(1.9%)	115.9	6.6%
<i>Sub-Total</i>	<i>\$135.7</i>	<i>\$134.6</i>	<i>(0.8%)</i>	<i>\$142.5</i>	<i>5.9%</i>
Total	\$174.3	\$174.5	0.1%	\$183.9	5.4%
<b>Staffing by Department (FTEs)</b>					
Department	2020-21 Budget	2021-22 Originally Proposed	Percent Change	2021-22 Updated Proposed	Percent Change
<b>Administration Units</b>					
General Manager's Office	18.00	18.00	0.0%	15.00	(16.7%)
Human Resources	26.00	26.00	0.0%	26.00	0.0%
Administrative Services	101.00	101.00	0.0%	102.00	1.0%
<i>Sub-Total</i>	<i>145.00</i>	<i>145.00</i>	<i>0.0%</i>	<i>143.00</i>	<i>(1.4%)</i>
<b>Operating Units</b>					
Environmental Services	93.00	93.00	0.0%	93.00	0.0%
Engineering	117.00	117.00	0.0%	116.00	(0.9%)
Operations & Maintenance	284.00	284.00	0.0%	287.00	1.1%
<i>Sub-Total</i>	<i>494.00</i>	<i>494.00</i>	<i>0.0%</i>	<i>496.00</i>	<i>0.4%</i>
Total FTEs	639.00	639.00	0.0%	639.00	0.0%



# 2021-22 BUDGET UPDATE

## ADMINISTRATION UNITS

### General Manager's Office

**Budget \$4.1M – Staffing 15 FTEs**

The General Manager's Office provides general oversight of all OC San operations and incorporates functions in the areas of Public Affairs and Board Services.

### Human Resources

**Budget \$7.2 – Staffing 26 FTEs**

The Human Resources Department works with management and employees to ensure an effective and productive employment relationship. The department also provides risk management services to the organization to create a safe, healthy and secure environment for staff, contractors, and visitors.

### Administrative Services

**Budget \$30.1M – Staffing 102 FTEs**

The Administrative Services Department maintains financial oversight and administration of all OC San funds and accounts and is responsible for contract administration and procurement, and oversees all OC San computer, networking and customer support issues.

## OPERATING UNITS

### Environmental Services

**Budget \$21.2M – Staffing 93 FTEs**

The Environmental Services Department manages all environmental monitoring, regulatory, compliance and reporting elements to ensure that OC San meets the requirements of federal, state and local regulations for treated sewage discharge into the ocean, water recycling, air emissions, industrial waste, sewer system operations, land use controls and biosolids and stormwater management.

### Engineering

**Budget \$5.4M – Staffing 116 FTEs**

The Engineering Department is responsible for the planning and execution of the OC San's capital improvement program and asset management program.

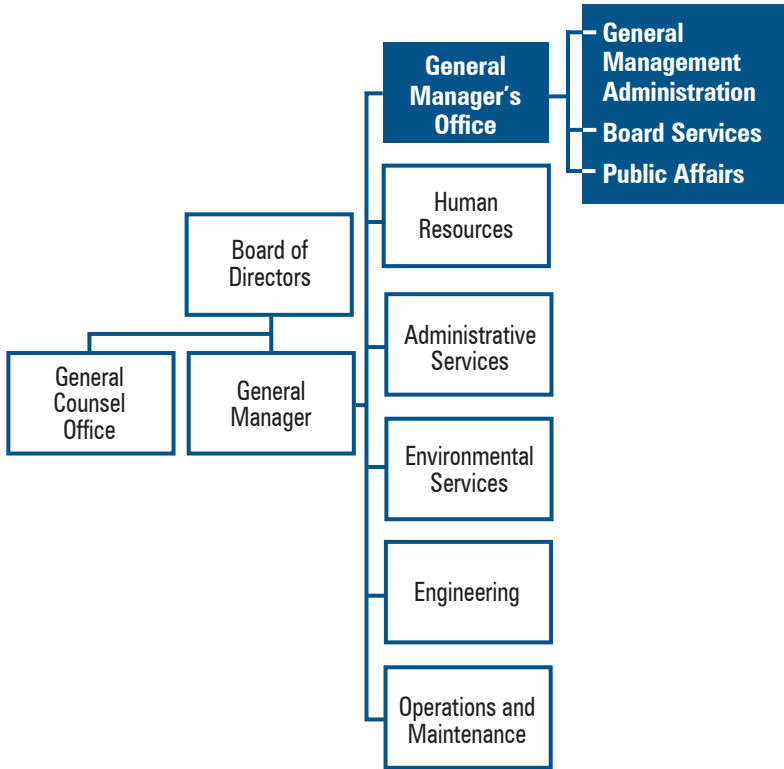
### Operations and Maintenance

**Budget \$115.9M – Staffing 287 FTEs**

The Operations and Maintenance Department is responsible for the operation and maintenance of the OC San's two wastewater treatment plants as well as the sanitary sewer system pipeline and pumping facilities. The department also provides fleet management services for OC San. The budget reflects the addition of eight new positions to support an increasing maintenance workload.

*FTEs = Full-Time Equivalent Positions*

# GENERAL MANAGER'S OFFICE



## Service Description

**General Management Administration** is responsible for working with the Board of Directors to establish standards, policies and procedures, and the overall goals and Strategic Plan of OC San. The General Manager reports directly to the Board of Directors and provides general oversight to all agency operations, interagency relations, legislative activities, and communications. The General Manager directly oversees Human Resources, Board Services, and Public Affairs.

**Board Services** promotes public trust and ensures transparency by preparing and publishing agendas and notices in accordance with legal requirements; accurately recording and preserving the legislative actions; safeguarding vital, historic and permanent records of OC San; and providing exceptional customer service and support to the Board of Directors, OC San staff, and the general public in a courteous, timely and efficient manner.

**Public Affairs** communicates information about OC San in a timely, accurate, and accessible way to employees, the Board of Directors, the general public, the wastewater industry, and the news media.

## 2021-22 BUDGET UPDATE

Operating Expense			
Category	2020-21 Budget	2021-22 Adopted	2021-22 Proposed
Personnel	\$2,670,000	\$2,790,200	\$2,688,522
Supplies	160,400	126,000	123,000
Professional & Contractual Services	1,017,400	1,017,400	926,400
Research & Monitoring	-	-	-
Repairs & Maintenance	-	-	-
Utilities	-	-	-
Other	559,170	535,930	518,880
Cost Allocation	(117,360)	(117,360)	(117,360)
Total	\$4,289,610	\$4,352,170	\$4,139,442

### Budget Overview

The fiscal year 2021-22 budget for the General Manager's Office reflects a decrease of 4.9 percent over the originally adopted budget. The decrease is primarily due to decreases in costs for personnel, training, and document archival for engineering library project being allocated out to Information Technology division.

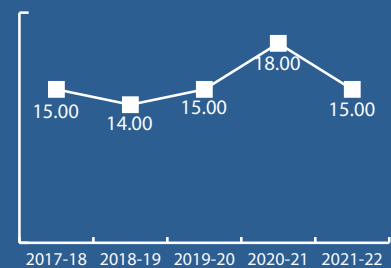
### Performance Objectives / Measures

- Ensure that the Board approved Strategic Plan is implemented.
- Provide leadership development opportunities reaching at least 70 percent of staff.
- Maintain the Special District Leadership Foundation (SLDF) District Transparency Certificate of Excellence.
- Respond to 100 percent of public records requests within seven business days.
- Provide information to Board of Directors through the General Manager's monthly report and the new Board Member orientation.
- Provide services and implement programs that meet communication needs of OC San's external audience by reaching a minimum of 3,000 people per year.

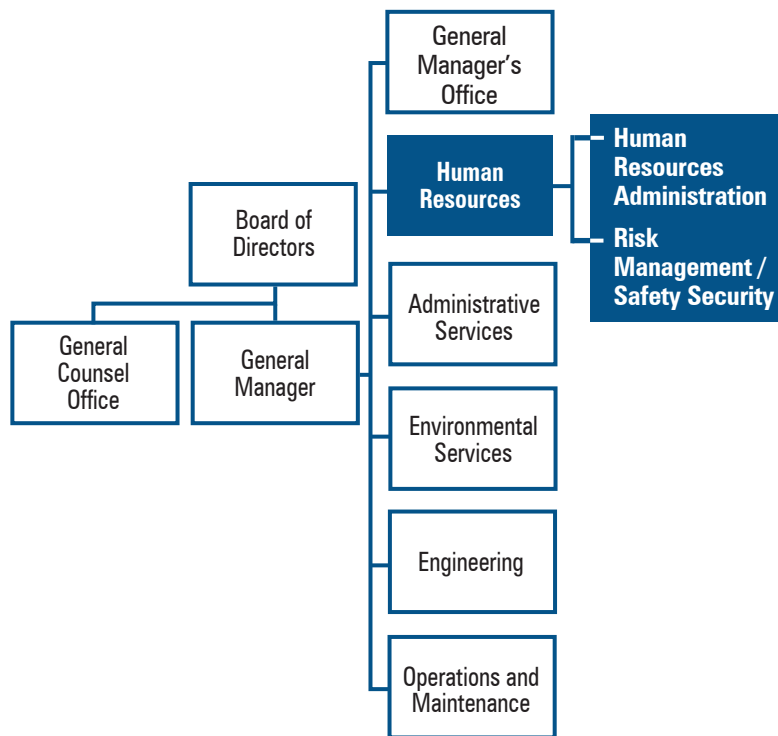
#### Authorized FTE Positions

Managers.....	2.00
Supervisors /Professionals .....	7.00
Administrative /Clerical.....	5.00
Technical Services .....	1.00
Total .....	15.00

#### Staffing Trends



# HUMAN RESOURCES DEPARTMENT



## Service Description

Human Resources is a full-service department responsible for all aspects of Human Resources and Risk Management administration that ensures a productive and safe workplace and maintain programs that support a positive employment relationship. The Human Resources Department is committed to a workplace grounded in fair and equitable employment decisions and practices. This department serves as the in-house advisor to the General Manager, executive staff, OC San departments, and all staff by delivering high quality services with an emphasis on customer satisfaction as a key objective.

**Human Resources Administration** oversees all human resources functions, including Benefits Administration, Classification and Compensation, Employee and Labor Relations, Workers Compensation, Employee Development/Performance Management, and Recruitment and Selection. Benefits Administration administers and maintains employee benefits and the reasonable accommodation program. Classification and Compensation is a vital function that ensures a competitive and fair compensation system and an equitable classification structure. Employee and Labor Relations works to enhance the employment relationship by providing professional assistance and guidance on labor agreements, policies, laws and work-related issues. Workers Compensation provides medical care and benefits to employees who become ill or injured in the course of employment. Employee Development/Performance Management manages and coordinates District-wide legally mandated training programs; and oversees the employee performance program. Through the Recruitment and Selection program, OC San seeks to attract, hire, and retain the best qualified employees in a manner that is fair, equitable and merit-based.

**Risk Management/Safety/Security** protects the finances and human resources of OC San. It identifies and addresses potential risk to the organization and provides solutions for mitigating or reducing the risk. The major areas of responsibility include insurances, occupational safety and health, security, and emergency preparedness. Safety is a priority for OC San, and this area includes comprehensive safety training programs, safe working practices, and quarterly facility inspections. Security and emergency preparedness programs include the oversight of OC San's contracted security services, planning emergency drills, and ensuring OC San has the necessary programs, supplies and training in preparation for an emergency. These programs ensure OC San provides a secure, safe and healthy work environment for OC San staff, contractors, and visitors.

## 2021-22 BUDGET UPDATE

Operating Expense			
Category	2020-21 Budget	2021-22 Adopted	2021-22 Proposed
Personnel	\$4,003,400	\$4,244,200	\$4,371,762
Supplies	234,200	234,200	234,200
Professional & Contractual Services	3,137,456	3,325,625	3,373,625
Research & Monitoring	-	-	-
Repairs & Maintenance	4,550	4,550	14,050
Utilities	-	-	-
Other	717,562	654,820	644,370
Cost Allocation	(1,486,070)	(1,486,070)	(1,486,070)
Total	\$6,611,098	\$6,977,325	\$7,151,937

### Budget Overview

The fiscal year 2021-22 budget for the Human Resources Department reflects a 2.5 percent increase from the originally adopted budget. The increase is primarily due to increases in personnel costs, medical insurance, employee benefits, repairs materials, and industrial hygiene services. The overall increase is partially offset by a decrease in training costs.

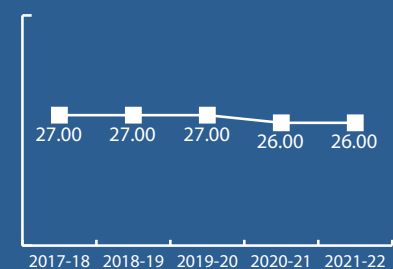
### Performance Objectives / Measures

- Work with upper management to resolve issues at the lowest level through conflict resolution training and techniques.
- Reduction in injury rates through monitoring and partnering with departments to implement effective safety and health systems and processes.
- Completion of quarterly safety training, near miss and building inspection status reports.
- Implement Leading Safety Indicators to reduce injuries to employees.
- Manage operating expenditures to within 96 to 100 percent of the approved budget.

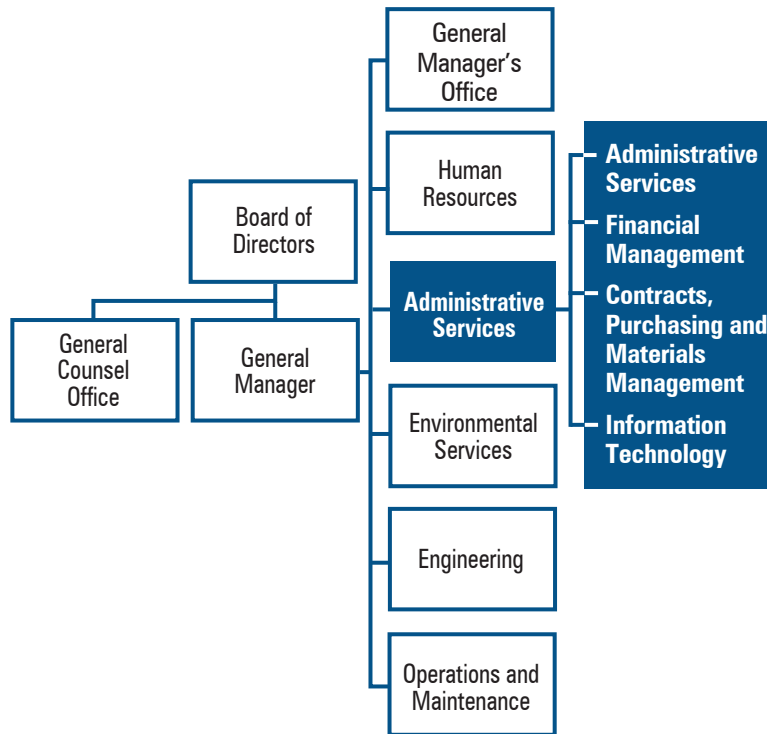
#### Authorized FTE Positions

Managers.....	2.00
Supervisors /Professionals ...	20.00
Administrative /Clerical.....	4.00
Total .....	26.00

#### Staffing Trends



# ADMINISTRATIVE SERVICES DEPARTMENT



## Service Description

The Administrative Services Department oversees all of OC San's finance, contracts/purchasing, and information technology activities, including both day-to-day operations and strategic planning. The department serves as a liaison to Executive Management, the Board of Directors, and other departments of OC San. The department includes five divisions:

**Administrative Services** provides leadership and oversight to all Administrative Services divisions.

**Consolidated Services** accounts for various OC San expenses that are not attributed to one division.

**Financial Management** oversees and administers all OC San's funds and accounts. Programs include treasury and debt management, accounts receivable and payable, user fees, payroll, fixed assets accounting, project controls, and coordinating the capital and operating budget process.

**Contracts, Purchasing, and Materials Management** is responsible for contract administration and procurement for all departments. Additionally, this division manages OC San's warehouses, receives and maintains inventory, and distributes supplies, materials, and equipment.

**Information Technology** is responsible for customer support related information technology assets and services, networking and infrastructure, telecommunications service operation and maintenance, network and programming, solutions and application support, and cyber security.

## 2021-22 BUDGET UPDATE

Operating Expense			
Category	2020-21 Budget	2021-22 Adopted	2021-22 Proposed
Personnel	\$16,818,400	\$17,856,800	\$17,794,580
Supplies	2,476,650	2,476,650	2,523,450
Professional & Contractual Services	2,557,738	2,216,472	3,205,715
Research & Monitoring	-	-	-
Repairs & Maintenance	2,922,078	3,048,921	3,580,271
Utilities	1,284,732	1,286,915	1,289,103
Other	2,637,545	2,634,923	2,702,516
Cost Allocation	(984,770)	(984,770)	(986,770)
Total	\$27,712,373	\$28,535,911	\$30,108,865

### Budget Overview

The fiscal year 2021-22 budget for the Administrative Services Department reflects a 5.5 percent increase from the originally adopted budget. The increase is primarily due to increases in costs for medical insurance, janitorial services, property management fee, rental repair services & water, freight, temporary services, software upgrade, projects deferred from prior year, service agreements cost adjustments, new software/hardware, maintenance renewal for GIS, and project transferred from capital to operating. The overall increase is partially offset by a decrease in personnel and retirement costs.

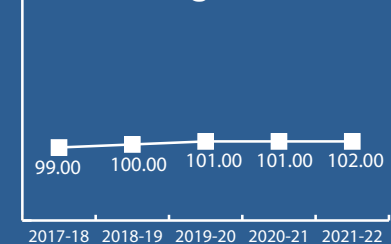
### Performance Objectives / Measures

- Manage operating expenditures to within 96 to 100 percent of the approved budget.
- Validate project schedules and costs for the Capital Improvement Program (CIP) in conjunction with the budget process.
- Comply with the California State Government Code 100 percent of the time with all treasury investments.,
- Submit the annual sewer service fee property parcel database to the County in time for placement on annual secured property tax bills.
- Process all approved sewer service fee refund requests within 90 days, 90 percent of the time.
- All debt service payments will be paid electronically, on the actual due dates, and error free 100 percent of the time.
- Continue the cycle count program and maintain a 97 percent accuracy rate or better.
- Replace obsolete desktop, mobile, and server computers. Rotate desktop computers every 5 years, mobile computers every 3 years, and servers every 5-6 years.
- Cyber Security Awareness Protection – report on the overall effectiveness of phishing campaign.

#### Authorized FTE Positions

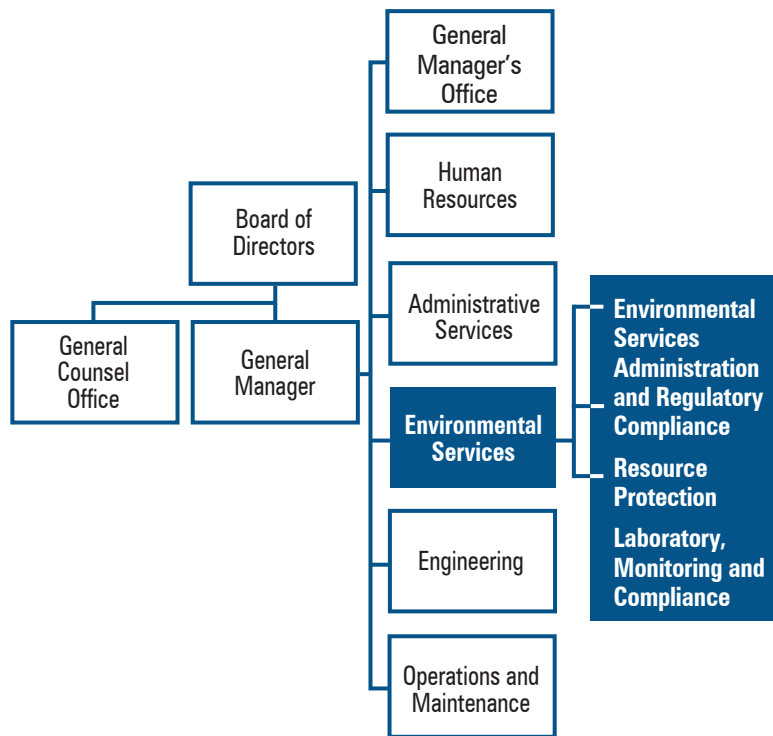
Managers.....	4.00
Supervisors /Professionals ...	63.00
Technical Services .....	12.00
Administrative /Clerical.....	23.00
<b>Total .....</b>	<b>102.00</b>

#### Staffing Trends





# ENVIRONMENTAL SERVICES DEPARTMENT



## Service Description

The Environmental Services Department manages OC San's environmental monitoring, regulatory compliance and reporting elements to ensure that OC San meets the requirements of federal, state, and local regulations for treated sewage discharge into the ocean, water recycling, air emissions, industrial waste, sewer system operations, dry weather urban runoff diversion, biosolids, and on-site stormwater management. The Environmental Services Department consists of three divisions:

**Environmental Services Administration and Regulatory Compliance** provides leadership, support, and management oversight for the Department to accomplish OC San's Strategic Plan and departmental annual goals. The Regulatory Compliance group is tasked with ensuring adherence to environmental regulations and permit conditions for ocean discharge, air emissions, potable reuse, and biosolids management. The team actively advocates for responsible and pragmatic environmental regulations relevant to wastewater treatment and resource recovery.

**Resource Protection** provides local enforcement of federal pretreatment regulations and ensures continuous improvement in OC San's enhanced source control program to sustain water reclamation and beneficial biosolids reuse. The division conducts its industrial and non-industrial source control activities in a cost effective and legally defensible manner to protect OC San's assets, employees, public health, and the environment.

**Environmental Laboratory and Ocean Monitoring** provides sampling, ocean and treatment process monitoring, laboratory analysis, and oceanographic research services to OC San's operations and to protect receiving water quality. The division is responsible for collaborating with OC San's coastal monitoring partners and advancing analytical innovation in key regulatory areas such as compounds of emerging concern and toxic air contaminants.

## 2021-22 BUDGET UPDATE

Operating Expense			
Category	2020-21 Budget	2021-22 Adopted	2021-22 Proposed
Personnel	\$14,577,300	\$15,274,800	\$15,372,316
Supplies	1,961,250	1,874,100	2,246,650
Professional & Contractual Services	946,635	1,153,683	1,437,683
Research & Monitoring	1,304,700	1,428,700	1,547,700
Repairs & Maintenance	370,747	380,910	380,910
Utilities	-	-	-
Other	175,065	170,505	222,842
Cost Allocation	(20,790)	(22,800)	(22,800)
Total	\$19,314,907	\$20,259,898	\$21,185,301

### Budget Overview

The fiscal year 2021-22 budget for the Environmental Services Department reflects an increase of 4.6 percent from the originally adopted budget. The increase is primarily attributable to increases in medical insurance, memberships, temporary & outside lab services, air quality audit, new environment compliance requirement support, emission study, aging vessel repairs, PFAS sewer shed study, NPDES renewal, certification fees lab audit, and accreditation & assessment fees.

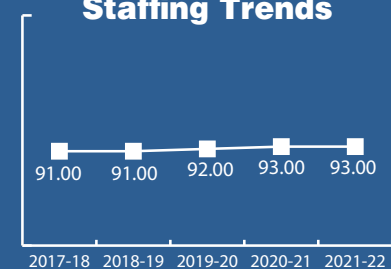
### Performance Objectives / Measures

- Manage operating expenditures to within 96 to 100 percent of the approved budget.
- Ensure that reporting divisions achieve no less than 90 percent of individual performance objectives.
- Ensure that all environmental compliance reporting requirements are met on or before required submission dates.
- Conduct audits of all major environmental permits at least once every three years.
- Complete 100 percent of Safety Scorecard requirements each quarter.

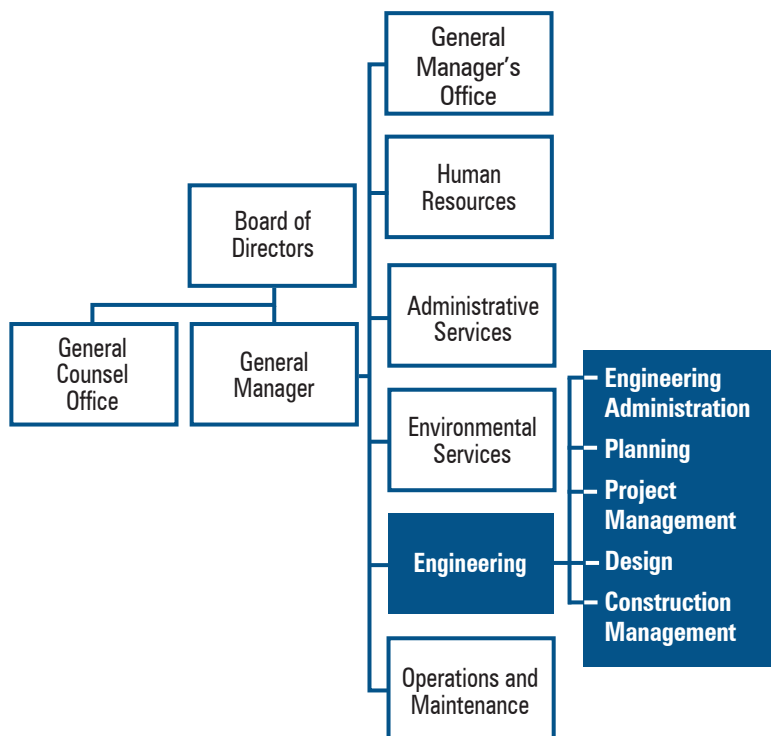
### Authorized FTE Positions

Managers.....	3.00
Supervisors /Professionals ...	65.00
Administrative /Clerical.....	8.00
Technical .....	17.00
Total .....	93.00

### Staffing Trends



# ENGINEERING DEPARTMENT



## Service Description

The Engineering Department is responsible for the planning and execution of OC San's Capital Improvement Program, the Asset Management Program, and interagency coordination. The Engineering Department is comprised of five divisions:

**Engineering Administration** provides management to all Engineering Divisions.

**Planning** is responsible for developing and maintaining a comprehensive Capital Improvement Program for OC San considering projected capacity requirements, condition of assets, anticipated regulatory and level of service changes, and technological opportunities. Planning is responsible for OC San's Asset Management program to ensure that required levels of service are met by performing planned repair, rehabilitation and replacement of facilities at optimal lifecycle costs. In addition, this division is responsible for California Environmental Quality Act preparation and review, and performs services for annexations, connection permitting, and interagency agreements.

**Project Management** is responsible for the delivery of capital projects from the preliminary design stage through project closeout.

**Design** provides technical leadership, engineering design and quality assurance, design standards development and management, control systems design and programming, and commissioning oversight.

**Construction Management** provides construction engineering, quality control inspection, commissioning execution, and other technical support for construction projects.

## 2021-22 BUDGET UPDATE

Operating Expense			
Category	2020-21 Budget	2021-22 Adopted	2021-22 Proposed
Personnel	\$21,638,300	\$22,640,100	\$22,566,438
Supplies	39,765	40,415	42,415
Professional & Contractual Services	1,590,615	1,595,615	1,491,615
Research & Monitoring	-	-	-
Repairs & Maintenance	3,900	3,900	3,900
Utilities	-	-	-
Other	377,515	301,280	297,665
Cost Allocation	(18,076,310)	(18,954,190)	(18,954,190)
Total	\$5,573,785	\$5,627,120	\$5,447,843

### Budget Overview

The fiscal year 2021-22 budget for the Engineering Department reflects a 3.2 percent decrease from the originally adopted budget primarily due to decreases in personnel and retirement costs, training, operating materials & supplies, legal, and engineering costs. The overall decrease was partially offset by increases of regulatory operating fees and minor furniture and fixtures.

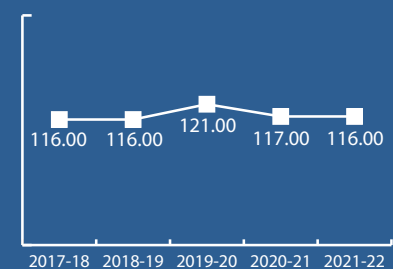
### Performance Objectives / Measures

- Expend 90 to 105 percent of project annual Capital Improvement Program cash flows.
- Manage operating expenditures to within 90 to 100 percent of the approved budget.
- Ensure that reporting divisions achieve 90 percent of individual performance objectives.
- Prepare and maintain a 20-year District-wide capital plan coordinating condition assessment, regulatory requirements, changing levels of service, and projected capacity requirements.

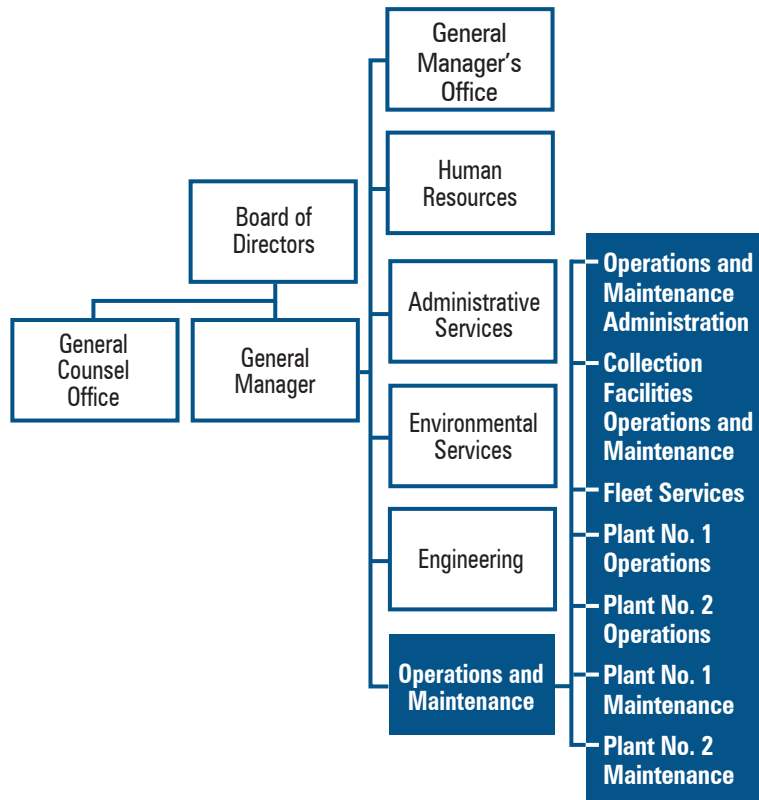
#### Authorized FTE Positions

Managers.....	5.00
Supervisors /Professionals ...	83.00
Administrative /Clerical.....	28.00
Total .....	116.00

#### Staffing Trends



# OPERATIONS AND MAINTENANCE DEPARTMENT



## Service Description

The Operations and Maintenance (O&M) Department is responsible for treating wastewater, reusing or disposing of the treated wastewater and all residuals, providing maintenance support to all treatment facilities, operating and maintaining the sanitary sewer system pipeline and pumping facilities, and for providing fleet management services. The Department consists of seven divisions:

**Operations and Maintenance Administration** provides leadership and oversight to all O&M divisions.

**Collection Facilities Operations and Maintenance** operates and maintains the regional facilities which include gravity sewers and pumping facilities.

**Fleet Services** provides fleet and heavy equipment services and motor pool management to all OC San staff.

**Plant No. 1 and Plant No. 2 Operations** are responsible for the daily management of the wastewater treatment processes, sludge and biosolids treatment and loading processes and odor and air quality control processes. Activities also include ensuring compliance with all regulatory permits, support of the Capital Improvement Program, and coordination of construction and maintenance work. Plant No. 1 Operations also ensures the delivery of specification water to the Groundwater Replenishment System.

**Plant No. 1 and Plant No. 2 Maintenance** are responsible for civil, electrical, facilities, instrumentation and mechanical maintenance of the two treatment plants and pump stations facilities. Plant No. 1 Maintenance also includes planning for all maintenance activities as well as reliability engineering for both Plants and the Collections System.

## 2021-22 BUDGET UPDATE

Operating Expense			
Category	2020-21 Budget	2021-22 Adopted	2021-22 Proposed
Personnel	\$42,374,400	\$44,448,200	\$45,308,222
Supplies	20,304,496	20,354,881	20,996,570
Professional & Contractual Services	15,731,988	15,936,619	15,616,600
Research & Monitoring	-	-	-
Repairs & Maintenance	25,071,370	20,740,526	25,738,215
Utilities	7,080,222	7,091,923	8,040,623
Other	391,677	290,876	363,146
Cost Allocation	(140,410)	(145,890)	(145,890)
Total	\$110,813,743	\$108,717,135	\$115,917,486

### Budget Overview

The fiscal year 2021-22 budget for the Operations and Maintenance Department reflects a 6.6 percent increase from the originally adopted budget. The increase is primarily due to increases in personnel costs, group insurances, minor furniture & fixtures, various chemicals, engineering services, consultant support, tools, solids removal, repairs & maintenance costs, and utilities. The overall increase was partially offset by a decrease in retirement costs.

### Performance Objectives / Measures

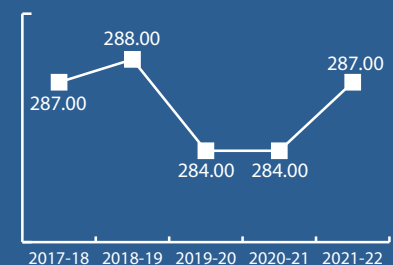
- Achieve 100 percent compliance with water, solids, air, and energy permits and regulatory requirements.
- Achieve 100 percent compliance level of 90 to 100 percent of the Levels of Service targets.
- Manage operating expenditures to within 96 to 100 percent of the approved budget.

### Authorized FTE Positions

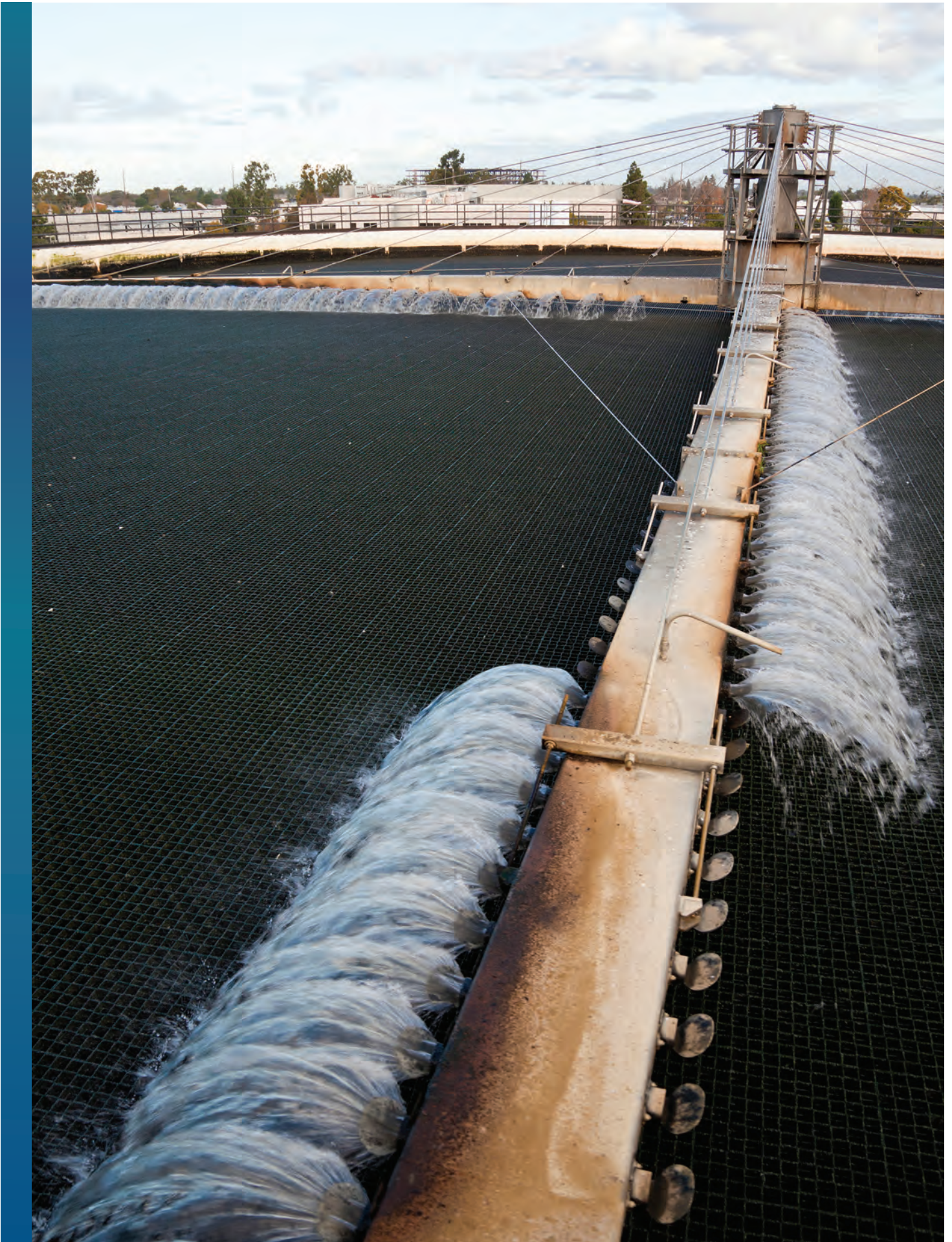
Managers..... 5.00  
Supervisors /Professionals ... 72.00  
Administrative /Clerical..... 6.00  
Technical ..... 1.00  
Operations & Maintenance .. 203.00

Total ..... 287.00

### Staffing Trends









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# APPENDIX

# Cash Flow Projection

## Orange County Sanitation District

### Consolidated Cash Flow Projections

Ref	Description	Preliminary 21-22	Preliminary 22-23	Preliminary 23-24	Preliminary 24-25	Preliminary 25-26	Preliminary 26-27
<b>Revenues:</b>							
1	General User Fees	301,839,390	306,495,847	313,036,193	319,612,771	326,225,725	332,875,570
2	Permitted User Fees	12,621,177	12,768,845	12,990,000	13,211,000	13,432,000	13,652,000
	IRWD O&M Assessment	4,648,984	4,543,049	4,577,880	4,743,530	4,885,830	5,032,410
	IRWD Capital Assessment	7,905,000	10,639,000	10,034,000	9,967,000	11,816,000	12,250,000
	IRWD Solids Assessment	6,100,000	5,500,000	1,375,000	-	-	-
3	IRWD Assessments	18,653,984	20,682,049	15,987,000	14,711,000	16,702,000	17,282,000
4	SAWPA Assessments	2,653,000	2,759,000	2,842,000	2,927,000	3,015,000	3,105,000
5	Property Taxes	103,214,240	106,310,667	109,499,987	112,784,987	116,168,537	119,653,593
6	New COP Issues	163,775,355	-	-	-	-	-
7	Interest Revenues	14,516,000	14,132,000	13,391,000	12,827,000	11,960,000	10,703,000
8	Capital Facilities Capacity Charges	16,739,034	17,308,000	18,673,000	19,441,000	19,517,000	19,597,000
9	Other Revenues	23,291,030	20,060,825	16,901,000	17,250,000	17,609,000	17,975,000
10	<b>Revenues</b>	<b>657,303,210</b>	<b>500,517,233</b>	<b>503,320,180</b>	<b>512,764,758</b>	<b>524,629,262</b>	<b>534,843,163</b>
<b>Requirements:</b>							
11	Oper & Mtce Exp (3.0% yr)	183,950,874	180,550,649	185,967,000	191,546,000	197,292,000	203,211,000
12	Capital Improvement Program (CIP)	234,588,954	328,766,646	309,047,000	302,025,000	338,629,000	361,394,000
13	Less: CIP Savings & Deferrals	(15,028,451)	(26,513,683)	(25,367,501)	(26,439,366)	(27,555,283)	(46,289,914)
14	Allocation for Future Rehabilitation	5,000,000	-	1,360,405	7,565,109	24,612,756	32,900,727
15	COP Debt Service	70,731,000	70,124,000	70,126,000	70,116,000	70,126,000	68,226,000
16	Reduction of Long-Term Liabilities	163,775,355	-	-	-	-	-
17	Other Requirements	6,951,253	6,440,000	2,940,000	2,940,000	2,940,000	2,940,000
18	<b>Requirements</b>	<b>649,968,985</b>	<b>559,367,612</b>	<b>544,072,904</b>	<b>547,752,743</b>	<b>606,044,473</b>	<b>622,381,813</b>
19	<b>Revenues-Requirements</b>	<b>7,334,225</b>	<b>(58,850,379)</b>	<b>(40,752,724)</b>	<b>(34,987,985)</b>	<b>(81,415,211)</b>	<b>(87,538,650)</b>
<b>Accumulated Funds:</b>							
20	Beginning of Year	971,304,483	978,638,708	919,788,329	879,035,605	844,047,620	762,632,409
21	<b>End of Year</b>	<b>978,638,708</b>	<b>919,788,329</b>	<b>879,035,605</b>	<b>844,047,620</b>	<b>762,632,409</b>	<b>675,093,759</b>
22	<b>Consolidated Reserve Policy</b>	<b>548,665,000</b>	<b>541,568,000</b>	<b>540,023,000</b>	<b>542,442,000</b>	<b>544,698,000</b>	<b>546,983,000</b>
23	<b>Over (Under) Reserve Policy*</b>	<b>429,973,708</b>	<b>378,220,329</b>	<b>339,012,605</b>	<b>301,605,620</b>	<b>217,934,409</b>	<b>128,110,759</b>
	<b>Excess (Shorfall) in Reserves</b>	<b>429,973,708</b>	<b>378,220,329</b>	<b>339,012,605</b>	<b>301,605,620</b>	<b>217,934,409</b>	<b>128,110,759</b>
<b>Sewer Service User Fees:</b>							
24	Avg SFR Annual User Fee	\$343	\$347	\$353	\$359	\$365	\$371
25	Percentage Change	1.18%	1.17%	1.73%	1.70%	1.67%	1.64%
26a	SFR noticed 4-2003						
26b	PV of SFR Annual Fee @ 5%	\$322.86	\$311.11	\$299.75	\$290.41	\$281.29	\$272.37
	Added EDUs	2,763	2,771	2,780	2,788	2,796	2,805
26	Equivalent Dwelling Units	923,730	926,501	929,281	932,069	934,865	937,670
27	SFR Connection Fee	\$4,601	\$4,973	\$5,346	\$5,719	\$5,736	\$5,753
	Conn. Fee- Indust.	\$2,072	\$2,078	\$2,084	\$2,090	\$2,096	\$2,102
28	<b>Outstanding COPs</b>	<b>\$909,620,000</b>	<b>\$846,180,000</b>	<b>\$814,495,000</b>	<b>\$781,240,000</b>	<b>\$746,365,000</b>	<b>\$709,770,000</b>
	Average Daily Flow , mgd	188	188	188	188	188	188
<b>Reserve Policy</b>							
29	50% Next Year Operating Expense	91,975,000	90,275,000	92,984,000	95,773,000	98,646,000	101,606,000
30	10% Next Year Operating Expense	18,395,000	18,055,000	18,597,000	19,155,000	19,729,000	20,321,000
31	100% Next Year AUG COP Svc.	23,741,000	22,980,000	18,289,000	17,625,000	16,862,000	16,201,000
32	50% average ten-year CIP Balance	148,592,000	148,592,000	148,592,000	148,592,000	148,592,000	148,592,000
33	Debt Svc @ 10% Outstanding COP	90,962,000	84,618,000	81,450,000	78,124,000	74,637,000	70,977,000
34	Self Funded Insurance @ \$100M	100,000,000	101,170,000	102,920,000	104,670,000	106,418,000	108,163,000
35	Repl & Refurb	75,000,000	75,878,000	77,191,000	78,503,000	79,814,000	81,123,000
36	*Reserve Reduction (in accordance with Board action allowing a \$40M reduction to total res	-	-	-	-	-	-
37	<b>Total</b>	<b>548,665,000</b>	<b>541,568,000</b>	<b>540,023,000</b>	<b>542,442,000</b>	<b>544,698,000</b>	<b>546,983,000</b>
<b>COP Ratios</b>							
38	Sr Lien Coverage, Min 1.25	4.14	4.32	4.26	4.30	4.39	4.57

# 2021-22 Budget Update

## Orange County Sanitation District

### Consolidated Cash Flow Projections

Ref	Description	Preliminary 27-28	Preliminary 28-29	Preliminary 29-30	Preliminary 30-31	10-Year Total
<b>Revenues:</b>						
1	General User Fees	342,562,000	349,285,000	356,046,000	362,844,000	3,310,822,496
2	Permitted User Fees	13,873,000	14,094,000	14,315,000	14,535,000	135,492,022
	IRWD O&M Assessment	5,183,370	5,338,870	5,499,050	5,664,020	50,116,993
	IRWD Capital Assessment	11,339,000	11,385,000	9,878,000	9,396,000	104,609,000
	IRWD Solids Assessment	-	-	-	-	12,975,000
3	IRWD Assessments	16,522,000	16,724,000	15,377,000	15,060,000	167,701,033
4	SAWPA Assessments	3,198,000	3,294,000	3,392,000	3,493,000	30,678,000
5	Property Taxes	123,243,000	126,940,000	130,748,000	134,670,000	1,183,233,011
6	New COP Issues	-	-	-	-	163,775,355
7	Interest Revenues	9,606,000	8,739,000	8,235,000	8,171,000	112,280,000
8	Capital Facilities Capacity Charges	19,673,000	19,749,000	19,830,000	19,906,000	190,433,034
9	Other Revenues	18,351,000	18,736,000	19,131,000	19,535,000	188,839,855
10	<b>Revenues</b>	<b>547,028,000</b>	<b>557,561,000</b>	<b>567,074,000</b>	<b>578,214,000</b>	<b>5,483,254,806</b>
<b>Requirements:</b>						
11	Oper & Mnce Exp (3.0% yr)	209,307,000	215,586,000	222,054,000	228,716,000	2,018,180,523
12	Capital Improvement Program (CIP)	339,646,032	315,447,626	229,372,053	183,851,312	2,942,767,623
13	Less: CIP Savings & Deferrals	(60,415,911)	(51,096,452)	(26,444,445)	(14,356,378)	(319,507,384)
14	Allocation for Future Rehabilitation	42,904,593	59,099,990	77,708,409	97,434,615	348,586,604
15	COP Service	72,377,000	72,373,000	72,374,000	77,224,000	713,797,000
16	Reduction of Long-Term Liabilities	-	-	-	-	163,775,355
17	Other Requirements	2,940,000	2,940,000	2,940,000	2,940,000	36,911,253
18	<b>Requirements</b>	<b>606,758,714</b>	<b>614,350,164</b>	<b>578,004,017</b>	<b>575,809,549</b>	<b>5,904,510,974</b>
19	<b>Revenues-Requirements</b>	<b>(59,730,714)</b>	<b>(56,789,164)</b>	<b>(10,930,017)</b>	<b>2,404,451</b>	<b>(421,256,168)</b>
Accumulated Funds:						
20	Beginning of Year	675,093,759	615,363,045	558,573,881	547,643,864	971,304,483
21	End of Year	615,363,045	558,573,881	547,643,864	550,048,315	550,048,315
22	Consolidated Reserve Policy	549,225,000	551,009,000	547,558,000	549,946,000	549,946,000
23	<b>Over (Under) Reserve Policy*</b>	<b>66,138,045</b>	<b>7,564,881</b>	<b>85,864</b>	<b>102,315</b>	<b>102,315</b>
	Excess (Shorfall) in Reserves	66,138,045	7,564,881	85,864	102,315	102,315
<b>Sewer Service User Fees:</b>						
24	Avg SFR Annual User Fee	\$377	\$383	\$389	\$395	
25	Percentage Change	1.62%	1.59%	1.57%	1.54%	
26a	SFR noticed 4-2003					
26b	PV of SFR Annual Fee @ 5%	\$267.93	\$259.23	\$250.75	\$242.50	
	Added EDUs	2,813	2,821	2,830	2,838	
26	Equivalent Dw elling Units	940,483	943,304	946,134	948,972	
27	SFR Connection Fee	\$5,770	\$5,787	\$5,804	\$5,821	
	Conn. Fee- Indust.	\$2,108	\$2,114	\$2,120	\$2,126	
28	<u>Outstanding COPs</u>	\$673,280,000	\$630,815,000	\$586,230,000	\$539,415,000	
	Average Daily Flow , mgd	188	188	188	188	
<u>Reserve Policy</u>						
29	50% Next Year Operating	104,654,000	107,793,000	111,027,000	114,358,000	
30	10% Next Year Operating	20,931,000	21,559,000	22,205,000	22,872,000	
31	100% Next Year AUG COP Svc.	15,368,000	14,572,000	13,632,000	12,646,000	
32	50% average ten-year CIP Bal.	148,592,000	148,592,000	148,592,000	148,592,000	
33	DSR @ 10% Outstanding COP	67,328,000	63,082,000	58,623,000	53,942,000	
34	SFI @ \$100M	109,915,000	111,663,000	113,416,000	115,163,000	
35	Repl & Refurb	82,437,000	83,748,000	85,063,000	86,373,000	
36	*Reserve Reduction	-	-	(5,000,000)	(4,000,000)	
37	<b>Total</b>	<b>549,225,000</b>	<b>551,009,000</b>	<b>547,558,000</b>	<b>549,946,000</b>	
<u>COP Ratios</u>						
38	Sr Lien Coverge, Min 1.25	4.39	4.45	4.49	4.27	

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## Capital Improvement Program Summary

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		<u>% Change</u>
Approved FY 2021-22 Outlay	\$ 261,945,634	
New Projects	673,103	0.3%
Additions to Existing Projects	20,478,630	7.8%
Deductions from Existing Projects	(48,508,413)	(18.5%)
Proposed Outlay for FY 2021-22	<u>234,588,954</u>	<u>(10.4%)</u>
Less: CIP Savings & Deferrals	(\$15,028,451)	(5.7%)
Allocation for Future Rehab.	5,000,000	1.9%
Proposed Net CIP Outlay	<u><u>\$ 224,560,503</u></u>	<u>(14.2%)</u>
Approved FY 2020-21 Total CIP Budget Authority	\$ 4,179,541,800	
New Projects	294,000,000	6.9%
Additions to Existing Projects	160,356,001	3.8%
Deductions from Existing Projects	(378,952,003)	(8.9%)
FY 2021-22 Proposed Total CIP Budget Authority	<u><u>\$ 4,254,945,798</u></u>	<u>1.8%</u>

# 2021-22 Budget Update

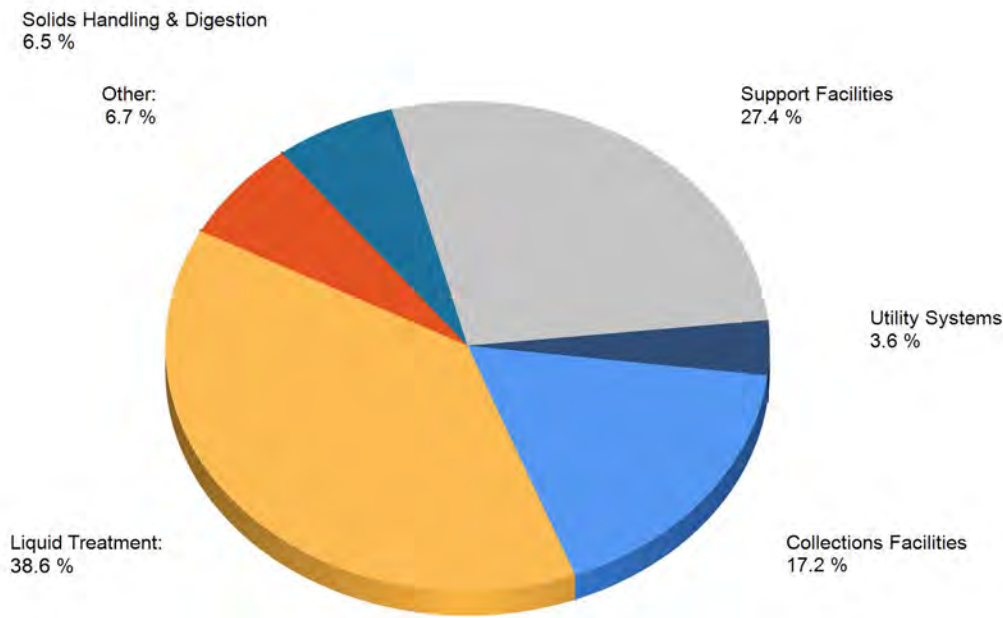
## Project Summary FY 2021-22

Item	Rehabilitation and Replacement	Strategic Initiatives	Additional Capacity	Regulatory	Total Budget
Collections Facilities	\$ 30,708,828	\$ 1,951,374	\$ 7,803,195	\$ 21,696	\$ 40,485,093
Solids Handling & Digestion	9,506,512	5,718,377	-	-	15,224,889
Support Facilities	33,194,642	28,560,521	1,200,196	1,200,196	64,155,555
Utility Systems	7,742,169	742,028	-	-	8,484,197
Liquid Treatment:					
Headworks	33,064,764	8,481,733	-	-	41,546,497
Ocean Outfall Systems	6,013,451	17,979,971	-	-	23,993,422
Primary Treatment	20,600,018	303,402	-	-	20,903,420
Secondary Treatment	4,078,207	-	-	-	4,078,207
Liquid Treatment Subtotal	63,756,440	26,765,106	-	-	90,521,546
Other:					
Information Management Systems	5,249,148	1,183,849	-	16,283	6,449,280
Strategic & Master Planning	1,642,080	1,026,301	410,520	1,026,301	4,105,202
Others	946,400	959,567	946,400	946,400	3,798,767
Research	-	806,894	-	-	806,894
Water Management Projects	-	309,211	-	-	309,211
Process Related Special Projects	-	-	-	248,320	248,320
Other Subtotal	7,837,628	4,285,822	1,356,920	2,237,304	15,717,674
<b>Grand Total</b>	<b>\$ 152,746,219</b>	<b>\$ 68,023,228</b>	<b>\$ 10,360,311</b>	<b>\$ 3,459,196</b>	<b>\$ 234,588,954</b>
<b>Less: CIP Savings &amp; Deferrals</b>					<b>(\$15,028,451)</b>
<b>Allocation for Future Rehab.</b>					<b>\$ 5,000,000</b>
<b>Proposed Net CIP Outlay</b>					<b>\$ 224,560,503</b>

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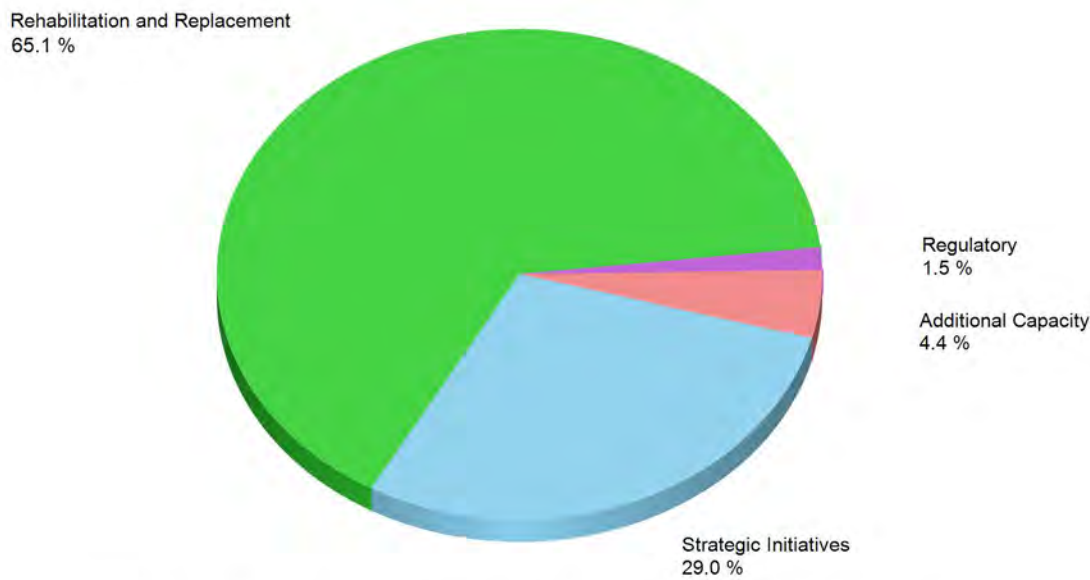
# Capital Improvement Expenditure Graphs

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FY 2021-22 Capital Improvement Program Outlay by Process - \$234.6 Million  
Net CIP Outlay - \$224.6 Million

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FY 2021-22 Capital Improvement Program Outlay by Driver - \$234.6 Million  
Net CIP Outlay - \$224.6 Million

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# 2021-22 Budget Update

## Summary of Capital Requirement - Collection System Improvement Projects

	Project Number	Original Total Project Budget	Revised Total Project Budget	Approved 2021-22 Outlay	Proposed 2021-22 Outlay	Project Status
<b>Collections Facilities</b>						
Santa Ana Trunk Sewer Rehab	1-23	\$ 54,620,000	\$ 54,620,000	\$ 1,051,179	\$ 914,334	Not Started
Greenville-Sullivan Trunk Impr.	1-24	48,600,000	48,600,000	371,204	286,363	Not Started
Edinger Pump Station Repl.	11-33	10,153,000	13,500,000	275,917	74,449	Not Started
Slater Pump Station Rehab	11-34	26,622,000	31,000,000	600,988	235,537	Not Started
SARI Rock Stabilizers Removal	2-41-8	4,860,000		4,210		Revised
Taft Branch Capacity Impr.	2-49	14,000,000	16,800,000	724,782	1,422,835	Started
Newhope - Placentia Trunk Grade Separation Repl.	2-65	4,300,000		11,357		Continuing
Newhope-Placentia Trunk Repl.	2-72	112,000,000	112,000,000	10,278,948	5,662,265	Started
Yorba Linda Dosing Station Installation	2-73	14,080,000	11,000,000			Not Started
Beach Relief Trunk/Knott Interceptor/Miller Holder Trunk Rehab	3-60	35,132,000	35,132,000			Not Started
Westminster Blvd Force Main Repl.	3-62	44,000,000	44,000,000	11,582,220	8,458,681	Started
Rehab of Western Regional Sewers	3-64	70,000,000	82,000,000	12,848,669	13,051,457	Started
Interstate 405 Widening Project Impacts on OCSD Sewers	3-66	250,000	250,000	62,102	21,696	Started
Seal Beach Pump Station Repl.	3-67	78,900,000	87,000,000	2,093,648	2,133,205	Started
Los Alamitos Sub-Trunk Extension	3-68	84,124,000	117,000,000			Not Started
Crystal Cove Pump Station Rehab	5-66	13,200,000	13,200,000			Not Started
Bay Bridge Pump Station Repl.	5-67	74,000,000	74,000,000	1,145,952	3,814,704	Started
Newport Beach Pump Stations Pressurization Impr.	5-68	4,300,000	4,300,000	343,555	327,102	Started
District 6 Trunk Sewer Relief	6-17	7,250,000				Revised
Fairview Trunk Sewer Rehab	6-20		17,000,000		187,716	New
MacArthur Pump Station Rehab	7-63	9,800,000	9,800,000			Not Started
Main Street Pump Station Rehab	7-64	39,450,000	37,000,000			Not Started
Gisler-Red Hill Interceptor & Baker Force Mains Rehab	7-65	21,000,000	39,000,000	1,763,122	772,900	Started
Sunflower & Red Hill Interceptor Repairs	7-66	4,700,000	6,999,997	2,553,194	2,704,438	Started
MacArthur Force Main Impr.	7-68	2,468,000	3,500,000	54,349	417,411	Started
North Trunk Impr.	7-69	9,200,000	10,000,000			Not Started
<b>Collections Facilities Total Budget</b>		<b>787,009,000</b>	<b>867,701,998</b>	<b>45,765,396</b>	<b>40,485,093</b>	



# Summary of Capital Requirements

## Summary of Capital Requirement - Treatment System Improvement Projects

	Project Number	Original Total Project Budget	Revised Total Project Budget	Approved 2021-22 Outlay	Proposed 2021-22 Outlay	Project Status
<b>Ocean Outfall Systems</b>						
Ocean Outfall System Rehab	J-117	166,000,000	166,000,000	23,477,550	23,933,041	Started
Sodium Bisulfite Station Rehab at P2	P2-135	3,834,000	3,834,000	206,659	60,381	Not started
Emergency Overflow Pipes & Wingwall Rehab at P2	P2-139		4,200,000			New
<b>Ocean Outfall Systems Total</b>		<b>169,834,000</b>	<b>174,034,000</b>	<b>23,684,209</b>	<b>23,993,422</b>	
<b>Information Management Systems</b>						
Process Control Systems Upgrades	J-120	33,000,000	37,000,000	4,987,341	3,406,549	Started
Project Mgmt. Information System	J-128	2,280,000	2,280,000	565,864	294,481	Started
Information Technology Capital Program	M-MC-IT	10,000,000	10,000,000	1,012,782	1,778,736	Started
EAM Software & Process Implementation	SP-100	7,500,000	9,200,000		448,311	Started
Geographic Information System	SP-15	4,700,000	4,568,000	59,709	16,283	Started
Process Control Systems Upgrades Study	SP-196	3,400,000	3,400,000	7,806	504,920	Started
<b>Information Management Systems Total</b>		<b>60,880,000</b>	<b>66,448,000</b>	<b>6,633,502</b>	<b>6,449,280</b>	
<b>Utility Systems</b>						
Digester Gas Facilities Repl.	J-124	173,000,000	173,000,000	3,736,720	1,398,801	Started
Natural Gas Pipelines Repl. at P1 & P2	J-127	1,610,000	2,000,000	105,734	221,883	Started
Central Generation Engine Overhauls at P1 & 2	J-135	26,000,000	44,000,000	1,521,979	3,788,815	Started
Power Building Structural Seismic Impr. at P1 & 2	J-136	7,080,000	5,400,000	239,060	161,114	Not started
Electrical Power Distribution System Impr.	J-98	26,500,000	26,500,000	2,075,970	2,107,681	Started
Central Generation Rehab at P1	P1-127	68,452,000	68,452,000			Not started
Uninterruptible Power Supply Impr. at P1	P1-132	7,000,000	7,000,000	584,761	625,925	Started
12.47 kV Switchgear Repl. at Central Generation at P1	P1-136	14,800,000	17,000,000			Not started
Network & Server Relocation at P1	P1-138	3,027,000	13,000,000	228,012	179,978	Not started
Standby Generator Feeders for P1 Secondary Systems	P1-139		2,800,000			New
Consolidated Demolition & Utility Impr. at P2	P2-110	30,000,000		16,281		Revised
Central Generation Rehab at P2	P2-119	108,000,000	108,000,000			Not started
Warehouse, Electrical Substation & 12kV Service Center Repl. at P2	P2-126	65,000,000	64,999,999	3,415,000		Started
<b>Utility Systems Total</b>		<b>530,469,000</b>	<b>532,151,999</b>	<b>11,923,517</b>	<b>8,484,197</b>	
<b>Process Related Special Projects</b>						
Safety Impr. Program	J-126	16,000,000	16,000,000	13	248,320	Started
<b>Process Related Special Projects Total</b>		<b>16,000,000</b>	<b>16,000,000</b>	<b>13</b>	<b>248,320</b>	
<b>Support Facilities</b>						
Laboratory Rehab at P1	J-133	44,200,000	44,200,000			Not started
Small Construction Projects Program	M-FE	65,000,000	90,000,000	10,104,836	12,001,957	Started
Operations & Maintenance Capital Program	M-SM-CAP	15,622,000	15,622,000	1,089,947	2,022,639	Started

# 2021-22 Budget Update

## Summary of Capital Requirement - Treatment System Improvement Projects

	Project Number	Original Total Project Budget	Revised Total Project Budget	Approved 2021-22 Outlay	Proposed 2021-22 Outlay	Project Status
<b>Support Facilities</b>						
Title 24 Access Compliance & Building Rehab Project	P1-115	18,400,000				Continuing
Headquarters Complex	P1-128	167,500,000	167,499,999	42,138,713	45,106,221	Started
South Perimeter Security & Utility Impr. at P1	P1-134	10,000,000	10,000,000	4,607,510	3,852,526	Started
Support Buildings Seismic Impr. at P1	P1-137	23,730,000	23,730,000	519,477	776,979	Started
Collections Yard Relocation	P2-127	1,840,000	1,900,000	106,701	39,814	Not started
Operations & Maintenance Complex at P2	P2-138	95,000,000	95,000,000	1,150,713	355,419	Not started
<b>Support Facilities Total</b>		<b>441,292,000</b>	<b>447,952,000</b>	<b>59,717,897</b>	<b>64,155,555</b>	
<b>Water Management Projects</b>						
GWRS Final Expansion Coordination	J-36-2	1,132,000	1,332,000	265,666	309,211	Started
<b>Water Management Projects Total</b>		<b>1,132,000</b>	<b>1,332,000</b>	<b>265,666</b>	<b>309,211</b>	
<b>Research</b>						
Research Program	M-RESEARCH	8,500,000	8,500,000	729,331	806,894	Started
<b>Research Total</b>		<b>8,500,000</b>	<b>8,500,000</b>	<b>729,331</b>	<b>806,894</b>	
<b>Strategic &amp; Master Planning</b>						
Planning Studies Program	M-STUDIES	28,652,000	28,652,000	1,488,527	4,105,202	Started
<b>Strategic &amp; Master Planning Total</b>		<b>28,652,000</b>	<b>28,652,000</b>	<b>1,488,527</b>	<b>4,105,202</b>	
<b>Solids Handling &amp; Digestion</b>						
Sludge Dewatering & Odor Control at P1	P1-101	197,000,000				Revised
Digester Ferric Chloride Piping Repl. at P1	P1-135	1,360,000	1,360,000	1,021,560	723,747	Started
Interim Food Waste Receiving Facility	P2-124	6,300,000	6,300,000	3,946,321	3,201,672	Started
TPAD Digester Facility at P2	P2-128	455,000,000	455,000,000	13,009,017	10,066,820	Started
Digester P, Q, R, & S Repl.	P2-129	165,900,000	165,900,000			Not started
Digesters Rehab at P2	P2-137	40,632,000	40,632,000	1,547,988	537,702	Started
Sludge Dewatering & Odor Control at P2	P2-92	90,477,000	90,476,999	583,093	694,948	Started
<b>Solids Handling &amp; Digestion Total</b>		<b>956,669,000</b>	<b>759,669,000</b>	<b>20,107,979</b>	<b>15,224,889</b>	
<b>Headworks</b>						
Headworks Rehab at P1	P1-105	406,000,000	340,000,000	49,765,501	33,064,764	Started
Headworks Modification at P2 for GWRS Final Expansion	P2-122	32,000,000	32,000,000	8,633,144	8,481,733	Started
<b>Headworks Total</b>		<b>438,000,000</b>	<b>372,000,000</b>	<b>58,398,645</b>	<b>41,546,497</b>	
<b>Primary Treatment</b>						
Primary Sedimentation Basins No. 3-5 Repl. at P1	P1-126	117,700,000	127,000,000	185,465	459,659	Started
Primary Sedimentation Basins No. 6-31 Reliability Impr. at P1	P1-133	10,100,000	14,000,000	1,295,242	606,804	Started
B/C-Side Primary Sedimentation Basins Rehab at P2	P2-133	279,842,000	279,842,000			Not started
Primary Treatment Rehabilitation at P2	P2-98	237,000,000	195,000,000	26,239,796	19,836,957	Started
<b>Primary Treatment Total</b>		<b>644,642,000</b>	<b>615,842,000</b>	<b>27,720,503</b>	<b>20,903,420</b>	

# Summary of Capital Requirements

## Summary of Capital Requirement - Treatment System Improvement Projects

	Project Number	Original Total Project Budget	Revised Total Project Budget	Approved 2021-22 Outlay	Proposed 2021-22 Outlay	Project Status
<b>Secondary Treatment</b>						
Return Activated Sludge Piping Repl. at Activated Sludge P1	P1-129	10,300,000	9,300,000	217,032	144,269	Started
Activated Sludge-1 Aeration Basin & Blower Rehab at P1	P1-140		270,000,000		485,387	New
Return Activated Sludge Piping Repl. at P2	P2-123	10,800,000	10,000,000	2,174,218	3,285,100	Started
Activated Sludge Aeration Basin Rehab at P2	P2-136	65,600,000	65,600,000	501,296	163,451	Not started
<b>Secondary Treatment Total</b>		<b>86,700,000</b>	<b>354,900,000</b>	<b>2,892,546</b>	<b>4,078,207</b>	
<b>Others</b>						
Capital Improvement Program Mgmt. Services	SP-195	700,000	700,000	26,903	13,167	Started
<b>Others Total</b>		<b>700,000</b>	<b>700,000</b>	<b>26,903</b>	<b>13,167</b>	
<b>Total Treatment and Disposal Projects</b>		<b>3,383,470,000</b>	<b>3,378,181,000</b>	<b>213,589,238</b>	<b>190,318,261</b>	
<b>Total Collections Facilities</b>		<b>787,009,000</b>	<b>867,701,998</b>	<b>45,765,396</b>	<b>40,485,093</b>	
<b>Capital Equipment Purchases</b>		<b>9,062,800</b>	<b>9,062,800</b>	<b>2,591,000</b>	<b>3,785,600</b>	
<b>Total</b>		<b>\$ 4,179,541,800</b>	<b>\$4,254,945,798</b>	<b>\$261,945,634</b>	<b>\$234,588,954</b>	
<b>Less: CIP Savings &amp; Deferrals</b>					<b>(\$15,028,451)</b>	
<b>Allocation for Future Rehab.</b>					<b>\$5,000,000</b>	
<b>Proposed Net CIP Outlay</b>					<b>\$224,560,503</b>	

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## 2021-22 Budget Update

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### CIP New Project Descriptions

<b>Project Name &amp; Number</b>	<b>Fairview Trunk Sewer Rehabilitation - 6-20</b>		
<b>Project Category</b>	<b>Collections Facilities</b>	<b>Project Budget:</b>	<b>\$17,000,000</b>

#### Description

This project will rehabilitate the entire west parallel sewer of the Fairview Trunk and repair other portions. The project includes the rehabilitation of 9,489 feet of 12-inch to 27-inch sewer with 48-inch to 84-inch manholes along Fairview Road in the City of Costa Mesa. The project also includes spot repairs in the same vicinity.

#### Justification

Rehabilitation of existing trunk sewer main is necessary to address identified structural deficiencies.

The project budget is \$17,000,000. The project's estimated construction contract cost is \$7,960,000. The impacts to operational budgets have not yet been determined.



**Collections  
Facilities**

<b>Project Name &amp; Number</b>	<b>Standby Generator Feeders for Plant No. 1 Secondary Systems - P1-139</b>		
<b>Project Category</b>	<b>Utility Systems</b>	<b>Project Budget:</b>	<b>\$2,800,000</b>

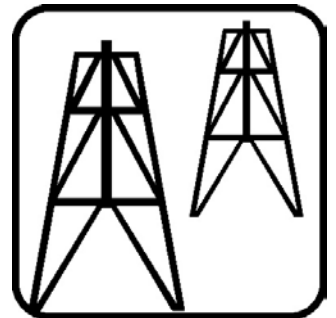
#### Description

P1-105 Project "Headworks Rehabilitation at Plant 1" will install Medium Voltage Back Up Generators to support Plant 1 Loads, including Blower Building 1 and Power Building 2 standby loads. This project will demolish existing diesel standby generators, fuel storage tanks, associated cabling and power distribution equipment at Blow Building 1 and Power Building 2. It will also provide new medium voltage feeders, power transformers to refeed standby loads at Blower Building 1 and Power Building 2.

#### Justification

The purpose of this project is to rehabilitate the existing standby diesel generator infrastructure and Standby Power distribution System in Blower Building 1 and Power Building 2 and phase out aged generators with overheating problems

The project budget is \$2,800,000. The project's estimated construction contract cost is \$1,380,000. The impacts to operational budgets have not yet been determined.



**Utility Systems**

# CIP New Project Descriptions

<b>Project Name &amp; Number</b>	<b>Activated Sludge-1 Aeration Basin and Blower Rehabilitation at Plant No. 1 - P1-140</b>		
<b>Project Category</b>	<b>Secondary Treatment</b>	<b>Project Budget:</b>	<b>\$270,000,000</b>

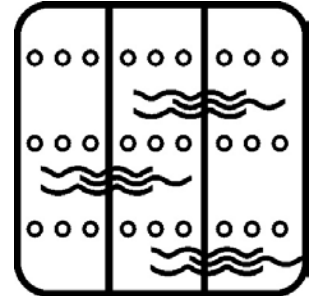
## Description

This project will perform a comprehensive rehabilitation of the Activated Sludge Facility No. 1 (AS-1) at Plant No. 1. This project will demolish the Primary Effluent Pump Station No. 1 (PEPS) and associated piping, replace all major mechanical, electrical and instrumentation equipment and perform structural rehabilitation. The facilities in this project include Blower Building No. 1, Aeration Basins Nos. 1-10, Return Activated Sludge Pump Station and Secondary Clarifiers Nos. 1-26. A new Mixed Liquor Recycle (MLR) pump station and associated piping is also included in this project.

## Justification

Built in the early 1970s, the AS-1 facility is nearing the end of its useful life. A major rehabilitation of AS-1 will ensure reliable service for next 20 plus years. PEPS will no longer be needed when the Primary Sedimentation Basins Nos. 3-5 Replacement Project, P1-126, is completed. A new MLR pump station is required to convert AS-1 from a partial to a full denitrification process which will remove nitrates and improve effluent water quality.

The project budget is \$270,000,000. The project's estimated construction contract cost is \$162,640,000. The impacts to operational budgets have not yet been determined.



**Secondary Treatment**

<b>Project Name &amp; Number</b>	<b>Emergency Overflow Pipes and Wingwall Rehabilitation at Plant No. 2 - P2-139</b>		
<b>Project Category</b>	<b>Ocean Outfall Systems</b>	<b>Project Budget:</b>	<b>\$4,200,000</b>

## Description

Plant No. 2 has emergency overflow weirs consisting of four reinforced concrete pipes that can discharge into the Santa Ana River through two concrete wingwall structures. This project will include rehabilitation of concrete and rebar of the wingwalls and foundation slabs. Because both wingwalls are located by the Santa Ana River, this work will require permits from various agencies.

## Justification

A Planning Study conducted a structural investigation on the wingwalls and concluded that both of the structures appear to be in a gradually deteriorating condition. If the current level and rate of deterioration are not addressed, the remaining service life of each structure will be greatly impacted and could potentially require replacement within approximately 10 years.

The project budget is \$4,200,000. The project's estimated construction contract cost is \$2,290,000. The impacts to operational budgets have not yet been determined.



**Ocean Outfall Systems**

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# Capital Equipment Budget Summary

## Capital Equipment Budget 2021-22

Department	Trucks & Vehicles 09410000	Other Mobile Eq 09410001	Machine Eq & Tools 09410002	Comm Equipment 09410003
Information Technology	\$ -	\$ -	\$ -	\$ -
Resource Protection	45,000	-	11,600	-
Environmental Laboratory & Ocean Monitoring	-	-	-	-
Design	-	-	-	-
Construction Management	33,300	-	-	-
Collection Facilities O&M	-	-	-	-
Fleet Services	1,055,000	407,400	-	-
Plant No. 1 Operations	-	-	-	-
Plant No. 2 Operations	-	-	-	-
Plant No. 1 Maintenance	93,600	-	191,300	-
Plant No. 2 Maintenance	66,600	-	43,700	-
Total Proposed Capital Equipment	<u>\$ 1,293,500</u>	<u>\$ 407,400</u>	<u>\$ 246,600</u>	<u>\$ -</u>



# 2021-22 Budget Update

## Capital Equipment Budget 2021-22

Department	Instr / Test Equipment 09410004	Safety & Traffic Eq 09410005	Office Fix & Eq 09410006	Computer Equipment 09410007	2021-22 Proposed Budget
Information Technology	\$ -	\$ -	\$ -	\$ -	\$ -
Resource Protection	-	-	-	-	56,600
Environmental Laboratory & Ocean Monitoring	1,592,900	-	-	-	1,592,900
Design	21,600	-	-	-	21,600
Construction Management	-	-	-	-	33,300
Collection Facilities O&M	25,000	-	-	48,500	73,500
Fleet Services	-	-	-	-	1,462,400
Plant No. 1 Operations	-	-	-	-	-
Plant No. 2 Operations	-	-	-	-	-
Plant No. 1 Maintenance	150,100	-	-	-	435,000
Plant No. 2 Maintenance	-	-	-	-	110,300
Total Proposed Capital Equipment	<u>\$ 1,789,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,500</u>	<u>\$ 3,785,600</u>

# Capital Equipment Budget Summary

## Capital Equipment Budget Detail

<u>Division</u>	<u>Equipment Type</u>	<u>Proposed Equip. Budget</u>
<u>620 - Resource Protection</u>		
	Heavy Duty Service Truck	45,000
	All Weather Refrigerated Sampler	11,600
	Total	<u>\$ 56,600</u>
<u>630 - Environmental Laboratory &amp; Ocean Monitoring</u>		
	Fourier Transform Infrared Spectroscopy (FTIR)	110,000
	Triple Quadrupole GC/MS (Gas Chromatography Mass Spectrometry)	308,000
	Acoustic Doppler Current Profiler (ADCP)	49,200
	Phytoplankton Autosampler	163,400
	Ocean Acidification and Hypoxia Sensors (6)	211,600
	Triple Quadrupole GC/MS	308,000
	Hach Refrigerated Auto-Sampler	18,500
	Acoustic Doppler Current Profiler (ADCP)	49,200
	Phytoplankton Autosampler	163,400
	Ocean Acidification and Hypoxia Sensors (6)	211,600
	Total	<u>\$ 1,592,900</u>
<u>760 - Design</u>		
	PLC Test Units	21,600
	Total	<u>\$ 21,600</u>
<u>770 - Construction Management</u>		
	Mid-size Truck or Small SUV for Construction Projects	33,300
	Total	<u>\$ 33,300</u>
<u>820 - Collection Facilities O&amp;M</u>		
	Providence Photonics QL320	\$ 25,000
	FLIR GF77a - Optical Gas Imaging Camera	\$ 48,500
	Total	<u>\$ 73,500</u>
<u>822 - Fleet Services</u>		
	Heavy Duty Speciality Truck - Sewer Pull Rig	260,000
	Light Duty Trucks (12)	450,000
	Medium Duty Trucks (2)	135,000
	Sedans & Van (Pass) (6)	210,000
	Electric Carts O&M (21)	407,400
	Total	<u>\$ 1,462,400</u>
<u>870 - Plant No. 1 Maintenance</u>		
	Medium Duty Truck	46,800
	Medium Duty Truck	46,800
	Aaladin Model 2260E Parts Washer	47,300
	Pipe and Angle Bender	20,800
	Quincy QGS 75 Rotary Air Compressor	123,200
	Beamex Multi-Calibrator (5)	130,300
	Portable External Flowmeter with Transducers	19,800
	Total	<u>\$ 435,000</u>
<u>880 - Plant No. 2 Maintenance</u>		
	Sedans (2)	66,600
	Olympus IPLEX GX/GT Borescope	43,700
	Total	<u>\$ 110,300</u>
<b>Total Proposed 2021-22 Capital Equipment Budget</b>		<b><u>\$ 3,785,600</u></b>

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## Levels of Service

	FY 19-20 Results	Level of Service Target
<b>Protecting Public Health</b> Protecting public health and the environment utilizing all practical and effective means for wastewater, energy, and solids resource recovery.		
Accept dry weather runoff diversion flows without imposing fees	1.4 MGD	Up to 10 MGD
Maximum Individual Cancer Risk to off-site residents, per one million people (for each treatment plant)	Plant No. 1 – 2.24 Plant No. 2 – 1.76	<10 <10
Notices of violation (NOV) with air, land, and water permits	2	0
Respond to collection system spills within 1 hour	100%	100%
Sanitary sewer spills per 100 miles	0.0	< 2.1
Contain sanitary sewer spills within 5 hours	100%	100%
Meet secondary treatment standards	BOD 5.4 mg/L TSS 5.3 mg/L	BOD 25 mg/L TSS 30 mg/L
Frequency of unplanned use of emergency one-mile (78-inch diameter) outfall (per year during dry weather)	0	0
Compliance with core industrial pretreatment requirements	100%	100%
<b>Stakeholder Understanding and Support</b> Communicating OCSD's mission and strategies with those we serve and all other stakeholders.		
Meet GWRS specification requirements for Plant No. 1 secondary effluent	3.2 NTU	5 NTU
Provide specification effluent available to the Groundwater Replenishment System to maximize production of purified water	100%	100%
<b>Managing and Protecting the Public Funds</b> Continually seeking efficiencies to ensure that the public's money is wisely spent.		
Annual user fees sufficient to cover all O&M Requirements	100%	100%
Actual collection, treatment, and disposal costs per million gallons	6%	≤ 10% of budget
Maintain AAA Bond Rating	100%	100%

## 2021-22 Budget Update

	FY 19-20 Results	Level of Service Target
<b>Providing Exceptional Customer Service</b>		
Providing reliable, responsive and affordable services in line with customer needs and expectations.		
Treatment plants odor complaint response within 1 hour	95%	100%
Collection system odor complaint response within 1 working day	100%	100%
Number of odor complaints:		
• Reclamation Plant No. 1	10	0
• Treatment Plant No. 2	7	0
• Collection System	9	12
*Under normal operating conditions		
Respond to public complaints or inquiries regarding construction projects within 1 day	100%	100%
Respond to all biosolids contractor violations within a week of violation notice	100%	100%
<b>Organizational Effectiveness</b>		
Creating the best possible workforce in terms of safety, productivity, customer service, and training.		
Employee injury incident rate – per 100 employees	2.85	<4.8 Industry Average
Meet mandatory OSHA training requirements	100%	>95%
Achieve annual agency target of days away from work, days of restricted work activity, or job transferred as a result of a work-related injury or illness	0.89	<2.9
Training hours per employee	30	45 per year

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# Self-Funded Insurance Plans

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## SELF-FUNDED INSURANCE PLANS

The General Liability and Property program and the Workers' Compensation program provide for OCSD to be partially self-insured for general liability and workers' compensation. The in-lieu premiums charged to the operating divisions are the revenue source for these programs. Expenses primarily consist of settlement claims, legal fees and excess loss insurance premiums. Ending Reserve Balances are projected at \$100 million.

### **General Liability and Property**

- OCSD's current excess general liability insurance coverage is \$40 million per occurrence and aggregate, with a self-insured retention of \$750,000.
- OCSD's current property insurance coverage is \$800 million for perils of fire and \$100 million for perils of flood, subject to a self-insured retention of \$500,000. OCSD is partially self-insured for earthquake, but does carry \$25 million in coverage on 15 key structures with a \$5 million deductible. OCSD also has a \$50 million sublimit for builder's risk under the property insurance program to ensure upcoming construction projects are adequately covered.
- In order to maintain the reserve balance of \$98 million for the General Liability and Property program, appropriations for in-lieu premiums charged to operating divisions are recommended at \$2,140,000 for FY 2021-22.

### **Workers' Compensation**

- OCSD's current excess workers' compensation coverage has unlimited statutory coverage per occurrence and \$4 million employer's liability per employee with a self-insured retention of \$1 million per person per occurrence.
- In order to maintain the reserve balance of \$2 million for the Workers' Compensation program, appropriations for in-lieu premiums charged to operating divisions are recommended at \$800,000 for FY 2021-22.

DESCRIPTION OR ACCOUNT TITLE	FY 2021-22 Self-Insurance Program Budget		
	General Liability & Property Program	Workers' Compensation Program	Total Self-Insurance Program
<b>Beginning Reserves</b>	\$ 98,000,000	\$ 2,000,000	\$ 100,000,000
<b>Revenues</b>			
In-Lieu Premiums	2,140,000	780,000	2,920,000
Miscellaneous Other Revenue	-	-	-
Service Department Allocation	-	-	-
<b>Total Revenues</b>	<u>2,140,000</u>	<u>780,000</u>	<u>2,920,000</u>
<b>Expenses</b>			
Benefits/Claims	40,000	430,000	470,000
Contractual Services	-	-	-
Legal Services	40,000	80,000	120,000
Professional Services	20,000	60,000	80,000
Policy Premium Expense	2,509,393	271,860	2,781,253
<b>Total Expenses</b>	<u>2,609,393</u>	<u>841,860</u>	<u>3,451,253</u>
<b>Excess Revenue (Expenses)</b>	<u>(469,393)</u>	<u>(61,860)</u>	<u>(531,253)</u>
<b>Ending Reserves</b>	<u>\$ 97,530,607</u>	<u>\$ 1,938,140</u>	<u>\$ 99,468,747</u>

# 2021-22 Budget Update

## Historical Staffing Summary

Department and Division Name	Authorized FTEs 2017-18	Authorized FTEs 2018-19	Authorized FTEs 2019-20	Authorized FTEs 2020-21	Proposed FTEs 2021-22
<b>General Manager's Office</b>					
General Management Administration	5.00	4.00	4.00	5.00	3.00
Board Services	5.00	5.00	5.00	7.00	6.00
Public Affairs	5.00	5.00	6.00	6.00	6.00
<b>Department Subtotal</b>	<b>15.00</b>	<b>14.00</b>	<b>15.00</b>	<b>18.00</b>	<b>15.00</b>
<b>Human Resources Department</b>					
Human Resources Administration	16.00	16.00	16.00	16.00	16.00
Risk Management/Safety/Security	11.00	11.00	11.00	10.00	10.00
<b>Department Subtotal</b>	<b>27.00</b>	<b>27.00</b>	<b>27.00</b>	<b>26.00</b>	<b>26.00</b>
<b>Administrative Services Department</b>					
Administrative Services	3.00	3.00	3.00	1.00	2.00
Financial Management	19.00	19.00	19.00	24.00	24.00
Contracts, Purchasing and Materials Management	32.00	32.00	32.00	31.00	31.00
Information Technology	45.00	46.00	47.00	45.00	45.00
<b>Department Subtotal</b>	<b>99.00</b>	<b>100.00</b>	<b>101.00</b>	<b>101.00</b>	<b>102.00</b>
<b>Environmental Services Department</b>					
Environmental Services Administration & Regulatory Compliance	2.00	2.00	2.00	2.00	11.00
Resource Protection	37.00	37.00	37.00	37.00	37.00
Environmental Laboratory & Ocean Monitoring	52.00	52.00	53.00	54.00	45.00
<b>Department Subtotal</b>	<b>91.00</b>	<b>91.00</b>	<b>92.00</b>	<b>93.00</b>	<b>93.00</b>
<b>Engineering Department</b>					
Engineering Administration	2.00	2.00	3.00	5.00	5.00
Planning	15.00	14.00	18.00	15.00	15.00
Project Management	17.00	16.00	17.00	21.00	21.00
Design	53.00	54.00	52.00	36.00	34.00
Construction Management	29.00	30.00	31.00	40.00	41.00
<b>Department Subtotal</b>	<b>116.00</b>	<b>116.00</b>	<b>121.00</b>	<b>117.00</b>	<b>116.00</b>
<b>Operations and Maintenance Department</b>					
Operations and Maintenance Administration	3.00	3.00	2.00	3.00	3.00
Collection Facilities Operations & Maintenance	26.00	26.00	26.00	29.00	29.00
Fleet Services	8.00	8.00	8.00	8.00	9.00
Plant No. 1 Operations	61.00	62.00	62.00	54.00	55.00
Plant No. 2 Operations	51.00	50.00	50.00	52.00	53.00
Plant No. 1 Maintenance	62.00	61.00	86.00	85.00	85.00
Maintenance Reliability and Planning	28.00	28.00	-	-	-
Plant No. 2 Maintenance	48.00	50.00	50.00	53.00	53.00
<b>Department Subtotal</b>	<b>287.00</b>	<b>288.00</b>	<b>284.00</b>	<b>284.00</b>	<b>287.00</b>
<b>Grand Total - All Departments*</b>	<b>635.00</b>	<b>636.00</b>	<b>640.00</b>	<b>639.00</b>	<b>639.00</b>



# Historical Staffing Detail

Division & Position	Authorized FTEs 2017-18	Authorized FTEs 2018-19	Authorized FTEs 2019-20	Authorized FTEs 2020-21	Proposed FTEs 2021-22
<b>General Manager's Office</b>					
<b>110 General Management Administration</b>					
General Manager	1.00	1.00	1.00	1.00	1.00
Assistant General Manager	1.00	1.00	1.00	2.00	-
Principal Staff Analyst	1.00	1.00	1.00	-	-
Records Management Specialist	1.00	-	-	-	-
Administration Manager	-	-	-	1.00	1.00
Secretary to the General Manager	1.00	1.00	1.00	1.00	1.00
Total General Management Administration	5.00	4.00	4.00	5.00	3.00
<b>120 Board Services</b>					
Clerk of the Board	1.00	1.00	1.00	1.00	1.00
Records Management Specialist	-	-	-	1.00	-
Deputy Clerk of the Board	1.00	1.00	1.00	-	-
Assistant Clerk of the Board	-	-	-	1.00	1.00
Data Management Technician I	-	-	-	1.00	1.00
Program Assistant	2.00	2.00	2.00	2.00	2.00
Office Assistant	1.00	1.00	1.00	1.00	1.00
Total Board Services	5.00	5.00	5.00	7.00	6.00
<b>140 Public Affairs</b>					
Administrative Manager	-	-	1.00	-	-
Public Affairs Supervisor	1.00	1.00	-	-	-
Principal Public Affairs Specialist	-	-	1.00	1.00	1.00
Senior Public Affairs Specialist	1.00	1.00	1.00	1.00	1.00
Public Affairs Specialist	1.00	1.00	1.00	2.00	2.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Graphics Designer	-	1.00	1.00	1.00	1.00
Graphics Coordinator	1.00	-	-	-	-
Total Public Affairs	5.00	5.00	6.00	6.00	6.00
<b>Total General Manager's Office</b>	<b>15.00</b>	<b>14.00</b>	<b>15.00</b>	<b>18.00</b>	<b>15.00</b>
<b>Human Resources Department</b>					
<b>160 Human Resources Administration</b>					
Director of Human Resources	1.00	1.00	1.00	1.00	1.00
HR and Risk Manager	1.00	1.00	1.00	1.00	1.00
Human Resources Supervisor	-	2.00	2.00	2.00	2.00
Principal Human Resources Analyst	2.00	2.00	2.00	2.00	2.00
Senior Human Resources Analyst	5.00	4.00	4.00	4.00	4.00
Human Resources Analyst	4.00	4.00	4.00	4.00	4.00
Human Resources Assistant	1.00	2.00	2.00	2.00	2.00
Program Assistant	2.00	-	-	-	-
Total Human Resources Administration	16.00	16.00	16.00	16.00	16.00
<b>161 Risk Management/Safety/Security</b>					
Safety & Health Supervisor	1.00	1.00	1.00	1.00	1.00
Principal Financial Analyst	1.00	1.00	1.00	-	-
Safety & Health Specialist	1.00	1.00	2.00	2.00	2.00
Security & Emergency Planning Specialist	1.00	1.00	1.00	1.00	1.00
Occupational Health Nurse	1.00	1.00	1.00	-	-
Senior Safety & Health Representative	2.00	2.00	1.00	2.00	2.00
Senior Construction Inspector	-	-	-	1.00	1.00
Safety & Health Representative	3.00	3.00	3.00	2.00	2.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Total Risk Management/Safety/Security	11.00	11.00	11.00	10.00	10.00
<b>Total Human Resources Department</b>	<b>27.00</b>	<b>27.00</b>	<b>27.00</b>	<b>26.00</b>	<b>26.00</b>

## 2021-22 Budget Update

Division & Position	Authorized FTEs 2017-18	Authorized FTEs 2018-19	Authorized FTEs 2019-20	Authorized FTEs 2020-21	Proposed FTEs 2021-22
<b>Administrative Services Department</b>					
<b>210 Administrative Services</b>					
Director of Finance & Administrative Services / Treasurer	1.00	1.00	1.00	-	-
Assistant General Manager	-	-	-	-	1.00
Principal Financial Analyst	1.00	-	-	-	-
Principal Staff Analyst	-	1.00	1.00	-	-
Administrative Assistant	-	-	-	1.00	1.00
Executive Assistant	1.00	1.00	1.00	-	-
Total Administrative Services	3.00	3.00	3.00	1.00	2.00
<b>220 Financial Management</b>					
Controller	1.00	1.00	1.00	1.00	1.00
Accounting Supervisor	3.00	3.00	3.00	3.00	3.00
Principal Accountant	2.00	2.00	2.00	2.00	2.00
Principal Project Controls Analyst	-	-	-	1.00	1.00
Principal Staff Analyst	-	-	-	4.00	4.00
Senior Accountant	2.00	2.00	2.00	2.00	2.00
Senior Staff Analyst	1.00	1.00	1.00	1.00	2.00
Accountant	2.00	2.00	2.00	2.00	1.00
Staff Analyst	1.00	-	-	-	-
Payroll Technician	2.00	2.00	2.00	2.00	2.00
Accounting Assistant II	5.00	6.00	6.00	6.00	6.00
Total Financial Management	19.00	19.00	19.00	24.00	24.00
<b>230 Contracts, Purchasing and Materials Management</b>					
Contracts & Purchasing Manager	1.00	1.00	1.00	1.00	1.00
Contracts Supervisor	1.00	1.00	1.00	1.00	1.00
Principal Contracts Administrator	2.00	2.00	2.00	2.00	2.00
Purchasing Supervisor	1.00	1.00	1.00	1.00	1.00
Materials Control Supervisor	1.00	1.00	1.00	1.00	-
Senior Contracts Administrator	3.00	3.00	3.00	3.00	3.00
Principal Buyer	1.00	-	1.00	1.00	1.00
Contracts Administrator	3.00	3.00	3.00	3.00	3.00
Senior Buyer	1.00	3.00	2.00	2.00	3.00
Buyer	3.00	2.00	2.00	2.00	2.00
Contracts/Purchasing Assistant	5.00	5.00	5.00	4.00	4.00
Senior Staff Analyst	-	-	-	1.00	1.00
Lead Storekeeper	2.00	2.00	2.00	2.00	2.00
Senior Storekeeper	3.00	3.00	3.00	3.00	3.00
Storekeeper	5.00	5.00	5.00	4.00	4.00
Total Contracts, Purchasing and Materials Management	32.00	32.00	32.00	31.00	31.00
<b>250 Information Technology</b>					
Information Technology Systems and Operations Manager	1.00	1.00	1.00	1.00	1.00
Information Technology Supervisor	3.00	3.00	3.00	3.00	3.00
Principal Information Technology Analyst	6.00	7.00	7.00	7.00	7.00
Senior Information Technology Analyst	10.00	10.00	10.00	10.00	10.00
Information Technology Analyst III	6.00	6.00	7.00	8.00	7.00
Records Management Specialist	-	1.00	1.00	-	-
Data Management Technician II	7.00	7.00	7.00	6.00	7.00
Information Technology Analyst II	3.00	3.00	3.00	3.00	3.00
Data Management Technician I	4.00	4.00	4.00	3.00	3.00
Staff Analyst	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Information Technology Technician II	1.00	1.00	1.00	2.00	2.00
Information Technology Technician I	1.00	1.00	1.00	-	-
Program Assistant	1.00	-	-	-	-
Total Information Technology	45.00	46.00	47.00	45.00	45.00
<b>Total Administrative Services Department</b>	<b>99.00</b>	<b>100.00</b>	<b>101.00</b>	<b>101.00</b>	<b>102.00</b>

# Historical Staffing Detail

Division & Position	Authorized FTEs 2017-18	Authorized FTEs 2018-19	Authorized FTEs 2019-20	Authorized FTEs 2020-21	Proposed FTEs 2021-22
<b>Environmental Services Department</b>					
<b>610 Environmental Services Administration &amp; Regulatory Compliance</b>					
Director of Environmental Services	1.00	1.00	1.00	1.00	1.00
Pr Environmental Specialist	-	-	-	-	1.00
Regulatory Specialist	-	-	-	-	3.00
Senior Regulatory Specialist	-	-	-	-	2.00
Sr Environmental Specialist	-	-	-	-	3.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Total Environmental Services Admin. & Regulatory Compliance	2.00	2.00	2.00	2.00	11.00
<b>620 Resource Protection</b>					
Engineering Manager	1.00	1.00	1.00	1.00	1.00
Engineering Supervisor	2.00	2.00	2.00	2.00	2.00
Senior Engineer	1.00	2.00	2.00	2.00	2.00
Engineer	5.00	4.00	4.00	5.00	5.00
Source Control Supervisor	1.00	1.00	1.00	1.00	1.00
Associate Engineer	3.00	3.00	3.00	2.00	2.00
Principal Environmental Specialist	3.00	3.00	3.00	3.00	3.00
Lead Source Control Inspector	1.00	1.00	1.00	1.00	1.00
Senior Environmental Specialist	1.00	1.00	1.00	1.00	1.00
Source Control Inspector II	7.00	7.00	7.00	6.00	6.00
Source Control Inspector I	2.00	2.00	2.00	3.00	3.00
Administrative Assistant	2.00	2.00	2.00	2.00	1.00
Environmental Technician	3.00	3.00	3.00	3.00	4.00
Program Assistant	4.00	4.00	4.00	4.00	4.00
Office Assistant	1.00	1.00	1.00	1.00	1.00
Total Resource Protection	37.00	37.00	37.00	37.00	37.00
<b>630 Environmental Laboratory &amp; Ocean Monitoring</b>					
Environmental Lab & Ocean Monitoring Manager	1.00	1.00	1.00	1.00	1.00
Environmental Supervisor	4.00	4.00	4.00	4.00	4.00
Senior Regulatory Specialist	1.00	1.00	2.00	2.00	-
Senior Scientist	3.00	3.00	3.00	3.00	-
Regulatory Specialist	2.00	3.00	3.00	3.00	3.00
Scientist	1.00	1.00	1.00	2.00	2.00
Associate Engineer	1.00	1.00	1.00	-	-
Principal Environmental Specialist	8.50	8.00	8.00	9.00	8.00
Senior Environmental Specialist	18.50	18.00	18.00	18.00	15.00
Boat Captain	1.00	1.00	1.00	1.00	1.00
Environmental Specialist	7.00	7.00	7.00	7.00	7.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Environmental Technician	3.00	3.00	3.00	3.00	3.00
Total Environmental Laboratory & Ocean Monitoring	52.00	52.00	53.00	54.00	45.00
<b>Total Environmental Services Department</b>	<b>91.00</b>	<b>91.00</b>	<b>92.00</b>	<b>93.00</b>	<b>93.00</b>

## 2021-22 Budget Update

Division & Position	Authorized FTEs 2017-18	Authorized FTEs 2018-19	Authorized FTEs 2019-20	Authorized FTEs 2020-21	Proposed FTEs 2021-22
<b>Engineering Department</b>					
<b>710 Engineering Administration</b>					
Administrative Assistant	-	-	-	1.00	1.00
Assistant General Manager	-	1.00	1.00	-	-
Director of Engineering	1.00	-	1.00	1.00	1.00
Principal Staff Analyst	-	-	-	1.00	1.00
Staff Analyst	-	-	-	1.00	1.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Total Engineering Administration	2.00	2.00	3.00	5.00	5.00
<b>740 Planning</b>					
Engineering Manager	1.00	1.00	1.00	1.00	1.00
Engineering Supervisor	2.00	2.00	2.00	2.00	2.00
Senior Engineer	3.00	3.00	3.00	2.00	2.00
Engineer	3.00	3.00	6.00	7.00	7.00
Principal Financial Analyst	1.00	-	-	-	-
Principal Staff Analyst	1.00	2.00	2.00	1.00	1.00
Associate Engineer	2.00	1.00	2.00	1.00	1.00
Engineering Associate	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	-	-
Total Planning	15.00	14.00	18.00	15.00	15.00
<b>750 Project Management</b>					
Engineering Manager	1.00	1.00	1.00	1.00	1.00
CIP Project Manager	-	-	-	1.00	1.00
Engineering Supervisor	-	1.00	1.00	2.00	2.00
Capital Improvement Program Project Manager	9.00	9.00	9.00	-	-
Senior Engineer	1.00	1.00	2.00	11.00	11.00
Principal Project Controls Analyst	1.00	1.00	1.00	-	-
Engineer	-	-	-	3.00	3.00
Engineering Associate	-	-	-	1.00	1.00
Principal Staff Analyst	2.00	2.00	2.00	-	-
Cost Estimator	-	-	-	-	-
Planner/Scheduler	-	-	-	-	-
Associate Engineer	-	-	-	1.00	1.00
Engineering Assistant II	1.00	-	-	-	-
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Office Assistant	1.00	-	-	-	-
Total Project Management	17.00	16.00	17.00	21.00	21.00
<b>760 Design</b>					
Engineering Manager	1.00	1.00	1.00	1.00	1.00
Engineering Supervisor	5.00	4.00	4.00	4.00	4.00
Senior Engineer	7.00	7.00	7.00	12.00	11.00
Construction Inspection Supervisor	2.00	2.00	2.00	-	-
Engineer	13.00	13.00	13.00	8.00	7.00
Senior Cost Estimator	-	1.00	1.00	-	-
Senior Planner/Scheduler	-	1.00	1.00	-	-
Associate Engineer	3.00	4.00	4.00	2.00	2.00
Cost Estimator	1.00	-	-	-	-
Planner/Scheduler	1.00	-	-	-	-
Senior Construction Inspector	5.00	5.00	5.00	-	-
Assistant Engineer	1.00	-	-	-	-
Engineering Associate	1.00	1.00	1.00	-	-
Senior Staff Analyst	2.00	2.00	1.00	-	-
Construction Inspector	5.00	6.00	6.00	-	-
Engineering Assistant II	3.00	4.00	4.00	-	-

# Historical Staffing Detail

	Authorized FTEs 2017-18	Authorized FTEs 2018-19	Authorized FTEs 2019-20	Proposed FTEs 2020-21	Proposed FTEs 2021-22
Information Tech Analyst II	-	-	-	1.00	1.00
Information Tech Analyst III	-	-	-	1.00	1.00
Administrative Assistant	2.00	2.00	2.00	1.00	1.00
Principal Info Tech Analyst	-	-	-	3.00	3.00
Senior Info Tech Analyst	-	-	-	3.00	3.00
Engineering Assistant I	1.00	1.00	-	-	-
Total Design	53.00	54.00	52.00	36.00	34.00
<b>770 Construction Management</b>					
Engineering Manager	1.00	1.00	1.00	1.00	1.00
Engineering Supervisor	2.00	2.00	2.00	2.00	2.00
Senior Construction Insp Supv	1.00	1.00	1.00	-	-
Senior Engineer	6.00	6.00	7.00	2.00	2.00
Principal Info Tech Analyst	4.00	4.00	4.00	-	-
Engineer	4.00	4.00	4.00	5.00	6.00
Senior Info Tech Analyst	3.00	3.00	3.00	-	-
Information Tech Analyst III	1.00	1.00	1.00	-	-
Senior Construction Inspector	2.00	3.00	3.00	7.00	7.00
Information Tech Analyst II	1.00	1.00	1.00	-	-
Construction Insp Supervisor	-	-	-	3.00	3.00
Construction Inspector	4.00	3.00	3.00	9.00	9.00
Engineering Assistant II	-	-	-	4.00	4.00
Senior Cost Estimator	-	-	-	1.00	1.00
Senior Planner/Scheduler	-	-	-	1.00	1.00
Planner/Scheduler	-	-	-	1.00	1.00
Associate Engineer	-	-	-	2.00	2.00
Administrative Assistant	-	1.00	1.00	2.00	2.00
Total Construction Management	29.00	30.00	31.00	40.00	41.00
<b>Total Engineering Department</b>	<b>116.00</b>	<b>116.00</b>	<b>121.00</b>	<b>117.00</b>	<b>116.00</b>
<b>Operations and Maintenance Department</b>					
<b>810 Operations and Maintenance Administration</b>					
Director of Operations & Maintenance	1.00	1.00	-	1.00	-
Assistant General Manager	-	-	-	-	1.00
Senior Staff Analyst	1.00	1.00	1.00	1.00	1.00
Staff Analyst	1.00	1.00	1.00	1.00	1.00
Total Operations and Maintenance Administration	3.00	3.00	2.00	3.00	3.00
<b>820 Collection Facilities Operations &amp; Maintenance</b>					
Engineering Manager	1.00	1.00	1.00	-	1.00
Maintenance Manager	-	-	-	1.00	1.00
Engineering Supervisor	-	-	-	-	1.00
Maintenance Supervisor	2.00	2.00	2.00	2.00	1.00
Lead Mechanic	5.00	5.00	5.00	5.00	5.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Senior Mechanic	8.00	8.00	8.00	7.00	7.00
Mechanic	8.00	8.00	8.00	8.00	8.00
Sr Environmental Specialist	-	-	-	1.00	1.00
Senior Engineer	-	-	-	1.00	1.00
Pr Environmental Specialist	-	-	-	1.00	1.00
Environmental Technician	-	-	-	1.00	1.00
Office Assistant	1.00	1.00	1.00	1.00	-
Total Collection Facilities Operations and Maintenance	26.00	26.00	26.00	29.00	29.00
<b>822 Fleet Services</b>					
Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00
Lead Mechanic	1.00	1.00	1.00	1.00	1.00
Automotive/ Heavy Equipment Technician	3.00	3.00	3.00	4.00	4.00
Mobile Crane Operator	2.00	2.00	2.00	2.00	2.00
Office Assistant	-	-	-	-	1.00
Automotive/ Heavy Equipment Assistant	1.00	1.00	1.00	-	-
Total Fleet Services	8.00	8.00	8.00	8.00	9.00

# Historical Staffing Detail

Division & Position	Authorized FTEs 2017-18	Authorized FTEs 2018-19	Authorized FTEs 2019-20	Authorized FTEs 2020-21	Proposed FTEs 2021-22
<b>830 Plant No. 1 Operations</b>					
Operations Manager	1.00	1.00	1.00	1.00	1.00
Engineering Supervisor	1.00	1.00	1.00	-	-
Chief Plant Operator	1.00	1.00	1.00	1.00	1.00
Senior Engineer	1.00	1.00	1.00	1.00	2.00
Principal Information Technology Analyst	-	-	-	-	-
Staff Analyst	-	-	-	-	1.00
Engineer	2.00	1.00	1.00	1.00	1.00
Operations Supervisor	6.00	7.00	7.00	7.00	7.00
Principal Staff Analyst	-	1.00	1.00	1.00	1.00
Control Center Operator	-	-	-	2.00	2.00
Scientist	1.00	1.00	1.00	-	-
Associate Engineer	2.00	2.00	2.00	2.00	2.00
Principal Environmental Specialist	1.00	1.00	1.00	-	-
Information Technology Analyst III	-	-	-	-	-
Assistant Engineer	1.00	1.00	1.00	-	-
Senior Environmental Specialist	1.00	1.00	1.00	-	-
Information Technology Analyst II	-	-	-	-	-
Lead Plant Operator	4.00	4.00	4.00	4.00	4.00
Lead Power Plant Operator	1.00	1.00	1.00	1.00	1.00
Power Plant Operator II	4.00	4.00	4.00	4.00	4.00
Senior Plant Operator	15.00	14.00	14.00	15.00	12.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Plant Operator	15.00	16.00	16.00	13.00	15.00
Environmental Technician	1.00	1.00	1.00	-	-
Control Center Technician	2.00	2.00	2.00	-	-
Total Plant No. 1 Operations	61.00	62.00	62.00	54.00	55.00
<b>840 Plant No. 2 Operations</b>					
Chief Plant Operator	1.00	1.00	1.00	1.00	1.00
Operations Supervisor	7.00	7.00	7.00	7.00	7.00
Lead Plant Operator	4.00	4.00	4.00	4.00	4.00
Lead Power Plant Operator	1.00	1.00	1.00	1.00	1.00
Power Plant Operator II	4.00	4.00	4.00	4.00	4.00
Senior Plant Operator	14.00	14.00	14.00	13.00	16.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Plant Operator	19.00	18.00	18.00	21.00	19.00
Total Plant No. 2 Operations	51.00	50.00	50.00	52.00	53.00

# Historical Staffing Detail

Division & Position	Authorized FTEs 2017-18	Authorized FTEs 2018-19	Authorized FTEs 2019-20	Authorized FTEs 2020-21	Proposed FTEs 2021-22
<b>870 Plant No. 1 Maintenance</b>					
Engineering Manager	-	-	1.00	1.00	1.00
Maintenance Manager	1.00	1.00	1.00	-	-
Engineering Supervisor	-	-	1.00	-	-
Maintenance Superintendent	1.00	1.00	1.00	1.00	1.00
Senior Engineer	-	-	1.00	-	-
Engineer	-	-	1.00	1.00	1.00
Maintenance Supervisor	6.00	6.00	7.00	8.00	8.00
Associate Engineer	-	-	1.00	1.00	1.00
Maintenance Specialist	-	-	11.00	14.00	13.00
Lead Electrical Technician	3.00	3.00	3.00	3.00	4.00
Lead Heavy Equip Mechanic	1.00	1.00	1.00	-	-
Lead Instrumentation Technician	-	-	1.00	1.00	1.00
Reliability Maintenance Technician	-	-	5.00	5.00	5.00
Electrical Technician II	8.00	8.00	8.00	8.00	8.00
Instrumentation Technician II	6.00	6.00	7.00	9.00	9.00
Lead Mechanic	2.00	2.00	2.00	2.00	2.00
Machinist	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Senior Mechanic	18.00	17.00	18.00	18.00	18.00
Senior Heavy Equip Mechanic	-	-	2.00	-	-
Welder/Fabricator	3.00	3.00	3.00	3.00	3.00
Lead Facilities Worker	1.00	1.00	1.00	1.00	1.00
Electrical Technician I	1.00	1.00	2.00	2.00	2.00
Instrumentation Technician I	3.00	3.00	2.00	1.00	1.00
Facilities Worker/Builder	2.00	2.00	2.00	2.00	2.00
Facilities Worker/Painter	1.00	1.00	1.00	1.00	1.00
Mechanic	1.00	1.00	1.00	1.00	1.00
Maintenance Worker	2.00	2.00	-	-	-
Total Plant No. 1 Maintenance	62.00	61.00	86.00	85.00	85.00
<b>875 Maintenance Reliability and Planning</b>					
Engineering Manager	1.00	1.00	-	-	-
Engineering Supervisor	1.00	1.00	-	-	-
Senior Engineer	3.00	3.00	-	-	-
Engineer	4.00	4.00	-	-	-
Maintenance Supervisor	1.00	1.00	-	-	-
Associate Engineer	2.00	2.00	-	-	-
Maintenance Specialist	11.00	11.00	-	-	-
Reliability Maintenance Technician	5.00	5.00	-	-	-
Total Maintenance Reliability and Planning	28.00	28.00	-	-	-



## 2021-22 Budget Update

Division & Position	Authorized FTEs 2017-18	Authorized FTEs 2018-19	Authorized FTEs 2019-20	Authorized FTEs 2020-21	Proposed FTEs 2021-22
<b>880 Plant No. 2 Maintenance</b>					
Maintenance Superintendent	1.00	1.00	1.00	1.00	1.00
Maintenance Supervisor	5.00	5.00	5.00	6.00	6.00
Lead Electrical Technician	2.00	2.00	2.00	2.00	2.00
Lead Instrumentation Technician	2.00	2.00	2.00	2.00	2.00
Electrical Technician II	7.00	7.00	7.00	7.00	7.00
Instrumentation Technician II	8.00	8.00	7.00	6.00	6.00
Lead Mechanic	2.00	2.00	2.00	3.00	3.00
Administrative Assistant	-	1.00	1.00	1.00	1.00
Senior Mechanic	14.00	15.00	14.00	16.00	16.00
Lead Facilities Worker	1.00	1.00	1.00	1.00	1.00
Electrical Technician I	1.00	1.00	2.00	2.00	2.00
Instrumentation Technician I	-	-	1.00	2.00	2.00
Facilities Worker/Builder	1.00	1.00	1.00	1.00	1.00
Facilities Worker/Painter	1.00	1.00	1.00	1.00	1.00
Mechanic	1.00	1.00	1.00	1.00	1.00
Maintenance Worker	2.00	2.00	2.00	1.00	1.00
Total Plant No. 2 Maintenance	48.00	50.00	50.00	53.00	53.00
<b>Total Operations and Maintenance Department</b>	<b>287.00</b>	<b>288.00</b>	<b>284.00</b>	<b>284.00</b>	<b>287.00</b>
<b>Grand Total, All Departments</b>	<b>635.00</b>	<b>636.00</b>	<b>640.00</b>	<b>639.00</b>	<b>639.00</b>

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## **Historical Staffing Detail**

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## 2021-22 Budget Update

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### ***Appropriations Limit***

Article XIII B of the California State Constitution, more commonly referred to as the Gann Initiative or Gann Limit, was approved by California voters in 1979. The Gann Limit placed limits on the amount of proceeds of taxes that state and local governmental agencies can receive and appropriate (authorize to spend) each year.

The limit is different for each agency and the limit changes each year. The annual limit is based on the amount of tax proceeds that were authorized to be spent in fiscal year 1978-79 in each agency, modified for changes in inflation and population in each subsequent year.

Proposition 111 was passed by the State's voters in June 1990. This legislation made changes to the manner in which the Appropriations Limit is to be calculated:

The annual adjustment factors for inflation and population have been changed. Instead of using the lesser of California per capita income, or U.S. CPI, each agency may choose either the growth in the California per capita income, or the growth in assessed valuation due to new non-residential construction within the agency. For population, instead of using only the population growth of an agency, each agency may choose to use the population growth within its county. These are both annual elections.

The revised annual adjustment factors will be applied to the 1986-87 limit for most agencies and each year in between in order to calculate the 1990-91 limit. The actual limits for the intervening years, however, are not affected.

Expenditures for "qualified capital outlay", which are capital assets with a value of more than \$100,000 and an expected life of 10 years or more, are excluded from the limit.

An agency which exceeds the limit in any one year may choose to not give a tax refund if they fall below the limit in the next fiscal year. They then have two more years to refund any remaining excess or to obtain a successful override vote.

In certain situations, proceeds of taxes may be spent on emergencies without having to reduce the limit in future years.

Each agency also conducts a review of its Appropriations Limit during its annual financial audit.

The law requires a governing body to annually adopt, by resolution, an appropriations limit for the following year, along with a recorded vote regarding which of the annual adjustment factors have been selected. The Orange County Sanitation District's appropriations limit and annual adjustment factors are adopted at the same meeting as the budget. The adjustment factors used for 2021-22 are the weighted average change in city population and the change in state per capita personal income.

The following table shows the annual appropriations limit for each of the last two fiscal years and for 2021-22. The increase in the limit is based upon population changes ranging from negative 1.86 percent to positive 0.02 percent for representative cities within the Orange County Sanitation District's service area and a per capita personal income change of 5.73 percent, as provided by the State Department of Finance.

#### Annual Appropriation Limits:

2019-20	\$114,427,648
2020-21	\$118,695,799
2021-22	\$124,166,799

As a result of the July 1998 consolidation of the Orange County Sanitation District, a single limit is presented in contrast to individual limits shown in years prior to 1998. Population changes for representative cities have continued to be used in order to ensure consistency and to eliminate significant population growth in parts of the county outside of Orange County Sanitation District's service area. This method results in a lower limit than using the county-wide change.

# Miscellaneous Statistics

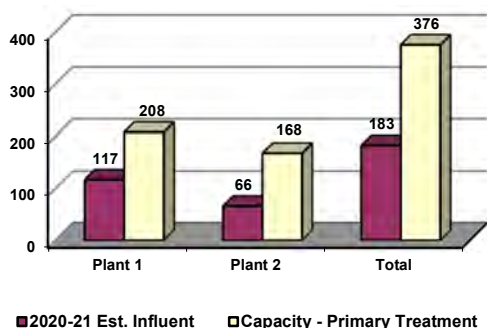
## General Information

Year of Formation..... 1948  
 Form of Government .....County Sanitation District  
 Authority..... Section 4700 et. seq.  
 ..... California Health & Safety Code  
 Service Area ..... 479 sq. miles  
 Service Population ..... Approximately 2.6 million  
 2020-21 Assessed Value ..... \$494.2 billion

Miles of Sewers..... 388 miles  
 On-Plant Pump Station.....2  
 Off-Plant Pump Stations.....15  
 Operating Authority ..... RWQCB/NPDES Permit No.  
 .....CA0110604  
 .....Statewide WDR Order No. 2006-0003  
 2021-22 Authorized Staff (Full-Time Equivalent) .....639

## Treatment Information

**Daily Influent Flow to Total Primary Capacity Comparison (in mgd)**



### 2019-20 Influent BOD:

Plant No. 1 ..... 297 milligrams per liter  
 Plant No. 2 ..... 233 milligrams per liter

### 2019-20 Influent Suspended Solids:

Plant No. 1 ..... 340 milligrams per liter  
 Plant No. 2 ..... 305 milligrams per liter

2019-20 Effluent BOD ..... 11 milligrams per liter

2019-20 Effluent Suspended Solids ..... 5 milligrams per liter

2019-20 Biosolids Produced & Reused ..... 209,000 wet tons

### Primary Treatment Capacity (includes standby):

Plant No. 1 ..... 208 mgd  
 Plant No. 2 ..... 168 mgd  
 TOTAL ..... 376 mgd

### 2020-21 Estimated Average Daily Influent:

Plant No. 1 ..... 117 mgd  
 Plant No. 2 ..... 66 mgd  
 TOTAL ..... 183 mgd

### Secondary Treatment Capacity:

Plant No. 1 ..... 182 mgd  
 Plant No. 2 ..... 150 mgd  
 TOTAL ..... 332 mgd

### 2020-21 Estimated Electricity Generated:

Plant No. 1 ..... 35,596,000 kWh  
 Plant No. 2 ..... 56,222,000 kWh  
 TOTAL ..... 91,818,000 kWh

#### Legend:

mgd – million gallons per day  
 kWh – kilowatts per hour

## Financial Information

### Fees and Charges:

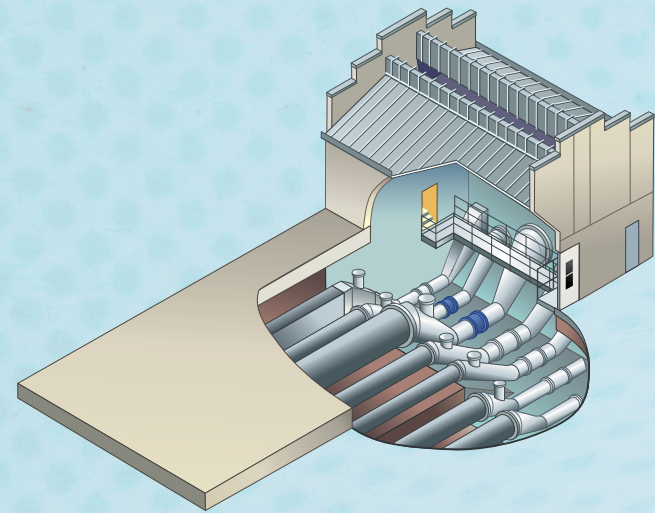
	2019-20 Actual	2020-21 Projected	2021-22 Originally Proposed	2021-22 Updated Proposed
One-Time 3-Bedroom Residence Connection	\$4,601.00	\$4,973.00	\$5,346.00	\$5,346.00
Average Annual Single-Family Residence Fee	\$339	\$339	\$343	\$343
Local SRF Fee	\$108	\$108	\$108	\$108
District's Avg. Share of Ad Valorem Property Tax	1.58%	1.60%	1.60%	1.60%
Cost to Collect, Treat, & Dispose of One Million Gallons	\$ 2,421.83	\$ 2,575.14	\$2,542.56	\$2,680.72

### Summary of COP Issues:

May 2010A New Money	\$ 80,000,000	August 2014A Refunding	56,080,000
November 2010C New Money	157,000,000	February 2015A Refunding	127,510,000
October 2011A Refunding	75,370,000	March 2016A Refunding	136,830,000
March 2012A Refunding	100,645,000	February 2017A Refunding	65,815,000
August 2012B Refunding	8,170,000	November 2018A Refunding	102,200,000
		Total Outstanding COP Balance 7/1/21	<u>\$ 909,620,000</u>

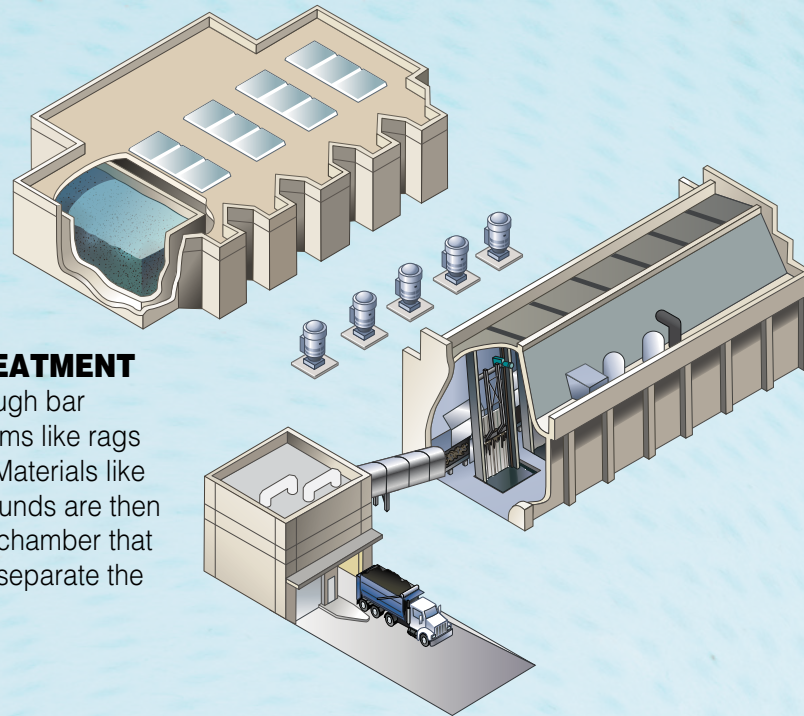


# Orange County Sanitation District Wastewater Treatment Process



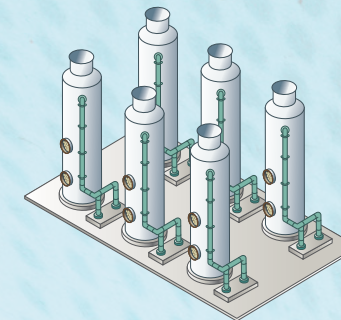
## 1. METERING AND DIVERSION

Wastewater enters our plant at 2.5 - 5 mph through pipes up to 10 feet in diameter. High tech equipment monitors the temperature, pH, conductivity, and flow of the incoming wastewater.



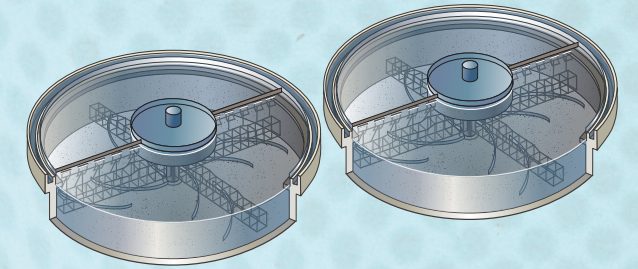
## 2. PRELIMINARY TREATMENT

Raw sewage passes through bar screens that trap large items like rags that cannot be recycled. Materials like egg shells and coffee grounds are then removed through the grit chamber that uses high pressure air to separate the gritty material.



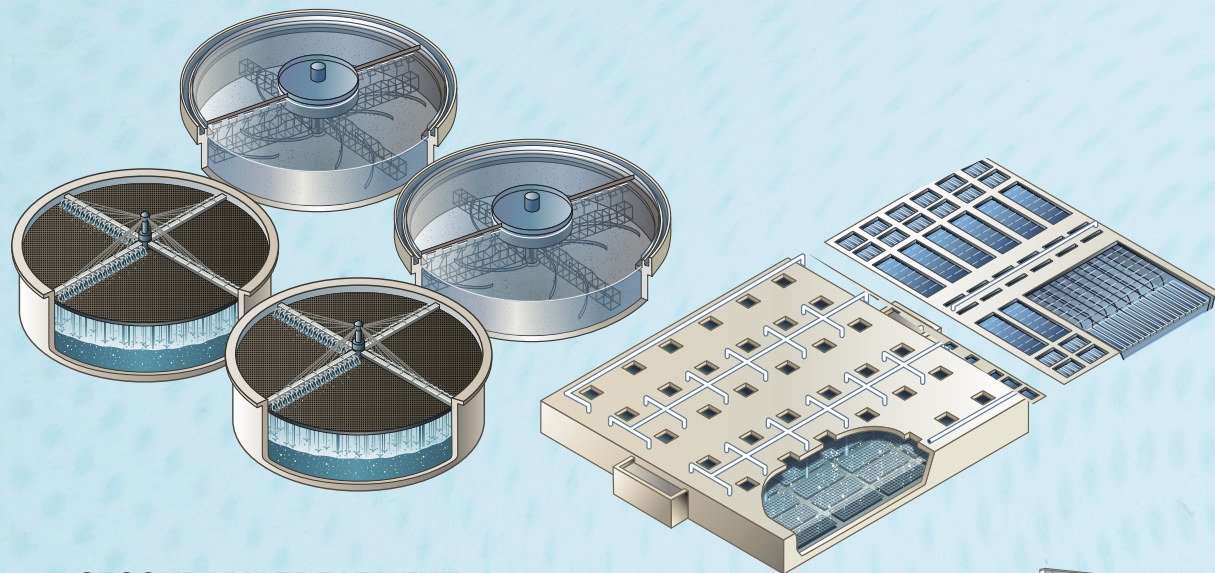
## 3. AIR SCRUBBER

Hydrogen sulfide (foul air) is captured throughout the process and funneled into large silos. It passes through a plastic medium and mixes with caustic soda and bleach. Causing the odorous compounds to be neutralized.



## 4. PRIMARY TREATMENT

Primary clarifiers or settling basins, slow the water down to allow the solids in the wastewater that readily settle or float to be separated from the water being treated. Collector arms that move along the top and the bottom remove over 80 percent of the influent wastewater solids. Solids are then sent to the digesters for processing.



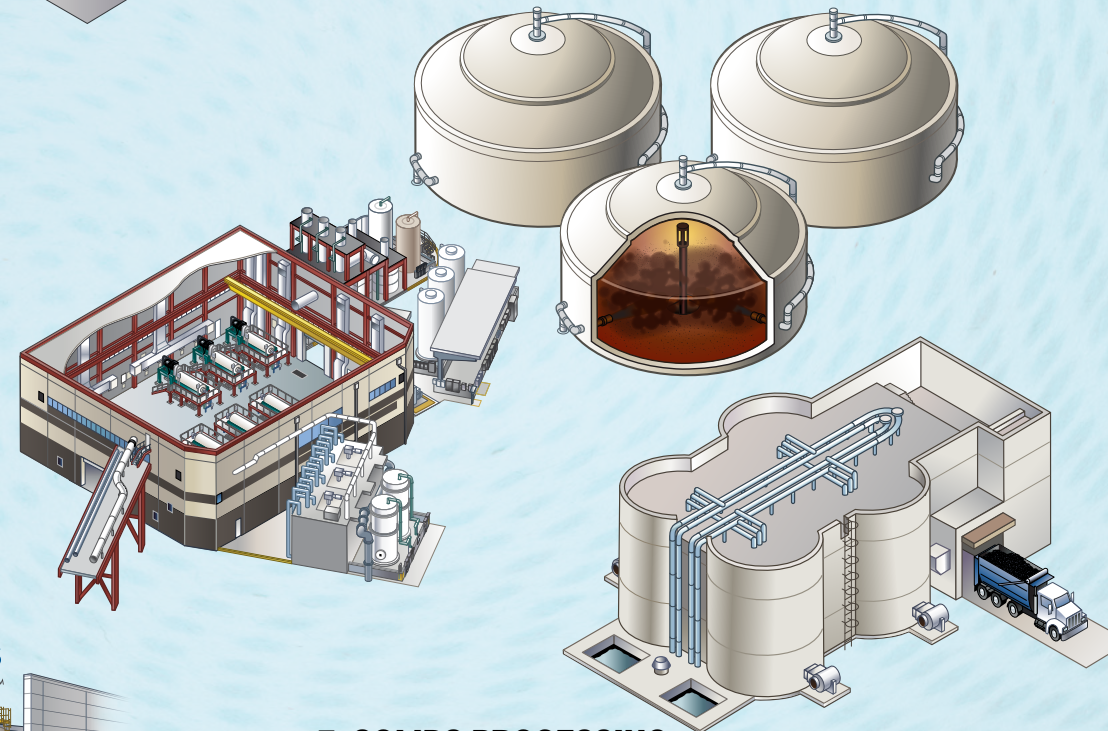
## 5. SECONDARY TREATMENT

Trickling filters and aeration basins are used to further clean the water. In trickling filters the water is sprayed over a honeycomb type material upon which aerobic bacteria grow. As the water trickles down, the microorganisms consume the solids that were not removed through primary treatment. Aeration tanks use a combination of oxygen and microorganisms, (activated sludge) that consume the remaining organic solids. Treated water is then sent to the Orange County Water District for recycling, or discharged into the ocean.



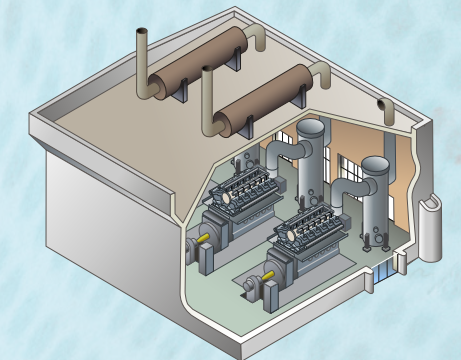
## 6. GROUNDWATER REPLENEMENT SYSTEM

A joint project between Orange County Sanitation District and Orange County Water District. This system reduces the amount of wastewater discharged to the Pacific Ocean and creates a reliable supply of high-quality water that is drought-resilient.



## 7. SOLIDS PROCESSING

Solids captured from primary and secondary treatment are batch loaded into anaerobic digesters where they are heated to about 98 degrees and treated for 18-21 days. The digestion process produces methane gas and a material called biosolids. Biosolids are sent to the dewatering facility where they are run through dewatering centrifuges. The centrifuges spin the biosolids separating water from the solids. This process saves OCSD several million dollars per year in truck hauling costs. The nutrient-rich biosolids are trucked off to farms where they are recycled for direct land application and composting.



## 8. CENTRAL GENERATION

Methane gas that is captured from digesters is compressed and used to fuel engine generators that produce electricity, supplying more than 60% of our energy needs.



## Our Mission:

*“To protect public health and the environment by providing effective wastewater collection, treatment, and recycling.”*

The Orange County Sanitation District (OC San) is a public agency that provides wastewater collection, treatment, recycling, and disposal services for approximately 2.6 million people in our service area of central and northern Orange County. OC San is a special district that is governed by a Board of Directors consisting of 25 board members. OC San has two operating facilities in Fountain Valley and Huntington Beach that treat wastewater from residential, commercial, and industrial sources.

### Follow the Flow:

**Pretreatment:** All the cities' sewers connect to OC San's collections system that transports the wastewater to our treatment plants. Before the sewage enters our facilities, our Source Control Program permits and inspects business and industry that discharge waste into the sewers. Maintaining and protecting our trunklines from corrosion and odor issues is also an important part of what we do.

- 1. Metering and Diversion:** Wastewater enters our treatment plants through trunklines up to 10-feet in diameter at a speed of 2.5-5 mph. Automated equipment measures the pH, conductivity, flow, and temperature. Data is monitored by operators around the clock.
- 2. Preliminary Treatment:** Consists of two parts – bar screens and grit chambers. First, sewage passes through metal bars that catch large items (rags, trash, wood, etc.). Next, grit chambers use air bubbles to suspend lighter material while heavier grit (egg shells, coffee grounds, gravel, sand, etc.) sinks to the bottom and is removed. Screenings and grit are sent to a landfill.
- 3. Air Scrubber:** Most processes that produce odors are covered and the foul air is drawn off for cleaning (deodorizing) by air scrubbers. OC San uses both chemical and biofilter systems. Hydrogen sulfides (sewer gas smell) are neutralized by using caustic soda, bleach, or live microorganisms.
- 4. Advanced Primary Treatment:** Chemicals (ferric chloride and anionic polymer) are added to the preliminary treated sewage to improve settling. Heavier suspended solids clump together and sink to the bottom (sludge). Lighter waste (grease and oil) float to the surface (scum). This process takes about 2 hours and up to 80% of the suspended solids are continuously removed by scraper arms that revolve along the top and bottom of the basin. These solids are sent to digesters for further processing.
- 5. Secondary Treatment:** Advanced primary treated sewage is sent to either trickling filters or activated sludge processes where aerobic microorganisms eat the remaining dissolved waste from the water. The secondary treated wastewater is then settled in clarifiers allowing the remaining sludge (either live or dead microorganisms) to be removed. Activated sludge process uses aeration basins to mix oxygen and microorganisms to enhance the waste removal rate. Some of the sludge is pumped back into the aeration basin as return activated sludge to regenerate the basin. The remaining sludge is thickened and sent to digesters.

**Final Effluent:** The secondary treated wastewater from Plant No. 1 is sent to the Orange County Water District for advanced treatment through the Groundwater Replenishment System (GWRS). This water is used to replenish Orange County's groundwater aquifers and protect against seawater intrusion. The secondary treated wastewater from Plant No. 2 is safely released through our ocean pipeline five miles out to sea at a depth of 200 feet below the ocean surface.

## Biosolids

### Our Policy

OC San strives to recycle our biosolids using sustainable options while protecting public health and the environment.

Some of our biosolids are recycled and used like fertilizer on farm fields to create and maintain healthy soils and improve crop yields.

Some of OC San's biosolids are further processed through composting to create a consumer-grade soil amendment that is distributed to agricultural, commercial and residential users.

### Our Program

Orange County's biosolids are safe, highly-regulated, and meet the most restrictive standards. In order to maintain these high-quality standards for recycling our biosolids, OC San maintains a comprehensive and award-winning Source Control Program that has significantly reduced the amount of pollutants entering our facilities and biosolids.

Fertilizing farmland with biosolids is a win-win for the environment because we are recycling a renewable resource and creating productive farmland. It's a win for farmers because research has demonstrated using biosolids increases crop yields. And this biosolids management option is a win for local sewer rate payers since it is a low-tech, low-cost, reliable option that helps keep sewer rates low.

### Learn More

Visit our website at [www.ocsan.gov/biosolids](http://www.ocsan.gov/biosolids) for more information and to sign up for periodic biosolids program newsletters.



The Groundwater Replenishment System (GWRS) is the world's largest advanced water purification system for potable reuse. It takes treated wastewater that otherwise would be sent to the Pacific Ocean and purifies it using a three-step advanced process.

The design and construction of the GWRS was jointly funded by the Orange County Sanitation District (OC San) and the Orange County Water District (OCWD). Together OC San and OCWD constructed one of the most celebrated civil engineering and water reuse projects in the world.

The GWRS provides a reliable supply of highly purified, near-distilled quality water. Even during drought years, the GWRS offers a more cost-effective and energy-efficient way of producing water.

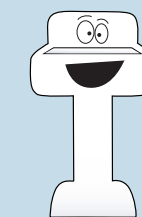
GWRS provides the county with new water it can count on. The project serves as a model for other regions throughout the United States and the world.



## Know what should go down the drain that is sewer safe

It's simple, the toilet is only meant to flush the **three Ps—pee, poop and paper.**

Unfortunately, over the years, people have turned the toilet into a trash can. From medications and sanitary products to deceased pet fish and cigarette butts. If it fits, people flush it. Flushing these types of items down the toilet causes home pipes to clog, wastes water (up to five gallons of water every time you flush) and most importantly can have a huge impact on our sewers, not to mention our ocean.



Besides the three Ps **the only other thing going down the drain should be soap and water.** The toilet is not the only drain that people are using to get rid of unwanted waste; people are also known to use the kitchen sink as a trash can. Letting trash flow and go down the kitchen sink (or any other drain in the house) may cause pipes to clog and can eventually lead to sewage spills that harm the environment.

Visit [www.What2Flush.com](http://www.What2Flush.com) to learn how to properly dispose of common items that people flush or dump down the drain. Let's keep our wastewater flowing and our oceans clean. Educate yourself and others.

Know **What 2 Flush** and what to put down the drain. Protect our sewers and environment!

**Reclamation Plant No. 1 and Administration Offices**  
10844 Ellis Avenue, Fountain Valley, California 92708

**Treatment Plant No. 2**  
22212 Brookhurst Street, Huntington Beach, California 92646

Phone: 714.962.2411  
Email: [forinformation@ocsan.gov](mailto:forinformation@ocsan.gov)  
Website: [www.ocsan.gov](http://www.ocsan.gov)







**Orange County Sanitation District**  
10844 Ellis Avenue  
Fountain Valley  
California, 92708-7018  
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**OC SAN**  
ORANGE COUNTY SANITATION DISTRICT



# ADMINISTRATION COMMITTEE

## Agenda Report

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

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**File #:** 2021-1714

**Agenda Date:** 6/23/2021

**Agenda Item No:** 18.

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

**SUBJECT:**

**PROPOSED ORDINANCE NO. OC SAN-57 UPDATING THE CAPITAL FACILITIES CAPACITY CHARGES ORDINANCE**

**GENERAL MANAGER'S RECOMMENDATION**

**RECOMMENDATION:**

- A. Introduce Ordinance No. OC SAN-57, entitled "An Ordinance of the Board of Directors of the Orange County Sanitation District Amending Requirements for Accessory Dwelling Unit Capital Facilities Capacity Charges, Restating Previously Adopted Charges, and Repealing Ordinance No. OCSD-50 and Ordinance No. OCSD-54";
- B. Motion to read Ordinance No. OC SAN-57 by title only and waive reading of said entire Ordinance on June 23, 2021;
- C. Set July 28, 2021 as the date for the second reading of Ordinance No. OC SAN-57;
- D. Receive and file the Carollo Engineers letter dated June 2, 2021; and
- E. Direct the Clerk of the Board to publish summaries of the Ordinance as required by law.

**BACKGROUND**

Orange County Sanitation District (OC San) Ordinance No. OCSD-50 was adopted by the Board of Directors on March 28, 2018 and Ordinance No. OCSD-54 was adopted on May 22, 2019 to amend Ordinance No. OCSD-50 to clarify language. Staff is requesting to repeal both Ordinances and adopt Ordinance No. OC-SAN 57 to reflect legislative mandates for Accessory Dwelling Units (ADU) and Junior Accessory Dwelling Units (JADU).

Sections 2.02 (G), 2.13 and Table A of Article II reflect legislative mandates for Accessory Dwelling Units and Sections 2.02 (H) and 2.14 reflect legislative mandates for Junior Accessory Dwelling Units.

Table A and Table B have been updated with the previously adopted 2021 fiscal year rates.



OC San previously charged Accessory Dwelling Units (ADU) and Junior Accessory Dwelling Units (JADU) Capital Facilities Capacity Charges based upon the number of bedrooms per Ordinance Nos. OCSD-50 and OCSD-54. Following the adoption of these Ordinances, legislative mandates were passed for ADU's and JADU's. These mandates require capacity charges for ADU's to be based upon square footage or fixture units and for JADU's to be exempt from capacity charges.

OC San contacted Carollo Engineers to review the previous rate study and recommend the square footage rate that could be used to charge ADU's. Ordinance No. OC SAN-57 reflects the legislative mandates, allows for ADU's to be charged based upon square footage, and exempts JADU's from capacity charges.

## **RELEVANT STANDARDS**

- Address legislative mandates
- Sustain 1, 5, 20-year planning horizons
- Collection of appropriate fees for sewer connections

## **PROBLEM**

Since the adoption of Ordinance Nos. OCSD-50 and OCSD-54, the State of California has adopted legislative mandates for ADU's and JADU's that the previous Ordinances did not address. Therefore, Capital Facilities Capacity Charges could not be collected for ADU's and JADU's.

## **PROPOSED SOLUTION**

Adopt Ordinance No. OC SAN-57 and Repeal Ordinance Nos. OCSD-50 and OCSD-54.

## **TIMING CONCERNS**

June 23, 2021: First Reading of the Ordinance

July 28, 2021: Second Reading and Adoption of the Ordinance

September 1, 2021: Ordinance takes effect

## **RAMIFICATIONS OF NOT TAKING ACTION**

Capacity Charges will not be collected for ADU's, resulting in revenue loss.

## **PRIOR COMMITTEE/BOARD ACTIONS**

May 2019 - Adopted Ordinance No. OCSD-54 (amendment to clarify language in Ordinance No. OCSD-50).

March 2018 - Adopted Ordinance No. OCSD-50.

December 2017 - Adopted 2017 Facilities Master Plan and received and filed 2017 Rate Study.

## **ADDITIONAL INFORMATION**

To ensure the appropriate allocation of costs and fees, OC San engaged an engineering consulting firm, Carollo Engineers, to provide an independent analysis of OC San's cash flow modeling and a cost of service study. The study demonstrates that OC San's proposed facilities fees are appropriate and reasonable and will support its projected capital and operating requirements.

Carollo Engineers completed the Facilities Master Plan update. In conjunction with this update, Carollo was tasked with performing an updated sewer rate study to determine the appropriate rates going forward to support the Facilities Master Plan update. The Rate Study was received and filed, and the Facilities Master Plan was adopted by Resolution No. OCSD 17-16, in December 2017 and the Ordinance concerning Capital Facilities Capacity Charges was adopted in March of 2018. An amendment to this Ordinance, Ordinance No. OCSD-54, was adopted in May of 2019 to clarify language.

Since the adoption of Ordinance No. OCSD-54 in May 2019, several legislative mandates governing ADU's were enacted. To ensure compliance with these mandates, OC San engaged Carollo Engineers to provide a new method for calculating ADU capacity charges. To reflect the new mandates governing ADU capacity charges and the new methodology for levying capacity charges against ADU's, OC San should repeal Ordinance Nos. OCSD-50 and OCSD-54 and adopt a new Ordinance.

## **ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- Proposed Ordinance No. OC SAN-57 (Redline)
- Proposed Ordinance No. OC SAN-57 (Clean)
- Ordinance No. OCSD-54
- Ordinance No. OCSD-50
- Carollo Engineers Letter Dated June 2, 2021

ORDINANCE NO. ~~OCSD-50~~OC SAN-57

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT ~~ADOPTING CAPITAL FACILITIES CAPACITY CHARGES~~AMENDING REQUIREMENTS FOR ACCESSORY DWELLING UNIT CAPITAL FACILITIES ~~CAPACITY CHARGES~~, RESTATING PREVIOUSLY ADOPTED CHARGES, AND REPEALING ORDINANCE NO. ~~OCSD-40~~OCSD-50 AND ORDINANCE NO. ~~OCSD-42~~OCSD-54

WHEREAS, Health & Safety Code Section 5471 authorizes the Board of Directors of the Orange County Sanitation District ("District") to impose fees and other charges for services and facilities furnished by the District in connection with the District's wastewater collection, treatment, disposal, and reuse system.

WHEREAS, the Board of Directors of the Orange County Sanitation District (the "District") levies Capital Facilities Capacity Charges ("Capacity Charges") to fund new capital projects or improve existing capital projects.

WHEREAS, the District will use revenues collected from Capacity Charges to pay for capital projects identified in the District's 2017 Facilities Master Plan ("Master Plan").

WHEREAS, the District ~~recently~~previously retained Carollo Engineers to evaluate the District's projected revenue needs and recommend service fees and Capacity Charges for the period July 1, 2018 to June 30, 2023. In December of 2017, Carollo Engineers issued its "Final Report and Recommendations on Wastewater Rates, Fees, and Charges" ("Carollo Report"). The District's Board of Directors received the Carollo Report on December 20, 2017, and the Carollo Report is on file with the District; and

WHEREAS, the recommendations set forth in the Carollo Report are based on various studies and plans including, among others, financial forecasts and the District's 2017 Facilities Master Plan ("Master Plan"). The Master Plan identified the capital improvement projects that will be needed over the next 20 years, and estimated the cost of each project. The District's Board of Directors adopted the Master Plan on December 20, 2017; and

WHEREAS, the District recently retained Carollo Engineers to recommend a formula for levying Capacity Charges against non-exempt accessory dwelling units that complies with newly enacted legislative mandates codified in Government Code Section 65852.2. On June 2, 2021, Carollo Engineers provided its accessory dwelling unit capacity charge recommendation to the District (the "Carollo Letter"), which the District hereby adopts. The Carollo Letter is on file with the District.

WHEREAS, the District finds there is a reasonable relationship between the Capacity Charge's use and the type of development project on which the capacity charge is imposed. The District's determination is based on recommendations provided by Carollo Engineers in the Carollo Report and the Carollo Letter.

WHEREAS, the District finds there is a reasonable relationship between the need for the capital facility and the type of development project on which the Capacity Charges is imposed. The District's determination is based on recommendations provided by Carollo Engineers in the Carollo Report and the Carollo Letter.

WHEREAS, the District finds there is a reasonable relationship between the amount of the Capacity Charges and the cost of the capital facility attributable to the development on which the fee is imposed. The District's determination is based on recommendations provided by Carollo Engineers in the Carollo Report and the Carollo Letter.

WHEREAS, The District finds the Capacity Charges do not exceed the estimated reasonable cost of providing sewer services to any parcel. The District's determination is based on recommendations provided by Carollo Engineers in the Carollo Report and the Carollo Letter.

WHEREAS, the District wishes to exempt certain accessory dwelling units and all junior accessory dwelling units from capacity charges pursuant to Government Code Sections 65852.2 and 65852.22, and

WHEREAS, the District wishes to update the rate schedules provided in Table A and Table B of Article II to reflect the previously adopted 2021-year rates.

~~WHEREAS, the District imposes Capital Facilities Capacity Charges on new users and Supplemental Capital Facilities Capacity Charges on specified existing users. These charges are set forth in Ordinance No. OCSD-40, as amended by Ordinance No. OCSD-42; and~~

~~WHEREAS, the District recently retained Carollo Engineers to evaluate the District's projected revenue needs and recommend service fees and capacity charges for the period July 1, 2018 to June 30, 2023. In December of 2017, Carollo Engineers issued its "Final Report and Recommendations on Wastewater Rates, Fees, and Charges" ("Carollo Report"). The District's Board of Directors received the Carollo Report on December 20, 2017, and the Carollo Report is on file with the District; and~~

~~WHEREAS, the Carollo Report recommended that the District (1) increase the residential CFCC from \$3,855 per equivalent dwelling unit to \$5,719 per equivalent dwelling unit by 2023, and (2) increase the commercial-industrial CFCC from \$2,000 per 1,000 square feet to \$3,639 per 1,000 square feet by 2023; and~~

~~WHEREAS, the recommendations set forth in the Carollo Report are based on various studies and plans including, among others, financial forecasts and the District's 2017 Facilities Master Plan ("Master Plan"). The Master Plan identified the capital improvement projects that will be needed over the next 20 years, and estimated the cost of each project. The District's Board of Directors adopted the Master Plan on December 20, 2017; and~~

~~WHEREAS, on Wednesday, March 28, 2018 at 6:00 P.M., in the District's Boardroom on the first floor of its Administration Building located at 10844 Ellis Avenue, Fountain Valley, California, the District held a properly noticed public hearing, and received and considered comments concerning the proposed charges; and~~

~~WHEREAS, the Board of Directors has carefully reviewed the Carollo Report and considered oral and written comments from the public, Board Members, District staff, and District consultants made at and prior to the March 28, 2018 public hearing;~~

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District does hereby ORDAIN:

#### SECTION I. Adopt Capital Facilities Capacity Charges

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ARTICLE I

RECITAL OF FINDINGS

Section 1.01. Findings. Based on substantial evidence in the record, the Board of Directors hereby finds as follows:

A. The District operates a system for the collection, treatment, disposal, and reuse of wastewater (“System”). The System protects human health and the environment from the potentially harmful effects of wastewater.

B. The District regularly constructs, reconstructs, repairs, and/or rehabilitates System facilities through capital improvement projects (“Capital Projects”). The District recovers the cost of Capital Projects through Capital Facilities Capacity Charges imposed on new users and Supplemental Capital Facilities Capacity Charges imposed on specified existing users. This Ordinance imposes Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges as recommended in the Carollo Report.

C. The District will use the revenues from Capital Facilities Capacity Charges and the Supplemental Capital Facilities Capacity Charges to fund future Capital Projects and/or repay principal and interest on debt incurred in connection with past Capital Projects. The revenues shall not be used for the acquisition or construction of new local street sewers or laterals as distinguished from main trunk, interceptor and outfall sewers.

D. The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance are based on the information and analysis set forth in the Carollo Report and the Master Plan, both of which were made available to the public in accordance with Government Code Section 66016 and other provisions of law.

E. The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance do not exceed the estimated reasonable cost of providing the wastewater collection, treatment, disposal, and reuse services for which the fees are charged. The manner in which the costs are allocated to each payor bears a fair or reasonable relationship to the payor's burdens on, and benefits received from, the District's System.

F. The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance will retire debt and fund capital projects necessary to maintain service within the District's existing service area. Therefore, adoption of this Ordinance is statutorily exempt under the California Environmental Quality Act pursuant to the provisions of Public Resources Code Section 21080(b)(8) and California Code of Regulations Section 15273(a).

G. The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance are not imposed as an "incident of property ownership" within the meaning of Article XIID of the California Constitution. Thus, the substantive and procedural requirements of Article XIID do not apply.

H. The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance have been approved by the District's Board of Directors at a noticed public meeting, all in accordance with applicable provisions of law.

## ARTICLE II

### CAPITAL FACILITIES CAPACITY CHARGES

Section 2.01. Purpose and Scope. This Ordinance is designed to ensure that each user pays his or her fair share of the costs of Capital Projects, based on the burden that each user places on the System. The District will use revenues generated by this Ordinance to (i) fund future Capital Projects, and (ii) repay principal and interest on debt incurred in connection with past Capital Projects.



Section 2.02.      Definitions.

A. “Actual construction costs” include the cost of all activities necessary or incidental to the construction of the District facilities, such as financing, planning, designing, acquisition of the property or interests in the property, construction, reconstruction, rehabilitation, and repair.

B. “Capital Facilities Capacity Charge (Capacity Charge)” means a one-time, non-discriminatory charge imposed at the time a building or structure is newly connected to the District’s System, directly or indirectly, or an existing structure or category of use is expanded or increased. Said charge is to pay for the District facilities in existence at the time the charge is imposed, or to pay for new facilities to be constructed in the future, that are of benefit to the property being charged. This charge does not apply to temporary facilities or operations that are regulated under the provisions of a Special Purpose Discharge Permit. A schedule of the Capital Facilities Capacity Charges specified herein will be on file in the Office of the ~~Board Secretary~~Clerk of the Board of the District, and in the Building Department of each City within the District.

C. “Connection fee” means a fee equal to the cost necessary to physically connect a property to the District’s System, including but not limited to, installation of meters, meter boxes, pipelines, and appurtenances to make the connection and which fee does not exceed the actual cost of labor, materials, and overhead for the installation of those facilities.

D. “Non-discriminatory” means that the Capital Facilities Capacity Charge does not exceed an amount determined on the basis of the same objective criteria and methodology applicable to comparable public or non-public users, and is not in excess of the proportionate share of the cost of the District’s facilities of benefit to the person or property being charged, based upon the proportionate share of use of those facilities.

E. “Public agency” means the United States or any of its agencies, the State or any of its agencies, the Regents of the University of California, a county, city, district, school district, local or regional public authority, or any other political entity, subdivision or public corporation of the State.

F. The Supplemental Capital Facilities Capacity Charge, as provided for in Sections 2.07, 2.08, 2.09, and 2.10 of this Ordinance, is an annual charge payable to the District on a quarterly or annual basis, as determined by the District. Said charge is required to be paid by dischargers that exceed the maximum quantity of flow or constituents (BOD or SS) allowed as a base use for which the Capacity Charge is paid.

G. “Accessory Dwelling Unit (ADU)” means an attached or detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated. ~~which provides complete independent living facilities for one or more persons, includes permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the~~

~~single-family dwelling is situated, and has been approved by a local agency pursuant to Government Code Section 65852.2 and/or a local ordinance.~~

H. “Junior Accessory Dwelling Unit (JADU)” means a unit that is no more than 500 square feet in size and contained entirely within a single-family residence. A junior accessory dwelling unit may include separate sanitation facilities, or may share sanitation facilities with the existing structure.

Section 2.03. Connection Permits: Required.

A. Connection permits are required of each and every dwelling unit, and each commercial or industrial building, and structure connecting directly or indirectly to the District’s sewerage system facilities. Included are the connections of laterals to local municipal sewerage facilities, and the connection of local municipal sewerage facilities and laterals to the District’s facilities. Multiple detached structures on a single parcel of property shall each be required to obtain a connection permit.

B. Except as authorized by the issuance of a Special Purpose Discharge Permit under Sections 305 – 305.6 of the District’s Wastewater Discharge Regulations, or as authorized pursuant to a special extra territorial service agreement approved by the Board of Directors, no permit shall be valid unless the real property to be served by use of the permit is included within the boundaries of the District and within the boundaries of a local sewerage agency authorized to maintain public sewerage facilities. However, a permit, as authorized above, may be issued for property to be served outside the boundaries of a local sewerage agency if a local sewerage agency makes application for the issuance of such permit.

There will be a non-discriminatory Capital Facilities Capacity Charge assessed to public agencies for connecting directly or indirectly to the District’s sewerage system facilities, and a connection permit must be obtained.

Section 2.04. Capital Facilities Capacity Charge: Payment Required. No application for a permit for a connection of a structure to ~~the~~ District’s sewerage facility, or to any sewerage facility which discharges into the District sewerage facility, shall be approved, nor a permit issued, until the District’s Capital Facilities Capacity Charge is paid by the applicant, except as provided for discharges under a Special Purpose Discharge Permit. No connection permit shall be issued unless there is an established category of use of the property to be served or a valid building permit issued which establishes the category of use of said property.

Section 2.05. Capital Facilities Capacity Charge: Time of Payment.

A. Payment of the Capital Facilities Capacity Charge established by this Ordinance for connection to the District’s sewerage system facilities shall be required at the time of issuance of the building permit for all construction within the District, except in the case of a building legally exempt from the requirement of obtaining a permit. The payment of the Capital Facilities Capacity Charge for such exempt buildings will be required at the time of and prior to the issuing of a plumbing connection permit for any

construction within the territorial limits of the District, or if none, prior to the issuance of a Certificate of Occupancy.

B. Upon application of any property owner seeking to connect to the District's sewerage system, the General Manager or his designee, upon a finding of compelling need, may, pursuant to the authority of California Health & Safety Code Section 5474, approve of an agreement with the property owner for the payment of the applicable connection charge and/or annexation fees in installment payments over a period of not to exceed five (5) years, bearing an interest rate on the unpaid balance of not to exceed ten (10%) percent per annum and that the charges and interest shall constitute a lien on the property.

Section 2.06. Capital Facilities Capacity Charge and Plan Check and Inspection Fees: Schedule of Amounts.

A. Every person or entity connecting any new or expanded building or structure to the District's system facilities shall pay a Capital Facilities Capacity Charge in the amount for the applicable category of use set forth on Table A & B, below.

B. Every person or entity connecting any new or expanded building or structure directly to the District's local or regional system facilities shall pay Plan Check and Inspection Fees in the amount set forth n Table C, below.

**TABLE A**

**CAPITAL FACILITIES CAPACITY CHARGES (CFCC)**

NON-RESIDENTIAL, RESIDENTIAL ACCESSORY STRUCTURES, AND ACCESSORY DWELLING UNITS

<u>Use Category</u>	<u>Rate Basis</u>	<u>Base Charge</u>
Low Demand <sup>2</sup>	Per 1,000 square feet <sup>1</sup>	\$ <del>332</del> 336.00 <sup>1</sup>
Average Demand <sup>4,5</sup>	Per 1,000 square feet	\$ <del>2,066</del> 2088.00 <sup>1</sup>
High Demand <sup>3</sup>	Per 1,000 square feet	\$ <del>4,908</del> 4962.00 <sup>1</sup>

<sup>1</sup>Provided that the minimum Capital Facilities Capacity Charge for such new construction shall be \$~~4,228~~5346; and all calculations shall be on a 1,000 square foot, or portion thereof, basis.

<sup>2</sup>Low Demand connections are the following categories of users: Nurseries; Warehouses; Churches; Truck Terminals; RV Parks; RV Storage Yards; Lumber/Construction Yards; Public Storage Buildings; and other facilities whose wastewater discharge is similar to these listed categories.

<sup>3</sup>High Demand connections are the following categories of users: Food/Beverage Service Establishments; Supermarkets (with bakery, meat counter, and/or food service); Car Washes; Coin Laundries; Amusement Parks; Shopping Centers with one or more Food/Beverage Service Establishments; Food Courts; Food Processing Facilities; Textile Manufacturers; Breweries; and other facilities whose wastewater discharge is similar to these listed categories.

<sup>4</sup>All other connections are Average Demand users including: Church Offices and Schools; Hotels, Shopping Centers/Strip Malls without food/beverage service establishments, Music Halls without food facilities, Office buildings, Senior Housing with individual living units without kitchens but with a common kitchen

<sup>5</sup> Residential Accessory Structures such as workshops and hobby shops that connect to the sewer, will be charged at the average demand rate and the minimum charge does not apply.

<sup>6</sup> Accessory Dwelling Units will be charged at the average demand rate and the minimum charge does not apply.

**TABLE B**  
**CAPITAL FACILITIES CAPACITY CHARGES (CFCC)**  
**RESIDENTIAL (PER UNIT)\***

Single Family Residential (SFR) <sup>1</sup>	<u>Base Charge</u>
5+ Bedrooms	<del>\$5,877.00</del> <u>\$7,430.00</u>
4 Bedrooms	<del>\$5,031.00</del> <u>\$6,362.00</u>
3 Bedrooms	<del>\$4,228.00</del> <u>\$5,346.00</u>
2 Bedrooms	<del>\$3,425.00</del> <u>\$4,331.00</u>
1 Bedroom	<del>\$2,621.00</del> <u>\$3,314.00</u>
Multi-Family Residential (MFR) <sup>2</sup>	<u>Base Charge</u>
4+ Bedrooms	<del>\$4,566.00</del> <u>\$5,774.00</u>
3 Bedrooms	<del>\$3,763.00</del> <u>\$4,758.00</u>

2 Bedrooms	<del>\$2,960.00</del> <u>\$3,743.00</u>
1 Bedroom	<del>\$2,114.00</del> <u>\$2,672.00</u>
Studio <sup>3</sup>	<del>\$1,353.00</del> <u>\$1,710.00</u>

\*The Base Rate for Residential CFCC is the 3 Bedroom SFR with all others having a rate that is a percentage of the base rate depending on the size of the unit. The schedule for the base rate shall be as follows:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$4,228	\$4,601	\$4,973	\$5,346	\$5,719

<sup>1</sup> Bedroom additions are considered a change of use and a CFCC must be paid. Enclosed loft additions, bonus rooms, offices, workout rooms, media rooms, libraries and any other enclosed addition which could potentially be used as a bedroom are included in this category. The classification of these additions will be reviewed and determined by staff.

<sup>2</sup> MFR units consist of multiple attached units that are not sold individually and receive one secured property tax bill such as apartments. Multiple attached units that are not sold individually and are senior housing with individual living units that include a kitchen are considered MFR units.

<sup>3</sup> Studio – one single room with no separating doors or openings leading to another part of the room (except for a bathroom).

Live/Work units will be charged at the residential rate for the living quarters and at the non-residential rate for the work portion square footage.

## TABLE C

### PLAN CHECK AND INSPECTION FEE TABLE

#### INSPECTION FEES FOR SINGLE CONNECTIONS

Lateral installation to property line:

2018-19	2019-20	2020-21	2021-22	2022-23
\$575.00	\$650.00	\$725.00	\$800.00	\$875.00

Lateral Installation to with optional cleanout to existing manhole:

2018-19	2019-20	2020-21	2021-22	2022-23
\$650.00	\$800.00	\$950.00	\$1,050.00	\$1,150.00

Core drilling into existing manhole base – add:

2018-19	2019-20	2020-21	2021-22	2022-23
\$600.00	\$900.00	\$1,200.00	\$1,450.00	\$1,500.00

Installation of new manhole over existing sewer:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$1,200.00	\$1,400.00	\$1,600.00	\$1,800.00	\$1,900.00

Gas Flap Installation – add:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$450.00	\$455.00	\$460.00	\$465.00	\$470.00

#### INSPECTION FEES FOR MULTIPLE CONNECTIONS

Plan check and inspection fees of 20 percent of the sewer construction cost for new tract sewers, sewer extensions or special facilities are required when plans are submitted for plan check.

If additional funds are needed, they must be deposited as soon as they are requested to complete the inspection on the project. If funds are required after the work is completed, they must be paid before the District finalizes the sewer project.

Section 2.07. Supplemental Capital Facilities Capacity Charge: Significant Commercial – Industrial Users and Significant Special Purpose Dischargers – Definitions.

A. A Significant Commercial – Industrial User (“SCIU”) is any person or entity who discharges commercial or industrial process flow, but excluding domestic sewage flow, in an amount greater than 25,000 gallons per day (“gpd”), or Biochemical Oxygen Demand (“BOD”) greater than 150 pounds per day, or Suspended Solids (“SS”) greater than 150 pounds per day, or who is required to obtain a Waste Discharge Permit, as prescribed by Article 3 of the District’s Wastewater Regulations, due to having federally or the District regulated or significant discharges.

B. A Significant Special Purpose Discharger ("SSPD") is any person or entity who discharges to the sewer system wastewater or process flow in an amount greater than 25,000 gpd (excluding domestic, industrial or commercial) and who is required to obtain a Special Purpose Discharge Permit as prescribed in Section 305 of the District's Wastewater Regulations. A Special Purpose Discharger (SPD) discharges 25,000 gpd or less.

C. An Existing SCIU or SSPD is any SCIU or SSPD connected and discharging to the District's system prior to January 1, 2000.

D. A New SCIU or SSPD is any user who connects and discharges to the District's System pursuant to a Waste Discharge Permit issued on or after January 1, 2000; or if previously connected and not an SCIU, as defined in Subparagraphs 2.07A and B above, but, subsequent to January 1, 2000, increases flow, or BOD, or SS to a level as to constitute an SCIU or SSPD.

E. The maximum discharge allowed to a user, for which a base Capital Facilities Capacity Charge is paid, as per Table A, above, is 25,000 gallons per day ("gpd"), or 150 pounds per day each of BOD and SS (the "base use"). Discharge of flow, or BOD, or SS in amounts greater than allowed by this Subsection 2.07E shall be subject to the provisions of Sections 2.08 and 2.09 hereof.

F. Each Existing SCIU shall have a baseline of allowed discharge of flow, and BOD, and SS established by the the District as of January 1, 2000. The baseline shall be based upon the discharge for Fiscal Year 1998-99, or upon such other discharge data which the District determines is representative of the user's actual annual discharge to the sewerage system. Dischargers who are deemed to be SCIU's solely because of the requirements to obtain a Waste Discharge Permit, pursuant to Section 2.07A above, shall have a minimum baseline established as follows: Flow – 25,000 gallons per day; BOD – 150 pounds per day; and SS – 150 pounds per day. The SCIU shall be authorized to discharge flow, and BOD, and SS up to the baseline amounts without payment of a Supplemental Capital Facilities Capacity Charge.

G. Each Existing SPD shall have a baseline of 25,000 gpd. The Existing SPD shall be authorized to discharge flow up to 25,000 gpd without payment of a Supplemental Capital Facilities Capacity Charge.

H. The Supplemental Capital Facilities Capacity Charge, as prescribed by Sections 2.08, 2.09, and 2.10 below, shall be payable commencing with the effective date of this Ordinance.

Section 2.08. Supplemental Capital Facilities Capacity Charge: New Significant Commercial – Industrial Users. In addition to the base Capital Facilities Capacity Charge, as prescribed in Table A, for commercial – industrial use category properties, all New SCIU's shall pay a Supplemental Capital Facilities Capacity Charge for



each gallon of flow, or pound of BOD, or SS, exceeding the base use discharge maximums, in the amount shown in Table D.

Section 2.09. Supplemental Capital Facilities Capacity Charge: Significant Special Purpose Dischargers. All SSPDs shall pay a Supplemental Capital Facilities Capacity Charge of \$.001948 per gallon per day for each gallon of flow exceeding 25,000 gallons per day.

Section 2.10. Supplemental Capital Facilities Capacity Charge: Existing Significant Commercial – Industrial Users and Special Purpose Dischargers.

A. All Existing Significant Commercial – Industrial Users connected to and discharging to the District’s System shall be required to pay a Supplemental Capital Facilities Capacity Charge upon the occurrence of either (i) an increase of discharge flow of 25,000 gallons per day (“gpd”), or 25% per day over its established baseline authorization, whichever is lesser; or (ii) an increase of either BOD or SS discharge of 150 pounds each per day, or 25% each per day, whichever is lesser, over its established baseline authorization. The daily averages will be based on the daily discharges for a year, utilizing discharge records and reports of the discharger or the District.

B. The Supplemental Capital Facilities Capacity Charge shall be in the following amounts for each component that is increased as provided in Section 2.10A above.

**TABLE D**

**SUPPLEMENTAL CAPITAL FACILITIES CAPACITY CHARGES**  
**Daily Charge**

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
FLOW	\$0.001948	\$0.001960	\$0.001972	\$0.001984	\$0.001996
BOD	\$0.427550	\$0.440380	\$0.453590	\$0.467200	\$0.481210
SS	\$0.231510	\$0.240770	\$0.250410	\$0.260420	\$0.270840

FLOW – Gallons Per Day

BOD – Pounds Per Day

SS – Pounds Per Day

C. All Existing SPDs connected and discharging to the sewer shall be required to pay a Supplemental Capital Facilities Capacity Charge upon occurrence of an increase of discharge flow over 25,000 gpd. The Supplemental Capital Facilities Capacity Charge shall be \$ 0.001948 per gallon per day of discharge for each gallon above 25,000 gpd.

D. The Supplemental Capital Facilities Capacity Charge shall be calculated on the basis of the average daily quantity of discharge in excess of the User's baseline or 25,000 gpd for SPDs. The daily averages will be based on the daily discharges for a year, utilizing discharge records and reports of the District.

Section 2.11. Capital Facilities Capacity Charge: Replacement Structures. For new construction replacing former structures, the Capital Facilities Capacity Charge shall be calculated and paid to the District on the rate basis of the category of the new use and the amounts as set forth in Tables A and B, less a credit amount, up to the amount of the new Capital Facilities Capacity Charge, equal to a charge, as prescribed in Tables A and B that would be for the prior category of use which was terminated and removed.

Section 2.12. Capital Facilities Capacity Charge: Remodeled Structures. In the case of existing structures connected to the District's system facilities, to which new construction or alteration is made to change or increase the category of use or number of bedrooms, a Capital Facilities Capacity Charge shall be calculated and paid to the District on the rate basis of the category of the new use and the amounts as set forth in Tables A and B, less a credit amount, up to the amount of the new Capital Facilities Capacity Charge, equal to a charge, as prescribed in Tables A and B for the prior category of use.

Section 2.13. Accessory Dwelling Units. Notwithstanding Section 2.12, pursuant to Government Code Section 65852.2, the District shall not collect Capital Facilities Capacity Charges from any ADU if ~~the unit is contained within the existing space of a single-family residence or accessory structure, has independent exterior access from the existing residence, and the side and rear setbacks are sufficient for fire safety.~~ all the following conditions are met:

- (a) the ADU is attached to a single-family residence or accessory structure;
- (b) the ADU is built after the single-family residence;
- (c) the ADU's side and rear setbacks are sufficient for fire safety;
- (d) the ADU has independent exterior access from the existing single-family residence;
- (e) the ADU does not expand the single-family residence;
- (f) the ADU does not expand an accessory structure by more than 150 square feet and that expansion is only used to accommodate ingress and egress and;
- (g) there are no other ADUs on the property.

Section 2.14. Junior Accessory Dwelling Units. Notwithstanding Section 2.12, pursuant to Government Code Section 65852.2, the District shall not collect Capital Facilities Capacity Charges from a JADU integrated into an existing single-family residence if a local agency approved the JADU pursuant to Government Code Section 65852.22 and a local ordinance.

Section 2.4415. Payment of Capital Facilities Capacity Charge: Off-Site Sewers Not Part of Master Plan Relative to Reimbursement Agreements. A charge for connection to off-site sewers which are not included as part of the District Master Plan and

for which a Non-Master Plan Reimbursement Agreement has been entered into between the District and the property owner, shall be paid in the amount provided for in said Agreement, to be known as a Non-Master Plan Capital Facilities Capacity Charge. The amount set forth in said Agreement shall be the amount due, provided the original Agreement is still in force. The Non-Master Plan Capital Facilities Capacity Charge shall be in addition to the other Capital Facilities Capacity Charges provided for in Sections 2.06 through 2.10 hereinabove, established for property connecting to said facilities.

Section 2.4516. No Refund or Transfer. A Capital Facilities Capacity Charge is paid for the connection of a specific building or structure on a parcel of property. No refund of any charge shall be made because of non-use or change of use, or any other reason once the connection has been made. If the connection is not made and the request for connection is withdrawn within 12 months of the payment date, the charges paid will be refunded upon establishing proof from the City or County of a canceled permit. The connection permit is non-transferable to any other parcel of property.

Section 2.4617. Baseline Transferability. The baseline of allowed discharge of flow, BOD and SS used to calculate a Supplemental Capital Facilities Capacity Charge shall not be transferable to a different property, nor shall a credit for such previously existing baseline be provided to another SCIU concurrently or subsequently occupying the same property for a different use. Each such SCIU shall pay Supplemental Capital Facilities Capacity Charges in accordance with Section 2.08 above.

Section 2.4718. Capital Facilities Capacity Charge Annual Updates. The Capital Facilities Capacity Charge is based upon the most recently completed Facilities Master Plan. This The non-residential charge will be updated annually based upon the increase in the Engineering News-Record construction cost index for Los Angeles as of December of the prior year until the completion of the next Rate Study. The residential charge will be updated based upon the schedule of base fees in Table B.

Section 2.4819. Affordable Housing Projects. Per Resolution OCSD 11-02, development projects that include lower income housing units shall not be denied approval of an application for service, nor shall conditions be imposed thereon or services reduced which are applied for, unless the District makes specific written findings that the denial, condition, or reduction is necessary due to the existence of one or more of the following:

- (a) insufficient water supply or insufficient water treatment or distribution capacity;
- (b) a State Department of Health Services order prohibiting new water connections;
- (c) insufficient sewer treatment or collection capacity;
- (d) a Regional Water Quality Control Board order prohibiting new sewer connections;
- (e) the applicant has failed to agree to reasonable terms and conditions

### ARTICLE III

#### MISCELLANEOUS

Section 4.013:01. Application of Ordinance. The provisions of this Ordinance shall be in addition to the provisions of the District's Wastewater Discharge Regulations for use of the District's sewage facilities, including provisions for payment of charges or fees related thereto; the District's ordinance establishing Fees Concerning Annexations of Territory to the District; and any other the District Ordinances and Resolutions not in conflict herewith.

Section 4.023:02. Exceptions. The provisions of this Ordinance shall apply to all owners of properties within the District, including those properties otherwise deemed exempt from payment of taxes or assessments by provisions of the State Constitution or statute, including properties owned by other public agencies or tax-exempt organizations, except as expressly provided herein.

Section 4.033:03 Out of Area Sewer Service Agreements. The District is empowered to contract for the transport, treatment and disposal of wastewaters originating within areas outside of the District if it is in the best interest of the District to do so. These Out of Area Sewer Service Agreements will establish fees and charges relative to the services provided by the District for each individual agreement.

The Board of Directors of the Orange County Sanitation District does further hereby ORDAIN:

SECTION II. Severability. If any provision of this Ordinance, or the application to any person or circumstances is held invalid by order of Court, the remainder of the Ordinance, or the application of such provision to other persons or other circumstances, shall not be affected.

SECTION III. Effective Date. This Ordinance shall take effect ~~July 1, 2018~~September 1, 2021.

SECTION IV. Repeal. Ordinance No. OCSD-~~40-50~~ and Ordinance No. OCSD-~~42-54~~ are hereby repealed.

SECTION V. Certification and Publication. The Clerk of the Board shall certify to the adoption of this Ordinance, and shall cause a summary to be published in a newspaper of general circulation as required by law.

PASSED AND ADOPTED by a vote of not less than two-thirds of the Board of Directors of the Orange County Sanitation District at a Regular Meeting held on ~~March 28, 2018~~ July 28, 2021

Shawver

~~Gregory C. Sebourn, PLS~~ David John

Chairman, Board of Directors  
Orange County Sanitation District

ATTEST:

Kelly A. Lore, MMC  
Clerk of the Board  
Orange County Sanitation District

APPROVED AS TO FORM:

Bradley R. Hogin  
General Counsel  
Orange County Sanitation District

STATE OF CALIFORNIA    )  
                                      )SS.  
COUNTY OF ORANGE    )

I, Kelly A. Lore, Clerk of the Board of Directors of Orange County Sanitation District, do hereby certify that the above and foregoing Ordinance No. ~~OCSD-50~~ OC SAN-57 was

~~OCSD-50~~ OC SAN-57--

introduced for first reading at a regular meeting of said Board on the ~~28th-23rd~~ day of ~~February-2018~~June 2021, and passed and adopted by a vote of not less than two-thirds at a regular meeting of said Board on the 28th day of ~~March-2018~~July 2021, by the following vote, to wit:

**AYES:**

**NOES:**

**ABSTENTIONS:**

**ABSENT:**

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 28th day of ~~March, 2018~~July 2021.

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Kelly A. Lore, MMC  
Clerk of the Board  
Orange County Sanitation District

## ORDINANCE NO. OC SAN-57

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT AMENDING REQUIREMENTS FOR ACCESSORY DWELLING UNIT CAPITAL FACILITIES CAPACITY CHARGES, RESTATING PREVIOUSLY ADOPTED CHARGES, AND REPEALING ORDINANCE NO. OCSD-50 AND ORDINANCE NO. OCSD-54

WHEREAS, Health & Safety Code Section 5471 authorizes the Board of Directors of the Orange County Sanitation District ("District") to impose fees and other charges for services and facilities furnished by the District in connection with the District's wastewater collection, treatment, disposal, and reuse system.

WHEREAS, the Board of Directors of the Orange County Sanitation District (the "District") levies Capital Facilities Capacity Charges ("Capacity Charges") to fund new capital projects or improve existing capital projects.

WHEREAS, the District will use revenues collected from Capacity Charges to pay for capital projects identified in the District's 2017 Facilities Master Plan ("Master Plan").

WHEREAS, the District previously retained Carollo Engineers to evaluate the District's projected revenue needs and recommend service fees and Capacity Charges for the period July 1, 2018 to June 30, 2023. In December of 2017, Carollo Engineers issued its "Final Report and Recommendations on Wastewater Rates, Fees, and Charges" ("Carollo Report"). The District's Board of Directors received the Carollo Report on December 20, 2017, and the Carollo Report is on file with the District; and

WHEREAS, the recommendations set forth in the Carollo Report are based on various studies and plans including, among others, financial forecasts and the District's 2017 Facilities Master Plan ("Master Plan"). The Master Plan identified the capital improvement projects that will be needed over the next 20 years, and estimated the cost of each project. The District's Board of Directors adopted the Master Plan on December 20, 2017; and

WHEREAS, the District recently retained Carollo Engineers to recommend a formula for levying Capacity Charges against non-exempt accessory dwelling units that complies with newly enacted legislative mandates codified in Government Code Section 65852.2. On June 2, 2021, Carollo Engineers provided its accessory dwelling unit capacity charge recommendation to the District (the "Carollo Letter"), which the District hereby adopts. The Carollo Letter is on file with the District.

WHEREAS, the District finds there is a reasonable relationship between the Capacity Charge's use and the type of development project on which the capacity charge is imposed. The District's determination is based on recommendations provided by Carollo Engineers in the Carollo Report and the Carollo Letter.



WHEREAS, the District finds there is a reasonable relationship between the need for the capital facility and the type of development project on which the Capacity Charges is imposed. The District's determination is based on recommendations provided by Carollo Engineers in the Carollo Report and the Carollo Letter.

WHEREAS, the District finds there is a reasonable relationship between the amount of the Capacity Charges and the cost of the capital facility attributable to the development on which the fee is imposed. The District's determination is based on recommendations provided by Carollo Engineers in the Carollo Report and the Carollo Letter.

WHEREAS, The District finds the Capacity Charges do not exceed the estimated reasonable cost of providing sewer services to any parcel. The District's determination is based on recommendations provided by Carollo Engineers in the Carollo Report and the Carollo Letter.

WHEREAS, the District wishes to exempt certain accessory dwelling units and all junior accessory dwelling units from capacity charges pursuant to Government Code Sections 65852.2 and 65852.22, and

WHEREAS, the District wishes to update the rate schedules provided in Table A and Table B of Article II to reflect the previously adopted 2021-year rates.

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District does hereby ORDAIN:

#### SECTION I. Adopt Capital Facilities Capacity Charges

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## ARTICLE I

### RECITAL OF FINDINGS

Section 1.01.      Findings.      Based on substantial evidence in the record, the Board of Directors hereby finds as follows:

A.      The District operates a system for the collection, treatment, disposal, and reuse of wastewater (“System”). The System protects human health and the environment from the potentially harmful effects of wastewater.

B.      The District regularly constructs, reconstructs, repairs, and/or rehabilitates System facilities through capital improvement projects (“Capital Projects”). The District recovers the cost of Capital Projects through Capital Facilities Capacity Charges imposed on new users and Supplemental Capital Facilities Capacity Charges imposed on specified existing users. This Ordinance imposes Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges as recommended in the Carollo Report.

C.      The District will use the revenues from Capital Facilities Capacity Charges and the Supplemental Capital Facilities Capacity Charges to fund future Capital Projects and/or repay principal and interest on debt incurred in connection with past Capital Projects. The revenues shall not be used for the acquisition or construction of new local street sewers or laterals as distinguished from main trunk, interceptor and outfall sewers.

D.      The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance are based on the information and analysis set forth in the Carollo Report and the Master Plan, both of which were made available to the public in accordance with Government Code Section 66016 and other provisions of law.

E.      The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance do not exceed the estimated reasonable cost of providing the wastewater collection, treatment, disposal, and reuse services for which the fees are charged. The manner in which the costs are allocated to each payor bears a fair or reasonable relationship to the payor's burdens on, and benefits received from, the District's System.

F.      The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance will retire debt and fund capital projects necessary to maintain service within the District's existing service area. Therefore, adoption of this Ordinance is statutorily exempt under the California Environmental Quality Act pursuant to the provisions of Public Resources Code Section 21080(b)(8) and California Code of Regulations Section 15273(a).

G.      The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance are not imposed as an “incident

of property ownership” within the meaning of Article XIID of the California Constitution. Thus, the substantive and procedural requirements of Article XIID do not apply.

H. The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance have been approved by the District’s Board of Directors at a noticed public meeting, all in accordance with applicable provisions of law.

## ARTICLE II

### CAPITAL FACILITIES CAPACITY CHARGES

Section 2.01.      Purpose and Scope. This Ordinance is designed to ensure that each user pays his or her fair share of the costs of Capital Projects, based on the burden that each user places on the System. The District will use revenues generated by this Ordinance to (i) fund future Capital Projects, and (ii) repay principal and interest on debt incurred in connection with past Capital Projects.

Section 2.02.      Definitions.

A. “Actual construction costs” include the cost of all activities necessary or incidental to the construction of the District facilities, such as financing, planning, designing, acquisition of the property or interests in the property, construction, reconstruction, rehabilitation, and repair.

B. “Capital Facilities Capacity Charge (Capacity Charge)” means a one-time, non-discriminatory charge imposed at the time a building or structure is newly connected to the District’s System, directly or indirectly, or an existing structure or category of use is expanded or increased. Said charge is to pay for the District facilities in existence at the time the charge is imposed, or to pay for new facilities to be constructed in the future, that are of benefit to the property being charged. This charge does not apply to temporary facilities or operations that are regulated under the provisions of a Special Purpose Discharge Permit. A schedule of the Capital Facilities Capacity Charges specified herein will be on file in the Office of the Clerk of the Board of the District, and in the Building Department of each City within the District.

C. “Connection fee” means a fee equal to the cost necessary to physically connect a property to the District’s System, including but not limited to, installation of meters, meter boxes, pipelines, and appurtenances to make the connection and which fee does not exceed the actual cost of labor, materials, and overhead for the installation of those facilities.

D. “Non-discriminatory” means that the Capital Facilities Capacity Charge does not exceed an amount determined on the basis of the same objective criteria and methodology applicable to comparable public or non-public users, and is not in excess of the proportionate share of the cost of the District’s facilities of benefit to the person or property being charged, based upon the proportionate share of use of those facilities.

E. “Public agency” means the United States or any of its agencies, the State or any of its agencies, the Regents of the University of California, a county, city, district, school district, local or regional public authority, or any other political entity, subdivision or public corporation of the State.

F. The Supplemental Capital Facilities Capacity Charge, as provided for in Sections 2.07, 2.08, 2.09, and 2.10 of this Ordinance, is an annual charge payable to the District on a quarterly or annual basis, as determined by the District. Said charge is required to be paid by dischargers that exceed the maximum quantity of flow or constituents (BOD or SS) allowed as a base use for which the Capacity Charge is paid.

G. “Accessory Dwelling Unit (ADU)” means an attached or detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated.

H. “Junior Accessory Dwelling Unit (JADU)” means a unit that is no more than 500 square feet in size and contained entirely within a single-family residence. A junior accessory dwelling unit may include separate sanitation facilities, or may share sanitation facilities with the existing structure.

Section 2.03. Connection Permits: Required.

A. Connection permits are required of each and every dwelling unit, and each commercial or industrial building, and structure connecting directly or indirectly to the District’s sewerage system facilities. Included are the connections of laterals to local municipal sewerage facilities, and the connection of local municipal sewerage facilities and laterals to the District’s facilities. Multiple detached structures on a single parcel of property shall each be required to obtain a connection permit.

B. Except as authorized by the issuance of a Special Purpose Discharge Permit under Sections 305 – 305.6 of the District’s Wastewater Discharge Regulations, or as authorized pursuant to a special extra territorial service agreement approved by the Board of Directors, no permit shall be valid unless the real property to be served by use of the permit is included within the boundaries of the District and within the boundaries of a local sewerage agency authorized to maintain public sewerage facilities. However, a permit, as authorized above, may be issued for property to be served outside the boundaries of a local sewerage agency if a local sewerage agency makes application for the issuance of such permit.

There will be a non-discriminatory Capital Facilities Capacity Charge assessed to public agencies for connecting directly or indirectly to the District’s sewerage system facilities, and a connection permit must be obtained.

Section 2.04. Capital Facilities Capacity Charge: Payment Required. No application for a permit for a connection of a structure to the District’s sewerage facility, or to any sewerage facility which discharges into the District sewerage facility, shall be approved, nor a permit issued, until the District’s Capital Facilities Capacity Charge is paid

by the applicant, except as provided for discharges under a Special Purpose Discharge Permit. No connection permit shall be issued unless there is an established category of use of the property to be served or a valid building permit issued which establishes the category of use of said property.

Section 2.05. Capital Facilities Capacity Charge: Time of Payment.

A. Payment of the Capital Facilities Capacity Charge established by this Ordinance for connection to the District's sewerage system facilities shall be required at the time of issuance of the building permit for all construction within the District, except in the case of a building legally exempt from the requirement of obtaining a permit. The payment of the Capital Facilities Capacity Charge for such exempt buildings will be required at the time of and prior to the issuing of a plumbing connection permit for any construction within the territorial limits of the District, or if none, prior to the issuance of a Certificate of Occupancy.

B. Upon application of any property owner seeking to connect to the District's sewerage system, the General Manager or his designee, upon a finding of compelling need, may, pursuant to the authority of California Health & Safety Code Section 5474, approve of an agreement with the property owner for the payment of the applicable connection charge and/or annexation fees in installment payments over a period of not to exceed five (5) years, bearing an interest rate on the unpaid balance of not to exceed ten (10%) percent per annum and that the charges and interest shall constitute a lien on the property.

Section 2.06. Capital Facilities Capacity Charge and Plan Check and Inspection Fees: Schedule of Amounts.

A. Every person or entity connecting any new or expanded building or structure to the District's system facilities shall pay a Capital Facilities Capacity Charge in the amount for the applicable category of use set forth on Table A & B, below.

B. Every person or entity connecting any new or expanded building or structure directly to the District's local or regional system facilities shall pay Plan Check and Inspection Fees in the amount set forth in Table C, below.

**TABLE A**

**CAPITAL FACILITIES CAPACITY CHARGES (CFCC)**

NON-RESIDENTIAL, RESIDENTIAL ACCESSORY STRUCTURES, AND ACCESSORY DWELLING UNITS

<u>Use Category</u>	<u>Rate Basis</u>	<u>Base Charge</u>
Low Demand <sup>2</sup>	Per 1,000 square feet <sup>1</sup>	\$ 336.00 <sup>1</sup>
Average Demand <sup>4,5</sup>	Per 1,000 square feet	\$ 2088.00 <sup>1</sup>
High Demand <sup>3</sup>	Per 1,000 square feet	\$ 4962.00 <sup>1</sup>

<sup>1</sup>Provided that the minimum Capital Facilities Capacity Charge for such new construction shall be \$5346; and all calculations shall be on a 1,000 square foot, or portion thereof, basis.

<sup>2</sup>Low Demand connections are the following categories of users: Nurseries; Warehouses; Churches; Truck Terminals; RV Parks; RV Storage Yards; Lumber/Construction Yards; Public Storage Buildings; and other facilities whose wastewater discharge is similar to these listed categories.

<sup>3</sup>High Demand connections are the following categories of users: Food/Beverage Service Establishments; Supermarkets (with bakery, meat counter, and/or food service); Car Washes; Coin Laundries; Amusement Parks; Shopping Centers with one or more Food/Beverage Service Establishments; Food Courts; Food Processing Facilities; Textile Manufacturers; Breweries; and other facilities whose wastewater discharge is similar to these listed categories.

<sup>4</sup>All other connections are Average Demand users including: Church Offices and Schools; Hotels, Shopping Centers/Strip Malls without food/beverage service establishments, Music Halls without food facilities, Office buildings, Senior Housing with individual living units without kitchens but with a common kitchen

<sup>5</sup> Residential Accessory Structures such as workshops and hobby shops that connect to the sewer, will be charged at the average demand rate and the minimum charge does not apply.

<sup>6</sup> Accessory Dwelling Units will be charged at the average demand rate and the minimum charge does not apply.

## TABLE B

### **CAPITAL FACILITIES CAPACITY CHARGES (CFCC)** RESIDENTIAL (PER UNIT)\*

Single Family Residential (SFR) <sup>1</sup>	<u>Base Charge</u>
5+ Bedrooms	\$ 7,430.00
4 Bedrooms	\$ 6,362.00
3 Bedrooms	\$ 5,346.00
2 Bedrooms	\$ 4,331.00
1 Bedroom	\$ 3,314.00
Multi-Family Residential (MFR) <sup>2</sup>	<u>Base Charge</u>
4+ Bedrooms	\$ 5,774.00
3 Bedrooms	\$ 4,758.00
2 Bedrooms	\$ 3,743.00
1 Bedroom	\$ 2,672.00
Studio <sup>3</sup>	\$ 1,710.00



\*The Base Rate for Residential CFCC is the 3 Bedroom SFR with all others having a rate that is a percentage of the base rate depending on the size of the unit. The schedule for the base rate shall be as follows:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$4,228	\$4,601	\$4,973	\$5,346	\$5,719

<sup>1</sup> Bedroom additions are considered a change of use and a CFCC must be paid. Enclosed loft additions, bonus rooms, offices, workout rooms, media rooms, libraries and any other enclosed addition which could potentially be used as a bedroom are included in this category. The classification of these additions will be reviewed and determined by staff.

<sup>2</sup> MFR units consist of multiple attached units that are not sold individually and receive one secured property tax bill such as apartments. Multiple attached units that are not sold individually and are senior housing with individual living units that include a kitchen are considered MFR units.

<sup>3</sup> Studio – one single room with no separating doors or openings leading to another part of the room (except for a bathroom).

Live/Work units will be charged at the residential rate for the living quarters and at the non-residential rate for the work portion square footage.

## **TABLE C**

### **PLAN CHECK AND INSPECTION FEE TABLE**

#### **INSPECTION FEES FOR SINGLE CONNECTIONS**

Lateral installation to property line:

2018-19	2019-20	2020-21	2021-22	2022-23
\$575.00	\$650.00	\$725.00	\$800.00	\$875.00

Lateral Installation to with optional cleanout to existing manhole:

2018-19	2019-20	2020-21	2021-22	2022-23
\$650.00	\$800.00	\$950.00	\$1,050.00	\$1,150.00

Core drilling into existing manhole base – add:

2018-19	2019-20	2020-21	2021-22	2022-23
\$600.00	\$900.00	\$1,200.00	\$1,450.00	\$1,500.00

Installation of new manhole over existing sewer:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$1,200.00	\$1,400.00	\$1,600.00	\$1,800.00	\$1,900.00

Gas Flap Installation – add:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$450.00	\$455.00	\$460.00	\$465.00	\$470.00

### INSPECTION FEES FOR MULTIPLE CONNECTIONS

Plan check and inspection fees of 20 percent of the sewer construction cost for new tract sewers, sewer extensions or special facilities are required when plans are submitted for plan check.

If additional funds are needed, they must be deposited as soon as they are requested to complete the inspection on the project. If funds are required after the work is completed, they must be paid before the District finalizes the sewer project.

Section 2.07. Supplemental Capital Facilities Capacity Charge: Significant Commercial – Industrial Users and Significant Special Purpose Dischargers – Definitions.

A. A Significant Commercial – Industrial User (“SCIU”) is any person or entity who discharges commercial or industrial process flow, but excluding domestic sewage flow, in an amount greater than 25,000 gallons per day (“gpd”), or Biochemical Oxygen Demand (“BOD”) greater than 150 pounds per day, or Suspended Solids (“SS”) greater than 150 pounds per day, or who is required to obtain a Waste Discharge Permit, as prescribed by Article 3 of the District’s Wastewater Regulations, due to having federally or the District regulated or significant discharges.

B. A Significant Special Purpose Discharger (“SSPD”) is any person or entity who discharges to the sewer system wastewater or process flow in an amount greater than 25,000 gpd (excluding domestic, industrial or commercial) and who is required to obtain a Special Purpose Discharge Permit as prescribed in Section 305 of the District’s Wastewater Regulations. A Special Purpose Discharger (SPD) discharges 25,000 gpd or less.

C. An Existing SCIU or SSPD is any SCIU or SSPD connected and discharging to the District’s system prior to January 1, 2000.

D. A New SCIU or SSPD is any user who connects and discharges to the District’s System pursuant to a Waste Discharge Permit issued on or after January 1, 2000; or if previously connected and not an SCIU, as defined in Subparagraphs 2.07A and

B above, but, subsequent to January 1, 2000, increases flow, or BOD, or SS to a level as to constitute an SCIU or SSPD.

E. The maximum discharge allowed to a user, for which a base Capital Facilities Capacity Charge is paid, as per Table A, above, is 25,000 gallons per day ("gpd"), or 150 pounds per day each of BOD and SS (the "base use"). Discharge of flow, or BOD, or SS in amounts greater than allowed by this Subsection 2.07E shall be subject to the provisions of Sections 2.08 and 2.09 hereof.

F. Each Existing SCIU shall have a baseline of allowed discharge of flow, and BOD, and SS established by the the District as of January 1, 2000. The baseline shall be based upon the discharge for Fiscal Year 1998-99, or upon such other discharge data which the District determines is representative of the user's actual annual discharge to the sewerage system. Dischargers who are deemed to be SCIU's solely because of the requirements to obtain a Waste Discharge Permit, pursuant to Section 2.07A above, shall have a minimum baseline established as follows: Flow – 25,000 gallons per day; BOD – 150 pounds per day; and SS – 150 pounds per day. The SCIU shall be authorized to discharge flow, and BOD, and SS up to the baseline amounts without payment of a Supplemental Capital Facilities Capacity Charge.

G. Each Existing SPD shall have a baseline of 25,000 gpd. The Existing SPD shall be authorized to discharge flow up to 25,000 gpd without payment of a Supplemental Capital Facilities Capacity Charge.

H. The Supplemental Capital Facilities Capacity Charge, as prescribed by Sections 2.08, 2.09, and 2.10 below, shall be payable commencing with the effective date of this Ordinance.

Section 2.08. Supplemental Capital Facilities Capacity Charge: New Significant Commercial – Industrial Users. In addition to the base Capital Facilities Capacity Charge, as prescribed in Table A, for commercial – industrial use category properties, all New SCIU's shall pay a Supplemental Capital Facilities Capacity Charge for each gallon of flow, or pound of BOD, or SS, exceeding the base use discharge maximums, in the amount shown in Table D.

Section 2.09. Supplemental Capital Facilities Capacity Charge: Significant Special Purpose Dischargers. All SSPDs shall pay a Supplemental Capital Facilities Capacity Charge of \$.001948 per gallon per day for each gallon of flow exceeding 25,000 gallons per day.

Section 2.10. Supplemental Capital Facilities Capacity Charge: Existing Significant Commercial – Industrial Users and Special Purpose Dischargers.

A. All Existing Significant Commercial – Industrial Users connected to and discharging to the District's System shall be required to pay a Supplemental Capital Facilities Capacity Charge upon the occurrence of either (i) an increase of discharge flow of 25,000 gallons per day ("gpd"), or 25% per day over its established baseline

authorization, whichever is lesser; or (ii) an increase of either BOD or SS discharge of 150 pounds each per day, or 25% each per day, whichever is lesser, over its established baseline authorization. The daily averages will be based on the daily discharges for a year, utilizing discharge records and reports of the discharger or the District.

B. The Supplemental Capital Facilities Capacity Charge shall be in the following amounts for each component that is increased as provided in Section 2.10A above.

**TABLE D**  
**SUPPLEMENTAL CAPITAL FACILITIES CAPACITY CHARGES**  
**Daily Charge**

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
FLOW	\$0.001948	\$0.001960	\$0.001972	\$0.001984	\$0.001996
BOD	\$0.427550	\$0.440380	\$0.453590	\$0.467200	\$0.481210
SS	\$0.231510	\$0.240770	\$0.250410	\$0.260420	\$0.270840

FLOW – Gallons Per Day

BOD – Pounds Per Day

SS – Pounds Per Day

C. All Existing SPDs connected and discharging to the sewer shall be required to pay a Supplemental Capital Facilities Capacity Charge upon occurrence of an increase of discharge flow over 25,000 gpd. The Supplemental Capital Facilities Capacity Charge shall be \$ 0.001948 per gallon per day of discharge for each gallon above 25,000 gpd.

D. The Supplemental Capital Facilities Capacity Charge shall be calculated on the basis of the average daily quantity of discharge in excess of the User's baseline or 25,000 gpd for SPDs. The daily averages will be based on the daily discharges for a year, utilizing discharge records and reports of the District.

Section 2.11. Capital Facilities Capacity Charge: Replacement Structures. For new construction replacing former structures, the Capital Facilities Capacity Charge shall be calculated and paid to the District on the rate basis of the category of the new use and the amounts as set forth in Tables A and B, less a credit amount, up to the amount of the new Capital Facilities Capacity Charge, equal to a charge, as prescribed in Tables A and B that would be for the prior category of use which was terminated and removed.

Section 2.12. Capital Facilities Capacity Charge: Remodeled Structures. In the case of existing structures connected to the District's system facilities, to which new

construction or alteration is made to change or increase the category of use or number of bedrooms, a Capital Facilities Capacity Charge shall be calculated and paid to the District on the rate basis of the category of the new use and the amounts as set forth in Tables A and B, less a credit amount, up to the amount of the new Capital Facilities Capacity Charge, equal to a charge, as prescribed in Tables A and B for the prior category of use.

Section 2.13. Accessory Dwelling Units. Notwithstanding Section 2.12, pursuant to Government Code Section 65852.2, the District shall not collect Capital Facilities Capacity Charges from any ADU if all the following conditions are met:

- (a) the ADU is attached to a single-family residence or accessory structure;
- (b) the ADU is built after the single-family residence;
- (c) the ADU's side and rear setbacks are sufficient for fire safety;
- (d) the ADU has independent exterior access from the existing single-family residence;
- (e) the ADU does not expand the single-family residence;
- (f) the ADU does not expand an accessory structure by more than 150 square feet and that expansion is only used to accommodate ingress and egress and;
- (g) there are no other ADUs on the property.

Section 2.14. Junior Accessory Dwelling Units. Notwithstanding Section 2.12, pursuant to Government Code Section 65852.2, the District shall not collect Capital Facilities Capacity Charges from a JADU integrated into an existing single-family residence if a local agency approved the JADU pursuant to Government Code Section 65852.22 and a local ordinance.

Section 2.15. Payment of Capital Facilities Capacity Charge: Off-Site Sewers Not Part of Master Plan Relative to Reimbursement Agreements. A charge for connection to off-site sewers which are not included as part of the District Master Plan and for which a Non-Master Plan Reimbursement Agreement has been entered into between the District and the property owner, shall be paid in the amount provided for in said Agreement, to be known as a Non-Master Plan Capital Facilities Capacity Charge. The amount set forth in said Agreement shall be the amount due, provided the original Agreement is still in force. The Non-Master Plan Capital Facilities Capacity Charge shall be in addition to the other Capital Facilities Capacity Charges provided for in Sections 2.06 through 2.10 hereinabove, established for property connecting to said facilities.

Section 2.16. No Refund or Transfer. A Capital Facilities Capacity Charge is paid for the connection of a specific building or structure on a parcel of property. No refund of any charge shall be made because of non-use or change of use, or any other reason once the connection has been made. If the connection is not made and the request for connection is withdrawn within 12 months of the payment date, the charges paid will be refunded upon establishing proof from the City or County of a canceled permit. The connection permit is non-transferable to any other parcel of property.

Section 2.17. Baseline Transferability. The baseline of allowed discharge of flow, BOD and SS used to calculate a Supplemental Capital Facilities Capacity Charge shall not be transferable to a different property, nor shall a credit for such previously

existing baseline be provided to another SCIU concurrently or subsequently occupying the same property for a different use. Each such SCIU shall pay Supplemental Capital Facilities Capacity Charges in accordance with Section 2.08 above.

Section 2.18. Capital Facilities Capacity Charge Annual Updates. The Capital Facilities Capacity Charge is based upon the most recently completed Facilities Master Plan. This The non-residential charge will be updated annually based upon the increase in the Engineering News-Record construction cost index for Los Angeles as of December of the prior year until the completion of the next Rate Study. The residential charge will be updated based upon the schedule of base fees in Table B.

Section 2.19. Affordable Housing Projects. Per Resolution OCSD 11-02, development projects that include lower income housing units shall not be denied approval of an application for service, nor shall conditions be imposed thereon or services reduced which are applied for, unless the District makes specific written findings that the denial, condition, or reduction is necessary due to the existence of one or more of the following:

- (a) insufficient water supply or insufficient water treatment or distribution capacity;
- (b) a State Department of Health Services order prohibiting new water connections;
- (c) insufficient sewer treatment or collection capacity;
- (d) a Regional Water Quality Control Board order prohibiting new sewer connections;
- (e) the applicant has failed to agree to reasonable terms and conditions

## ARTICLE III

### MISCELLANEOUS

Section 3:01. Application of Ordinance. The provisions of this Ordinance shall be in addition to the provisions of the District's Wastewater Discharge Regulations for use of the District's sewage facilities, including provisions for payment of charges or fees related thereto; the District's ordinance establishing Fees Concerning Annexations of Territory to the District; and any other the District Ordinances and Resolutions not in conflict herewith.

Section 3:02. Exceptions. The provisions of this Ordinance shall apply to all owners of properties within the District, including those properties otherwise deemed exempt from payment of taxes or assessments by provisions of the State Constitution or statute, including properties owned by other public agencies or tax-exempt organizations, except as expressly provided herein.

Section 3:03 Out of Area Sewer Service Agreements. The District is empowered to contract for the transport, treatment and disposal of wastewaters originating within areas outside of the District if it is in the best interest of the District to do so. These

Out of Area Sewer Service Agreements will establish fees and charges relative to the services provided by the District for each individual agreement.

The Board of Directors of the Orange County Sanitation District does further hereby ORDAIN:

SECTION II. Severability. If any provision of this Ordinance, or the application to any person or circumstances is held invalid by order of Court, the remainder of the Ordinance, or the application of such provision to other persons or other circumstances, shall not be affected.

SECTION III. Effective Date. This Ordinance shall take effect September 1, 2021.

SECTION IV. Repeal. Ordinance No. OCSD-50 and Ordinance No. OCSD-54 are hereby repealed.

SECTION V. Certification and Publication. The Clerk of the Board shall certify to the adoption of this Ordinance, and shall cause a summary to be published in a newspaper of general circulation as required by law.

PASSED AND ADOPTED by a vote of not less than two-thirds of the Board of Directors of the Orange County Sanitation District at a Regular Meeting held on July 28, 2021.

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David John Shawver  
Chairman, Board of Directors  
Orange County Sanitation District

ATTEST:

---

Kelly A. Lore, MMC  
Clerk of the Board  
Orange County Sanitation District



APPROVED AS TO FORM:

---

Bradley R. Hogin  
General Counsel  
Orange County Sanitation District

STATE OF CALIFORNIA   )  
  )SS.  
COUNTY OF ORANGE    )

I, Kelly A. Lore, Clerk of the Board of Directors of Orange County Sanitation District, do hereby certify that the above and foregoing Ordinance No. OC SAN-57 was introduced for first reading at a regular meeting of said Board on the 23rd day of June 2021, and passed and adopted by a vote of not less than two-thirds at a regular meeting of said Board on the 28th day of July 2021, by the following vote, to wit:

**AYES:**

**NOES:**

**ABSTENTIONS:**

**ABSENT:**

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 28th day of July 2021.

---

Kelly A. Lore, MMC  
Clerk of the Board  
Orange County Sanitation District

ORDINANCE NO. OCSD-54

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE  
ORANGE COUNTY SANITATION DISTRICT AMENDING  
SECTION 2.06 OF ARTICLE II, TABLE A, TABLE B, AND  
TABLE C OF ORDINANCE NO. OCSD-50 CONCERNING  
CAPITAL FACILITY CAPACITY CHARGES

WHEREAS, the Board of Directors of the Orange County Sanitation District adopted Ordinance No. OCSD- 50 on March 28, 2018 adopting Capital Facilities Capacity Charges; and

WHEREAS, the Board of Directors of the Orange County Sanitation District wishes to revise Section 2.06 of Article II, Table A, Table B, and Table C to more clearly define the categories for charges.

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District does hereby ORDAIN:

SECTION 1: Section 2.06 of Article II, Table A, Table B and Table C of Ordinance No. OCSD-50 are hereby amended as follows:

TABLE A

**CAPITAL FACILITIES CAPACITY CHARGES (CFCC)**  
NON-RESIDENTIAL

<u>Use Category</u>	<u>Rate Basis</u>	<u>Base Charge</u>
Low Demand <sup>2</sup>	Per 1,000 square feet <sup>1</sup>	\$ 332.00 <sup>1</sup>
Average Demand <sup>4,5</sup>	Per 1,000 square feet	\$2,066.00 <sup>1</sup>
High Demand <sup>3</sup>	Per 1,000 square feet	\$4,908.00 <sup>1</sup>

<sup>1</sup>Provided that the minimum Capital Facilities Capacity Charge for such new construction shall be \$4,228; and all calculations shall be on a 1,000 square foot, or portion thereof, basis.

<sup>2</sup>Low Demand connections are the following categories of users: Nurseries; Warehouses; Churches; Truck Terminals; RV Parks; RV Storage Yards; Lumber/Construction Yards; Public Storage Buildings; and other facilities whose wastewater discharge is similar to these listed categories.

<sup>3</sup>High Demand connections are the following categories of users: Food/Beverage Service Establishments; Supermarkets (with bakery, meat counter, and/or food service); Car Washes; Coin Laundries; Amusement Parks; Shopping Centers with one or more Food/Beverage Service Establishments; Food Courts; Food Processing Facilities; Textile Manufacturers; Breweries; and other facilities whose wastewater discharge is similar to these listed categories.

<sup>4</sup>All other connections are Average Demand users including: Church Offices and Schools; Hotels, Shopping Centers/Strip Malls without food/beverage service establishments, Music Halls without food facilities, Office buildings, Senior Housing with individual living units without kitchens but with a common kitchen

<sup>5</sup> Residential Accessory Structures such as workshops and hobby shops that connect to the sewer, will be charged at the average demand rate and the minimum charge does not apply.

## TABLE B

### CAPITAL FACILITIES CAPACITY CHARGES (CFCC) RESIDENTIAL (PER UNIT)\*

Single Family Residential (SFR) <sup>1</sup>	<u>Base Charge</u>
5+ Bedrooms	\$5,877.00
4 Bedrooms	\$5,031.00
3 Bedrooms	\$4,228.00
2 Bedrooms	\$3,425.00
1 Bedroom	\$2,621.00
Multi-Family Residential (MFR) <sup>2</sup>	<u>Base Charge</u>
4+ Bedrooms	\$4,566.00
3 Bedrooms	\$3,763.00
2 Bedrooms	\$2,960.00
1 Bedroom	\$2,114.00
Studio <sup>3</sup>	\$1,353.00

\*The Base Rate for Residential CFCC is the 3 Bedroom SFR with all others having a rate that is a percentage of the base rate depending on the size of the unit. The schedule for the base rate shall be as follows:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$4,228	\$4,601	\$4,973	\$5,346	\$5,719

<sup>1</sup> Bedroom additions are considered a change of use and a CFCC must be paid. Enclosed loft additions, bonus rooms, offices, workout rooms, media rooms, libraries and any other enclosed addition which could potentially be used as a bedroom are included in this category. The classification of these additions will be reviewed and determined by staff.

<sup>2</sup> MFR units consist of multiple attached units that are not sold individually and receive one secured property tax bill such as apartments. Multiple attached units that are not sold individually and are senior housing with individual living units that include a kitchen are considered MFR units.

<sup>3</sup> Studio – one single room with no separating doors or openings leading to another part of the room (except for a bathroom).

Live/Work units will be charged at the residential rate for the living quarters and at the non-residential rate for the work portion square footage.

## TABLE C

### PLAN CHECK AND INSPECTION FEE TABLE

#### INSPECTION FEES FOR SINGLE CONNECTIONS

Lateral installation to property line:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$575.00	\$650.00	\$725.00	\$800.00	\$875.00

Lateral installation with optional cleanout to existing manhole:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$650.00	\$800.00	\$950.00	\$1,050.00	\$1,150.00

Core drilling into existing manhole base – add:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$600.00	\$900.00	\$1,200.00	\$1,450.00	\$1,500.00

Installation of new manhole over existing sewer:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$1,200.00	\$1,400.00	\$1,600.00	\$1,800.00	\$1,900.00

Gas Flap Installation – add:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$450.00	\$455.00	\$460.00	\$465.00	\$470.00

#### INSPECTION FEES FOR MULTIPLE CONNECTIONS

Plan check and inspection fees of 20 percent of the sewer construction cost for new tract sewers, sewer extensions or special facilities are required when plans are submitted for plan check.

If additional funds are needed, they must be deposited as soon as they are requested to complete the inspection on the project. If funds are required after the work is completed, they must be paid before the District finalizes the sewer project.

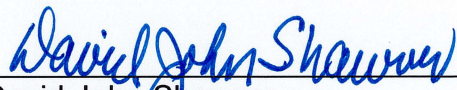
The Board of Directors of the Orange County Sanitation District does further hereby ORDAIN:

SECTION 2. Severability. If any provision of this Ordinance, or the application to any person or circumstances is held invalid by order of Court, the remainder of the Ordinance, or the application of such provision to other persons or other circumstances, shall not be affected.

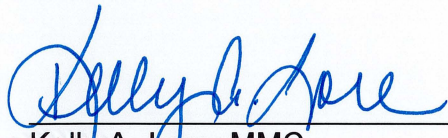
SECTION.3. Effective Date. This Ordinance shall take effect July 1, 2019.

SECTION 4. Certification and Publication. The Clerk of the Board shall certify to the adoption of this Ordinance, and shall cause a summary to be published in a newspaper of general circulation as required by law.

PASSED AND ADOPTED by a majority vote of the Board of Directors of the Orange County Sanitation District at a Regular Meeting held on May 22, 2019.

  
\_\_\_\_\_  
David John Shawver  
Chairman, Board of Directors  
Orange County Sanitation District

ATTEST:

  
\_\_\_\_\_  
Kelly A. Lore, MMC  
Clerk of the Board  
Orange County Sanitation District

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Bradley R. Hogin  
General Counsel  
Orange County Sanitation District

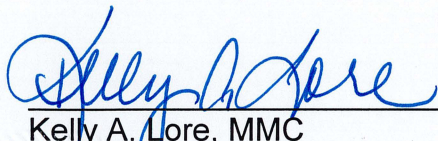


STATE OF CALIFORNIA   )  
  )SS.  
COUNTY OF ORANGE    )

I, Kelly A. Lore, Clerk of the Board of Directors of Orange County Sanitation District, do hereby certify that the above and foregoing Ordinance No. OCSD-54 was introduced for first reading at a regular meeting of said Board on the 24th day of April 2019, and passed and adopted at a regular meeting of said Board on the 22<sup>nd</sup> day of May 2019, by the following vote, to wit:

<b>AYES:</b>	Avery; Beamish (Alternate); Bernstein; Chaffee; Collacott; Harper (Alternate); Hawkins; Iglesias; Kim; Kring; Massa-Lavitt; R. Murphy; Nguyen; Nichols (Alternate); O'Neill (Alternate); Ooten (Alternate); Parker; Peterson; Shawver; Shea; Silva; F. Smith; Wanke; Withers and Yarc
<b>NOES:</b>	None
<b>ABSTENTIONS:</b>	None
<b>ABSENT:</b>	None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 22<sup>nd</sup> day of May 2019.



Kelly A. Lore, MMC  
Clerk of the Board  
Orange County Sanitation District

ORDINANCE NO. OCSD-50

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE  
ORANGE COUNTY SANITATION DISTRICT ADOPTING  
CAPITAL FACILITIES CAPACITY CHARGES AND REPEALING  
ORDINANCE NO. OCSD-40 AND ORDINANCE NO. OCSD-42

WHEREAS, Health & Safety Code Section 5471 authorizes the Board of Directors of the Orange County Sanitation District ("District") to impose fees and other charges for services and facilities furnished by the District in connection with the District's wastewater collection, treatment, disposal, and reuse system; and

WHEREAS, the District imposes Capital Facilities Capacity Charges on new users and Supplemental Capital Facilities Capacity Charges on specified existing users. These charges are set forth in Ordinance No. OCSD-40, as amended by Ordinance No. OCSD-42; and

WHEREAS, the District recently retained Carollo Engineers to evaluate the District's projected revenue needs and recommend service fees and capacity charges for the period July 1, 2018 to June 30, 2023. In December of 2017, Carollo Engineers issued its "Final Report and Recommendations on Wastewater Rates, Fees, and Charges" ("Carollo Report"). The District's Board of Directors received the Carollo Report on December 20, 2017, and the Carollo Report is on file with the District; and

WHEREAS, the Carollo Report recommended that the District (1) increase the residential CFCC from \$3,855 per equivalent dwelling unit to \$5,719 per equivalent dwelling unit by 2023, and (2) increase the commercial-industrial CFCC from \$2,000 per 1,000 square feet to \$3,639 per 1,000 square feet by 2023; and

WHEREAS, the recommendations set forth in the Carollo Report are based on various studies and plans including, among others, financial forecasts and the District's 2017 Facilities Master Plan ("Master Plan"). The Master Plan identified the capital improvement projects that will be needed over the next 20 years, and estimated the cost of each project. The District's Board of Directors adopted the Master Plan on December 20, 2017; and

WHEREAS, on Wednesday, March 28, 2018 at 6:00 P.M., in the District's Boardroom on the first floor of its Administration Building located at 10844 Ellis Avenue, Fountain Valley, California, the District held a properly noticed public hearing, and received and considered comments concerning the proposed charges; and

WHEREAS, the Board of Directors has carefully reviewed the Carollo Report and considered oral and written comments from the public, Board Members, District staff, and District consultants made at and prior to the March 28, 2018 public hearing;

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District does hereby ORDAIN:

SECTION I. Adopt Capital Facilities Capacity Charges

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## ARTICLE I

### RECITAL OF FINDINGS

Section 1.01.        Findings.    Based on substantial evidence in the record, the Board of Directors hereby finds as follows:

A.        The District operates a system for the collection, treatment, disposal, and reuse of wastewater ("System"). The System protects human health and the environment from the potentially harmful effects of wastewater.

B.        The District regularly constructs, reconstructs, repairs, and/or rehabilitates System facilities through capital improvement projects ("Capital Projects"). The District recovers the cost of Capital Projects through Capital Facilities Capacity Charges imposed on new users and Supplemental Capital Facilities Capacity Charges imposed on specified existing users. This Ordinance imposes Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges as recommended in the Carollo Report.

C.        The District will use the revenues from Capital Facilities Capacity Charges and the Supplemental Capital Facilities Capacity Charges to fund future Capital Projects and/or repay principal and interest on debt incurred in connection with past Capital Projects. The revenues shall not be used for the acquisition or construction of new local street sewers or laterals as distinguished from main trunk, interceptor and outfall sewers.

D.        The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance are based on the information and analysis set forth in the Carollo Report and the Master Plan, both of which were made available to the public in accordance with Government Code Section 66016 and other provisions of law.

E.        The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance do not exceed the estimated reasonable cost of providing the wastewater collection, treatment, disposal, and reuse services for which the fees are charged. The manner in which the costs are allocated to each payor bears a fair or reasonable relationship to the payor's burdens on, and benefits received from, the District's System.

F. The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance will retire debt and fund capital projects necessary to maintain service within the District's existing service area. Therefore, adoption of this Ordinance is statutorily exempt under the California Environmental Quality Act pursuant to the provisions of Public Resources Code Section 21080(b)(8) and California Code of Regulations Section 15273(a).

G. The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance are not imposed as an "incident of property ownership" within the meaning of Article XIID of the California Constitution. Thus, the substantive and procedural requirements of Article XIID do not apply.

H. The Capital Facilities Capacity Charges and Supplemental Capital Facilities Capacity Charges established by this ordinance have been approved by the District's Board of Directors at a noticed public meeting, all in accordance with applicable provisions of law.

## ARTICLE II

### CAPITAL FACILITIES CAPACITY CHARGES

Section 2.01. Purpose and Scope. This Ordinance is designed to ensure that each user pays his or her fair share of the costs of Capital Projects, based on the burden that each user places on the System. The District will use revenues generated by this Ordinance to (i) fund future Capital Projects, and (ii) repay principal and interest on debt incurred in connection with past Capital Projects.

#### Section 2.02. Definitions.

A. "Actual construction costs" include the cost of all activities necessary or incidental to the construction of the District facility, such as financing, planning, designing, acquisition of the property or interests in the property, construction, reconstruction, rehabilitation, and repair.

B. "Capital Facilities Capacity Charge" means a one-time, non-discriminatory charge imposed at the time a building or structure is newly connected to the District's System, directly or indirectly, or an existing structure or category of use is expanded or increased. Said charge is to pay for the District facilities in existence at the time the charge is imposed, or to pay for new facilities to be constructed in the future, that are of benefit to the property being charged. This charge does not apply to temporary facilities or operations that are regulated under the provisions of a Special Purpose Discharge Permit. A schedule of the Capital Facilities Capacity Charges specified herein will be on file in the Office of the Board Secretary of the District, and in the Building Department of each City within the District.

C. "Connection fee" means a fee equal to the cost necessary to physically connect a property to the District's System, including but not limited to, installation of meters, meter boxes, pipelines, and appurtenances to make the connection

and which fee does not exceed the actual cost of labor, materials, and overhead for the installation of those facilities.

D. “Non-discriminatory” means that the Capital Facilities Capacity Charge does not exceed an amount determined on the basis of the same objective criteria and methodology applicable to comparable public or non-public users, and is not in excess of the proportionate share of the cost of the District’s facilities of benefit to the person or property being charged, based upon the proportionate share of use of those facilities.

E. “Public agency” means the United States or any of its agencies, the State or any of its agencies, the Regents of the University of California, a county, city, district, school district, local or regional public authority, or any other political entity, subdivision or public corporation of the State.

F. The Supplemental Capital Facilities Capacity Charge, as provided for in Sections 2.07, 2.08, 2.09, and 2.10 of this Ordinance, is an annual charge payable to the District on a quarterly or annual basis, as determined by the District. Said charge is required to be paid by dischargers that exceed the maximum quantity of flow or constituents (BOD or SS) allowed as a base use for which the Capacity Charge is paid.

G. “Accessory Dwelling Unit” means an attached or detached residential dwelling unit which provides complete independent living facilities for one or more persons, includes permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling is situated, and has been approved by a local agency pursuant to Government Code Section 65852.2 and/or a local ordinance.

Section 2.03. Connection Permits: Required.

A. Connection permits are required of each and every dwelling unit, and each commercial or industrial building, and structure connecting directly or indirectly to the District’s sewerage system facilities. Included are the connections of laterals to local municipal sewerage facilities, and the connection of local municipal sewerage facilities and laterals to the District’s facilities. Multiple detached structures on a single parcel of property shall each be required to obtain a connection permit.

B. Except as authorized by the issuance of a Special Purpose Discharge Permit under Sections 305 – 305.6 of the District’s Wastewater Discharge Regulations, or as authorized pursuant to a special extra territorial service agreement approved by the Board of Directors, no permit shall be valid unless the real property to be served by use of the permit is included within the boundaries of the District and within the boundaries of a local sewerage agency authorized to maintain public sewerage facilities. However, a permit, as authorized above, may be issued for property to be served outside the boundaries of a local sewerage agency if a local sewerage agency makes application for the issuance of such permit.

There will be a non-discriminatory Capital Facilities Capacity Charge assessed to public agencies for connecting directly or indirectly to the District’s sewerage system facilities, and a connection permit must be obtained.



Section 2.04.      Capital Facilities Capacity Charge: Payment Required. No application for a permit for a connection of a structure to the District's sewerage facility, or to any sewerage facility which discharges into the District sewerage facility, shall be approved, nor a permit issued, until the District's Capital Facilities Capacity Charge is paid by the applicant, except as provided for discharges under a Special Purpose Discharge Permit. No connection permit shall be issued unless there is an established category of use of the property to be served or a valid building permit issued which establishes the category of use of said property.

Section 2.05.      Capital Facilities Capacity Charge: Time of Payment.

A. Payment of the Capital Facilities Capacity Charge established by this Ordinance for connection to the District's sewerage system facilities shall be required at the time of issuance of the building permit for all construction within the District, except in the case of a building legally exempt from the requirement of obtaining a permit. The payment of the Capital Facilities Capacity Charge for such exempt buildings will be required at the time of and prior to the issuing of a plumbing connection permit for any construction within the territorial limits of the District, or if none, prior to the issuance of a Certificate of Occupancy.

B. Upon application of any property owner seeking to connect to the District's sewerage system, the General Manager or his designee, upon a finding of compelling need, may, pursuant to the authority of California Health & Safety Code Section 5474, approve of an agreement with the property owner for the payment of the applicable connection charge and/or annexation fees in installment payments over a period of not to exceed five (5) years, bearing an interest rate on the unpaid balance of not to exceed ten (10%) percent per annum and that the charges and interest shall constitute a lien on the property.

Section 2.06.      Capital Facilities Capacity Charge and Plan Check and Inspection Fees: Schedule of Amounts.

A. Every person or entity connecting any new or expanded building or structure to the District's system facilities shall pay a Capital Facilities Capacity Charge in the amount for the applicable category of use set forth on Table A & B, below.

B. Every person or entity connecting any new or expanded building or structure directly to the District's local or regional system facilities shall pay Plan Check and Inspection Fees in the amount set forth n Table C, below.



**TABLE A**

**CAPITAL FACILITIES CAPACITY CHARGES (CFCC)**  
**NON-RESIDENTIAL**

<u>Use Category</u>	<u>Rate Basis</u>	<u>Base Charge</u>
Low Demand <sup>2</sup>	Per 1,000 square feet <sup>1</sup>	\$ 332.00 <sup>1</sup>
Average Demand <sup>4,5</sup>	Per 1,000 square feet	\$2,066.00 <sup>1</sup>
High Demand <sup>3</sup>	Per 1,000 square feet	\$4,908.00 <sup>1</sup>

<sup>1</sup>Provided that the minimum Capital Facilities Capacity Charge for such new construction shall be \$4,228; and all calculations shall be on a 1,000 square foot, or portion thereof, basis.

<sup>2</sup>Low Demand connections are the following categories of users: Parking Structures; Nurseries; Warehouses; Churches; Truck Terminals; RV Parks; RV Storage Yards; Lumber/Construction Yards; Public Storage Buildings; and other facilities whose wastewater discharge is similar to these listed categories. Parking Structures not connected to the sewer will not be charged.

<sup>3</sup>High Demand connections are the following categories of users: Food/Beverage Service Establishments; Supermarkets (with bakery, meat counter, and/or food service); Car Washes; Coin Laundries; Amusement Parks; Shopping Centers with one or more Food/Beverage Service Establishments; Food Courts; Food Processing Facilities; Textile Manufacturers; Breweries; and other facilities whose wastewater discharge is similar to these listed categories.

<sup>4</sup>All other connections are Average Demand users including: Church Offices and Schools; Hotels, Shopping Centers/Strip Malls without food/beverage service establishments, Music Halls without food facilities, Office buildings, Senior Housing with individual living units without kitchens but with a common kitchen

<sup>5</sup> Residential Accessory Structures such as workshops and hobby shops that connect to the sewer, will be charged at the average demand rate and the minimum charge does not apply.

**TABLE B**  
**CAPITAL FACILITIES CAPACITY CHARGES (CFCC)**  
**RESIDENTIAL (PER UNIT)\***

Single Family Residential (SFR) <sup>1</sup>	<u>Base Charge</u>
5+ Bedrooms	\$5,877.00
4 Bedrooms	\$5,031.00
3 Bedrooms	\$4,228.00
2 Bedrooms	\$3,425.00
1 Bedroom	\$2,621.00
Multi-Family Residential (MFR) <sup>2</sup>	<u>Base Charge</u>
4+ Bedrooms	\$4,566.00
3 Bedrooms	\$3,763.00
2 Bedrooms	\$2,960.00
1 Bedroom	\$2,114.00
Studio <sup>3</sup>	\$1,353.00

\*The Base Rate for Residential CFCC is the 3 Bedroom SFR with all others having a rate that is a percentage of the base rate depending on the size of the unit. The schedule for the base rate shall be as follows:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$4,228	\$4,601	\$4,973	\$5,346	\$5,719

<sup>1</sup> Bedroom additions are considered a change of use and a CFCC must be paid. Enclosed loft additions, bonus rooms, offices, workout rooms, media rooms, libraries and any other enclosed addition which could potentially be used as a bedroom are included in this category. The classification of these additions will be reviewed and determined by staff.

<sup>2</sup> MFR units consist of multiple attached units that receive one secured property tax bill such as apartments. Senior housing with individual living units that include a kitchen are considered MFR units.

<sup>3</sup> Studio – one single room with no separating doors or openings leading to another part of the room (except for a bathroom).

Live/Work units will be charged at the residential rate for the living quarters and at the non-residential rate for the work portion square footage.

## TABLE C

### PLAN CHECK AND INSPECTION FEE TABLE

#### INSPECTION FEES FOR SINGLE CONNECTIONS

Lateral installation to property line:

2018-19	2019-20	2020-21	2021-22	2022-23
\$575.00	\$650.00	\$725.00	\$800.00	\$875.00

Lateral Installation to existing manhole with clean out:

2018-19	2019-20	2020-21	2021-22	2022-23
\$650.00	\$800.00	\$950.00	\$1,050.00	\$1,150.00

Core drilling into existing manhole base – add:

2018-19	2019-20	2020-21	2021-22	2022-23
\$600.00	\$900.00	\$1,200.00	\$1,450.00	\$1,500.00

Installation of new manhole over existing manhole:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$1,200.00	\$1,400.00	\$1,600.00	\$1,800.00	\$1,900.00

Gas Flap Installation – add:

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
\$450.00	\$455.00	\$460.00	\$465.00	\$470.00

#### INSPECTION FEES FOR MULTIPLE CONNECTIONS

Plan check and inspection fees of 20 percent of the sewer construction cost for new tract sewers, sewer extensions or special facilities are required when plans are submitted for plan check.

If additional funds are needed, they must be deposited as soon as they are requested to complete the inspection on the project. If funds are required after the work is completed, they must be paid before the District finalizes the sewer project.

Section 2.07. Supplemental Capital Facilities Capacity Charge: Significant Commercial – Industrial Users and Significant Special Purpose Dischargers – Definitions.

A. A Significant Commercial – Industrial User (“SCIU”) is any person or entity who discharges commercial or industrial process flow, but excluding domestic sewage flow, in an amount greater than 25,000 gallons per day (“gpd”), or Biochemical Oxygen Demand (“BOD”) greater than 150 pounds per day, or Suspended Solids (“SS”) greater than 150 pounds per day, or who is required to obtain a Waste Discharge Permit, as prescribed by Article 3 of the District’s Wastewater Regulations, due to having federally or the District regulated or significant discharges.

B. A Significant Special Purpose Discharger (“SSPD”) is any person or entity who discharges to the sewer system wastewater or process flow in an amount greater than 25,000 gpd (excluding domestic, industrial or commercial) and who is required to obtain a Special Purpose Discharge Permit as prescribed in Section 305 of the District’s Wastewater Regulations. A Special Purpose Discharger (SPD) discharges 25,000 gpd or less.

C. An Existing SCIU or SSPD is any SCIU or SSPD connected and discharging to the District’s system prior to January 1, 2000.

D. A New SCIU or SSPD is any user who connects and discharges to the District’s System pursuant to a Waste Discharge Permit issued on or after January 1, 2000; or if previously connected and not an SCIU, as defined in Subparagraphs 2.07A and B above, but, subsequent to January 1, 2000, increases flow, or BOD, or SS to a level as to constitute an SCIU or SSPD.

E. The maximum discharge allowed to a user, for which a base Capital Facilities Capacity Charge is paid, as per Table A, above, is 25,000 gallons per day (“gpd”), or 150 pounds per day each of BOD and SS (the “base use”). Discharge of flow, or BOD, or SS in amounts greater than allowed by this Subsection 2.07E shall be subject to the provisions of Sections 2.08 and 2.09 hereof.

F. Each Existing SCIU shall have a baseline of allowed discharge of flow, and BOD, and SS established by the the District as of January 1, 2000. The baseline shall be based upon the discharge for Fiscal Year 1998-99, or upon such other discharge data which the District determines is representative of the user’s actual annual discharge to the sewerage system. Dischargers who are deemed to be SCIU’s solely because of the requirements to obtain a Waste Discharge Permit, pursuant to Section 2.07A above, shall have a minimum baseline established as follows: Flow – 25,000 gallons per day; BOD – 150 pounds per day; and SS – 150 pounds per day. The SCIU shall be authorized to discharge flow, and BOD, and SS up to the baseline amounts without payment of a Supplemental Capital Facilities Capacity Charge.

G. Each Existing SPD shall have a baseline of 25,000 gpd. The Existing SPD shall be authorized to discharge flow up to 25,000 gpd without payment of a Supplemental Capital Facilities Capacity Charge.



H. The Supplemental Capital Facilities Capacity Charge, as prescribed by Sections 2.08, 2.09, and 2.10 below, shall be payable commencing with the effective date of this Ordinance.

Section 2.08. Supplemental Capital Facilities Capacity Charge: New Significant Commercial – Industrial Users. In addition to the base Capital Facilities Capacity Charge, as prescribed in Table A, for commercial – industrial use category properties, all New SCIU's shall pay a Supplemental Capital Facilities Capacity Charge for each gallon of flow, or pound of BOD, or SS, exceeding the base use discharge maximums, in the amount shown in Table D.

Section 2.09. Supplemental Capital Facilities Capacity Charge: Significant Special Purpose Dischargers. All SSPDs shall pay a Supplemental Capital Facilities Capacity Charge of \$.001948 per gallon per day for each gallon of flow exceeding 25,000 gallons per day.

Section 2.10. Supplemental Capital Facilities Capacity Charge: Existing Significant Commercial – Industrial Users and Special Purpose Dischargers.

A. All Existing Significant Commercial – Industrial Users connected to and discharging to the District's System shall be required to pay a Supplemental Capital Facilities Capacity Charge upon the occurrence of either (i) an increase of discharge flow of 25,000 gallons per day ("gpd"), or 25% per day over its established baseline authorization, whichever is lesser; or (ii) an increase of either BOD or SS discharge of 150 pounds each per day, or 25% each per day, whichever is lesser, over its established baseline authorization. The daily averages will be based on the daily discharges for a year, utilizing discharge records and reports of the discharger or the District.

B. The Supplemental Capital Facilities Capacity Charge shall be in the following amounts for each component that is increased as provided in Section 2.10A above.

**TABLE D**

**SUPPLEMENTAL CAPITAL FACILITIES CAPACITY CHARGES**

**Daily Charge**

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
FLOW	\$0.001948	\$0.001960	\$0.001972	\$0.001984	\$0.001996
BOD	\$0.427550	\$0.440380	\$0.453590	\$0.467200	\$0.481210
SS	\$0.231510	\$0.240770	\$0.250410	\$0.260420	\$0.270840

FLOW – Gallons Per Day  
BOD – Pounds Per Day  
SS – Pounds Per Day

C. All Existing SPDs connected and discharging to the sewer shall be required to pay a Supplemental Capital Facilities Capacity Charge upon occurrence of an increase of discharge flow over 25,000 gpd. The Supplemental Capital Facilities Capacity Charge shall be \$ 0.001948 per gallon per day of discharge for each gallon above 25,000 gpd.

D. The Supplemental Capital Facilities Capacity Charge shall be calculated on the basis of the average daily quantity of discharge in excess of the User's baseline or 25,000 gpd for SPDs. The daily averages will be based on the daily discharges for a year, utilizing discharge records and reports of the District.

Section 2.11. Capital Facilities Capacity Charge: Replacement Structures. For new construction replacing former structures, the Capital Facilities Capacity Charge shall be calculated and paid to the District on the rate basis of the category of the new use and the amounts as set forth in Tables A and B, less a credit amount, up to the amount of the new Capital Facilities Capacity Charge, equal to a charge, as prescribed in Tables A and B that would be for the prior category of use which was terminated and removed.

Section 2.12. Capital Facilities Capacity Charge: Remodeled Structures. In the case of existing structures connected to the District's system facilities, to which new construction or alteration is made to change or increase the category of use or number of bedrooms, a Capital Facilities Capacity Charge shall be calculated and paid to the District on the rate basis of the category of the new use and the amounts as set forth in Tables A and B, less a credit amount, up to the amount of the new Capital Facilities Capacity Charge, equal to a charge, as prescribed in Tables A and B for the prior category of use.

Section 2.13. Accessory Dwelling Units. Notwithstanding Section 2.12, pursuant to Government Code Section 65852.2, the District shall not collect Capital Facilities Capacity Charges from any ADU if the unit is contained within the existing space of a single-family residence or accessory structure, has independent exterior access from the existing residence, and the side and rear setbacks are sufficient for fire safety.

Section 2.14. Payment of Capital Facilities Capacity Charge: Off-Site Sewers Not Part of Master Plan Relative to Reimbursement Agreements. A charge for connection to off-site sewers which are not included as part of the District Master Plan and for which a Non-Master Plan Reimbursement Agreement has been entered into between the District and the property owner, shall be paid in the amount provided for in said Agreement, to be known as a Non-Master Plan Capital Facilities Capacity Charge. The amount set forth in said Agreement shall be the amount due, provided the original Agreement is still in force. The Non-Master Plan Capital Facilities Capacity Charge shall be in addition to the other Capital Facilities Capacity Charges provided for in Sections 2.06 through 2.10 hereinabove, established for property connecting to said facilities.

Section 2.15. No Refund or Transfer. A Capital Facilities Capacity Charge is paid for the connection of a specific building or structure on a parcel of property. No refund of any charge shall be made because of non-use or change of use, or any other reason once the connection has been made. If the connection is not made and the request for connection is withdrawn within 12 months of the payment date, the charges paid will be refunded upon establishing proof from the City or County of a canceled permit. The connection permit is non-transferable to any other parcel of property.

Section 2.16. Baseline Transferability. The baseline of allowed discharge of flow, BOD and SS used to calculate a Supplemental Capital Facilities Capacity Charge shall not be transferable to a different property, nor shall a credit for such previously existing baseline be provided to another SCIU concurrently or subsequently occupying the same property for a different use. Each such SCIU shall pay Supplemental Capital Facilities Capacity Charges in accordance with Section 2.08 above.

Section 2.17. Capital Facilities Capacity Charge Annual Updates. The Capital Facilities Capacity Charge is based upon the most recently completed Facilities Master Plan. This The non-residential charge will be updated annually based upon the increase in the Engineering News-Record construction cost index for Los Angeles as of December of the prior year until the completion of the next Rate Study. The residential charge will be updated based upon the schedule of base fees in Table B.

Section 2.18. Affordable Housing Projects. Per Resolution OCSD 11-02, development projects that include lower income housing units shall not be denied approval of an application for service, nor shall conditions be imposed thereon or services reduced which are applied for, unless the District makes specific written findings that the denial, condition, or reduction is necessary due to the existence of one or more of the following:

- (a) insufficient water supply or insufficient water treatment or distribution capacity;
- (b) a State Department of Health Services order prohibiting new water connections;
- (c) insufficient sewer treatment or collection capacity;
- (d) a Regional Water Quality Control Board order prohibiting new sewer connections;
- (e) the applicant has failed to agree to reasonable terms and conditions

### ARTICLE III

#### MISCELLANEOUS

Section 4.01. Application of Ordinance. The provisions of this Ordinance shall be in addition to the provisions of the District's Wastewater Discharge Regulations for use of the District's sewage facilities, including provisions for payment of charges or fees related thereto; the District's ordinance establishing Fees Concerning Annexations of



Territory to the District; and any other the District Ordinances and Resolutions not in conflict herewith.

Section 4.02. Exceptions. The provisions of this Ordinance shall apply to all owners of properties within the District, including those properties otherwise deemed exempt from payment of taxes or assessments by provisions of the State Constitution or statute, including properties owned by other public agencies or tax-exempt organizations, except as expressly provided herein.

Section 4.03 Out of Area Sewer Service Agreements. The District is empowered to contract for the transport, treatment and disposal of wastewaters originating within areas outside of the District if it is in the best interest of the District to do so. These Out of Area Sewer Service Agreements will establish fees and charges relative to the services provided by the District for each individual agreement.

The Board of Directors of the Orange County Sanitation District does further hereby ORDAIN:

SECTION II. Severability. If any provision of this Ordinance, or the application to any person or circumstances is held invalid by order of Court, the remainder of the Ordinance, or the application of such provision to other persons or other circumstances, shall not be affected.

SECTION III. Effective Date. This Ordinance shall take effect July 1, 2018.

SECTION IV. Repeal. Ordinance No. OCSD-40 and Ordinance No. OCSD-42 are hereby repealed.

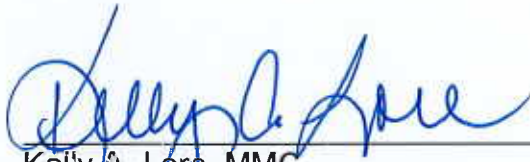
SECTION V. Certification and Publication. The Clerk of the Board shall certify to the adoption of this Ordinance, and shall cause a summary to be published in a newspaper of general circulation as required by law.

PASSED AND ADOPTED by a vote of not less than two-thirds of the Board of Directors of the Orange County Sanitation District at a Regular Meeting held on March 28, 2018.



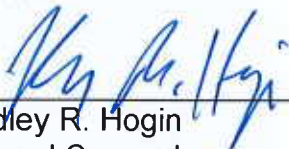
\_\_\_\_\_  
Gregory C. Sebourn, PLS  
Chairman, Board of Directors  
Orange County Sanitation District

ATTEST:



\_\_\_\_\_  
Kelly A. Lore, MMC  
Clerk of the Board  
Orange County Sanitation District

APPROVED AS TO FORM:



\_\_\_\_\_  
Bradley R. Hogin  
General Counsel  
Orange County Sanitation District

STATE OF CALIFORNIA )  
 )SS.  
COUNTY OF ORANGE )

I, Kelly A. Lore, Clerk of the Board of Directors of Orange County Sanitation District, do hereby certify that the above and foregoing Ordinance No. OCSD-50 was introduced for first reading at a regular meeting of said Board on the 28th day of February 2018, and passed and adopted by a vote of not less than two-thirds at a regular meeting of said Board on the 28th day of March 2018, by the following vote, to wit:

<b>AYES:</b>	Barnes; Bernstein; Blazey (Alternate); Collacott; Deaton; Ferryman; Jones; Kim; R. Murphy; Nagel; Nguyen; Parker; Peotter; Peterson; Sebourn; Shawver; F. Smith; T. Smith; Wagner; Withers; and Yarc
<b>NOES:</b>	None
<b>ABSTENTIONS:</b>	None
<b>ABSENT:</b>	Hawkins; Steel; Tinajero; and Wanke

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 28th day of March, 2018.



Kelly A. Lore, MMC  
Clerk of the Board  
Orange County Sanitation District

June 2, 2021

Ms. Angela Brandt  
Orange County Sanitation District  
10844 Ellis Avenue  
Fountain Valley, CA 92708

Subject: Summary of Findings and Recommendations for OCSD Capital Facilities Capacity Charge for Accessory Dwelling Units

Dear Ms. Brandt:

Orange County Sanitation District (District or OCSD) retained Carollo Engineers, Inc. (Carollo) to review its Capital Facilities Capacity Charge (CFCC) for accessory dwelling units (ADU) in response to recent legislation governing impact fees on these housing units. Senate Bill 13 and Assembly Bills 68 and 881 outlined standards for special districts that charge impact fees for new developments, including ADUs, which would apply to the District's CFCC.

Carollo performed the District's independent rate and charge study for the District in 2017 (2017 Study), updating the CFCC at that time. Carollo's primary goal in this letter is to summarize its analysis and provide recommendations for adjusting OCSD's CFCC to meet both legal guidance received to date as well as cost allocations established for the CFCC during the 2017 Study. This letter is not intended to provide legal guidance and does not offer any assurances of compliance.

## Assessment of the Existing CFCC under New Regulatory Framework

### Current CFCC

The District uses an equivalent dwelling unit (EDU) approach for CFCC. The EDU approach takes new applications for sewer service and measures the projected demand for capacity relative to a 3-bedroom SFR household. This provides a common unit of measurement for all classes of customers.

### Residential CFCC

OCSD's current residential CFCC is calculated based on density and bedroom count. Single family residential (SFR), multi-family residential (MFR), and studios are charged different rates due to the different typical occupancy rates for each. The current rates as of July 1, 2020, are shown in Table 1. Prior to mid-2020, ADUs were charged the 1-bedroom rate for SFR of \$3,083.

Table 1 Current Residential CFCC

Bedrooms	SFR	MFR	Studios
5+ bedrooms	\$6,912	-	-
4 bedrooms (or greater for MFR)	\$5,918	\$5,371	-
3 bedrooms	\$4,973	\$4,426	-
2 bedrooms	\$4,029	\$3,482	-
1 bedroom	\$3,083	\$2,486	\$1,591

### Non-Residential CFCC

OCSD's current non-residential CFCC is calculated based on square footage and estimated flow. There are three categories of flow to reflect the varied levels and strengths of sewer discharge from different non-residential users. The current rates as of July 1, 2020, are shown in Table 2.

Table 2 Current Non-Residential CFCC

Use Category	CFCC per 1,000 sq. ft.
Low Demand	\$335
Average Demand	\$2,082
High Demand	\$4,947

### Alignment with New Regulatory Framework

The recently passed legislation stipulates that ADUs built outside an existing SFR dwelling (i.e., new detached ADUs and conversion of spaces in multi-family buildings) may be charged a fee that is proportional to the burden of the unit based on square footage.

The calculation of the District's CFCC for both residential and non-residential units are based on the same common EDU approach, where a 3-bedroom single family home is equal to one EDU. Costs were originally allocated to the two different fees in line with how many EDUs residential and non-residential classes have. They are assessed on different bases because of the available data, with residential units charged based on bedrooms and non-residential units charged based on square footage. Based on this approach, a residential unit and non-residential with the same wastewater needs would be assessed approximately the same CFCC amount.

### Updated CFCC for ADU

Carollo recommends that OCSD adjust its CFCC structure to best align with this new legislation while still recovering costs associated with new service connections. Carollo is providing the following recommendations:

- No changes are recommended for the existing SFR, MFR, or Studio rates.
- For new ADUs, it is recommended that the CFCC be based on the non-residential average demand rate multiplied by the ADU square footage.

This approach is expected to provide a reasonable assessment of the capacity costs associated with a new ADU connection.

Because the OCSD CFCC was calculated in the 2017 Study using an EDU approach, this adjustment is projected to remain in line with the cost and revenue allocation outlined in the 2017 Study.

It is also recommended that the District look specifically at a ADU CFCC during its next rate update.

Carollo appreciates the opportunity to continue providing the District with rate and fee consulting services. If you have any questions about the guidance contained in this letter or any of the assumptions or inputs that were used in this analysis, please do not hesitate to contact us. Thank you.

Sincerely,

CAROLLO ENGINEERS, INC.

A handwritten signature in blue ink, reading "Jennifer Ivey". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jennifer Ivey  
Project Manager, Vice President

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**File #:** 2021-1700

**Agenda Date:** 6/23/2021

**Agenda Item No:** 19.

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**FROM:** James D. Herberg, General Manager

**SUBJECT:**

**ORANGE COUNTY SANITATION DISTRICT CORE VALUES**

**GENERAL MANAGER'S RECOMMENDATION**

**RECOMMENDATION:**

Information Only.

**BACKGROUND**

The Orange County Sanitation District (OC San) is in the process of updating its Strategic Plan. As part of this effort, OC San's Core Values are also being updated to accurately reflect OC San's business practices.

OC San's Core Values support the Mission and Vision Statements by expressing the values, beliefs, and philosophy that guides the agency's daily actions. They help form the framework of the organization and reinforce a professional work ethic.

The Core Values will be incorporated into the updated Strategic Plan which will be submitted to the Board of Directors for adoption in November 2021.

Staff will provide an overview of the current and revised Core Values.

**RELEVANT STANDARDS**

- Sustain 1, 5, 20-year planning horizons
- Maintain positive employer-employee relations
- Build brand, trust, and support with policy makers and community leaders

**PROBLEM**

The current Core Values were created by staff in 2006. Updating the Core Values is necessary to help OC San evolve to meet new challenges facing the agency.



**PROPOSED SOLUTION**

OC San solicited feedback from staff and management on the Core Values to create an updated, shared vision that reflects the values, beliefs, and philosophy that guides daily actions.

**PRIOR COMMITTEE/BOARD ACTIONS**

November 2019 - Adoption of Strategic Plan.

**ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- Core Values - Redline
- Core Values - Clean

## Orange County Sanitation District's Core Values

### **Integrity, Inclusion, Honesty, Trust and Respect**

We aspire to the highest degree of integrity, inclusion, honesty, ~~trust~~, and respect in our interaction with each other, our suppliers, our customers, and our community. We strive to demonstrate these values in our actions, commitments, and service.

### **Leadership, Teamwork, and Problem Solving**

We lead by example, acknowledging the value of our resources and using them wisely to achieve our mission. We strive to reach OC San goals through cooperative efforts and collaboration with each other and our constituencies. We work to solve problems in a creative, cost-effective, and safe manner, and we acknowledge team and individual efforts.

### **Customer Service, Transparency, and Accountability ~~Leadership and Commitment~~**

We are committed to acting in a timely, accurate, accessible, and transparent manner through excellent customer service. ~~lead by example, acknowledging the value of our resources and using them wisely and safely to achieve our objectives and goals.~~ We are committed to act in the best interest of our internal and external stakeholders~~employees, our organization, and our community.~~

### **Resiliency, Innovation, and Learning ~~Teaching – Talents, Skills and Abilities~~**

We continuously develop ourselves, enhancing our talents, skills, and abilities. We recognize that, ~~knowing that~~ only through personal growth and development will we ~~continue to~~ progress as an agency and as individuals.

### **Recognition/Rewards**

~~We seek to recognize, acknowledge and reward contributions to OC San by our many talented employees.~~

### **Safety**

We are committed to providing a safe work environment. We will demonstrate leadership, promote individual accountability, and participate actively in the advancement of our health and safety practices.

# **Orange County Sanitation District's Core Values**

## **Integrity, Inclusion, Honesty, and Respect**

We aspire to the highest degree of integrity, inclusion, honesty, and respect in our interaction with each other, our suppliers, our customers, and our community. We strive to demonstrate these values in our actions, commitments, and service.

## **Leadership, Teamwork, and Problem Solving**

We lead by example, acknowledging the value of our resources and using them wisely to achieve our mission. We strive to reach OC San goals through cooperative efforts and collaboration with each other and our constituencies. We work to solve problems in a creative, cost-effective, and safe manner, and we acknowledge team and individual efforts.

## **Customer Service, Transparency, and Accountability**

We are committed to acting in a timely, accurate, accessible, and transparent manner through excellent customer service. We are committed to act in the best interest of our internal and external stakeholders.

## **Resiliency, Innovation, and Learning**

We continuously develop ourselves, enhancing our talents, skills, and abilities. We recognize that only through personal growth and development will we progress as an agency and as individuals.

## **Safety**

We are committed to providing a safe work environment. We will demonstrate leadership, promote individual accountability, and participate actively in the advancement of our health and safety practices.

## BOARD OF DIRECTORS

### Agenda Report

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**File #:** 2021-1722

**Agenda Date:** 6/23/2021

**Agenda Item No:** CS-1

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**FROM:** James D. Herberg, General Manager

**SUBJECT:**

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

**RECOMMENDATION:** Convene in Closed Session:

Number of Cases: 1

Bayside Village Marina, LLC v. Orange County Sanitation District; Orange County Sanitation District Board of Directors; and Does 1-25, Inclusive, Superior Court of the State of California for the County of Orange - Central Justice Center Case No. 30-2021-01194238-CU-WM-CXC.

#### **BACKGROUND**

During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chairperson may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters.

Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; (c) employment actions or negotiations with employee representatives; or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information.

#### **RELEVANT STANDARDS**

- Government Code Sections 54956.8, 54956.9, 54957, or 54957.6, as noted

#### **ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- Memorandum from General Counsel

**MEMORANDUM**

TO: Hon. Chair and Members of the Orange County Sanitation District Board of Directors

FROM: Bradley R. Hogin, Esq.  
General Counsel

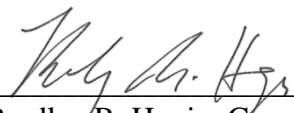
DATE: June 15, 2021

RE: Closed Session Items

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The Board of Directors desires to hold a closed session on June 23, 2021 for the purpose of conferring with its legal counsel regarding existing litigation to which the District is a party. The title of the case is *Bayside Village Marina, LLC v. Orange County Sanitation District et. al.*, Superior Court of the State of California for the County of Orange – Central Justice Center Case No. 30-2021-01194238-CU-WM-CXC. The closed session will be held pursuant to the authority of California Government Code Section 54956.9(d)(1).

Respectfully submitted,

By   
Bradley R. Hogin, General Counsel

## ORANGE COUNTY SANITATION DISTRICT COMMON ACRONYMS

<b>ACWA</b>	Association of California Water Agencies	<b>LOS</b>	Level Of Service	<b>RFP</b>	Request For Proposal
<b>APWA</b>	American Public Works Association	<b>MGD</b>	Million Gallons Per Day	<b>RWQCB</b>	Regional Water Quality Control Board
<b>AQMD</b>	Air Quality Management District	<b>MOU</b>	Memorandum of Understanding	<b>SARFPA</b>	Santa Ana River Flood Protection Agency
<b>ASCE</b>	American Society of Civil Engineers	<b>NACWA</b>	National Association of Clean Water Agencies	<b>SARI</b>	Santa Ana River Interceptor
<b>BOD</b>	Biochemical Oxygen Demand	<b>NEPA</b>	National Environmental Policy Act	<b>SARWQCB</b>	Santa Ana Regional Water Quality Control Board
<b>CARB</b>	California Air Resources Board	<b>NGOs</b>	Non-Governmental Organizations	<b>SAWPA</b>	Santa Ana Watershed Project Authority
<b>CASA</b>	California Association of Sanitation Agencies	<b>NPDES</b>	National Pollutant Discharge Elimination System	<b>SCADA</b>	Supervisory Control And Data Acquisition
<b>CCTV</b>	Closed Circuit Television	<b>NWRI</b>	National Water Research Institute	<b>SCAP</b>	Southern California Alliance of Publicly Owned Treatment Works
<b>CEQA</b>	California Environmental Quality Act	<b>O &amp; M</b>	Operations & Maintenance	<b>SCAQMD</b>	South Coast Air Quality Management District
<b>CIP</b>	Capital Improvement Program	<b>OCCOG</b>	Orange County Council of Governments	<b>SOCWA</b>	South Orange County Wastewater Authority
<b>CRWQCB</b>	California Regional Water Quality Control Board	<b>OCHCA</b>	Orange County Health Care Agency	<b>SRF</b>	Clean Water State Revolving Fund
<b>CWA</b>	Clean Water Act	<b>OCSD</b>	Orange County Sanitation District	<b>SSMP</b>	Sewer System Management Plan
<b>CWEA</b>	California Water Environment Association	<b>OCWD</b>	Orange County Water District	<b>SSO</b>	Sanitary Sewer Overflow
<b>EIR</b>	Environmental Impact Report	<b>OOBS</b>	Ocean Outfall Booster Station	<b>SWRCB</b>	State Water Resources Control Board
<b>EMT</b>	Executive Management Team	<b>OSHA</b>	Occupational Safety and Health Administration	<b>TDS</b>	Total Dissolved Solids
<b>EPA</b>	US Environmental Protection Agency	<b>PCSA</b>	Professional Consultant/Construction Services Agreement	<b>TMDL</b>	Total Maximum Daily Load
<b>FOG</b>	Fats, Oils, and Grease	<b>PDSA</b>	Professional Design Services Agreement	<b>TSS</b>	Total Suspended Solids
<b>gpd</b>	gallons per day	<b>PFAS</b>	Per- and Polyfluoroalkyl Substances	<b>WDR</b>	Waste Discharge Requirements
<b>GWRS</b>	Groundwater Replenishment System	<b>PFOA</b>	Perfluorooctanoic Acid	<b>WEF</b>	Water Environment Federation
<b>ICS</b>	Incident Command System	<b>PFOS</b>	Perfluorooctanesulfonic Acid	<b>WERF</b>	Water Environment & Reuse Foundation
<b>IERP</b>	Integrated Emergency Response Plan	<b>POTW</b>	Publicly Owned Treatment Works	<b>WIFIA</b>	Water Infrastructure Finance and Innovation Act
<b>JPA</b>	Joint Powers Authority	<b>ppm</b>	parts per million	<b>WIIN</b>	Water Infrastructure Improvements for the Nation Act
<b>LAFCO</b>	Local Agency Formation Commission	<b>PSA</b>	Professional Services Agreement	<b>WRDA</b>	Water Resources Development Act

## ORANGE COUNTY SANITATION DISTRICT GLOSSARY OF TERMS

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**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.

**PERFLUOROOCTANOIC ACID (PFOA)** – An ingredient for several industrial applications including carpeting, upholstery, apparel, floor wax, textiles, sealants, food packaging, and cookware (Teflon).

**PERFLUOROOCTANESULFONIC 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

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**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.