BUDGET UPDATE

Fiscal Year 2015-16

Orange County Sanitation District, California

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BUDGET UPDATE

Fiscal Year 2015-16

OUR MISSION

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

GFOA BUDGET PRESENTATION AWARD

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, 2014.

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 communications device.

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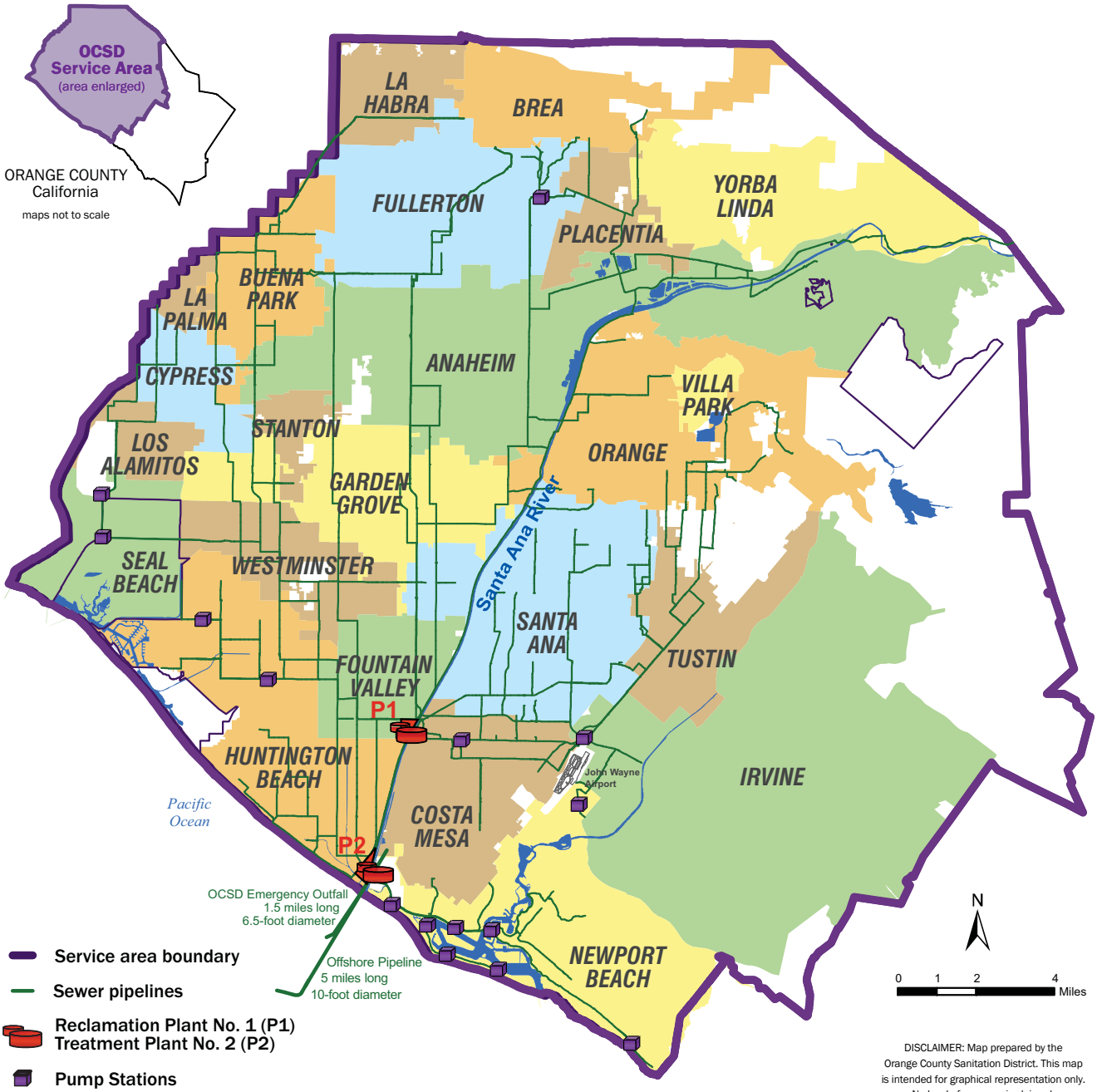
OCSD SERVICE AREA



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REVISED: 04/2014

BOARD OF DIRECTORS

Agency/Cities	Active Director	Alternate Director
Anaheim	Lucille Kring	Jordan Brandman
Brea	Glenn Parker	Cecilia Hupp
Buena Park	Fred Smith	Steve Berry
Cypress	Mariellen Yarc	Stacy Berry
Fountain Valley	Steve Nagel	Michael Vo
Fullerton	Gregory Sebourn	Doug Chaffee
Garden Grove	Steve Jones	Kris Beard
Huntington Beach	Jim Katapodis	Erik Peterson
Irvine	Steven Choi	Lynn Schott
La Habra	Tom Beamish	Rose Espinoza
La Palma	Peter Kim	Michele Steggell
Los Alamitos	Richard Murphy	Shelley Hasselbrink
Newport Beach	Keith Curry	Scott Peotter
Orange	Teresa Smith	Mark Murphy
Placentia	Chad Wanke	Constance Underhill
Santa Ana	Sal Tinajero	David Benavides
Seal Beach	Ellery Deaton	Sandra Massa-Lavitt
Stanton	David Shawver	Carol Warren
Tustin	John Nielsen	Allan Bernstein
Villa Park	Greg Mills	Robert Collacott
Sanitary/Water Districts		
Costa Mesa Sanitary District	James Ferryman	Robert Ooten
Midway City Sanitary District	Tyler Diep	Joy Neugebauer
Irvine Ranch Water District	John Withers	Douglas Reinhart
Yorba Linda Water District	Robert Kiley	Michael Beverage
County Areas		
Member of the Board of Supervisors	Lisa Bartlett	Michelle Steel

BOARD COMMITTEES

Steering Committee
Tom Beamish, Board Chair
John Nielsen, Board Vice Chair
Gregory Sebourn, Chair, Operations Committee
John Withers, Chair, Administration Committee
Keith Curry
Steve Jones
David Shawver

Administration Committee
John Withers, Chair
Keith Curry, Vice Chair
Steven Choi
Tyler Diep
James Ferryman
Jim Katapodis
Peter Kim
Greg Mills
Glenn Parker
Teresa Smith
Sal Tinajero
Tom Beamish, Board Chair
John Nielsen, Board Vice Chair

Operations Committee
Gregory Sebourn, Chair
David Shawver, Vice Chair
Lisa Bartlett
Ellery Deaton
Steve Jones
Robert Kiley
Lucille Kring
Richard Murphy
Steve Nagel
Fred Smith
Chad Wanke
Mariellen Yarc
Tom Beamish, Board Chair
John Nielsen, Board Vice Chair




ORGANIZATION CHART

- **Board of Directors**
  - **General Manager's Office**
    - General Management Administration
    - Board Services
    - Public Affairs
  - **General Manager**
    - **Human Resources**
      - Human Resources Administration
      - Workforce Planning
      - Workforce Development
      - Risk Management
    - **Administrative Services**
      - Administrative Services
      - Financial Management
      - Contracts, Purchasing & Materials Management
      - Information Technology
    - **Facilities Support Services**
      - Facilities Support Services Administration
      - Fleet Services
      - Collections Engineering & Services
      - Collection Facilities Operations & Maintenance
      - Source Inspection
    - **Engineering**
      - Engineering Administration
      - Planning
      - Project Management Office
      - Engineering & Construction
      - Environmental Compliance
    - **Operations & Maintenance**
      - Operations & Maintenance Administration
      - Plant No. 1 Operations
      - Plant No. 2 Operations
      - Plant No. 1 Maintenance
      - Plant No. 2 Maintenance
      - Environmental Laboratory & Ocean Monitoring
  - **General Counsel Office**




ADMINISTRATIVE OFFICIALS

Management Team

General Manager ..... James Herberg

Assistant General Manager ..... Robert Ghirelli

Director of Engineering ..... Robert Thompson

Director of Finance and Administrative Services ..... Lorenzo Tyner

Director of Facilities Support Services ..... Nicholas Arhontes

Director of Operations & Maintenance ..... Edward Torres

Director of Human Resources ..... VACANT

General Counsel ..... Bradley Hogin

MESSAGE FROM THE GENERAL MANAGER

May 26, 2015

Honorable Chair and Board of Directors:

I am pleased to submit the Orange County Sanitation District's Fiscal Year 2015-2016 Operating and Capital Improvement Program Budget. This document includes revisions to the second year of OCSD's two-year budget and serves as a source of information for OCSD's Board of Directors, our employees and our ratepayers.

The Sanitation District serves 2.5 million people and processes nearly 200 million gallons of wastewater each day with a budget of approximately $470 million. This budget addresses rising treatment and chemical costs, aging infrastructure, and increased regulatory requirements.

OCSD has transformed from a sanitation district treating, collecting and disposing of wastewater to a water resource recovery facility looking to capture, recycle and reuse the products resulting from the wastewater treatment process. Our agency, in partnership with the Orange County Water District, recycles nearly one-half of the water produced by our treatment plants.

The solids produced as a part of the treatment process – known as biosolids – are recycled as a soil amendment and compost for use on agricultural lands. Solids that 30 years ago were viewed as a waste are now providing valuable nutrients to farm lands in Arizona and California.

Gas produced in our solids processing digesters is utilized as a biofuel to operate the engines in the Central Generation facilities. These facilities produce about two-thirds of the electrical needs of our treatment plants.

In addition, we are using our facilities to manage urban runoff during dry weather that would otherwise flow untreated in our coastal waters.

Recognizing the need for a reliable, affordable and high quality water supply, the Board of Directors has set our vision to study the feasibility of recycling all of our water flow.

I would like to take this opportunity to highlight three important revisions to next year's budget:

- **Operating Expense Cost Containment**
  Despite inflationary increases on many external costs such as chemicals, biosolids hauling, and utilities, OCSD will minimize the impact on rate-payers by aggressively negotiating our contracts, ensuring a competitive bidding environment, solid debt management and implementing efficiencies. The 2015-16 Operating Budget of approximately $152 million represents a 4 percent reduction from the previously approved budget. Operating efficiencies such as the reduction of long-term liabilities, operational improvements and general cost containment has allowed OCSD to reduce ongoing expenses and the need for additional resources.

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- **Reduction in Long-term Liabilities**
  Many government agencies are faced with growing long-term liabilities, particularly in the area of pensions. OCSD has been proactive in reducing our liability and has developed a plan to address this issue. By making advanced payments, as I have included in this budget, OCSD will save tens of millions of dollars in interest payments and reduce the payoff period of this liability by more than half.

- **Rate Reduction**
  As a result, the efficiencies stated above and the Board's prudent decision to reduce its long-term liabilities, OCSD is a strong financial position. As such, I am recommending that the 2015-16 Budget include a reduction to the proposed rates for the next three fiscal years, reducing total increases by 35 percent.

This budget demonstrates our commitment to efficiency as it does not include any increases in staffing and holds the line on operating costs.

OCSD will continue to provide wastewater treatment, sewer and facilities maintenance, ocean monitoring and many other services while maintaining one of the lowest rates in the state and upholding an outstanding level of service.

I believe this budget fully supports the goals included in OCSD's Strategic Plan and positions us well to address the coming years. I look forward to a dynamic and productive year of leading the organization.

James D. Herberg
General Manager
Orange County Sanitation District


HEADWORKS ODOR
CONTROL FACILITY

FINANCE SUMMARY

FINANCIAL SUMMARY/OVERVIEW & BUDGETARY ISSUES

Budget Overview

The District's proposed FY 2015-16 operating and capital improvement budget totals $469.7 million, or $18.4 million (4.1 percent) above what was approved last year as the second year of the adopted two-year budget. The increase in the FY 2015-16 budget is primarily attributable to a planned use of available cash reserves to reduce a $50 million long-term liability. The overall increase was partially offset by a 15.1 percent reduction in the capital improvement budget and a 3.5 percent reduction in the operating budget.

The budget continues to reflect the agency's ongoing efforts to streamline operations. Staffing levels are proposed to remain the same as the level originally approved.

The District's Capital Improvement Program (CIP) budget for Fiscal Year 2015-16 is $175.0 million. This CIP budget finances collection system, joint works treatment and disposal system improvement projects. The $31.1 million decrease from the originally proposed budget is attributable to the timing of construction cash outlays as we meet our infrastructure needs.

Financing

The District 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 $1.2 billion. No new money debt financings are currently forecasted to assist in the funding of the $2.2 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 change in authorized full time positions for Fiscal Years 2015-16, except for the addition of two unfunded management discretion positions to supplement the existing two unfunded positions that are used only on a temporary basis to facilitate the replacement of staff in key positions. Total filled positions will not exceed 624 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.

Although salaries and wages will increase as a result of approved cost of living adjustments (COLAs), overall personnel costs will decrease 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 increase. The District will continue to effectively manage these expenses with approximately 20 percent of the budget allocated to employee costs, much less than most other government agencies.

Level of Treatment

The agency's two treatment plants, located in Fountain Valley and Huntington Beach, process about 190 million gallons of wastewater each day generated by approximately 2.5 million people in central and northwest Orange County. The proposed budget to operate, maintain and manage our sewage collection, treatment and disposal system in FY 2015-16 is $151.9 million.

The cost per million gallons of wastewater treated, (an industry-wide performance measurement), is expected to increase in Fiscal Year 2015-16 to $2,153, a $30, or 1.4 percent increase from the previous 2015-16 projection of $2,123. The increase in the cost per million gallons is due to a five percent reduction in projected flows, partially mitigated by a $5.5 million reduction in total operating costs.

2015-16 BUDGET UPDATE

To eliminate most bacteria from being released from the ocean outfall, in Fiscal Year 2002-03 the District began using chlorine bleach to disinfect the effluent and then applying sodium bisulfite to remove remaining chlorine prior to releasing the treated wastewater to the ocean.

This mode of disinfection continued until March 18, 2015. OCSD staff conducted numerous studies on the use of disinfection on the marine environment. OCSD used a Blue Ribbon Panel of experts assembled by the National Water Research Institute. After an exhaustive review of OCSD's practices and receiving water data, the Panel recommended eliminating the continuous use of disinfection. There will continue to be small amounts of bleach and bisulfite at the treatment plants for possible emergencies. Plant water is used throughout the wastewater processes, and there will be sufficient bleach for plant water disinfection.

The budget for disinfection, including process disinfection, has been reduced to $154,000 in Fiscal Year 2015-16.

Capital Improvement Program (CIP)

The total CIP budget for Fiscal Year 2015-16 is being proposed at $175.0 million, down $31.1 million from the previously approved 2015-16 budget due to the timing of construction cash outlays.

Over the next 10 years, OCSD's Capital Improvement Program will:

- Rehabilitate the existing headworks, primary treatment, outfall pumping, solids handling facilities, and the utility systems at both treatment plants.
- Replace or rehabilitate OCSD's outlying aging pump stations and trunk sewers.
- Optimize the production of power and biosolids at each of the treatment plants.

Groundwater Replenishment System (GWRS)

The OCSD Strategic Plan includes water reclamation. With the Orange County Water District (OCWD), we began operating the GWRS, the nation's largest water reclamation project, in January 2008.

The GWRS currently reclaims 70 million gallons of water a day, delaying the need to build a second outfall which could cost more than $200 million. OCSD and OCWD equally shared the expenses of Phase I of the project and approximately $44 million in Federal and State grants that were received to offset part of the total costs.

Phase II will increase the production of reclaimed water to 100 million gallons a day. The project, which will be funded entirely by the OCWD, is anticipated to be completed in 2015. OCSD is directing all reclaimable flows to Plant No. 1 in support of providing maximum amounts of specification water for reclamation.

Sewer Service Fees

The 2015-16 single family residential rate, the underlying basis for all sewer rates, is proposed at $322. This represents a reduction of $1 from the previously approved rate of $323. OCSD's rates are expected to remain well below the projected statewide average.

FINANCIAL SUMMARY/OVERVIEW & BUDGETARY ISSUES

Operating Budget Decrease

The operating budget for the collection, treatment, and disposal of wastewater is proposed at $151.9 million, a $5.5 million or 3.5 percent decrease from the previously approved 2015-16 budget.

Although individual expenses will increase or decrease slightly, the overall decrease to the operating budget is primarily attributable to five specific areas:

Personnel Costs – $5.8M Decrease

Authorized staffing was previously approved at 626 FTEs including two unfunded Management Discretion positions, which are used only on a temporary basis to facilitate the replacement of staffing in key positions. Two additional unfunded Management Discretion positions are proposed for FY 2015-16 to supplement the two existing positions; however, these additional unfunded Management Discretion positions are temporary in nature and their use will never cause filled positions to exceed 624 FTEs at any point in time.

The decrease in personnel costs is attributable to a reduction in retirement costs that is a result of paying down a portion the OCERS unfunded accrued liability. The decrease is partially offset by increases for cost of living adjustments (COLAs), employee medical insurance benefits, and workers compensation.

Operating Materials & Supplies – $0.9M Increase

As the requirement for better quality effluent increases, so does the need for chemicals to treat the region's wastewater. Initiatives to address odor and air quality issues also require additional chemicals and supplies. Operating materials and supplies are proposed to increase primarily due to increases in costs for odor control and chemicals to reduce emissions from the central generation engines. These cost increases are partially offset by reduced disinfection costs resulting from the cessation of ocean outfall disinfection.

Contractual Services – $0.6M Decrease

The major component of this category is biosolids removal and transportation costs. These costs continue to rise; however, cost increases in this area were less than previously anticipated.

Professional Services – $0.4M Increase

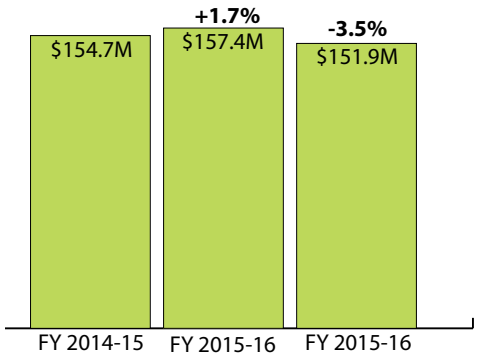
This expense category includes legal services, engineering services, advocacy efforts, audit services, software programing, and labor and hygiene services. The majority of the overall increase is related to increased engineering services of $128,000, advocacy efforts of $60,000 and other professional services of $220,000.

Repairs & Maintenance – $0.6M Decrease

This category is for parts and services for repair of plant and collection facilities and annual service contracts. These costs continue to rise; however, cost increases in this area were less than previously anticipated.

Planned repairs include: digester cleaning; process area preventative maintenance painting; central generation engine overhaul; gas compressor overhaul; interplant gas line maintenance; manhole cover purchases; and dig alert and street overlays/ manhole raising.

Operating Expenses

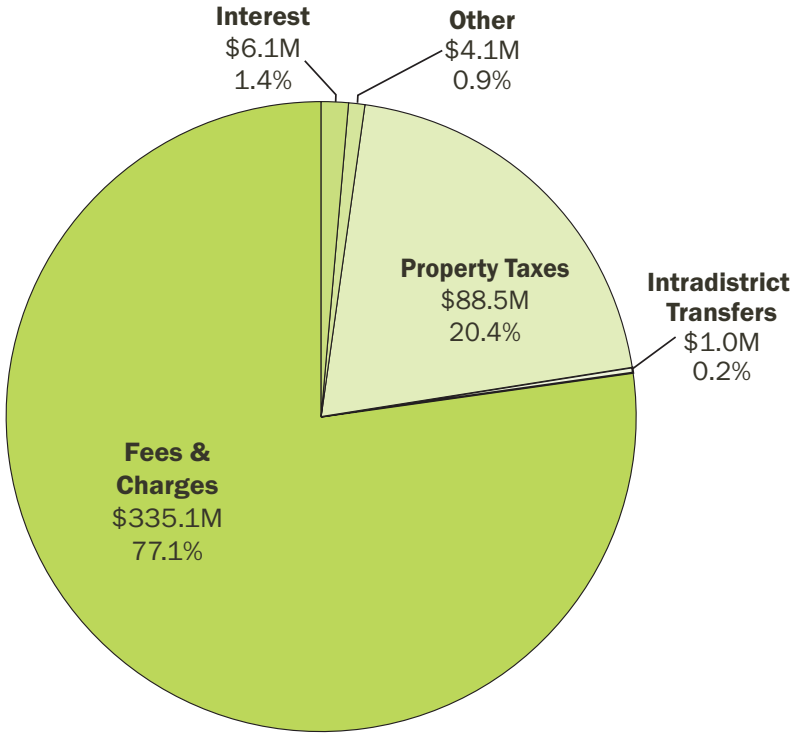


Total operating and maintenance expenses will decrease $5.5 million (3.5%) from the previously approved budget.

2015-16 BUDGET UPDATE

FINANCIAL SUMMARY/FUNDING SOURCES BY CATEGORY

WHERE THE MONEY COMES FROM



Funding Sources by Category (in millions)

Category	2014-15 Approved	2015-16 Approved	2015-16 Updated Proposed
Service Fees	$305.6	$312.4	$310.6
Property Taxes	77.7	81.6	88.5
Permit User Fees	13.7	14.0	13.5
Capital Facilities Capacity Charges	11.4	11.9	11.0
Interest	13.1	14.7	6.1
Intradistrict Transfers	2.2	1.1	1.0
Debt Proceeds	0.0	0.0	0.0
Other Revenue	2.9	3.2	4.1
Total Funding Sources	$426.6	$438.9	$434.8

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The District has a variety of revenue sources available for operating and capital expenses. The major revenue sources are:

Beginning Reserves – $626.9M

As a result of its Reserve and Investment Policies, the District will begin the year with a balance carried forward from the previous year.

General Service Fees – $310.6M

User fees are ongoing fees for service paid by customers connected to the sewer system. 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). The 2015-16 single family residential rate, the underlying basis for all sewer rates, is $322. OCSD's rates are expected to remain well below the projected statewide average.

Property Taxes – $88.5M

The County is permitted by State law (Proposition 13) to levy taxes at 1 percent of full market value (at time of purchase) and can increase the assessed value no more than 2 percent per year. The District 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. The District's share of this revenue is dedicated for the payment of debt service.

Permit User Fees – $13.5M

Large industrial and commercial properties that discharge high volumes or high strength wastewater are required to obtain a discharge permit and pay extra fees. These fees are for the owner's share of the system's costs, both fixed and variable, in proportion to the demand placed on the system.

Capital Facilities Capacity Charges (CFCC) – $11.0M

CFCC is a one-time, non-discriminatory charge imposed at the time a building or structure is newly connected to the District's system or when an existing structure is expanded. This charge pays for District facilities in existence at the time the charge is imposed or the construction of new facilities in the future that are of benefit to the property being charged.

Interest Earnings – $6.1M

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 – $1.0M

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 and Orange County Sanitation District dated November 15, 1995, ownership is adjusted annually to reflect the current equity percentage ownership based on sewage flows.

Other Revenue – $4.1M

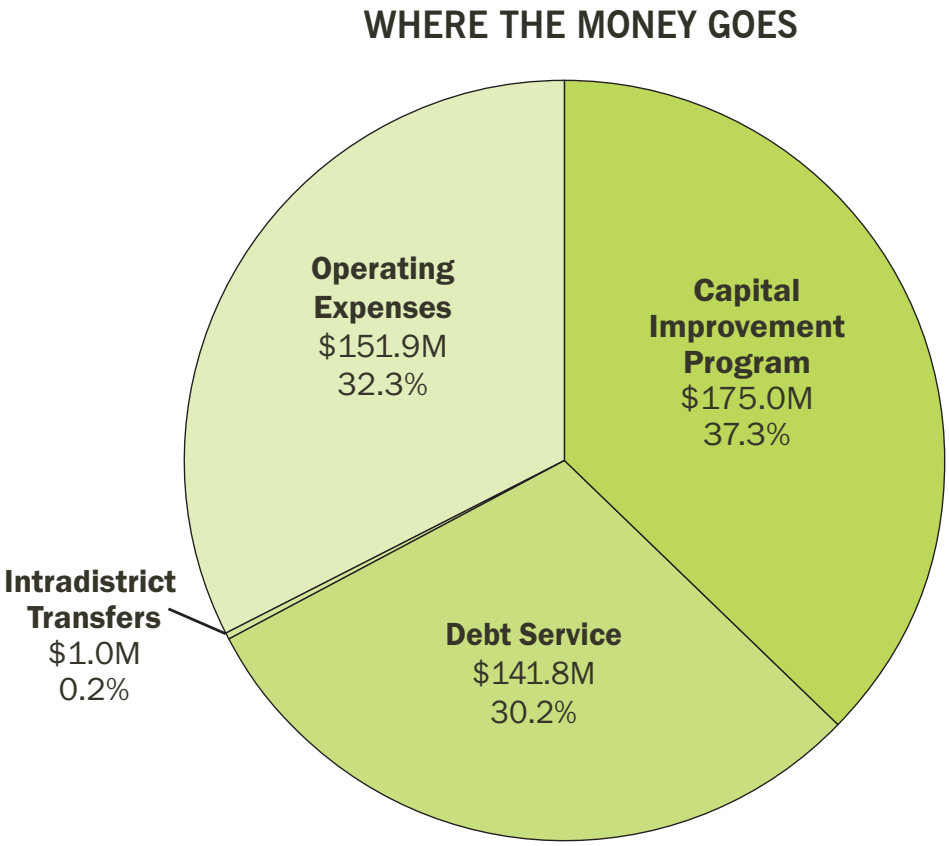
Other revenue includes self-insurance assessments for workers' compensation and general liability coverage as well as miscellaneous revenue such as rents and leases.

Debt Proceeds – $0M

Certificates of Participation (COPs) are the District'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 OCSD serves as the purchaser.

No new money debt issuances are proposed for FY 2015-16 to assist with the financing of the $175.0 million in capital outlays scheduled for this fiscal year.

FINANCIAL SUMMARY/FUNDING USES BY CATEGORY



Funding Uses by Category (in millions)

Category	2014-15 Approved	2015-16 Approved	2015-16 Updated Proposed
Capital Improvement Program*	$186.5	$206.1	$175.0
Debt Service**	211.0	86.7	141.8
Operating Expenses	154.7	157.4	151.9
Intradistrict Transfers	2.2	1.1	1.0
Total Funding Uses	$554.4	$451.3	$469.7

**Capital Improvement Program total includes Replacement, Rehabilitation & Refurbishment.*

***The proposed amount for fiscal year 2015-16 includes a payment of $50 million against the District's unfunded pension liability.*

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Funding Uses by Category

The District budgets its funds in six distinct areas:

Capital Improvement Program (CIP) – $175.0M

In order to provide the appropriate level of service to the District's rate payers, large capital improvements are required. The CIP provides for the management and implementation of these improvements.

Replacement, Rehabilitation, & Refurbishment – $0.0M

Based on its Asset Management Plan, the District anticipates the replacement, rehabilitation, or refurbishment (RRR) of existing capital facilities. The Asset Management Plan indicates that specific facilities are in need of RRR that have not yet been specifically identified or where a detailed job plan has yet to have been prepared.

Debt Service – $141.8M

This is the cost of issuing debt. Long-term debt financing allows the District to complete large multi-year capital projects by providing funds not always immediately available.

Operating Expenses – $151.9M

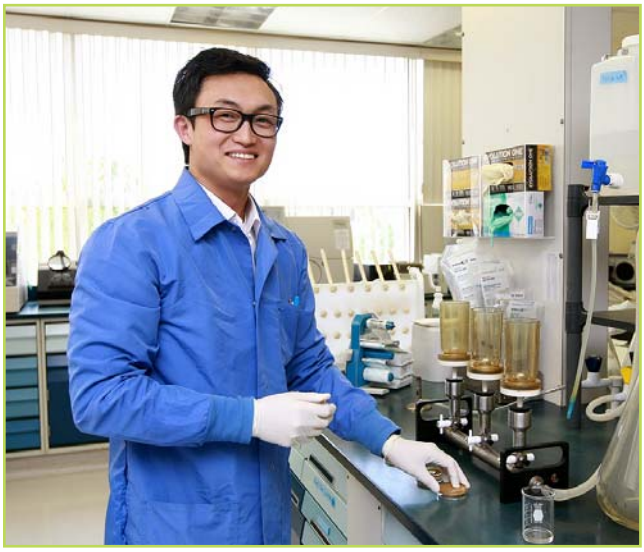
The proposed budget allocates resources to operate, maintain and manage our sewage collection, treatment and disposal system and for any associated administrative or technical requirements.

Intradistrict Transfers – $1.0M

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 and Orange County Sanitation District dated November 15, 1995, ownership is adjusted annually to reflect the current equity percentage ownership based on sewage flows.

Ending Reserves – $592.0M

The District budgets for reserves for various potential needs including cash flow, operating contingencies, capital improvement, and replacement and catastrophic loss. The reserve levels are governed by District policy



COLLECTION, TREATMENT & RECYCLING PROCESS OVERVIEW

OCSD collects wastewater from 479 square miles and approximately 2.5 million residents living in central and north 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. Nearly all the resulting water from the secondary treatment processes at Plant 1 is sent to the OCWD for recycling/reuse after purification by the GWRS. Plant No. 2 secondary effluent is discharged into the ocean, although current studies will evaluate the feasibility of pumping Plant No. 2 secondary effluent 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 37 degrees Celsius (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 System 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 approximately 20 percent solids. The 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 90 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 OCSD. At 70 million gallons per day, the GWRS generates enough pure water to meet the needs of 500,000 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. There is a project in construction which will increase the secondary effluent sent to GWRS and increase production to 100 million gallons per day of recycled water.

Since the 1970's, OCSD, 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.

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STRATEGIC PLANNING

Introduction

Driven by the mission, vision and core values of the Strategic Plan, OCSD continues aggressive efforts to meet the sanitation, health, and safety needs of the more than 2.5 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

Our 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.

- Making decisions in an open and honest way to produce optimum financial, environmental and societal results.
- Cooperating with other stakeholders to protect the ocean and regional water resources for the people we serve.
- Beneficially recycling wastewater, biosolids and other resources using safe and effective processes and systems.
- Developing the best possible workforce by providing employees with opportunities to advance their careers through enhanced growth, responsibility, and professional development.

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 OCSD 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 OCSD by our many talented employees.

Risk Register

Many leading organizations are formally applying risk management processes to identify and manage risks across many aspects of their business. The formalization of risk management processes is a logical step towards increased accountability and transparency placed on the Board and District management.

Risk assessment and mitigation includes the following steps:

- Identify and assess strategic and organization-wide risks facing the District and to develop a high level risk register;
- Identify mitigation measures that the District currently has in place;
- Propose additional mitigation measures that the District considers appropriate to manage; and
- Develop an action plan of responsibilities and timeframes for follow-up.

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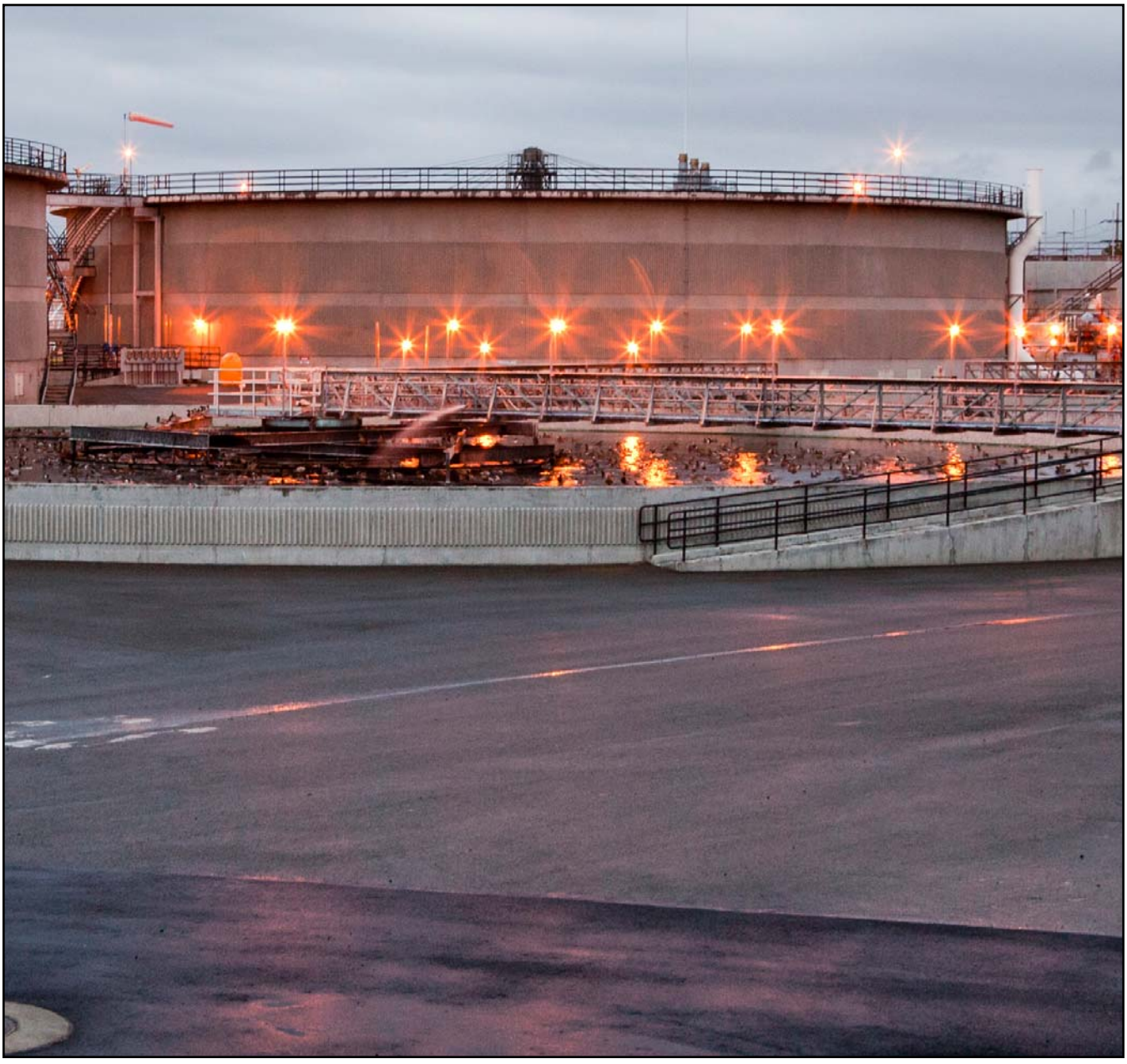
The Risk Register is a compilation of the various risks facing the District, as seen and described annually by District managers and senior management. Business Risk is defined as a threat that an event, action or inaction, will adversely affect the District's ability to achieve its business objectives and execute its strategies successfully. The District first created the Risk Register in 2006 and subsequently updated it in 2008, 2009, 2012, and 2013.

The top risks identified within the Risk Register Update in 2013 included 1) a seismic event damages infrastructure; 2) interruption of chemical supplies in the event of a disaster; and 3) electrical failures or fires (including those resulting from a disaster) interrupt power. Managers and executive management continue to review these issues and various ways to address those that might impact OCSD.



STRATEGIC PLANNING

Strategic Goals & Levels of Service

On the following pages are the updates to OCSD's strategic goals and levels of service. The eight strategic goals are noted and include a projected completion time. The levels of service standards are measures of service that are seen by our customers as high priorities. Goals and levels of service are divided into five areas:

- *Providing Exceptional Customer Service* — providing reliable, responsive and affordable services in line with customer needs and expectations.
- *Protecting Public Health and the Environment* — protecting public health and the environment utilizing all practical and effective means for wastewater, energy, and solids resource recovery.
- *Managing and Protecting the Public's Funds* — continually seeking efficiencies to ensure that the public's money is wisely spent.
- *Stakeholder Understanding and Support* — communicating our mission and strategies with those we serve and all other stakeholders.
- *Organizational Effectiveness* — creating the best possible workforce in terms of safety, productivity, customer service and training.

Status of Strategic Initiatives since Adoption of the 2014 Five-Year Plan

Providing Exceptional Customer Service

1. *Odor Control* – A Request for Proposal (RFP) for the Odor Control Master Plan Project (SP-166) was issued in January 2015. The project is on target to be completed by June 2016.

Protecting Public Health and the Environment

2. *Future Biosolids Management Options* – Staff is developing the Scope of Work for a Biosolids Master Plan. This Plan will identity OCSD's future biosolids management options, evaluate OCSD's existing solids handling facilities and alternative solids treatment technologies, and make recommendations for future capital facilities improvements. An RFP is planned to be issued in summer 2015 to seek engineering services by consultants to complete this Plan.
3. *Energy Efficiency* – OCSD entered into an agreement with The Energy Network (TEN) to provide technical assistance and project management to identify energy savings opportunities. A project implementation plan was completed and data collection is in progress. A preliminary audit report is expected in May 2015. Once the audit report is received and analyzed, Staff will present the findings and recommendations to the Operations Committee.

Managing and Protecting the Public's Funds

4. *Disinfection of Ocean Discharge* – Studies conducted by OCSD staff documenting a decline in the marine community in the sediment near OCSD's ocean outfall were used in petitioning the Santa Ana Regional Water Quality Board and the United States Environmental Protection Agency (USEPA) to allow OCSD to cease disinfection of its ocean discharge. After reviewing two years of studies documenting the decline of the marine community living near OCSD's outfall resulting from a build-up of disinfection by-products, both regulatory agencies approved the petition. OCSD received approval in March of 2015 to cease disinfection of its ocean discharge with the condition that disinfection would be required if OCSD needs to use one of its two emergency discharge points. Ceasing disinfection will save OCSD $420,000 per year in chemical costs while preserving the ocean environment and the health of local beaches.OCSD has initiated additional beach and ocean monitoring to further monitor the quality of our coastal waters.

5. *Local Sewer Transfers* – Irvine Ranch Water District (IRWD) submitted an application to the Orange County Local Agency Formation Commision (OC LAFCO) for a Boundary and Sphere of Influence Change which would allow IRWD to provide local sewer collection services to the residents of OCSD's Service Area 7. The East Orange County Water District (EOCWD) submitted a revised Plan of Service for the local sewer service to OCSD's Area 7. Based on the addition of IRWD's application and the revised plan submitted by EOCWD, OC LAFCO is revising the timeline for the release of the Municipal Services Review (MSR). In the meantime, the sewer transfer agreement between OCSD and EOCWD was extended to reflect the additional time needed to complete the MSR process.

2015-16 BUDGET UPDATE

Stakeholder Understanding and Support

6. *Legislative Advocacy and Public Outreach* – The Legislative and Public Affairs committee directed staff to prepare a communication strategy for the Committee's consideration. A utility branding consultant was hired through the NWRI/Branding Network to work on the plan. Staff will present a recommendation for action by the Board of Directors by June 30, 2015.

7. *Future Water Recycling Options* – OCSD is meeting with OCWD to identify and prioritize improvements needed to support the GWRS final expansion and working towards determining partnerships, needs, strategies, benefits and costs associated with recycling of Plant 2 effluent by June 2015. The RFP for SP-173 Effluent Reuse Study was advertised in December and a consultant to conduct the study was selected. The study is expected to be completed in August 2016.

Organizational Effectiveness

8. *Workforce Planning and Workforce Development* – A team of Managers are assisting in the review, modification and enhancement of OCSD's workforce planning/development strategic initiatives. The Workforce Vulnerability & Talent Readiness Assessments will assist management in identifying workforce needs, key talent, and possible development efforts. Guidelines and forms will be ready by summer 2015. Based on the outcome of these assessments, Managers and Supervisors are encouraged to prepare and implement a Workforce Planning Action Plan for each position identified in the assessments by the end of the calendar year. HR launched a vocational internship pilot program with Veterans First that provides rotations through the core trades within Operations and Maintenance as well as Facilities Support Services.

Providing Exceptional Customer Service Levels of Service

OCSD will provide reliable, responsive and affordable services in line with customer needs and expectations.	FY 2014-15 Results Through March 2015	Level of Service Target
Odor complaint response: Treatment Plants within 1 hour	100%	100%
Odor complaint response: Collections System within 1 hour	97%	100%
Number of odor incidents/events: Reclamation Plant No. 1 under normal operating conditions	7	Zero (0)
Number of odor incidents/events: Treatment Plant No. 2 under normal operating conditions	9	Zero (0)
Number of odor incidents/events: Collections System	22	<=12 per year
Respond to public complaints or inquiries regarding construction projects within 1 working day	100%	100%
New connection permits processed within 1 working day	100%	100%
Respond to all biosolids contractor violations within 1 working day	100%	100%

STRATEGIC PLANNING

Protecting Public Health and the Environment Levels of Service

OCSD will protect public health and the environment utilizing all practical and effective means for wastewater, energy, and solids resource recovery.	FY 2014-15 Results Through March 2015	Level of Service Target
Receive and treat , free of fees, 10 MGD of dry weather urban runoff diversion flows	0.85 mgd	<= 10 mgd
Air emissions health risk to community and employees, per one million people (for each treatment plant)	9	<10
No Notices of Violation (NOVs) with air, land, and water permits	0	0
Respond to collection system spills within 1 hour	100%	100%
Sanitary sewer spills per 100 miles	0.7	<2.1 per industry average
Contain sanitary sewer spills within 5 hours	100%	100%
Meet secondary treatment standards BOD-C (mg/L)	4.7	<=25
Meet secondary treatment standards TSS (mg/L)	5.7	<=30
Frequency of unplanned use of emergency one mile (78-inch diameter) outfall (per dry weather)	0	0
Tons of biosolids to landfill through 2017 peak production period	49	< 100 tons per day
Thirty-day geometric mean of total coliform bacteria in effluent after initial dilution of 250:1 (mpn)	461	< 1,000 mpn*
Compliance with core industrial pretreatment requirements	100%	100%
Meet GWRS specification requirements for Plant No. 1 secondary effluent	2.7	< 5 NTU**
Provide all specification effluent available to the GWRS to maximize full production of purified water	100%	100%

*Most Probable Number (mpn) – Number of organisms per 100 milliliters that would yield a test result or the observed test result with the greatest frequency. Commonly used for coliform bacteria, it is one indicator of the water quality.

**Nephelometric Turbidity Units (NTU) – Turbidity is the cloudiness or haziness of a fluid. The measurement of turbidity is a key test of water quality.

2015-16 BUDGET UPDATE

Managing and Protecting the Public's Funds Levels of Service

OCSD will continually seek efficiencies to ensure that the public's money is wisely spent.	FY 2014-15 Results Through March 2015	Level of Service Target
Annual user fees sufficient to cover all O&M requirements	100%	100%
Variance of actual collection, treatment, and disposal costs per million	3%	<=10% of budget
Maintain AAA Bond Rating	100%	100%

Organizational Effectiveness Levels of Service

OCSD will create the best possible workforce in terms of safety, productivity, customer service and training.	FY 2014-15 Results Through March 2015	Level of Service Target
Training hours per employee	30.23	>=45 per year
Employee injury incident rate – accidents per 100 employees	4.02	<=3.3
Meet mandatory OSHA training requirements	100%	>=95%
Hours worked since last lost work day	430,000	>=1,000,000
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	1.26	<=2.5




INFRASTRUCTURE ASSET MANAGEMENT

With the completion of the $537 million full secondary treatment expansion program, our capital improvement and maintenance programs are now more 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.

Below is an overview of our infrastructure management plans and how our budget supports the goals stated above.

Collection System:

OCSD's collection system consists of 580 miles of regional sewers and 15 pump stations and three metering locations that must be maintained, repaired, and upgraded to maintain wastewater service and to convey sewage to our treatment facilities. Typical collection system maintenance activities consist of cleaning sewer lines, televising and inspecting, cleaning pump stations and pipelines, and corrosion/odor control.

The planned maintenance and repairs for Fiscal Year 2015-16 include:

- Clean 80 miles of regional sewer lines
- Rapid Manhole inspection of 4,250 regional manholes
- 1,560 estimated inspections of 15 pump stations and 3 metering facilities
- 58 facility safety inspections
- 37 pump station wet well and 12 Plant No. 2 headwork cleanings
- 650 pump station preventative maintenance pump cleanings
- 330 pump station mechanical preventative maintenance tasks
- Clean 47 trouble spots and 90 inverted siphons per the planned maintenance schedules
- Pipeline cleaning services for local sewers - 125 miles
- Pipeline repair services in local sewers - 0.75 miles
- Pipeline video inspection services - 50 miles
- Manhole video inspection services - 40 locations
- 850 dry tons or 70 slug doses of caustic soda
- Estimated 3,720 dry tons of magnesium hydroxide continuously dosed
- Estimated 5,597 dry tons of ferrous chloride continuously dosed
- Estimated 240,000 gallons of calcium nitrate continuously dosed

Estimated total costs: $8,823,400

These maintenance activities are based on established levels of service to ensure compliance with our Sewer System Management Plan, to reduce spills, increase reliability, safety, and to ensure that our facilities are managed, operated and maintained to minimize overall life cycle costs and need for repairs. The cleaning frequencies are based on data from pipe inspections, Closed-circuit television (CCTV) work and historical records. The planned activities help extend the useful life of the assets and minimize nuisance odors.

Collection System Capital Improvement Projects

Our collections projects go through an intensive 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 growth in localized portion of our service area.

We are currently planning and executing a comprehensive program to renew our collection system. 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. Five miles of sewer along State College Boulevard, from Yorba Linda Boulevard to Orangewood Avenue, will be upsized to handle the flow necessary to allow the abandonment of the Yorba Linda Pump Station. The Yorba Linda Pump Station has now 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 Santa Ana River line 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 will also include

modifications to existing diversion structures to add flexibility to the collection system to divert other reclaimable flow. This project also provides adequate capacity for future development, minimizing the risk of sewer spills in the future. The project has a current budget of $104.9 million.

Another large scale project is the Rehabilitation of the Western Regional Sewers (Project No. 3-64) which covers approximately 15 miles of sewers in the cities of Anaheim, Buena Park, Cypress, La Palma, Los Alamitos, Seal Beach and unincorporated areas of the County of Orange. This large project is required to rehabilitate or replace pipes that were installed 45 to 55 years ago. The sewers have multiple deficiencies which have allowed the intrusion of ground water primarily at the joints, but also sporadically along the pipe segments. In some cases, hard calcium deposits have developed, making the pipe difficult to clean, and may over time impede the wastewater flow. Portions of the pipeline will be relined and others will be replaced with larger diameter pipelines. Also, over 150 manholes will be replaced. This project budget is $112 million.

At the southern edge of the previously mentioned project, the Seal Beach Pump Station (Project No. 3-62) also needs to be rehabilitated 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. The condition of two force mains downstream of the pump station will also need to be addressed. One force main will be replaced and the other rehabilitated to properly support the updated facility. Odor control facilities will be added to reduce system corrosion and minimize public impacts. The budget for this project is $62 million.

In the cities of Santa Ana, Tustin, and Irvine, we have the Gisler-Red Hill Trunk Improvements (Project No. 7-37) which is rehabilitating or replacing aging parallel sewer lines. The current pipes, which run along Red Hill Avenue between McGaw Street and Mitchell Avenue, are not large enough to handle the high flows associated with wet weather events which create the risk of spills. The manholes are also deteriorated and corroded and must also be replaced or rehabilitated to avoid failure. The two-mile project has a current budget of $27.5 million.

In Newport Beach, we have developed a comprehensive program to coordinate the various projects scheduled to take place in the city in the next few years. We are currently constructing the Newport Force Main Rehabilitation Project (No. 5-60), which is also rehabilitating and replacing parallel pipes in Pacific Coast Highway between Dover Drive and just west of Superior Avenue. The $52.3 million project is more than half complete. The project was sequenced in two phases to minimize public impacts by avoiding construction in the busy summer months. The 50-year steel pressurized mains were in poor condition and one of the pipelines was undersized to convey predicted wet weather flows. Once completed, the system should provide another 50 years of service.

Also in the City of Newport Beach and in portions of Costa Mesa, we have the District 6 Trunk Sewer Relief Project (No. 6-17). This project is replacing the sewer that extends from Pomona Avenue to Newport Boulevard ending near Pacific Coast Highway. These improvements will increase capacity to properly handle the projected increase in flow from planned developments. These improvements will extend the life of the sewer by 30 years. Once the project is completed, the risk of sewer spills during dry weather events and common wet weather events will significantly diminish. The current budget for the project is $7.7 million.

Reclamation Plant No. 1:

Flow from Reclamation Plant No. 1 is delivered to the OCWD for recycling via the GWRS to supply the expanded GWRS which will come on line in 2015. Key operational activities taking place in the upcoming year at Reclamation Plant No. 1 include increasing flows to 120 million gallons per day.

There are over 5,500 preventative maintenance activities that are scheduled to be completed over the upcoming fiscal year. 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

INFRASTRUCTURE ASSET MANAGEMENT

technologies such as vibration analysis to measure imbalance in rotating equipment, thermography to measure excessive heat, oil analysis to predict failure of lubricants, and ultrasonic to detect leaks as well as deterioration and short-circuiting in electrical equipment.

In addition to the routine preventative maintenance activities described above, the following key planned and preventative maintenance and repairs will be undertaken in Fiscal Year 2015-16:

- Completion of the arc flash evaluation and labeling project to ensure the safety of workers servicing electrical equipment.
- Assessment and proper settings of protective relays to ensure the safety of workers servicing electrical equipment.
- Replacement of the foul air scrubber atmospheric analyzer units that monitor compliance with South Coast Air Quality Management District (SCAQMD) requirements and feed chemicals into the scrubbers.
- Replacement of outdated atmospheric monitoring equipment in the digesters and central generation facility areas.
- Rebuild of one of the four Steve Anderson Lift Station pumps that transfer flow tributary to Treatment Plant No. 2 into Reclamation Plant No. 1.
- Replacement of the control system for emergency back-up power generators that service our activated sludge secondary treatment facilities.
- Major service on four of nine blowers that provide oxygen to the microorganisms in the secondary treatment process.

Estimated total costs: $5,211,300

Reclamation Plant No. 1 Capital Improvement Projects

These projects are intended to rehabilitate or reconstruct major components of our treatment process to ensure compliance with regulatory permits, enhance water recycling and safety.

One of the largest projects currently underway is the Headwork Rehabilitation at Plant 1 (Project No. P1-105). The facility is 27 years old, so a comprehensive refurbishment is required in order to extend the life of the facility. The project will rehabilitate systems including 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. This project will also replace the emergency pumping capacity that has been provided by the original headworks pumping system dating back to the 1950s. The total budgeted cost for this project is $235 million.

While the District generally has adequate hydraulic treatment capacity, additional solids handling capacity is needed. The Sludge Dewatering and Odor Control Project (No. P1-101) is necessary to support the need for more capacity to thicken and dewater sludge due to the conversion to full secondary treatment as well as increased flow to support the expansion of the GWRS. The 40-year old system has reached the end of its useful life and as such will be replaced with a new and improved facility that will increase cake dryness which will reduce biosolids management cost and improve sludge thickening to optimize the use of existing digesters thus eliminating the need to construct new digesters. The project will also help us meet our level of service goal

by reducing odors. The project budget is just under $172 million.

A project closely tied to the solids dewatering facility is the Digester Rehabilitation (Project No. P1-100), which will rehabilitate 12 digesters. The project will refurbish aged storage tanks, as well as handle the increased volume of solids more efficiently and with greater reliability. The sludge pumping, heating, structural, mechanical, and electrical and control systems will all be rehabilitated which will increase the quality of the sludge production. By rehabilitating our existing digesters we reduce the risk of failure and extend the life of the assets, minimizing future expenditures. The total project budget is $60 million.

Treatment Plant No. 2:

Key operational activities will be taking place in the upcoming year at Treatment Plant No. 2 to further enhance reliability, improve safety, and increase operational effectiveness, including treating more than 80 million gallons of wastewater daily from three tributary sewers and the flow from the Santa Ana River Interceptor diverted from Reclamation Plant 1. All flows entering Treatment Plant No. 2 are treated to full secondary standards and then discharged four miles offshore through our ocean discharge outfall. This upcoming year, the number of process units in service will be reduced as more flow is being diverted to Reclamation Plant No. 1.

There are over 3,250 preventative maintenance activities that are scheduled to be completed over the upcoming fiscal year. 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 measure excessive heat, oil analysis to predict failure of lubricants, and ultrasonic to detect leaks as well as deterioration and short-circuiting in electrical equipment.

In addition to the routine preventative maintenance activities described above, the following key planned and preventative maintenance and repairs will be undertaken in Fiscal Year 2015-16:

- Major overhaul of one of five central generation engines that supply two-thirds of the power for the treatment plant
- Overhaul two of the three gas compressors that provide digester gas to the central generation facility for producing electrical power and heat.
- Clean and replace mechanical equipment on two digesters to improve mixing and detention time to ensure best possible reclamation of the biosolids
- Removal of debris from the by-pass flap gate discharge point into the Santa Ana River to ensure availability of this discharge in the event of an emergency.
- Completion of the arc flash evaluation and labeling project to ensure the safety of workers servicing electrical equipment.
- Assessment and proper settings of protective relays to ensure the safety of workers servicing electrical equipment.
- Replacement of the foul air scrubber atmospheric analyzer units that monitor compliance with SCAQMD requirements and feed chemicals into the scrubbers.
- Replacement of outdated atmospheric monitoring equipment in the digesters and central generation facility areas.

Estimated total costs: $5,162,700

Treatment Plant No. 2 Capital Improvement Projects

The Primary Treatment Rehabilitation Project (Project No. P2-98) will rehabilitate the primary clarifiers, influent pipes, construct new primary effluent pipes, and rehabilitate and upgrade the odor control systems. These facilities date back to the late 1950s and are in need of seismic and condition based upgrades. By replacing old structures and installing new systems, we will improve the resiliency of our infrastructure and thus improve our ability to provide service. This is anticipated to be a very long duration project because the need to maintain treatment operations during the project. The total project budget is $156 million.

INFRASTRUCTURE ASSET MANAGEMENT

Treating 100 percent of our influent to full secondary treatment standards means there are more solids to manage which has generated several projects to address that need. A few are currently underway such as the Solids Thickening and Processing Upgrades (Project No. P2-89) which will be completed next year. The Sludge Dewatering and Odor Control project (No. P2-92) has started construction to replace the current belt press dewatering system with a centrifuge dewatering facility that will remove a greater amount of water from the sludge resulting in reduced disposal costs for the District. This $87 million project will be in construction for five years.

Also in the solids handling process area, in the next five years projects will be underway to upgrade the digestion complex. Recent studies have identified that the 15 active digesters have seismic deficiencies. Evaluation of process options is on-going in the Planning Division. In the meantime, the Digester Facilities Rehabilitation project (No. P2-91-1) is a $28 million project to keep the facilities operating effectively in the near term.

As we make improvements throughout the plant, it is imperative we pay attention to our Ocean Outfall systems. Many components of the ocean outfall system pipeline assets have already been addressed, so now we turn our attention to the pumping systems. Project No. J-117, the Ocean Outfall System Rehabilitation, will refurbish the Ocean Outfall Booster Station. This includes rehabilitation of the mechanical, electrical, and civil systems which will extend the life of the facility and increase the efficiency of the system. In addition, a low flow pump station will be added due to our increased water recycling rates, which will reduce our outfall flows below the capacity of our current very large pumps. The budget for this project is $76 million.

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. These studies include the Primary Treatment Area Study and the Bay Bridge Pump Station Relocation Study to help identify how to best address and manage the improvements for these two important components of our system. We also have studies focusing on topics such as: Effluent Reuse, which coincides with Board of Director's strategic goal for future water recycling; the Odor Control Master Plan, which will help identify areas of improvement to better define our level of service; and the Biosolids Master Plan. As these studies evolve, projects will be refined or created to improve our systems.

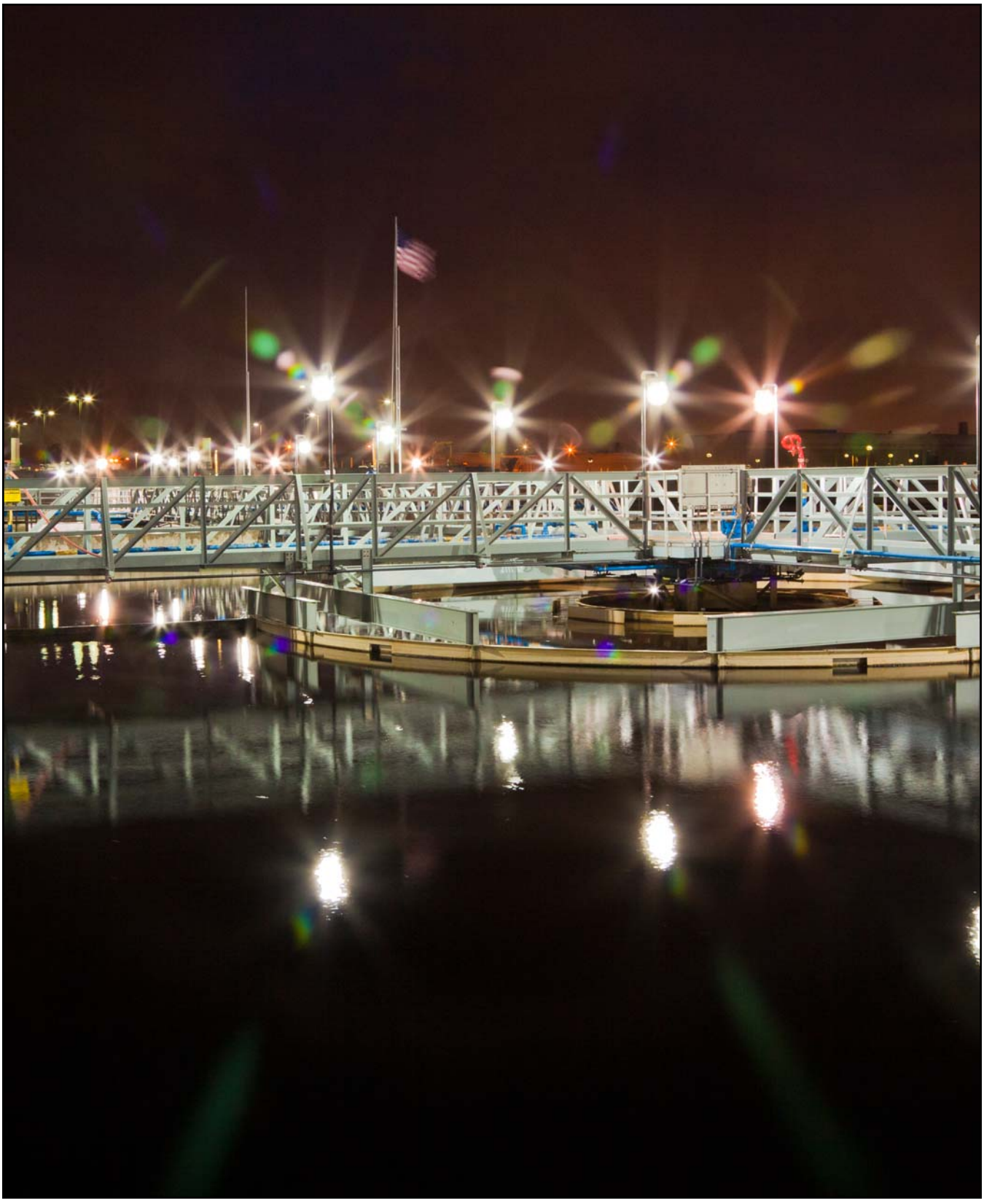
Civil Assets Maintenance Program

A focused effort will be undertaken at both treatment plants this year to strengthen proactive maintenance of our civil infrastructure including concrete piping and process structures, protective coatings and associated metal structures. The Civil Assets Management Program (CAMP) is being implemented to insure that OCSD civil assets meet design life expectancy and will complement the existing maintenance programs for mechanical, electrical and instrumentation maintenance. Besides developing in-house capabilities to better monitor and maintain these assets, the program entails utilizing consultants and contractors for program development and implementation.

CAMP includes five elements. These elements are assessment, maintenance repair, cathodic protection, protective coatings, and housekeeping. For this coming year, the CAMP team is planning to assess all of the primary and critical equipment required to meet OCSD's main mission of protecting the public health and environment. Cathodic protection will be inspected, evaluated, and repaired as needed. Coatings of equipment will be inspected for condition and scheduled for recoating if required. Housekeeping programs will be put in place to ensure that all assets are kept in order, on an inspection schedule and meet all safety policies. Finally, repairs of the assets will be planned and scheduled to be performed by in-house personnel or contractors based on condition and criticality.

Estimated total costs: $1,975,000

2015-16 BUDGET UPDATE



CAPITAL IMPROVEMENT PROGRAM

CIP Budget Request Summary

This is an update to the Fiscal Year 2014-16 two-year budget. In preparation for the 2015-16 update, the District's Board of Directors reviewed the proposed changes to the CIP to gain an understanding of the impact of the CIP to the current rate structure program.

With $6.2 billion of aging assets requiring constant investment and attention, the District 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 more efficiently package projects for execution. District staff is working to carefully identify all the necessary scope of work items in the planning phase of projects to reduce future change orders and other project risks.

District staff has reviewed each ongoing CIP project to ensure that the scope of the project is appropriate, and that the cost estimates are accurate. The validated CIP includes 85 large capital projects with a total expenditure of $1.7 billion. This represents a $1.6 million decrease from the 2014-16 CIP estimate.

During this budget validation process, 27 projects budgets have been modified to account for newly discovered issues. In some cases, because the assets are near the end of their useful lives, complete replacement was assumed instead of rehabilitation.

Six new projects have been created totaling $221.7 million, of which three will be starting in the Fiscal Year 2015-16 due to safety concerns. These projects are:

- J-126: Safety Improvement at Plant Nos. 1 and 2
- J-127: Natural Gas Pipelines Replacement at Plant Nos. 1 and 2
- P2-118: Activated Sludge Aeration Basin Deck Repair at Plant No. 2

This budget update also includes the creation of a Master Planning Study project. The budget for this project provides funds for planning phase studies. This project acts as an annual budget placeholder for planning studies that have been identified by the District's Asset Management Program as necessary in order to assess the condition and capacity of the District's existing assets and systems.

As part of the budget update process, 41 active projects were closed or cancelled totaling $403.3 million. The reasons for the closure or cancellation of these projects vary, and may include the finalization of a project thus releasing unused budget; the scopes of work of two projects being consolidated into one project; or, a project is no longer necessary after further consideration by the asset management planning process.

Following within the appendix are descriptions and justifications for the capital improvement projects which are new projects proposed for this Fiscal Year 2015-16 budget update. They give the reader a brief overview of each project, the budget for the total project, and any potential changes in the operational budget resulting from the implementation of the project. For a description of ongoing projects, see Section 8 of the Fiscal Years 2014-15 and 2015-16 Budget.

Each project in the CIP went through an extensive validation and prioritization process. Projects have been prioritized based on risk exposure if the project was deferred. 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 District improves the CIP project management controls system.

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 OCSD Project Control System 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.

DEBT FINANCING PROGRAM

Debt Financing

Due to the magnitude of identified future annual capital and operations and maintenance expenditures, it is necessary that the District utilize debt financing to meet its total obligations. Debt financing allows the District to meet projected construction schedules while achieving the lowest possible user fees, as well as long-term stability in future sewer service fee rates.

Certificate of Participation (COP)

The primary debt mechanism used is Certificate 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 the District serves as the purchaser. COPs can be issued with fixed or variable interest rates.

As of July 1, 2015, the total outstanding COP indebtedness will be $1.2 billion.

Build America Bonds Financings

The District 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 and by 7.2 percent for the federal fiscal years ended September 30, 2013 and September 30, 2014, respectively.

Dedicated Funding Source

In 1992 and 2004 the Board of Directors formalized the dedication of certain funding sources. To assure 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.

The District Maintains Its AAA Rating

The District's bond rating is "AAA" from both Standard & Poors and Fitch Ratings. An "AAA" Rating is the highest for a government agency. In order to maintain this rating, the District 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

The District does have 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 2.99 for Fiscal Year 2015-16.

Future Financings

No new money debt issuances are being proposed for Fiscal Year 2015-16. The proposed CIP budgeted cash outlays of $175.0 million in this fiscal year will be funded from reserves and other revenue sources.

OPERATING EXPENSES

Summary of Operating and Maintenance Expenses

Category	2014-15 Approved	2015-16 Approved	2015-16 Updated Proposed
Salaries and Benefits	$99.2	$100.6	$94.8
Contractual Expenses	24.3	24.5	23.9
Operating Materials & Supplies	15.8	16.3	17.2
Repairs and Maintenance	13.1	12.9	12.3
Utilities	7.4	7.8	7.8
Professional Services	3.3	3.1	3.5
Other Materials, Supplies, Services	2.5	2.8	2.8
Self-Insurance Requirements	2.2	2.4	2.6
Administrative Expenses	1.4	1.6	1.6
Training and Meetings	1.0	1.1	1.1
Research and Monitoring	0.8	0.8	0.8
Printing and Publications	0.4	0.4	0.4
Cost Allocation	(16.7)	(16.9)	(16.9)
Total Operating Expenses	**$154.7**	**$157.4**	**$151.9**

Salaries, Wages & Benefits – $94.8M

Salaries & Wages – This category includes salaries for 624 FTEs as well as Directors' pay. The vacancy factor applied for the budget update was five percent based on trend information. Provision has been made in these salary projections in order to comply with the terms of the most recently adopted MOUs.

Retirement – The District's employees are members of the Orange County Employees' Retirement System (OCERS). As a result of paying down $125 million of the OCERS unfunded accrued liability in FY 2014-15, the employer's required contribution rate has been decreased from 36.57 percent (Plans G & H), from 34.87 percent (Plan B) and from 33.52 percent (Plan U) to 20.75 percent, 18.39 percent and 17.52 percent, respectively, in 2015-16.

Group Insurance – Includes the District's share (approximately $16,400 per employee) of employee medical plan benefits for the indemnity plan, prepaid HMO plans, the dental insurance plan, and the life and disability insurance premiums. The proposed budget includes a 12.9 percent increase for the medical plans.

Contractual Services – $23.9M

The major component of this category is biosolids removal and transportation costs. The treatment plants currently produce about 765 wet tons per day of biosolids which are recycled in California and Arizona. Nearly 50 percent of biosolids are currently allocated to composting, 40 percent is used on farms for soil enrichment, and 10 percent is sent to a local landfill that produces methane. The 2015-16 budget for biosolids removal is $17.6 million, approximately 74 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.

2015-16 BUDGET UPDATE

Operating Materials and Supplies – $17.2M

Chemicals are used throughout the treatment plants for enhanced settling of solids, for separation of return and waste activated sludge, for odor control, and for disinfection. Chemicals expenses are approximately 83% of the budget for Operating Materials and Supplies.

Chemical Coagulants – Anionic polymer is added to the influent wastewater along with ferric chloride via the physical/chemical treatment systems at both plants to improve solids removal efficiencies in the primary clarifier basins. Cationic polymer is added to digested sludge prior to dewatering to cause the sludge to coagulate and improve the sludge and water separation process. Cationic polymer is also added to the waste activated sludge dissolved air flotation thickeners (DAFTs) to improve solids coagulation and sludge separation.

The proposed costs for this group of chemicals is $6,012,000, $92,000 less than previously approved for 2015-16.

Odor Control Chemicals – The District uses hydrogen peroxide and sodium hydroxide (caustic soda) as the primary odor control chemicals within the treatment plants; ferrous chloride, magnesium hydroxide, calcium nitrate and caustic soda are the primary odor and corrosion control chemicals used within the collection system.

An increase of $758,000 from the previously approved 2015-16 budget of $7.3 million is being proposed for odor control chemicals due primarily to IRWD discontinuing the use of ferric chloride in their treatment process. Because of this, OCSD must use more ferrous chloride for collection system odor control.

Disinfection Chemicals – On March 18, 2015, OCSD discontinued the used of bleach as an effluent disinfectant. At Plant No. 1, 25% of the total bleach budget will be used for plant water disinfection and for control of filamentous organisms in secondary treatment processes. At Plant No. 2, a supply of bleach will be available for possible emergencies, along with a small supply of sodium bisulfite. Disinfected plant water is used throughout the wastewater processes, and there will be sufficient bleach for plant water disinfection. Bleach is no longer a significant portion of OCSD's budget. The bleach budget for Fiscal Year 2015-16 is approximately $0.150 million.

Repairs and Maintenance – $12.3M

This item is for parts and services for repair of plant and collection facilities and annual service contracts.

Planned repairs include: digester cleaning; process area preventative maintenance painting; central generation engine overhaul; gas compressor overhaul; interplant gas line maintenance; manhole cover purchases; and dig alert and street overlays/ manhole raising.

Utilities – $7.8M

The overall cost for utilities is a significant component of the operating budget and is anticipated to be approximately the same as the previously approved 2015-16 budget.

- Natural Gas – Natural gas is purchased to supplement the digester gas that is used to run the converted engine in the central generation facilities and for engine ignition. The 2015-16 budget shows an increase of $84,000 reflecting higher use of natural gas because of planned engine conversions which will use more natural gas.
- Electricity – Electricity is the largest utility cost incurred by the District and is used to run the plant processes. The 2015-16 budget reflects a minor increase from the previously adopted budget.

Professional Services – $3.5M

Professional Services includes General Counsel, special labor counsel, legislative advocacy, audit and miscellaneous accounting services, engineering, and other technical consulting services.

OPERATING EXPENSES

Other Material, Supplies, Services – $2.8M

This category of costs includes the in-lieu insurance premium used to maintain the level of accumulated reserves for the property and general liability self-insurance programs. This in-lieu cost for 2015-16 is proposed at $0.5 million.

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 within this category.

Insurance – $2.6M

The District's outside excess general liability insurance coverage is $40 million per occurrence with self-insurance retention of $500,000.

The District's property insurance coverage of $1 billion for perils of fire and $300 million for perils of flood is subject to a self-insurance retention of $250,000. The District is partially self-insured for earthquake, but does carry $25 million in coverage on seven key structures, with a $5 million deductible. The District also increased its sublimit for builder's risk under the property insurance program from $25 million to $50 million to ensure upcoming construction projects are adequately covered.

An appropriation of $0.5 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.

Training and Meetings – $1.1M

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 OCSD 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 1.6 percent of budgeted regular salaries due to savings achieved in part through the use of online courses.

Research and Monitoring – $0.8M

Research and monitoring expenditures consist of contract services to carry out the extensive ocean monitoring program required by the EPA under provisions of the District's National Pollutant Discharge Elimination System (NPDES) permit for ocean discharge; air quality monitoring costs; the District'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.

Administrative Expenses – $1.6M

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.

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 the District'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 – ($16.9M)

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.

2015-16 BUDGET UPDATE

DEPARTMENTS SUMMARY

Department	2014-15 Budget	2015-16 Originally Proposed	Percent Change	2015-16 Updated Proposed	Percent Change
Administration Units:					
General Manager's Office	$4.0	$4.0	0.0%	$4.5	12.5%
Human Resources	4.1	4.2	2.4%	7.2	71.1%
Administrative Services	21.7	22.2	2.3%	17.7	(20.1%)
Sub-Total	*$29.8*	*$30.4*	*2.0%*	*$29.4*	*(3.3%)*
Operating Units:					
Facilities Support Services	22.3	22.9	2.7%	20.1	(12.4%)
Engineering	10.4	10.4	0.0%	9.5	(8.5%)
Operations & Maintenance	90.0	91.3	1.4%	90.3	(1.1%)
Sub-Total	*$122.7*	*$124.6*	*1.5%*	*$119.9*	*(3.8%)*
Total	$152.5	$155.0	1.6%	$149.3	(3.7%)

Staffing by Department (FTEs)

Department	2014-15 Budget	2015-16 Originally Proposed	2015-16 Percent Change	Updated Proposed	Percent Change
Administration Units:					
General Manager's Office*	14.00	14.00	0.0%	15.00	7.1%
Human Resources	16.00	16.00	0.0%	27.00	68.8%
Administrative Services	111.00	111.00	0.0%	98.00	(11.7%)
Sub-Total	*141.00*	*141.00*	*0.0%*	*140.00*	*(0.7%)*
Operating Units:					
Facilities Support Services	76.00	76.00	0.0%	63.00	(17.1%)
Engineering	123.00	123.00	0.0%	127.00	3.3%
Operations & Maintenance	284.00	284.00	0.0%	294.00	3.5%
Sub-Total	*483.00*	*483.00*	*0.0%*	*484.00*	*0.2%*
Total FTEs*	624.00	624.00	0.0%	624.00	0.0%

**FTE totals exclude Management Discretion positions that are authorized but used only on a temporary basis to facilitate the replacement of key positions. Two additional Management Discretion positions are proposed for FY 2015-16 to supplement the two existing positions; however, total filled positions will not exceed 624 FTEs at any point in time.*

2015-16 BUDGET UPDATE

Administration Units

General Manager's Office
Budget $4.5M – Staffing 15.00 FTEs

The General Manager's Office provides general oversight of all Sanitation District operations and incorporates functions in the areas of Public Affairs and Board Services. This office reports directly to the Board of Directors. The budget reflects an increase of 1.00 FTE due to the transfer in of one position from another department. The budget also includes four unfunded Management Discretion positions not included in the FTE totals.

Human Resources
Budget $7.2M – Staffing 27.00 FTEs

The Human Resources Department works with management and employees to ensure an effective and productive employment relationship, and identifies and manages potential risk to the organization to create a safe, healthy and secure environment for staff, contractors, and visitors. This department reports directly to the General Manager. The budget reflects an increase of 11.00 FTEs due to the transfer in of the Risk Management Division from the Administrative Services Department, partially offset by the transfer out of one position to another department.

Administrative Services
Budget $17.7M – Staffing 98.00 FTEs

The Administrative Services Department maintains financial oversight and administration of all District funds and accounts, is responsible for contract administration and procurement, and oversees all District computer, networking and customer support issues. The budget reflects a decrease of 13.00 FTEs due to the transfer out of the Risk Management Division to the Human Resources Department and the transfer out of one other position to another department.

Operating Units

Facilities Support Services
Budget $20.1M – Staffing 63.00 FTEs

The Facilities Support Services Department provides fleet and heavy equipment services for the District, handles non-public works construction support and projects, and operates and maintains the regional collection system facilities providing reliable collection and transportation of wastewater, and efficient, safe operation and maintenance of the system in the 479 square mile area. The budget reflects a reduction of 13.00 FTEs as a result of transferring positions out to other departments.

Engineering
Budget $9.5M – Staffing 127.00 FTEs

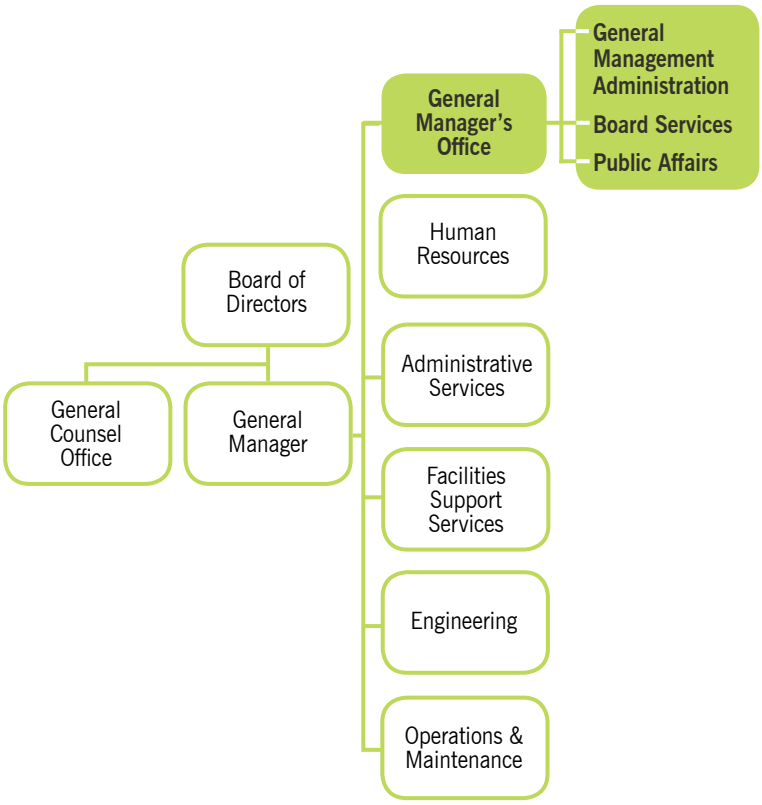
The Engineering Department is responsible for the planning, design and construction of the District's capital improvement program as well as environmental compliance and asset management. The budget reflects an increase of 4.00 FTEs due to the transfer in of positions from other departments.

Operations and Maintenance
Budget $90.3M – Staffing 294.00 FTEs

The Operations and Maintenance Department is responsible for operation of the District's two wastewater treatment plants as well as the environmental laboratory and ocean monitoring. The budget reflects an increase of 10.00 FTEs due to the transfer in of positions from other departments.

** FTE = Full-Time Equivalent Position*

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 the agency. The General Manager reports directly to the Board of Directors and provides general oversight to all District operations, interagency relations, legislative activities, communications, and the Strategic Plan. The Assistant General Manager directly oversees the Public Affairs and Board Services Divisions.

Board Services provides a high level of customer service through the Clerk of the Board's office. The Clerk of the Board's office supports the Board of Directors and the public by preparing and publishing agendas in accordance with legal requirements for meetings of the Board of Directors; recording the actions taken by the Board; publishing notices as required by law; acting as filing officer for Statement of Economic Interests filings; receiving and processing summons and complaints filed against the District; and maintaining rosters of the Board of Directors and appointed committee assignments.

Public Affairs provides services and implements programs to meet the communications needs of OCSD's internal and external audiences. The division is responsible for OCSD's media relations, internal and external communications, community relations, public education and outreach program, social media, special events, agency branding, collateral materials, graphic design, and crisis communications. The division's goal is to develop and manage a total communications program in accordance to OCSD's Core Values and OCSD's Strategic Plan.

2015-16 BUDGET UPDATE

Operating Expense

Category	2014-15 Budget	2015-16 Originally Proposed	2015-16 Updated Proposed
Personnel	$2,388,200	$2,431,500	$2,462,470
Supplies	298,390	283,490	342,540
Professional / Contractual Services	261,000	200,000	615,500
Research & Monitoring	0	0	0
Repairs & Maintenance	1,500	1,500	1,500
Utilities	128,000	136,000	136,000
Other	1,039,400	1,088,700	1,090,120
Cost Allocation	(92,500)	(92,500)	(92,500)
Total	$4,023,990	$4,048,690	$4,555,630

Budget Overview

The Fiscal Year 2015-16 budget for the General Manager's Office reflects an increase of 12.5 percent over the previously adopted budget. The increase is primarily due to the transfer in of one position from another department and the transfer of funding from the Engineering Department for advocacy efforts.

Performance Objectives / Measures

- Ensure the District does not exceed 624 FTEs by the end of Fiscal Year 2015-16.
- Deliver a minimum of 90 percent of each fiscal year's CIP budget.
- Manage operating expenditures to within 96 to 100 percent of the approved budget.
- Ensure OCSD's total recordable injury rate is below the industry average of 4.6.
- Ensure that the Board approved Strategic Plan is implemented.

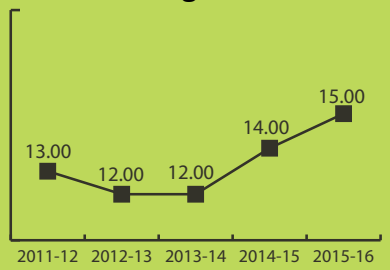
Authorized FTE Positions

Managers.....3.00
Supervisors /Professionals.....8.00
Administrative /Clerical.....4.00

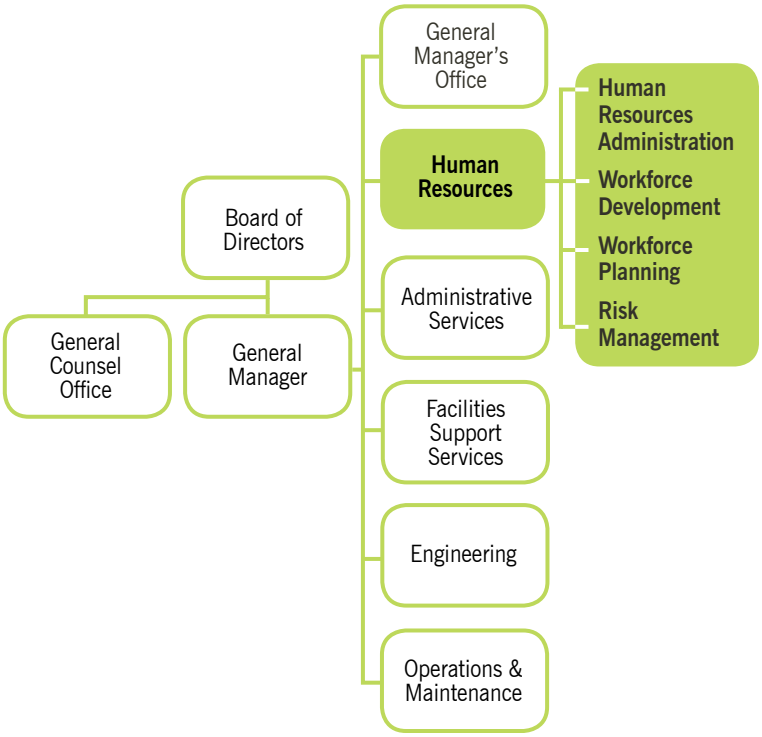
Total 15.00

**FTE totals exclude four Management Discretion positions which are authorized to be used only on a temporary basis to facilitate the replacement of key positions.*

Staffing Trends



HUMAN RESOURCES DEPARTMENT



Service Description

The Human Resources Department is responsible for working with management and employees to ensure an effective and productive employment relationship. The Human Resources Department is committed to supporting a workplace environment grounded in fair and equitable employment decisions and practices.

This department is responsible for all aspects of human resources management and labor/employee relations. It serves as the in-house advisor to the General Manager, executive staff, OCSD departments, and line staff. Delivering services with a high-level of customer satisfaction is a key objective.

The **Human Resources Department Administration** oversees delivery of the workforce planning, workforce development, and risk management functions.

Workforce Planning activities include recruitment and selection, compensation and classification, and benefit and leaves in support of the major goal of equal employment opportunity for all persons on the basis of job-related merit.

Workforce Development activities include performance management, training and development, employee relations and labor relations by supporting each operating unit and its employees in achieving their full potential.

Risk Management identifies and manages potential risk to the organization and provides solutions for mitigation or reducing the risk to acceptable levels. The Risk Management Division works to create a safe, healthy, and secure environment for OCSD staff, contractors, and visitors. Additionally, it provides the support for management and employees to take ownership of identifying and controlling risk and cost-effectively addressing safety, health and security issues.

2015-16 BUDGET UPDATE

Operating Expense

Category	2014-15 Budget	2015-16 Originally Proposed	2015-16 Updated Proposed
Personnel	$3,873,200	$3,908,000	$5,473,600
Supplies	148,810	192,810	546,110
Professional / Contractual Services	705,480	738,660	1,656,200
Research & Monitoring	0	0	0
Repairs & Maintenance	0	0	3,550
Utilities	0	0	0
Other	35,540	35,540	611,580
Cost Allocation	(682,400)	(682,400)	(1,118,100)
Total	$4,080,630	$4,192,610	$7,172,940

Budget Overview

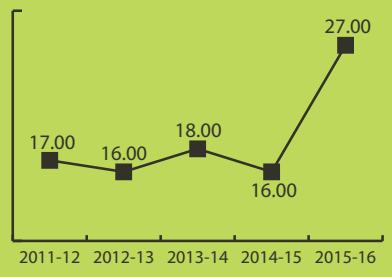
The Fiscal Year 2015-16 budget for the Human Resources Department reflects a 71.1 percent increase from the originally proposed budget. The increase is primarily due to the transfer in of the Risk Management Division from the Administrative Services Department, partially offset by the transfer out of one position to another department and the transfer of BLAST (Building Leaders, Abilities, & Skills for Tomorrow) program funding to the General Manager's Office.

Authorized FTE Positions

Managers.....2.00
Supervisors /Professionals.....22.00
Administrative /Clerical.....3.00

Total 27.00

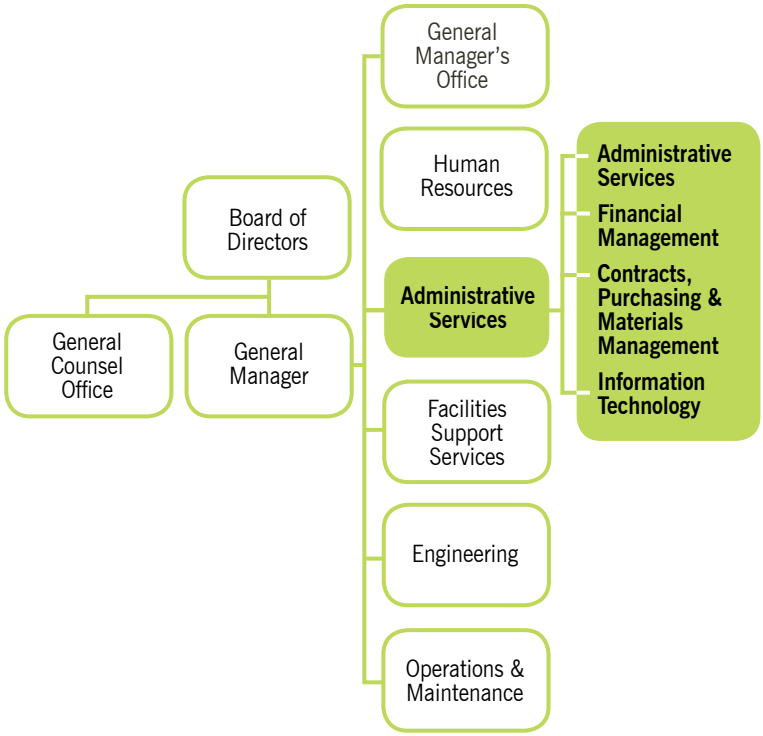
Staffing Trends



Performance Objectives / Measures

- Support departments in the development of multi-year workforce planning requirements.
- Support departments in the development of multi-year workforce development plans.
- Support the training level of service of 45 hours per employee.
- Support departments in the development of multi-year succession plans.
- Manage operating expenditures to within 96 to 100 percent of the approved budget.
- Maintain an ongoing, multi-year employee relations and labor relations training program.
- Align the Risk Register with the General Manager's Work Plan.

ADMINISTRATIVE SERVICES DEPARTMENT



Service Description

The Administrative Services Department oversees all of OCSD'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 OCSD. The department includes four divisions:

Administrative Services provides leadership and oversight to all Administrative Services divisions.

Financial Management oversees and administers all OCSD's funds and accounts. Programs include treasury and debt management, accounts receivable and payable, user fees, payroll, fixed assets accounting, and coordinating the capital and operating budget process.

Contracts, Purchasing, & Materials Management is responsible for contract administration and procurement for all departments. Additionally, this division manages OCSD'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.

2015-16 BUDGET UPDATE

Operating Expense

Category	2014-15 Budget	2015-16 Originally Proposed	2015-16 Updated Proposed
Personnel	$16,853,200	$17,102,100	$14,188,900
Supplies	1,541,980	1,716,570	1,354,360
Professional / Contractual Services	2,629,920	2,363,120	1,468,570
Research & Monitoring	0	0	0
Repairs & Maintenance	1,305,660	1,357,690	1,354,140
Utilities	320,000	385,000	385,000
Other	598,550	788,330	64,820
Cost Allocation	(1,552,210)	(1,553,410)	(1,117,710)
Total	$21,697,100	$22,159,400	$17,698,080

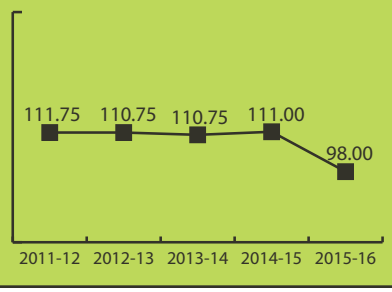
Budget Overview

The Fiscal Year 2015-16 budget for the Administrative Service Department reflects a 20.1 percent decrease from the previously proposed budget. This decrease is primarily due to the transfer out of the Risk Management Division to the Human Resources Department, a decrease in retirement costs and the transfer out of one position to another department. The overall decrease was partially offset by increases for cost of living adjustments (COLAs), employee medical insurance benefits, and workers compensation.

Authorized FTE Positions

Managers	5.00
Supervisors /Professionals	55.00
Administrative /Clerical	36.00
Other	2.00
Total	**98.00**

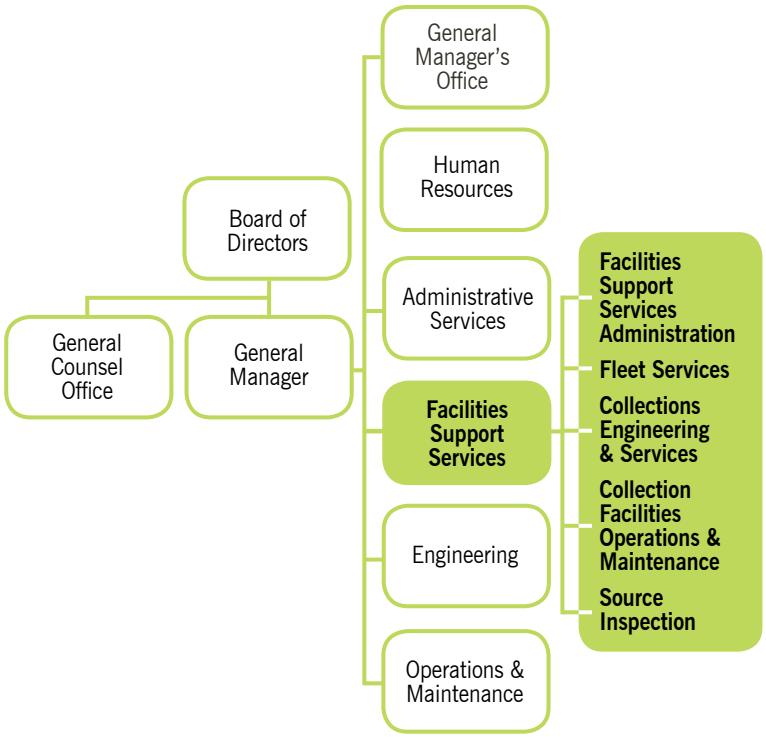
Staffing Trends



Performance Objectives / Measures

- Manage operating expenditures to within 96 to 100 percent of the approved budget.
- 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 45 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.
- Ensure the measurement of the Information Technology Strategic Plan target achievement based on the importance and completion of goals supporting the Levels of Service (LOS) in the OCSD Strategic Plan.
- Maintain an average uptime of 90 percent for critical applications.

FACILITIES SUPPORT SERVICES DEPARTMENT



Service Description

The Facilities Support Services Department is responsible for providing reliable and effective services in the areas of Fleet Management, Collections Engineering and Contracted Services Management, Source Inspection, Sewage Conditioning for Odor and Corrosion Control, and the operation and maintenance of the Sanitary Sewer System Pipelines and Pumping Facilities. The Facilities Support Services Department consists of five divisions:

Facilities Support Services Administration provides leadership, support, and management oversight for the Department in order to accomplish OCSD's Strategic Plan and departmental annual goals.

Fleet Services provides fleet and heavy equipment services and motor pool management to all OCSD staff.

Collections Engineering and Services provides engineering, technical support, and outsourced services support in order to deliver solutions and facility repair projects for the agency; and provides services to minimize odor and corrosion impacts within the facilities.

Collection Facilities Operations & Maintenance operates and maintains the regional facilities which include gravity sewers and pumping facilities.

Source Inspection works with industrial and commercial dischargers to inspect, monitor, and sample within the collection system to ensure regulatory compliance. This includes coordination and troubleshooting support on sewer debris issues with cities and sewering agencies that discharge to the OCSD system, including SAWPA.

2015-16 BUDGET UPDATE

Operating Expense

Category	2014-15 Budget	2015-16 Originally Proposed	2015-16 Updated Proposed
Personnel	$11,468,600	$11,604,400	$8,997,600
Supplies	6,728,210	6,907,820	7,537,010
Professional / Contractual Services	1,935,920	2,182,230	1,925,930
Research & Monitoring	5,000	5,000	1,000
Repairs & Maintenance	1,685,190	1,728,440	1,065,210
Utilities	704,540	735,920	764,920
Other	47,720	49,290	81,160
Cost Allocation	(277,470)	(279,170)	(279,170)
Total	$22,297,710	$22,933,930	$20,093,660

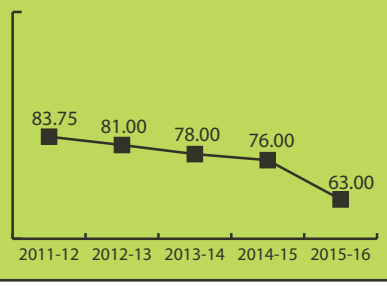
Budget Overview

The Fiscal Year 2015-16 budget for the Facilities Support Services Department reflects a 12.4 percent decrease from the originally proposed budget. This decrease is primarily due to a decrease in retirement costs and the transfer out of 13 positions to other departments along with funding for repairs and maintenance associated with the Rebuild Shop. The overall decrease was partially offset by increases for cost of living adjustments (COLAs), employee medical insurance benefits, and workers compensation.

Authorized FTE Positions

Managers	2.00
Supervisors /Professionals	14.00
Administrative /Clerical	5.00
Technical	14.00
Operations & Maintenance	28.00
Total	**63.00**

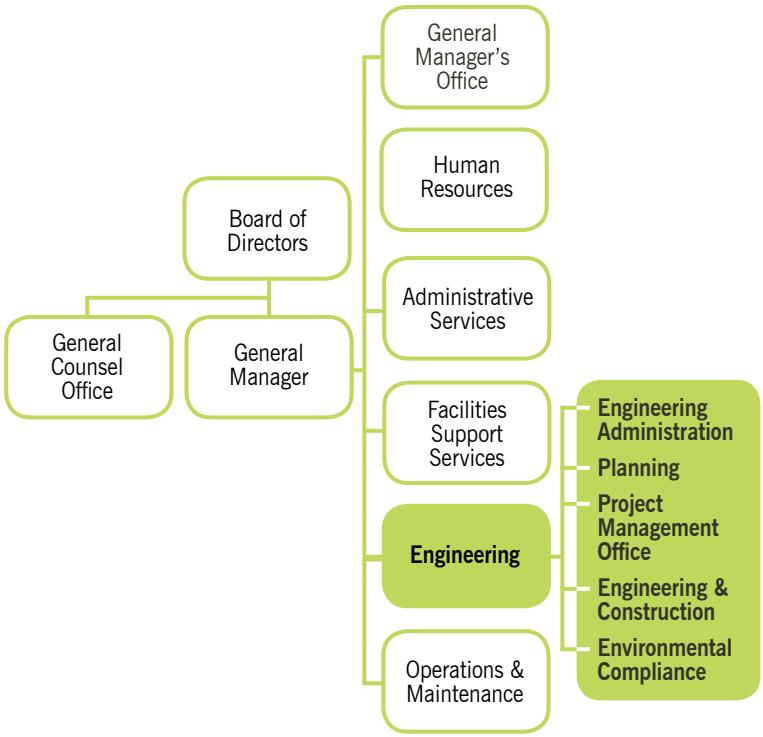
Staffing Trends



Performance Objectives / Measures

- Manage operating expenditures to within 96 to 100 percent of the approved budget.
- Achieve 100 percent compliance with water, air, safety, and mobile equipment permits.
- Achieve 100 percent compliance with the Safety Scorecard.
- Achieve 100 percent of the Levels of Service consistent with resource availability.
- Achieve Levels of Service for less than 12 collection system odor complaints per year.
- Achieve Levels of Service for keeping the number of sewer spills less than 13 per year based on the industry average of 2.1 per 100 miles of sewer.
- Achieve Levels of Service response to sewer spills within one hour and full containment within five hours.
- Complete the transfer of local sewers in the City of Tustin and unincorporated areas of Service Area 7.

ENGINEERING DEPARTMENT



Service Description

The Engineering Department is responsible for the planning and execution of OCSD's Capital Improvement Program, Environmental Compliance, and the Asset Management Program. The Engineering Department is comprised of five divisions:

Engineering Administration provides management to all Engineering Divisions.

Planning is responsible for estimating future capacity requirements, planning existing asset lifecycles, performing applied research, developing the OCSD Capital Improvement Program and complying with the California Environmental Quality Act. In addition, this division is responsible for OCSD's Corrosion Inspection and Asset Management programs to ensure that required levels of service are maintained by performing necessary rehabilitation and replacement of facilities at optimal lifecycle costs. The Planning division also performs services for annexations, connection permitting, and inter-agency agreements.

Project Management Office is responsible for the delivery of capital projects from the preliminary design stage through the closeout of construction.

Engineering and Construction provides design and construction engineering, quality control inspection, and other technical support for design and construction projects.

Environmental Compliance is responsible for securing and maintaining permits from regulatory agencies for activities that may impact air, land, water, and endangered and threatened species. In addition to supporting biosolids reuse, the division evaluates and proactively identifies new regulations while building positive relationships with the regulatory community, agency associations and the public. The Industrial Source Control and Non-Industrial Source Control groups act as the wastewater control authority for OCSD's service area and all contributing outside agencies, implementing programs (including the federally mandated industrial pretreatment program) that regulate industrial, commercial, and residential users. The division also supports the Groundwater Replenishment System with our partner the Orange County Water District.

2015-16 BUDGET UPDATE

Operating Expense

Category	2014-15 Budget	2015-16 Originally Proposed	2015-16 Updated Proposed
Personnel	$21,446,400	$21,660,100	$21,045,730
Supplies	523,670	530,950	514,370
Professional / Contractual Services	852,300	799,400	541,000
Research & Monitoring	85,000	85,000	85,000
Repairs & Maintenance	1,000	1,000	0
Utilities	0	0	0
Other	682,040	702,040	702,660
Cost Allocation	(13,233,100)	(13,355,500)	(13,355,500)
Total	$10,357,310	$10,422,990	$9,533,260

Budget Overview

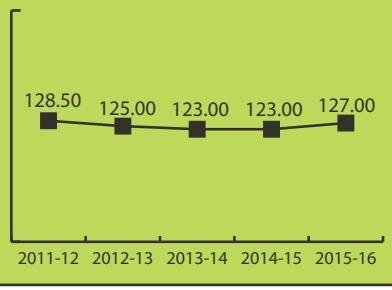
The Fiscal Year 2015-16 budget for the Engineering Department reflects an 8.5 percent decrease from the originally proposed budget. This decrease is primarily due to a decrease in retirement costs and the transfer of funding for advocacy efforts to the General Manager's Office. The overall decrease was partially offset by the transfer in of four positions from other departments in addition to increases for cost of living adjustments (COLAs), employee medical insurance benefits, and workers compensation.

Authorized FTE Positions

Managers.....5.00
Supervisors /Professionals.....87.00
Administrative /Clerical.....35.00

Total 127.00

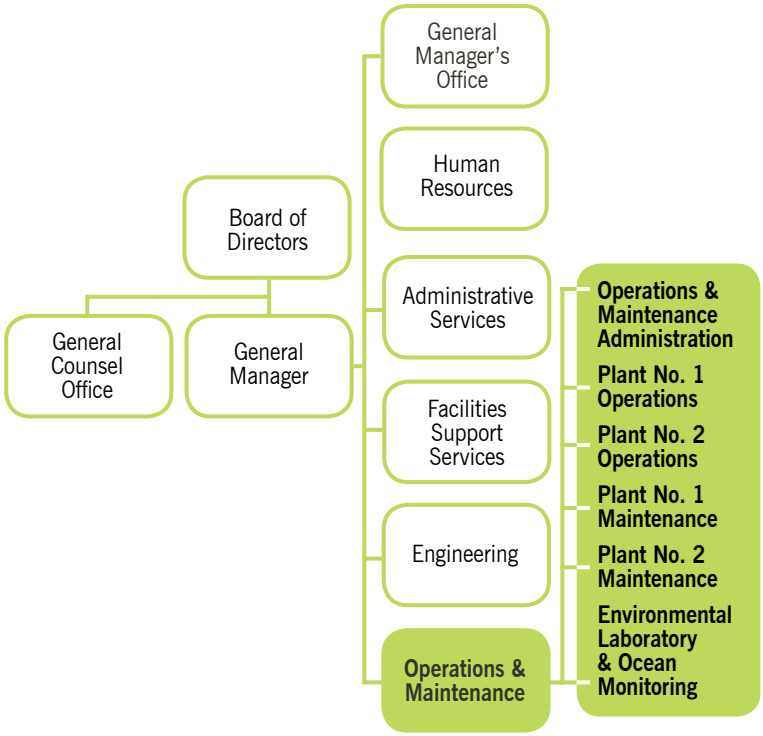
Staffing Trends



Performance Objectives / Measures

- Expend minimum 90 percent of project annual Capital Improvement Program cash flows for Fiscal Year 2015-16.
- Manage operating expenditures to within 96 to 100 percent of the approved budget.
- Ensure that reporting divisions achieve 90 percent of individual performance objectives.
- Complete the Odor Control Master Plan by the end of Fiscal Year 2015-16.

OPERATIONS & 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 facilities, providing laboratory services and assessing the impact of our treated effluent discharge on the receiving waters. The O&M Department has been reorganized for fiscal year 2015-16 in order to centralize management of all maintenance and further effect maintenance administration by Plant. The Department consists of six divisions:

Operations and Maintenance Administration provides leadership and oversight to all O&M divisions.

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, power generation, and odor and air quality control processes. Activities also include ensuring compliance with all regulatory permits, supporting the Capital Improvement Program, and coordinating construction and maintenance work in the treatment plants. Plant No. 1 Operations also ensures the delivery of specification water to the Ground Water 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. Also centralized under the Maintenance Manager in support of both plants and collection system is the Maintenance Management Group and the Reliability Maintenance Team, which provide district-wide support services for planning and scheduling maintenance events and predictive maintenance activities.

Environmental Laboratory and Ocean Monitoring performs analytical procedures, monitoring method development, data analysis and reporting for a broad range of programs and sample types, including wastewater treatment streams, industrial inputs, offshore and nearshore receiving waters, final effluent and air in order to demonstrate the effectiveness of wastewater treatment processes, the industrial source control program, compliance with water and air regulations and protection of the receiving water environment.

2015-16 BUDGET UPDATE

Operating Expense

Category	2014-15 Budget	2015-16 Originally Proposed	2015-16 Updated Proposed
Personnel	$43,139,200	$43,875,800	$42,634,100
Supplies	9,458,560	9,719,320	9,914,600
Professional / Contractual Services	21,162,920	21,357,460	21,257,380
Research & Monitoring	740,000	750,000	745,000
Repairs & Maintenance	10,069,860	9,839,140	9,918,920
Utilities	6,285,230	6,528,160	6,501,160
Other	90,630	91,520	196,730
Cost Allocation	(903,020)	(914,520)	(914,520)
Total	$90,043,380	$91,246,880	$90,253,370

Budget Overview

The Fiscal Year 2015-16 budget for the Operations and Maintenance Department reflects a 1.1 percent decrease from the previously proposed budget. This decrease is primarily due to a decrease in retirement costs, partially offset by increases for 10 positions transferred in from other departments in addition to increases for cost of living adjustments (COLAs), employee medical insurance benefits, workers compensation, and new projects in the comprehensive Civil Assets Management Program (CAMP).

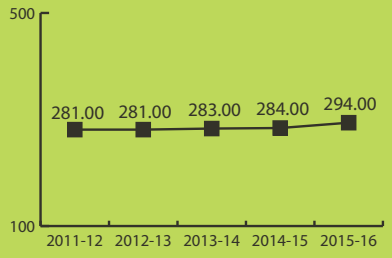
Performance Objectives / Measures

- Achieve 100 percent compliance with water, solids, air, and energy permits.
- Achieve a compliance level of 90 to 100 percent of the O&M performance measurement targets consistent with resource availability.
- Manage operating expenditures to within 96 to 100 percent of the approved budget.

Authorized FTE Positions

Managers	4.00
Supervisors /Professionals	100.00
Administrative /Clerical	6.00
Technical	3.00
Operations & Maintenance	181.00
Total	**294.00**

Staffing Trends




BLOWER BUILDING/
WS PUMP ROOM
ML CHANNEL

Appendix

Cash Flow Projection

Orange County Sanitation District

Consolidated Cash Flow Projections

Ref	Description	Preliminary 15-16	Preliminary 16-17	Preliminary 17-18	Preliminary 18-19	Preliminary 19-20	Preliminary 20-21
	Revenues:						
1	General User Fees	$294,182,000	$299,620,000	$299,158,000	$303,788,000	$308,442,000	$313,122,000
2	Permitted User Fees	13,555,000	13,765,000	13,933,000	14,102,000	14,270,000	14,438,000
3	IRWD Assessments	13,743,570	8,938,980	4,648,730	5,380,690	6,244,040	6,061,060
4	SAWPA Assessments	2,690,000	2,798,000	2,910,000	3,027,000	3,148,000	3,274,000
5	Property Taxes	88,527,000	92,953,000	97,601,000	102,481,000	107,605,000	112,985,000
6	New COP Issues	-	-	-	-	-	-
7	Interest Revenues	6,064,000	9,028,000	9,686,000	13,706,000	17,080,000	16,833,000
8	Capital Facilities Capacity Charges	11,000,000	8,958,000	9,561,000	9,513,000	9,981,000	10,474,000
9	Other Revenues	5,058,700	4,722,700	4,774,700	4,829,700	4,884,700	4,941,700
10	**Revenues**	**434,820,270**	**440,783,680**	**442,272,430**	**456,827,390**	**471,654,740**	**482,128,760**
	Requirements:						
11	Oper & Mtce Exp (5.0% yr)	149,306,940	150,442,000	151,799,000	157,840,000	164,120,000	170,651,000
12	Capital Improvement Program (CIP)	181,912,000	153,564,000	143,606,000	153,704,000	189,869,000	156,220,000
13	CIP Savings & Deferrals	(6,891,000)	(25,071,000)	(28,936,000)	(3,412,000)	(2,694,000)	(4,761,000)
14	Repl, Rehab & Refurb	-	3,737,000	20,660,000	31,430,000	50,635,000	62,083,000
15	COP Service (5.0%, 30 yrs)	91,777,000	96,773,000	92,832,000	91,257,000	91,284,000	91,165,000
16	Reduction of Long-Term Liabilities	50,000,000	30,000,000	-	-	-	-
17	Other Requirements	3,612,700	2,612,700	2,612,700	2,612,700	2,612,700	2,612,700
18	**Requirements**	**469,717,640**	**412,057,700**	**382,573,700**	**433,431,700**	**495,826,700**	**477,970,700**
19	**Revenues-Requirements**	**(34,897,370)**	**28,725,980**	**59,698,730**	**23,395,690**	**(24,171,960)**	**4,158,060**
	Accumulated Funds:						
20	Beginning of Year	626,917,530	592,020,160	620,746,140	680,444,870	703,840,560	679,668,600
21	End of Year	$592,020,160	$620,746,140	$680,444,870	$703,840,560	$679,668,600	$683,826,660
22	Consolidated Reserve Policy	$528,550,000	$531,938,000	$526,789,000	$528,875,000	$532,671,000	$535,982,000
23	**Over (Under) Reserve Policy***	**$63,470,160**	**$88,808,140**	**$153,655,870**	**$174,965,560**	**$146,997,600**	**$147,844,660**
	Sewer Service User Fees:						
24	Avg SFR Annual User Fee	$322.00	$327.00	$331.00	$335.00	$339.00	$343.00
25	Percentage Change	1.90%	1.55%	1.22%	1.21%	1.19%	1.18%
26	Equivalent Dwelling Units	919,471	922,183	924,950	927,725	930,508	933,300
27	SFR Connection Fee	$3,753	$3,926	$4,107	$4,296	$4,494	$4,701
28	Outstanding COPs	$1,167,270,000	$1,131,695,000	$1,098,525,000	$1,085,710,000	$1,072,255,000	$1,053,640,000
	Reserve Policy						
29	50% Next Year Operating	$ 74,653,000	$ 75,221,000	$ 75,900,000	$ 78,920,000	$ 82,060,000	$ 85,326,000
30	10% Next Year Operating	14,931,000	15,044,000	15,180,000	15,784,000	16,412,000	17,065,000
31	100% Next Year AUG COP Svc.	91,777,000	96,773,000	92,832,000	91,257,000	91,284,000	91,165,000
32	50% average ten-year CIP Bal.	110,051,000	110,051,000	110,051,000	110,051,000	110,051,000	110,051,000
33	DSR @ 10% Outstanding COPs	116,727,000	113,170,000	109,853,000	108,571,000	107,226,000	105,364,000
34	SFI @ $57mm	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000
35	Repl & Refurb @ 2%/yr	63,411,000	64,679,000	65,973,000	67,292,000	68,638,000	70,011,000
36	*Reserve Reduction (in accordance with Board action allowing a $40M reduction to total reserves)					-	-
37	Total	$ 528,550,000	$ 531,938,000	$ 526,789,000	$ 528,875,000	$ 532,671,000	$ 535,982,000
	COP Ratios						
38	Sr Lien Coverge, Min 1.25	2.99	2.91	3.03	3.17	3.26	3.30

Orange County Sanitation District

Consolidated Cash Flow Projections

Ref	Description	Preliminary 21-22	Preliminary 22-23	Preliminary 23-24	Preliminary 24-25	10-Year Total
	Revenues:					
1	General User Fees	$317,827,000	$322,557,000	$330,138,000	$337,761,000	$3,126,595,000
2	Permitted User Fees	14,607,000	14,775,000	15,069,000	15,364,000	143,878,000
3	IRWD Assessments	7,428,960	7,456,020	7,256,840	7,152,530	74,311,420
4	SAWPA Assessments	3,405,000	3,541,000	3,682,000	3,829,000	32,304,000
5	Property Taxes (Flat in short term)	118,634,000	124,566,000	130,794,000	137,334,000	1,113,480,000
6	New COP Issues	-	-	-	-	-
7	Interest Revenues	15,935,000	14,183,000	12,987,000	12,491,000	127,993,000
8	Capital Facilities Capacity Charges	10,986,000	11,524,000	12,093,000	9,220,000	103,310,000
9	Other Revenues	4,998,700	5,057,700	5,118,700	5,180,700	49,568,000
10	**Revenues**	**493,821,660**	**503,659,720**	**517,138,540**	**528,332,230**	**4,771,439,420**
	Requirements:					
11	Oper & Mtce Exp (5.0% yr)	177,441,000	184,502,000	192,729,000	200,400,000	1,699,230,940
12	Capital Improvement Program (CIP)	223,078,000	204,201,000	164,483,000	133,820,000	1,704,457,000
13	CIP Savings & Deferrals	(8,685,000)	(3,632,000)	(3,448,000)	(12,886,000)	(100,416,000)
14	Repl, Rehab & Refurb	92,750,000	97,454,000	109,165,000	129,066,000	596,980,000
15	COP Service (5.0%, 30 yrs)	83,536,000	83,525,000	83,515,000	83,500,000	889,164,000
16	Reduction of Long-Term Liabilites	-	-	-	-	80,000,000
17	Other Requirements	2,612,700	2,612,700	2,612,700	2,612,700	27,127,000
18	**Requirements**	**570,732,700**	**568,662,700**	**549,056,700**	**536,512,700**	**4,896,542,940**
19	**Revenues-Requirements**	**(76,911,040)**	**(65,002,980)**	**(31,918,160)**	**(8,180,470)**	**(125,103,520)**
	Accumulated Funds:					
20	Beginning of Year	683,826,660	606,915,620	541,912,640	509,994,480	626,917,530
21	End of Year	$606,915,620	$541,912,640	$509,994,480	$501,814,010	$501,814,010
22	Consolidated Reserve Policy	$530,971,000	$533,629,000	$506,880,000	$499,667,000	$499,667,000
23	**Over (Under) Reserve Policy***	**$75,944,620**	**$8,283,640**	**$3,114,480**	**$2,147,010**	**$2,147,010**
	Sewer Service User Fees:					
24	Avg SFR Annual User Fee	$347.00	$351.00	$358.00	$365.00	
25	Percentage Change	1.17%	1.15%	1.99%	1.96%	
26	Equivalent Dwelling Units	936,100	938,908	941,725	944,550	
27	SFR Connection Fee	$4,917	$5,143	$5,380	$5,627	
28	Outstanding COPs	$1,025,075,000	$995,130,000	$963,795,000	$930,935,000	
	Reserve Policy					
29	50% Next Year Operating	$ 88,721,000	$ 92,251,000	$ 96,365,000	$ 100,200,000	
30	10% Next Year Operating	17,744,000	18,450,000	19,273,000	20,040,000	
31	100% Next Year AUG COP Svc.	83,536,000	83,525,000	83,515,000	83,500,000	
32	50% average ten-year CIP Bal.	110,051,000	110,051,000	110,051,000	110,051,000	
33	DSR @ 10% Outstanding COPs	102,508,000	99,513,000	96,380,000	93,094,000	
34	SFI @ $57mm INPUT	57,000,000	57,000,000	57,000,000	57,000,000	
35	Repl & Refurb @ 2%/yr	71,411,000	72,839,000	74,296,000	75,782,000	
36	*Reserve Reduction	-	-	(30,000,000)	(40,000,000)	
37	Total	$ 530,971,000	$ 533,629,000	$ 506,880,000	$ 499,667,000	
	COP Ratios					
38	Sr Lien Coverge, Min 1.25	3.66	3.68	3.74	3.82	

Capital Improvement Program Summary

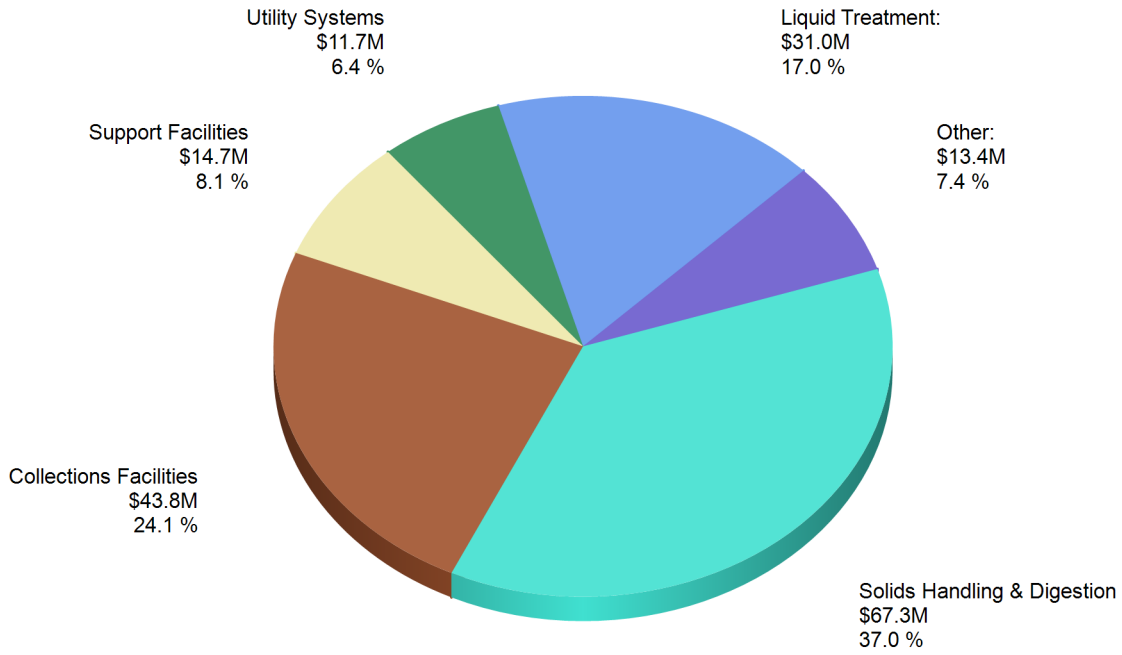
			% Change
Original FY 2015-16 Budget	$	180,337,000	
Projects Completed or Cancelled		(4,059,000)	(2.25%)
New Projects		1,174,000	0.65%
Additions to Existing Projects		32,521,000	18.03%
Deductions from Existing Projects		(29,912,000)	(16.59%)
Changes to Capital Equipment		1,851,000	1.03%
Revised FY 2015-16 Budget	$	181,912,000	0.87%

Original Total Budget	$	2,777,759,000	
Projects Completed or Cancelled		(1,032,607,000)	(37.17%)
New Projects		221,705,000	7.98%
Additions to Existing Projects		533,533,000	19.21%
Deductions from Existing Projects		(53,670,000)	(1.93%)
Changes to Capital Equipment		(2,671,000)	(0.10%)
Revised Total Budget	$	2,444,049,000	(12.01%)

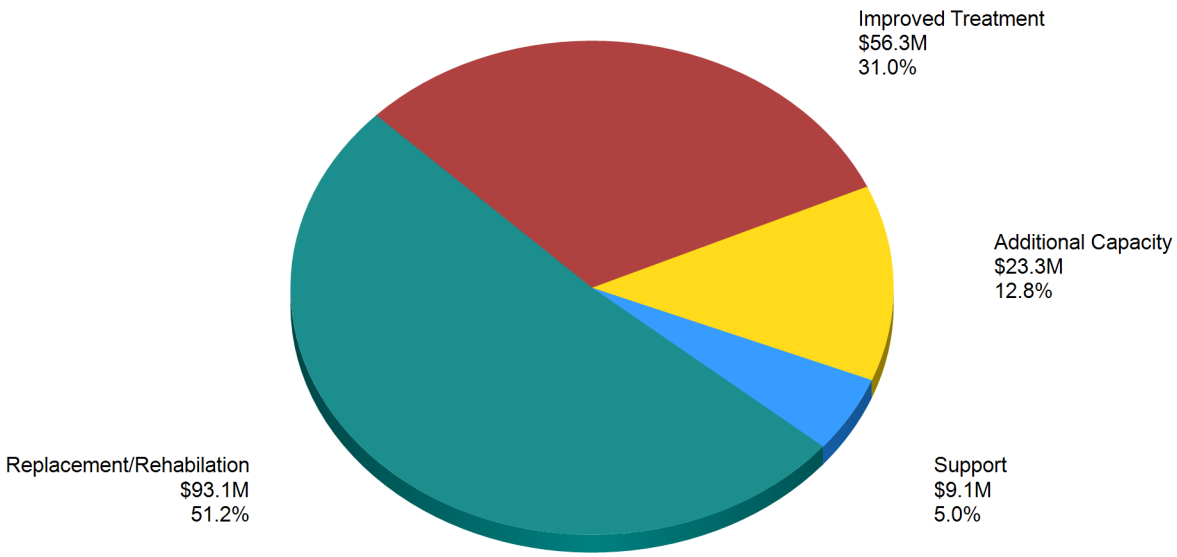
Project Summary FY 2015-16

Item	Replacement/ Rehabilitation	Improved Treatment	Additional Capacity	Support	Total Budget
Solids Handling & Digestion	$ 16,228,108	$ 40,771,262	$ 10,287,884	$ -	$ 67,287,254
Collections Facilities	29,926,895	2,138,183	11,652,030	113,195	43,830,303
Support Facilities	7,967,678	751,162	-	5,952,869	14,671,708
Utility Systems	4,447,420	7,209,612	60,341	-	11,717,372
Liquid Treatment:					
Ocean Outfall Systems	11,946,210	-	-	-	11,946,210
Headworks	8,557,091	2,751,145	-	-	11,308,236
Primary Treatment	4,896,601	25,768	-	-	4,922,369
Secondary Treatment	2,799,334	-	-	-	2,799,334
Liquid Treatment: Total	28,199,236	2,776,913	-	-	30,976,149
Other:					
Information Management Systems	3,723,073	-	328,456	1,911,831	5,963,360
Equipment	762,225	762,225	762,225	762,225	3,048,900
Process Related Special Projects	1,431,191	403,127	-	51,536	1,885,854
Water Management Projects	-	1,206,269	-	-	1,206,269
Strategic & Master Planning	402,746	227,133	130,186	279,577	1,039,643
Others	45,877	96,957	96,957	45,877	285,667
Other: Total	6,365,112	2,695,711	1,317,824	3,051,046	13,429,693
Grand Total	**$ 93,134,449**	**$ 56,342,843**	**$ 23,318,078**	**$ 9,117,109**	**$ 181,912,479**

Capital Improvement Expenditure Graphs



Total FY 2015-16 Capital Improvement Expenditure by Process - $181.9 Million



Total FY 2015-16 Capital Improvement Expenditure by Type - $181.9 Million

Summary of Capital Requirement - Collection System Improvement Projects

	Project Number	Original Total Project Budget	Revised Total Project Budget	Original 2015-16 Cashflow Budget	Revised 2015-16 Cashflow Budget	Project Status
Collections Facilities						
Raitt & Bristol Street Sewer Extension	1-101	$ 10,722,000	$ 5,319,000			Future
Santa Ana Trunk Sewer Rehab	1-17	7,676,000	7,676,000	896,123	1,490,918	Continuing
Edinger Bolsa Chica Trunk Impr.	11-25	6,030,000	5,159,000			Future
Edinger Pumping Station Upgrade & Rehab	11-33	13,629,000	8,880,000			Future
Slater Avenue Pump Station Rehab	11-34	13,781,000	9,729,000			Future
SARI Re-Alignment	2-41	11,404,000	11,404,000	488,974	538,848	Continuing
SARI Rock Stabilizers Removal	2-41-8	3,092,000	3,092,000	140,143	98,323	Continuing
Taft Branch Impr.	2-49	3,143,000	1,928,000			Future
Newhope - Placentia Trunk Grade Separation Repl.	2-65	5,966,000	5,966,000	470,076	653,226	Continuing
Newhope-Placentia Trunk Repl.	2-72	104,890,000	104,890,000	2,140,377	6,339,297	Continuing
Yorba Linda Pump Station Abandonment	2-73	4,694,000	4,158,000			Future
Coyote Hills Golf Course Odor Control Station	2-74	8,365,000				Cancelled
Lakeview Grade Separation Project	2-75	330,000	330,000	4,021	15,836	Continuing
Tustin Rose OCTA Grade Separation	2-76	586,000	586,000	9,752	109,420	Continuing
Orangethorpe OCTA Grade Separation	2-77	3,900,000				Completed
Rehab of Magnolia Trunk Sewer	3-58	19,812,000				Completed
Miller-Holder Trunk Sewer Relief	3-59	17,324,000				Cancelled
Beach Trunk/Knott Interceptor Sewer Relief	3-60	27,599,000	118,678,000	448,420		Future
Seal Beach Pump Station Rehab	3-62	62,041,000	62,041,000	727,215	1,278,051	Continuing
Rehab of Western Regional Sewers	3-64	112,222,000	112,222,000	440,644	642,771	Continuing
Rehab of Balboa Trunk Sewer	5-47	8,122,000				Completed
Bitter Point Force Main Rehab	5-58	45,619,000				Completed
Newport Force Main Rehab	5-60	52,216,000	58,087,000	19,592,241	17,990,289	Revised
Dover Drive Trunk Sewer Relief	5-63	14,327,000	14,327,000	144,812	716,918	Continuing
Crystal Cove Pumping Station Upgrade & Rehab	5-66	7,817,000	10,514,000			Future
Bay Bridge Pump Station Reconstruction	5-67	74,431,000	51,010,000	634,041		Future
District 6 Trunk Sewer Relief	6-17	7,047,000	7,795,000	4,546,145	4,049,977	Revised
Southwest Costa Mesa Trunk Sewer	6-19	14,993,000	14,993,000	1,133,403	479,304	Continuing
Gisler - Red Hill Trunk Impr. - Reach B	7-37	23,073,000	28,143,000	5,811,623	8,202,769	Revised
Browning Subtrunk Sewer Relief	7-60	13,439,000	16,952,000	87,303		Future
Von Karman Trunk Sewer Relief	7-62	433,000				Cancelled
MacArthur Pump Station Rehab	7-63	7,445,000	8,762,000	63,082		Future

Summary of Capital Requirements

Summary of Capital Requirement - Collection System Improvement Projects

	Project Number	Original Total Project Budget	Revised Total Project Budget	Original 2015-16 Cashflow Budget	Revised 2015-16 Cashflow Budget	Project Status
Collections Facilities						
Main Street Pump Station Rehab	7-64	40,747,000	37,892,000			Future
M-FE-COLLECT LINE ITEM	M-FE-Collect	12,192,000	12,192,006	2,255,285	754,631	Revised
Bay Bridge Pumpstation & Force Mains Rehab Study	SP-178	400,000	725,000		469,725	Revised
Collection System Master Planning	SP-180	1,000,000				Completed
Collection System Odor Control Systems Study	SP-189	700,000				Cancelled
Collections Facilities Total Budget		**761,207,000**	**723,450,006**	**40,033,680**	**43,830,303**	

Summary of Capital Requirement - Treatment System Improvement Projects

	Project Number	Original Total Project Budget	Revised Total Project Budget	Original 2015-16 Cashflow Budget	Revised 2015-16 Cashflow Budget	Project Status
Headworks						
Headworks Rehab & Expansion at P1	P1-105	76,476,000	235,273,000	1,641,471	5,907,164	Revised
Headworks Expansion	P1-120	222,804,000				Cancelled
Trunk Line Odor Control Impr.	P1-123	10,826,000	11,170,000	6,520,128	5,401,072	Revised
Headworks at P2	P2-66	258,724,000				Completed
Headworks Total		**568,830,000**	**246,443,000**	**8,161,599**	**11,308,236**	
Information Management Systems						
Process SCADA Repl.	J-120	24,680,000	24,680,000			Future
Programmable Control Panel Upgrades	J-125	3,477,000	3,177,000	1,218,526	1,635,577	Revised
SCADA System & Network Upgrades	P2-107	27,839,000	27,839,000	159,718	398,034	Continuing
Strategic Information Architecture	SP-03	1,995,000	2,800,000		491,921	Revised
Internet/Intranet Development	SP-09	650,000	650,000	174,035	147,884	Continuing
EAM Software & Process Implementation	SP-100	6,500,000	7,500,000	1,033,763	995,396	Revised
PDS2D Software Repl.	SP-103	525,000	525,000	134,187	140,308	Continuing
Software & Computer Equipment Repl. Project	SP-135	5,050,000	6,576,000	772,635	849,874	Revised
Land Records Mgmt. System Project	SP-136		600,000		98,849	Revised
Geographic Information System	SP-15	4,047,000	4,460,000	499,812	646,806	Revised
Process SCADA Link to Pump Stations	SP-157	271,000		5,240		Cancelled
Communication Radio System Repl.	SP-165		750,000		119,532	Continuing
Information Technology Master Plan	SP-192	500,000		267,958		Cancelled
Information Technology Equipment Upgrade	SP-89	4,148,000	4,148,000	603,155	439,179	Continuing
Information Management Systems Total		**79,682,000**	**83,705,000**	**4,869,029**	**5,963,360**	
Ocean Outfall Systems						
Final Effluent Sampler & Building Area Upgrades	J-110	14,064,000	15,973,000	7,874,652	8,399,791	Continuing
Outfall Land Section & OOBS Piping Rehab	J-112	20,466,000		792,496		Completed
66-inch Interplant Effluent Pipeline Rehab	J-116	72,517,000				Cancelled
Ocean Outfall System Rehab	J-117	48,194,000	76,000,000	1,670,909	3,546,419	Revised
Ocean Outfall Systems Total		**155,241,000**	**91,973,000**	**10,338,057**	**11,946,210**	
Primary Treatment						
Joint GWRS Microfiltration Backwash Redirection	J-36-1	387,000				Completed
Primary Scrubber Rehab Project at P1	P1-114	50,708,000	94,228,000			Future
Primary Effluent Pipeline Joint Repairs	P1-118	3,246,000		17,752		Cancelled
P1 Primary Treatment Upgrades	P1-124	11,535,000	10,317,000	5,056,355	4,535,914	Revised
Primary Clarifiers Repl.s & Impr. at P1	P1-126		122,649,044			New

Summary of Capital Requirements

Summary of Capital Requirement - Treatment System Improvement Projects

	Project Number	Original Total Project Budget	Revised Total Project Budget	Original 2015-16 Cashflow Budget	Revised 2015-16 Cashflow Budget	Project Status
Primary Treatment						
P2 Primary Treatment System Rehab	P2-98	43,210,000	156,029,000	269,303	257,678	Revised
Primary Treatment Area Rehab Study	SP-137	848,000	1,000,000		128,777	Revised
Primary Treatment Total		**109,934,000**	**384,223,044**	**5,343,410**	**4,922,369**	
Process Related Special Projects						
Fall Protection Impr. at P1 & P2	J-123	2,687,000				Completed
Safety Improvement at P1 & P2	J-126		1,708,016		51,536	New
Odor Control Master Plan	SP-166	1,600,000	1,900,000	177,524	403,127	Revised
Corrossion Mgmt.	SP-68-1	28,500,000	24,518,000	2,008,432	1,431,191	Revised
Process Related Special Projects Total		**32,787,000**	**28,126,016**	**2,185,956**	**1,885,854**	
Secondary Treatment						
New Secondary Treatment System at P1	P1-102	255,771,000				Completed
Activated Sludge Aeration Basin Deck Repair at P2	P2-118		6,679,009		174,861	New
Oxygen Plant Demolition at P2	SP-129	4,051,000	4,051,000	1,230,617	2,624,473	Continuing
P1 Secondary P1 Asset Mgmt. Plan	SP-183	400,000		29,968		Cancelled
P2 Secondary Oxygen Plant Asset Mgmt. Plan	SP-185	400,000		306,433		Cancelled
Secondary Treatment Total		**260,622,000**	**10,730,009**	**1,567,018**	**2,799,334**	
Solids Handling & Digestion						
Digester Rehab at P1	P1-100	60,547,000	64,902,000	5,174,055	5,242,131	Continuing
Sludge Dewatering & Odor Control at P1	P1-101	171,978,000	171,978,000	39,865,919	50,905,349	Continuing
Digester Ferric Chloride System Rehab	P2-105	4,449,000	4,449,000	304,001	54,634	Continuing
P2 Solids Storage Addition	P2-114	37,604,000				Cancelled
Solids Thickening & Processing Upgrades	P2-89	48,346,000	51,150,000	6,430,821	4,644,432	Revised
P2 Digester Facilities Rehab	P2-91-1	47,600,000	47,600,000	91,565		Future
Sludge Dewatering & Odor Control at P2	P2-92	87,000,000	86,500,000	9,625,086	6,440,708	Revised
P2 Digesters/Boilers Plant Asset Mgmt. Plan	SP-186	800,000		392,765		Completed
Solids Handling & Digestion Total		**458,324,000**	**426,579,000**	**61,884,212**	**67,287,254**	
Strategic & Master Planning						
M-STUDIES LINE ITEM	M-STUDIES		11,803,111		908,533	New
Facility-Wide Safety Assessment	SP-145-1	930,000				Completed
Landscape & Security Master Plan	SP-145-4	150,000		38,577		Cancelled
Climate Change Impact Study	SP-152	100,000	400,000	100,000		Future
Stormwater Master Plan	SP-167	300,000	700,000	222,072	131,110	Revised
Treatment Plant Hydraulic Assessment	SP-168	300,000		131,274		Cancelled
Settlement & Liquefaction Study	SP-177	700,000		700,000		Cancelled

Summary of Capital Requirement - Treatment System Improvement Projects

	Project Number	Original Total Project Budget	Revised Total Project Budget	Original 2015-16 Cashflow Budget	Revised 2015-16 Cashflow Budget	Project Status
Strategic & Master Planning						
Asset Mgmt.	SP-68-2	4,800,000		54,849		Completed
Strategic & Master Planning Total		**7,280,000**	**12,903,111**	**1,246,772**	**1,039,643**	
Support Facilities						
Operations Center Entrance/Building Repairs	J-122	2,648,000		893,484		Cancelled
M-FE-PLANT LINE ITEM	M-FE-Plant	35,228,000	43,325,807	10,896,499	5,007,745	Revised
Master Small Capital Repl. /Rehab	M-SM-CAP-R/R	18,295,000	15,622,000	5,596,858	2,800,792	Revised
Title 24 Access Compliance & Building Rehab Project	P1-115	17,437,000	17,161,000	5,536,705	5,196,624	Revised
South Perimeter Security & Storm Water Impr. at P1	P1-125	3,005,000	5,277,000	434,361	675,161	Revised
Site & Security Impr. at P2	P2-96	1,455,000	252,000	690,993		Continuing
Public Address System Study	SP-188	100,000				Cancelled
Tunnels Systems Asset Mgmt. Plan	SP-191	200,000		81,158		Cancelled
P2 Administrative Building Master Plan	SP-193	300,000		76,882		Cancelled
Administrative Facilities Implementation Planning	SP-194	800,000	800,000		5,083	Continuing
Ongoing Small Capital Repl./Rehab	SP-34	22,088,000	21,672,000	2,209,911	986,303	Revised
Support Facilities Total		**101,556,000**	**104,109,807**	**26,416,851**	**14,671,708**	
Utility Systems						
Cengen Cooling Water System Repl. Project	J-109	11,337,000	11,337,000		50,604	Continuing
Cengen Emissions Control Project	J-111	24,950,000	24,950,000	10,736,677	7,209,612	Continuing
UPS System Upgrades	J-121	3,817,000	7,891,000	76,422		Future
Digester Gas Facilities Rehab	J-124	58,755,000	85,870,000			Future
Natural Gas Pipelines Repl. at P1 & P2	J-127		1,310,017		39,509	New
Power Monitoring & Control Systems	J-33-3	10,918,000		9,488		Completed
Electrical Power Distribution System Impr.	J-98	12,791,000	35,081,000			Future
Plant Water System Rehab at P1	P1-112	8,000,000	8,000,000	2,041,464	1,112,536	Continuing
Central Generation Rehab at P1	P1-127		35,646,979			New
Plant Water System Rehab at P2	P2-101	5,070,000	5,070,000	634,510	870,583	Continuing
Boiler System Rehab & Scrubbers H & I Demolition at P2	P2-106	3,095,000	3,095,000	342,592	333,046	Continuing
Consolidated Demolition & Utility Impr. at P2	P2-110	43,974,000	43,984,000	1,102,040	1,980,801	Continuing
SCE Feed Reliability Impr.	P2-111	22,490,000				Cancelled
Secondary Area Cable Tray Upgrades	P2-116	2,154,000				Cancelled
Headworks Cable Tray Upgrades	P2-117	3,015,000		11,632		Cancelled
Central Generation Rehab at P2	P2-119		41,909,015			New
Digester Gas Facilities Study for P1 & P2	SP-141	750,000				Completed

Summary of Capital Requirements

Summary of Capital Requirement - Treatment System Improvement Projects

	Project Number	Original Total Project Budget	Revised Total Project Budget	Original 2015-16 Cashflow Budget	Revised 2015-16 Cashflow Budget	Project Status
Utility Systems						
Utility Water Systems Study	SP-146	800,000				Cancelled
Plant Air System Master Plan	SP-148	340,000	340,000	162,627	120,681	Continuing
Electrical System Base Map	SP-149	250,000				Cancelled
Sidestream Pumping System & Water Characterization Study	SP-155	250,000		250,000		Cancelled
Utility Systems Total		**212,756,000**	**304,484,011**	**15,367,452**	**11,717,372**	
Water Management Projects						
Effluent Reuse Study	SP-173	2,800,000	3,250,000	622,530	1,206,269	Revised
Water Management Projects Total		**2,800,000**	**3,250,000**	**622,530**	**1,206,269**	
Others						
Operational Research Projects	SP-125	10,440,000	10,440,032	1,004,215	102,160	Future
Capital Improvement Program Mgmt. Services	SP-195	300,000	300,000	99,999	183,507	Continuing
Others Total		**10,740,000**	**10,740,032**	**1,104,214**	**285,667**	
Total Treatment and Disposal Projects		**2,000,552,000**	**1,707,266,030**	**139,107,100**	**135,033,276**	
Total Collections Facilities		**761,207,000**	**723,450,006**	**40,033,680**	**43,830,303**	
Capital Equipment Purchases		**16,000,000**	**13,328,984**	**1,196,600**	**3,048,900**	
Total Capital Improvement Program Budget		**$ 2,777,759,000**	**$2,444,045,020**	**$180,337,380**	**$181,912,479**	

CIP New Project Descriptions

Project Name & Number	Safety Improvement at Plant Nos. 1 and 2 - J-126		
Project Category	Process Related Special Projects	Project Budget:	$1,708,000

Description

Planning study SP-145-1 provided a facility-wide assessment of the significant structural safety issues (ladders, handrail, hatches, etc.) and identified over 1600 deficient safety items. About half of the safety items will be addressed by OCSD's Maintenance department while some lower priority items have been assigned to future CIP projects. This project will address the remaining items that are either high priority or cannot be assigned to a future CIP project.

Justification

OCSD facilities have been constructed with varying compliance with safety codes. While the safety issues created by the configurations may have a low probability of causing injury, the consequence could be high in terms of injury and OCSD liability. The cost to mitigate these structural issues after construction is high. Dealing with these issues on a case-by-case basis is not cost effective. OCSD would benefit greatly by having consistent facilities-wide structural safety standards.

The project's construction cost is $835,492. The impacts to operational budgets have not yet been determined.

Project Name & Number	Natural Gas Pipelines Replacement at Plant Nos. 1 and 2 - J-127		
Project Category	Utility Systems	Project Budget:	$1,310,000

Description

This project will rehabilitate the natural gas pipelines at Plants No 1 and 2. This includes the replacement of aging metallic pipelines and risers and upgrades to the cathodic protection systems.

Justification

Recent condition assessments of the natural gas piping have revealed that some of the metallic piping and risers have reached the end of their useful life and require replacement. The cathodic protection systems will also be upgraded to provide corrosion control of the buried metallic piping. This project will ensure safe, reliable operations of the natural gas systems.

The project's construction cost is $640,918. The impacts to operational budgets have not yet been determined.

CIP New Project Descriptions

Project Name & Number	**Master Planning Special Projects - M-STUDIES**		
Project Category	**Strategic & Master Planning**	**Project Budget:**	**$11,803,000**

Description

This budget provides funds for planning phase studies. This project acts as an annual budget placeholder for planning studies that have been identified by the Asset Management Program as necessary in order to assess the condition and capacity of the District's existing assets and systems.

Justification

Planning studies provide comprehensive CIP planning for the District to meet anticipated capacity needs, manage risks associated with asset or system failure, take advantage of technology advancements, comply with regulatory changes, and meet strategic goals.

This project will not have an impact on operational budgets.

Project Name & Number	**Primary Clarifiers Replacements and Improvements at Plant No. 1 - P1-126**		
Project Category	**Primary Treatment**	**Project Budget:**	**$122,649,000**

Description

This project will rehabilitate or replace the Plant No. 1 Primary Clarifiers 3, 4, & 5 System which includes all primary influent and effluent lines, distribution boxes, junction boxes, the Primary Effluent Pump Station, structural, mechanical, and electrical systems affiliated with Primary Clarifiers 3, 4, & 5. This project will demolish Primary Clarifiers 1&2.

Justification

The project is needed due to the age and condition of the Primary Clarifiers (PCs) 3, 4, & 5 System. PCs 3&4 were constructed in 1956 and are the oldest primary clarifiers at Plant No. 1. They share a common sludge and scum pumping facility located between them. PC 5 was constructed in 1963. Many of the PC 3-5 System components are showing significant deterioration. To continue to operate the PC 3-5 system for the next 50 years will require the entire system be rehabilitated or replaced.
PCs 1-2 were constructed in 1986 to replace the two original clarifiers. These primary clarifiers are currently used only during extreme flow events. They share a common sludge and scum pumping facility at the southwest end of PCs 1-2 that also serves PC 5. PCs 1-2 shall be demolished to make space for other future processes.

The project's construction cost is $73,640,660. The impacts to operational budgets have not yet been determined.

Project Name & Number	Central Generation Rehabilitation at Plant No. 1 - P1-127		
Project Category	Utility Systems	Project Budget:	$35,647,000

Description

This project will rehabilitate the Cen Gen facility equipment including the lube oil system, the engine jacket water loop, steam loop, hot water loop, waste/supplement heat system, chilled water loop, cooling water loop, HVAC system, starting air and instrumentation air systems, exhaust gas monitoring system, miscellaneous building improvements, and related electrical and instrumentation works.

Justification

Cen Gen equipment had been rebuilt through regular maintenance program, or by CIP projects working in the area. There has not been a project just focusing on the condition assessment and rehabilitation of overall Cen Gen facility equipment, particularly the equipment that are too large to be rebuilt through regular maintenance.

The project's construction cost is $19,166,563. The impacts to operational budgets have not yet been determined.

Project Name & Number	Activated Sludge Aeration Basin Deck Repair at Plant No. 2 - P2-118		
Project Category	Secondary Treatment	Project Budget:	$6,679,000

Description

The purpose of the project is to rehabilitate the activated sludge aeration basins concrete roof slab in order to increase the life of its critical assets, improve services of other areas in the plant, and meet level of service goals.

Justification

The aeration basins have incurred damage to the concrete mortar exposing the aggregate and with many thumbnail-size cracks, many of which go through the entire slab, potentially exposing the rebar to corrosion.

The project's construction cost is $3,291,298. The impacts to operational budgets have not yet been determined.

CIP New Project Descriptions

Project Name & Number	**Central Generation Rehabilitation at Plant No. 2 - P2-119**		
Project Category	**Utility Systems**	**Project Budget:**	**$41,909,000**

Description

This project will rehabilitate the Plant 2 Cen Gen facility equipment including the lube oil system, the engine jacket water loop, steam loop, hot water loop, cooling water loop, HVAC system, starting air and instrumentation air systems, exhaust gas monitoring system, miscellaneous building improvements, and related electrical and instrumentation works.

Justification

Cen Gen equipment had been rebuilt through regular maintenance program, or by CIP projects working in the area. There has not been a project just focusing on the condition assessment and rehabilitation of overall Cen Gen facility equipment, particularly the equipment that are too large to be rebuilt through regular maintenance.

The project's construction cost is $25,162,867. The impacts to operational budgets have not yet been determined.

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Capital Equipment Budget Summary

Capital Equipment Budget
2015-16

Division	Trucks & Vehicles 09410000	Other Mobile Eq 09410001	Machine Eq & Tools 09410002	Comm Equipment 09410003
Information Technology	$ -	$ -	$ -	$ -
Risk Management	-	-	-	-
Fleet Services	773,700	472,400	-	-
Odor and Corrosion Control	-	-	-	-
Plant No. 1 Operations	-	-	-	-
Plant No. 1 Maintenance	-	-	-	-
Plant No. 2 Maintenance	-	-	-	-
Environmental Laboratory & Ocean Monitoring	-	-	-	-
Total Proposed Capital Equipment	$ 773,700	$ 472,400	$ -	$ -

Capital Equipment Budget
2015-16

Division	Instr / Test Equipment 09410004	Safety & Traffic Eq 09410005	Office Fix & Eq 09410006	Computer Equipment 09410007	2015-16 Proposed Budget
Information Technology	$ -	$ -	$ -	$ 377,000	$ 377,000
Risk Management	14,600	-	-	-	14,600
Fleet Services	-	-	-	-	1,246,100
Odor and Corrosion Control	38,500	-	-	-	38,500
Plant No. 1 Operations	15,200	-	-	-	15,200
Plant No. 1 Maintenance	614,100	-	-	-	614,100
Plant No. 2 Maintenance	211,600	-	-	-	211,600
Environmental Laboratory & Ocean Monitoring	531,800	-	-	-	531,800
Total Proposed Capital Equipment	$1,425,800	$ -	$ -	$ 377,000	$ 3,048,900

Capital Equipment Budget Summary

Capital Equipment Budget Detail

Division	Equipment Type	Proposed Equip. Budget
250 - Information Technology		
	ICS Network Intrusion Detection System for Div 830	80,000
	Insurance Certificate Tracking Database for Div 260	$ 30,000
	ION Power Meter and Webreach Licenses for Div 830	37,000
	Plant 1 SCADA Proxy Servers and Licenses for Div 830	64,000
	Plant 2 SCADA Proxy Servers and Licenses for Div 840	64,000
	Pump Station SCADA Proxy Servers & Licenses for Div 830	64,000
	Risk Management Database for Div 260	30,000
	Scanner	8,000
	Total	377,000
260 - Risk Management		
	Two (2) Hearing Test Booths	14,600
	Total	14,600
322 - Fleet Services		
	4-Passenger Electric Vehicle - Replace V# 0533	11,900
	Cargo Cart - Replace C# 1039 for Div 880	12,200
	Four (4) Cargo Carts - Replace C# 0812, 0861, 0862 & 0866 for Div 870	56,900
	Light Duty Service Truck - Replace V# 0479 for Div 830	38,400
	Light Duty Service Truck - Replace V# 0482 for Div 330	38,400
	Light Duty Service Truck - Replace V# 0486 for Div 760	38,400
	Light Duty Service Truck - Replace V# 0489 for Div 230	38,400
	Light Duty Service Truck - Replace V# 0490 for Div 250	38,400
	Light Duty Service Trucks - Replace V# 0480 & 0488 for Div 870	76,800
	Light Duty Service Trucks - Replace V# 0485 & 0491 for Div 870 & 880	76,800
	Light Duty Service Trucks - Replace V# 0487 & 0492	76,800
	Light Duty Truck - Replace V# 0381 for Div 870	34,600
	Light Duty Truck - Replace V# 0439 for Div 760	34,800
	Light Utility Truck (F-250) - Replace V# 0398 for Div 870	44,000
	Medium Duty Weld Truck - Replace V# 0372 for Div 870	57,000
	Modern Pull Rig - Replace V# 0386 for Div 343	140,000
	NEW 500 Gallon Water Tank/Trailer	7,900
	NEW Light Duty Truck for Div 880	29,000
	NEW Three (3) Enclosed Quiet Pumps for Div 343	375,000
	Towable Air Compressor - Replace E# 0833	20,400
	Total	1,246,100
342 - Odor and Corrosion Control		
	Methane Gas Detector	12,000
	Olfactometer Calibrator	26,500
	Total	38,500
830 - Plant No. 1 Operations		
	Two (2) TSS Meters and Wipers	15,200
	Total	15,200

Capital Equipment Budget Detail

Division	Equipment Type	Proposed Equip. Budget
870 - Plant No. 1 Maintenance		
	CSI Machinery Health Analyzer	40,000
	Eleven (11) H2S Wet Gas Analyzers	300,000
	Man Basket and Suspension Bridle	9,000
	One (1) Fluke Process Calibrator	7,300
	Pipe Positioner	9,300
	PLC Communication Network Equipment	24,800
	TruTech Refrigeration Trainer Unit	12,900
	Two (2) Circuit Breaker Remote Racking Units	81,500
	Two (2) PLC Test Units	50,300
	Windrock Machinery Maintenance Analyzer	79,000
	Total	614,100
880 - Plant No. 2 Maintenance		
	Breaker Timing Tester	13,000
	Low Voltage Pickup/Excitation Field Simulator	12,000
	One (1) PLC Test Unit	25,100
	PLC Communication Network Equipment	24,700
	Transformer Ohm Meter	18,400
	Two (2) Circuit Breaker Remote Racking Units	81,500
	Two (2) DC Hi Pot Testers	22,100
	Two (2) Fluke Process Calibrators	14,800
	Total	211,600
890 - Environmental Laboratory & Ocean Monitoring		
	Accelerated Solvent Extractor	60,000
	Dissolved Oxygen Sensor	5,500
	Electromechanical Winch	85,700
	Gas Chromatograph/Mass Spectrometry (GCMS)	85,400
	Hydrogen Generator	18,700
	Telemetry Oceanographic Mooring	126,000
	Three (3) Acoustic Doppler Current Profilers	76,200
	Total and Carbonaceous BOD Analyzer	60,000
	Two (2) Acoustic Releases	14,300
	Total	531,800
	Total Proposed 2015-16 CORF Equipment Budget	**$ 3,048,900**

Self-Funded Insurance Plans

SELF-FUNDED INSURANCE PLANS

The General Liability and Property program and the Workers' Compensation program provide for the District 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 $57 million.

General Liability and Property

- The District's current excess general liability insurance coverage is $40 million per occurrence with an annual aggregate limit and with a self-insured retention of $500,000.
- The District's current property insurance coverage is $1 billion for perils of fire and $300 million for perils of flood, subject to a self-insured retention of $250,000. The District is partially self-insured for earthquake, but does carry $25 million in coverage on seven key structures with a $5 million deductible. The District also increased its sublimit for builder's risk under the property insurance programs from $25 million to $50 million to ensure upcoming construction projects are adequately covered.
- In order to maintain the reserve balance of $55 million for the General Liability and Property program, appropriations for in-lieu premiums charged to operating divisions are recommended at $496,000 for FY 2015-16.

Workers' Compensation

- The District'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 $1,478,700 for FY 2015-16.

	FY 2015-16 Self-Insurance Program Budget		
DESCRIPTION OR ACCOUNT TITLE	General Liability & Property Program	Workers' Compensation Program	Total Self-Insurance Program
Beginning Reserves	$ 56,141,700	$ 1,471,300	$ 57,613,000
Revenues			
In-Lieu Premiums	496,000	1,478,700	1,974,700
Miscellaneous Other Revenue	-	5,000	5,000
Service Department Allocation	20,000	-	20,000
Total Revenues	516,000	1,483,700	1,999,700
Expenses			
Benefits/Claims	75,000	525,000	600,000
Contractual Services	200	-	200
Legal Services	50,000	130,000	180,000
Professional Services	2,500	75,000	77,500
Policy Premium Expense	1,530,000	225,000	1,755,000
Total Expenses	1,657,700	955,000	2,612,700
Excess Revenue (Expenses)	(1,141,700)	528,700	(613,000)
Ending Reserves	$ 55,000,000	$ 2,000,000	$ 57,000,000

Historical Staffing Summary

Department and Division Name	Authorized FTEs 2011-12	Authorized FTEs 2012-13	Authorized FTEs 2013-14	Authorized FTEs 2014-15	Proposed FTEs 2015-16
General Manager's Office					
General Management Administration	3.00	3.00	4.00	5.00	6.00
Board Services	2.00	3.00	5.00	5.00	4.00
Public Affairs	8.00	6.00	3.00	4.00	5.00
Department Subtotal*	**13.00**	**12.00**	**12.00**	**14.00**	**15.00**
Human Resources Department					
Human Resources	17.00	16.00	18.00	16.00	16.00
Risk Management	-	-	-	-	11.00
Department Subtotal	**17.00**	**16.00**	**18.00**	**16.00**	**27.00**
Administrative Services Department					
Administrative Services	5.00	3.00	3.00	4.00	3.00
Financial Management	17.00	18.00	18.00	18.00	19.00
Contracts, Purchasing & Materials Management	30.75	29.75	31.00	32.00	32.00
Information Technology	45.00	48.00	47.00	45.00	44.00
Risk Management	13.00	12.00	11.00	12.00	-
Department Subtotal	**110.75**	**110.75**	**110.00**	**111.00**	**98.00**
Facilities Support Services Department					
Facilities Support Services Administration	3.75	3.00	3.00	3.00	4.00
Facilities Support	18.00	19.00	3.00	3.00	-
Equipment Rebuild	-	-	8.00	8.00	-
Fleet Services	-	-	8.00	8.00	9.00
Facilities Engineering & Repair Services	13.00	13.00	11.00	9.00	5.00
Collections	49.00	46.00	-	-	-
NPDES Source Inspection	-	-	16.00	16.00	16.00
Odor and Corrosion Control	-	-	6.00	6.00	6.00
Collection Facilities Operations & Maintenance	-	-	23.00	23.00	23.00
Department Subtotal	**83.75**	**81.00**	**78.00**	**76.00**	**63.00**
Engineering Department					
Engineering Administration	2.00	2.00	2.00	2.00	2.00
Planning	12.00	15.00	18.00	17.00	15.00
Project Management Office	17.00	19.00	20.00	20.00	20.00
Engineering & Construction	58.50	57.00	51.00	53.00	59.00
Asset Management	6.00	-	-	-	-
Environmental Compliance	33.00	32.00	32.00	31.00	31.00
Department Subtotal	**128.50**	**125.00**	**123.00**	**123.00**	**127.00**
Operations & Maintenance Department					
Operations & Maintenance Administration	2.75	3.00	3.00	2.00	2.00
Plant No. 1 Operations	52.75	54.00	54.00	54.00	69.00
Plant No. 2 Operations	47.00	47.00	48.00	47.00	55.00
Building, Grounds, and Mechanical Maintenance	62.00	61.00	62.00	65.00	-
Instrumentation & Electrical Maintenance	75.00	75.00	75.00	75.00	-
Plant No. 1 Maintenance	-	-	-	-	81.00
Plant No. 2 Maintenance	-	-	-	-	46.00
Environmental Laboratory & Ocean Monitoring	41.50	41.00	41.00	41.00	41.00
Department Subtotal	**281.00**	**281.00**	**283.00**	**284.00**	**294.00**
Grand Total - All Departments*	**634.00**	**625.75**	**624.00**	**624.00**	**624.00**

Historical Staffing Detail

Division & Position	Authorized FTEs 2011-12	Authorized FTEs 2012-13	Authorized FTEs 2013-14	Authorized FTEs 2014-15	Proposed FTEs 2015-16
General Manager's Office					
110 General Management Administration					
General Manager	1.00	1.00	1.00	1.00	1.00
Assistant General Manager	1.00	1.00	1.00	1.00	1.00
Public Affairs Manager	-	-	-	1.00	1.00
Principal Staff Analyst	-	-	1.00	1.00	-
Records Management Specialist	-	-	-	-	1.00
Senior Staff Analyst	-	-	-	-	1.00
Secretary to the General Manager	1.00	1.00	1.00	1.00	1.00
Total General Management Administration*	3.00	3.00	4.00	5.00	6.00
120 Board Services					
Clerk of the Board	1.00	1.00	1.00	1.00	1.00
Records Management Specialist	-	-	1.00	1.00	-
Deputy Clerk of the Board	-	-	-	-	1.00
Associate Clerk of the Board II	1.00	-	-	-	-
Administrative Assistant	-	1.00	1.00	1.00	-
Program Assistant	-	1.00	2.00	2.00	2.00
Total Board Services	2.00	3.00	5.00	5.00	4.00
140 Public Affairs					
Public Affairs Manager	1.00	1.00	-	-	-
Principal Public Affairs Specialist	2.00	2.00	-	1.00	1.00
Senior Public Affairs Specialist	1.00	1.00	1.00	-	1.00
Public Affairs Specialist	1.00	-	-	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Graphics Coordinator	-	-	1.00	1.00	1.00
Program Assistant	-	1.00	-	-	-
Office Assistant	2.00	-	-	-	-
Total Public Affairs	8.00	6.00	3.00	4.00	5.00
Total Office of the General Manager	**13.00**	**12.00**	**12.00**	**14.00**	**15.00**
Human Resources Department					
160 Human Resources					
Director of Human Resources	1.00	1.00	1.00	1.00	1.00
Human Resources Manager	-	1.00	1.00	1.00	1.00
Human Resources Supervisor	1.00	-	-	-	1.00
Principal Human Resources Analyst	1.00	1.00	2.00	2.00	3.00
Senior Human Resources Analyst	6.00	5.00	4.00	5.00	4.00
CMMS Technician II	1.00	-	-	-	-
Associate Engineer I	1.00	-	-	-	-
Human Resources Analyst	3.00	5.00	5.00	4.00	4.00
Executive Assistant	-	1.00	1.00	-	-
Human Resources Assistant	2.00	1.00	2.00	1.00	1.00
Program Assistant	1.00	1.00	2.00	2.00	1.00
Total Human Resources	17.00	16.00	18.00	16.00	16.00
161 Risk Management					
Safety & Health Supervisor	-	-	-	-	1.00
Principal Financial Analyst	-	-	-	-	1.00
Safety & Health Specialist	-	-	-	-	1.00
Security & Emergency Planning Specialist	-	-	-	-	1.00
Occupational Health Nurse	-	-	-	-	1.00
Senior Safety & Health Representative	-	-	-	-	2.00
Safety & Health Representative	-	-	-	-	3.00
Administrative Assistant	-	-	-	-	1.00
Total Risk Management	-	-	-	-	11.00
Total Human Resources Department	**17.00**	**16.00**	**18.00**	**16.00**	**27.00**

Division & Position	Authorized FTEs 2011-12	Authorized FTEs 2012-13	Authorized FTEs 2013-14	Authorized FTEs 2014-15	Proposed FTEs 2015-16
Administrative Services Department					
210 Administrative Services					
Director of Finance & Administrative Services / Treasurer	1.00	1.00	1.00	1.00	1.00
Principal Financial Analyst	1.00	1.00	1.00	1.00	1.00
Principal Staff Analyst	1.00	-	-	-	-
Principal Environmental Specialist	1.00	-	-	-	-
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Accounting Assistant II	-	-	-	1.00	-
Total Finance Administration	5.00	3.00	3.00	4.00	3.00
220 Financial Management					
Controller	1.00	1.00	1.00	1.00	1.00
Accounting Manager	1.00	-	-	-	-
Accounting Supervisor	2.00	3.00	3.00	3.00	3.00
Principal Accountant	3.00	3.00	3.00	3.00	3.00
Senior Accountant	1.00	1.00	1.00	1.00	1.00
Senior Staff Analyst	-	-	-		1.00
Accountant/Staff Analyst	2.00	4.00	4.00	4.00	3.00
Payroll Technician	2.00	2.00	2.00	2.00	2.00
Accounting Assistant II	5.00	4.00	4.00	4.00	5.00
Total Financial Management	17.00	18.00	18.00	18.00	19.00
230 Contracts, Purchasing & Materials Management					
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
Senior Contracts Administrator	2.75	2.75	3.00	3.00	3.00
Principal Buyer	-	-	1.00	1.00	1.00
Planner/Scheduler	1.00	-	-	-	-
Contracts Administrator	3.00	3.00	3.00	3.00	3.00
Senior Buyer	2.00	2.00	1.00	1.00	1.00
Buyer	2.00	2.00	2.00	3.00	3.00
Contracts/Purchasing Assistant	5.00	5.00	5.00	5.00	5.00
Lead Storekeeper	2.00	2.00	2.00	2.00	2.00
Senior Storekeeper	4.00	3.00	3.00	3.00	3.00
Storekeeper	4.00	5.00	5.00	5.00	5.00
Total Contracts, Purchasing & Materials Management	30.75	29.75	31.00	32.00	32.00
250 Information Technology					
Information Technology Systems & Operations Manager	1.00	1.00	1.00	1.00	1.00
Information Technology Manager	2.00	2.00	2.00	1.00	1.00
Information Technology Supervisor	1.00	1.00	1.00	2.00	2.00
Principal Information Technology Analyst	6.00	6.00	6.00	6.00	6.00
Principal Public Affairs Specialist	-	-	1.00	-	-
Senior Information Technology Analyst	10.00	10.00	9.00	9.00	9.00
Information Technology Analyst III	2.00	3.00	3.00	4.00	6.00
Engineering Associate	1.00	1.00	1.00	-	-
Records Management Specialist	1.00	1.00	-	-	-
Senior Staff Analyst	-	-	-	1.00	-
CMMS Technician II	5.00	-	-	-	-
Data Management Technician II	-	7.00	7.00	7.00	7.00
Information Technology Analyst II	3.00	5.00	6.00	5.00	3.00
Engineering Data Management Technician II	3.00	-	-	-	-
CMMS Technician I	1.00	-	-	-	-
Data Management Technician I	-	6.00	5.00	4.00	4.00
Information Technology Analyst I	2.00	-	-	-	-
Engineering Assistant II	1.00	-	-	-	-
Staff Analyst	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Engineering Assistant I	1.00	-	-	-	-
Information Technology Technician II	2.00	1.00	1.00	1.00	1.00
Information Technology Technician I	-	1.00	1.00	1.00	1.00
Program Assistant	1.00	1.00	1.00	1.00	1.00
Total Information Technology	45.00	48.00	47.00	45.00	44.00

Historical Staffing Detail

Division & Position	Authorized FTEs 2011-12	Authorized FTEs 2012-13	Authorized FTEs 2013-14	Authorized FTEs 2014-15	Proposed FTEs 2015-16
260 Risk Management					
Risk Manager	1.00	1.00	-	1.00	-
Safety & Health Supervisor	1.00	1.00	1.00	1.00	-
Principal Financial Analyst	1.00	1.00	1.00	1.00	-
Safety & Health Specialist	2.00	2.00	2.00	1.00	-
Security & Emergency Planning Specialist	1.00	1.00	1.00	1.00	-
Information Technology Analyst III	1.00	-	-	-	-
Occupational Health Nurse	1.00	1.00	1.00	1.00	-
Senior Safety & Health Representative	1.00	1.00	1.00	2.00	-
Safety & Health Representative	3.00	3.00	3.00	3.00	-
Administrative Assistant	1.00	1.00	1.00	1.00	-
Total Risk Management	13.00	12.00	11.00	12.00	-
Total Administrative Services Department	**110.75**	**110.75**	**110.00**	**111.00**	**98.00**
Facilities Support Services Department					
310 Facilities Support Services Administration					
Director of Facilities Support	1.00	1.00	1.00	1.00	1.00
Principal Financial Analyst	1.00	1.00	1.00	1.00	1.00
Senior Staff Analyst	-	-	-	-	1.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Intern	0.75	-	-	-	-
Total Facilities Support Services Administration	3.75	3.00	3.00	3.00	4.00
320 Facilities Support					
Facilities Manager	1.00	1.00	1.00	1.00	-
Maintenance Supervisor	2.00	2.00	-	-	-
Senior Public Affairs Specialist	-	1.00	-	-	-
Senior Staff Analyst	-	-	1.00	1.00	-
Lead Mechanic	1.00	1.00	-	-	-
Machinist	1.00	1.00	-	-	-
Automotive/ Heavy Equipment Technician	3.00	3.00	-	-	-
Equipment Operator	2.00	2.00	-	-	-
Senior Mechanic	3.00	3.00	-	-	-
Welder/Fabricator	3.00	3.00	-	-	-
Automotive/ Heavy Equipment Assistant	1.00	1.00	-	-	-
Office Assistant	1.00	1.00	1.00	1.00	-
Total Equipment / Rebuild	18.00	19.00	3.00	3.00	-
321 Equipment Rebuild (formerly part of division 320)					
Maintenance Supervisor	-	-	1.00	1.00	-
Machinist	-	-	1.00	1.00	-
Senior Mechanic	-	-	3.00	3.00	-
Welder/Fabricator	-	-	3.00	3.00	-
Total Equipment / Rebuild	-	-	8.00	8.00	-
322 Fleet Services (formerly part of division 320)					
Maintenance Supervisor	-	-	1.00	1.00	1.00
Lead Mechanic	-	-	1.00	1.00	1.00
Automotive/ Heavy Equipment Technician	-	-	3.00	3.00	3.00
Mobile Crane Operator	-	-	2.00	2.00	2.00
Automotive/ Heavy Equipment Assistant	-	-	1.00	1.00	1.00
Office Assistant	-	-	-	-	1.00
Total Fleet Services	-	-	8.00	8.00	9.00

Division & Position	Authorized FTEs 2011-12	Authorized FTEs 2012-13	Authorized FTEs 2013-14	Authorized FTEs 2014-15	Proposed FTEs 2015-16
330 Facilities Engineering & Repair Services					
Engineering Manager	1.00	1.00	1.00	1.00	1.00
Engineering Supervisor	1.00	1.00	-	-	-
Senior Engineer	1.00	1.00	1.00	1.00	1.00
Engineer	2.00	2.00	2.00	2.00	-
Materials Control Supervisor	1.00	1.00	-	-	-
Associate Engineer	-	1.00	3.00	3.00	2.00
Maintenance Specialist	4.00	4.00	2.00	-	-
Senior Engineering Associate	1.00	-	-	-	-
Engineering Associate	1.00	1.00	1.00	1.00	-
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Total Facilities Engineering	13.00	13.00	11.00	9.00	5.00
340 Collection Facilities					
Source Control Manager	1.00	-	-	-	-
Engineering Supervisor	3.00	3.00	-	-	-
Maintenance Supervisor	2.00	1.00	-	-	-
Associate Engineer	-	1.00	-	-	-
Associate Engineer III	1.00	-	-	-	-
Principal Environmental Specialist	1.00	1.00	-	-	-
Senior Environmental Specialist	3.00	3.00	-	-	-
Source Control Inspector II	9.00	9.00	-	-	-
Lead Mechanic	5.00	5.00	-	-	-
Administrative Assistant	1.00	1.00	-	-	-
Senior Mechanic	9.00	9.00	-	-	-
Engineering Assistant I	1.50	1.00	-	-	-
Environmental Technician	4.00	4.00	-	-	-
Mechanic	8.00	8.00	-	-	-
Intern	0.50	-	-	-	-
Total Collection Facilities	49.00	46.00	-	-	-
341 NPDES Source Inspection					
Source Control Supervisor	-	-	1.00	1.00	1.00
Principal Environmental Specialist	-	-	1.00	1.00	1.00
Senior Environmental Specialist	-	-	1.00	1.00	-
Lead Source Control Inspector	-	-	-	-	1.00
Source Control Inspector II	-	-	9.00	8.00	7.00
Source Control Inspector I	-	-	-	1.00	2.00
Administrative Assistant	-	-	1.00	1.00	1.00
Environmental Technician	-	-	3.00	3.00	3.00
Total NPDES Source Inspection	-	-	16.00	16.00	16.00
342 Odor and Corrosion Control					
Engineering Supervisor	-	-	1.00	1.00	1.00
Associate Engineer	-	-	1.00	1.00	1.00
Senior Environmental Specialist	-	-	2.00	2.00	2.00
Engineering Assistant I	-	-	1.00	1.00	1.00
Environmental Technician	-	-	1.00	1.00	1.00
Total Odor & Corrosion Control	-	-	6.00	6.00	6.00
343 Collection Facilities Operations & Maintenance					
Maintenance Supervisor	-	-	2.00	2.00	2.00
Lead Mechanic	-	-	5.00	5.00	5.00
Senior Mechanic	-	-	8.00	8.00	8.00
Mechanic	-	-	8.00	8.00	8.00
Total Collection Facilities O&M	-	-	23.00	23.00	23.00
Total Facilities Support Services Department	**83.75**	**81.00**	**78.00**	**76.00**	**63.00**

Historical Staffing Detail

Division & Position	Authorized FTEs 2011-12	Authorized FTEs 2012-13	Authorized FTEs 2013-14	Authorized FTEs 2014-15	Proposed FTEs 2015-16
Engineering Department					
710 Engineering Administration					
Assistant General Manager	1.00	1.00	-	-	-
Director of Engineering	-	-	1.00	1.00	1.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Total Engineering Administration	2.00	2.00	2.00	2.00	2.00
740 Planning					
Engineering Manager	1.00	1.00	1.00	1.00	1.00
Engineering Supervisor	1.00	1.00	1.00	1.00	1.00
Senior Engineer	4.00	5.00	4.00	4.00	3.00
Engineer	1.00	3.00	5.00	4.00	4.00
Principal Staff Analyst	-	-	1.00	1.00	1.00
Utilities Management Specialist	-	1.00	-	-	-
Associate Engineer	-	1.00	2.00	3.00	2.00
Associate Engineer III	1.00	-	-	-	-
Principal Environmental Specialist	-	-	1.00	-	-
Senior Engineering Associate	1.00	1.00	-	-	-
Assistant Engineer	-	1.00	1.00	-	-
Associate Engineer II	1.00	-	-	-	-
Engineering Associate	1.00	-	-	1.00	1.00
Senior Staff Analyst	-	-	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Total Planning	12.00	15.00	18.00	17.00	15.00
750 Project Management Office					
Engineering Manager	1.00	1.00	1.00	1.00	1.00
CIP Project Management Supervisor	1.00	1.00	-	-	-
Engineering Supervisor	-	-	1.00	1.00	1.00
Program Controls Supervisor	1.00	-	-	-	-
Project Controls Supervisor	-	-	1.00	-	-
Capital Improvement Program Project Manager	6.00	8.00	8.00	8.00	7.00
Senior Engineer	-	-	-		1.00
Principal Project Controls Analyst	1.00	1.00	1.00	1.00	1.00
Engineer	-	-	1.00	1.00	1.00
Principal Staff Analyst	2.00	2.00	1.00	2.00	2.00
Cost Estimator	1.00	1.00	1.00	1.00	1.00
Planner/Scheduler	1.00	1.00	1.00	1.00	1.00
Senior Staff Analyst	1.00	1.00	2.00	1.00	1.00
Engineering Assistant II	1.00	1.00	-	1.00	1.00
Administrative Assistant	-	1.00	1.00	1.00	1.00
Office Assistant	1.00	1.00	1.00	1.00	1.00
Total Project Management Office	17.00	19.00	20.00	20.00	20.00

Division & Position	Authorized FTEs 2011-12	Authorized FTEs 2012-13	Authorized FTEs 2013-14	Authorized FTEs 2014-15	Proposed FTEs 2015-16
760 Engineering & Construction					
Engineering Manager	1.00	1.00	1.00	1.00	1.00
Engineering Supervisor	3.00	3.00	3.00	4.00	4.00
Senior Construction Inspection Supervisor	1.00	1.00	1.00	1.00	1.00
Senior Engineer	8.00	8.00	8.00	8.00	9.00
Construction Inspection Supervisor	2.00	1.00	1.00	1.00	1.00
Engineer	15.00	14.00	10.00	10.00	13.00
Associate Engineer	-	3.00	2.00	1.00	3.00
Associate Engineer III	2.00	-	-	-	-
Senior Engineering Associate	1.00	1.00	-	-	-
Senior Construction Inspector	7.00	7.00	7.00	7.00	7.00
Assistant Engineer	-	1.00	1.00	2.00	2.00
Associate Engineer II	1.00	-	-	-	-
Senior Staff Analyst	-	1.00	-	1.00	1.00
Engineering Associate	-	-	-	-	1.00
Construction Inspector	9.00	9.00	9.00	9.00	9.00
Associate Engineer I	1.00	-	-	-	-
Engineering Assistant II	2.00	3.00	3.00	3.00	3.00
Public Affairs Specialist	1.00	-	-	-	-
Staff Analyst	-	1.00	1.00	1.00	1.00
Administrative Assistant	3.00	2.00	2.00	2.00	2.00
Engineering Assistant I	1.00	1.00	1.00	1.00	1.00
Program Assistant	-	-	1.00	1.00	-
Intern	0.50	-	-	-	-
Total Engineering & Construction	58.50	57.00	51.00	53.00	59.00
780 Asset Management					
Engineering Manager	1.00	-	-	-	-
Senior Engineer	3.00	-	-	-	-
Engineer	1.00	-	-	-	-
Utilities Management Specialist	1.00	-	-	-	-
Total Asset Management	6.00	-	-	-	-
790 Environmental Compliance					
Environmental Compl & Reg Affairs Manager	1.00	1.00	1.00	1.00	1.00
Engineering Supervisor	2.00	2.00	2.00	2.00	2.00
Environmental Supervisor	1.00	1.00	1.00	1.00	1.00
Public Affairs Manager	-	-	1.00	-	-
Senior Scientist	1.00	1.00	1.00	1.00	1.00
Engineer	6.00	6.00	6.00	6.00	6.00
Regulatory Specialist	2.00	2.00	3.00	3.00	3.00
Associate Engineer	-	4.00	4.00	4.00	4.00
Associate Engineer III	4.00	-	-		-
Principal Environmental Specialist	2.50	3.50	2.50	2.50	2.50
Principal Laboratory Analyst	1.00	1.00	-	-	-
Senior Environmental Specialist	4.50	4.50	4.50	4.50	4.50
Administrative Assistant	2.00	1.00	1.00	1.00	1.00
Program Assistant	4.00	4.00	4.00	4.00	4.00
Office Assistant	1.00	1.00	1.00	1.00	1.00
Intern	1.00	-	-	-	-
Total Environmental Compliance	33.00	32.00	32.00	31.00	31.00
Total Engineering Department	**128.50**	**125.00**	**123.00**	**123.00**	**127.00**

Historical Staffing Detail

Division & Position	Authorized FTEs 2011-12	Authorized FTEs 2012-13	Authorized FTEs 2013-14	Authorized FTEs 2014-15	Proposed FTEs 2015-16
Operations & Maintenance Department					
810 Operations & Maintenance Administration					
Director of Operations & Maintenance	1.00	1.00	1.00	1.00	1.00
Operations Manager	-	-	1.00	-	-
Senior Financial Analyst	-	1.00	-	-	-
Senior Staff Analyst	-	-	1.00	1.00	1.00
Executive Assistant	1.00	1.00	-	-	-
Intern	0.75	-	-	-	-
Total Operations & Maintenance Administration	2.75	3.00	3.00	2.00	2.00
830 Plant No. 1 Operations					
Engineering Manager	-	-	1.00	-	-
Operations Manager	1.00	1.00	-	1.00	1.00
Engineering Supervisor			1.00	1.00	2.00
Chief Plant Operator	1.00	1.00	1.00	1.00	1.00
Senior Engineer	2.00	2.00	2.00	2.00	4.00
Principal Information Technology Analyst	-	-	-	-	3.00
Engineer	2.00	2.00	2.00	2.00	3.00
Operations Supervisor	7.00	6.00	6.00	6.00	6.00
Senior Information Technology Analyst	-	-	-	-	3.00
Maintenance Supervisor	-	-	-	-	1.00
Scientist	1.00	1.00	1.00	1.00	1.00
Associate Engineer	-	-	-	-	1.00
Information Technology Analyst III	-	-	-	-	1.00
Assistant Engineer	-	2.00	2.00	2.00	1.00
Associate Engineer II	1.00	-	-		-
Senior Environmental Specialist	1.00	1.00	1.00	1.00	1.00
Information Technology Analyst II	-	-	-	-	1.00
Lead Plant Operator	5.00	5.00	5.00	5.00	3.00
Lead Power Plant Operator	-	-	-	-	1.00
Power Plant Operator II	-	-	-	-	4.00
Senior Plant Operator	15.00	15.00	15.00	14.00	14.00
Administrative Assistant	0.75	-	1.00	1.00	1.00
Plant Operator	14.00	15.00	14.00	15.00	14.00
Control Center Technician	2.00	2.00	2.00	2.00	2.00
Program Assistant	-	1.00	-	-	-
Total Plant No. 1 Operations	52.75	54.00	54.00	54.00	69.00
840 Plant No. 2 Operations					
Chief Plant Operator	1.00	1.00	1.00	1.00	1.00
Operations Supervisor	7.00	6.00	6.00	6.00	6.00
Lead Plant Operator	5.00	5.00	5.00	5.00	6.00
Power Plant Operator II	-	-	-	-	4.00
Senior Plant Operator	12.00	14.00	14.00	14.00	15.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Plant Operator	20.00	19.00	20.00	19.00	20.00
Control Center Technician	1.00	1.00	1.00	1.00	-
Program Assistant	-	-	-	-	1.00
Total Plant No. 2 Operations	47.00	47.00	48.00	47.00	54.00

Division & Position	Authorized FTEs 2011-12	Authorized FTEs 2012-13	Authorized FTEs 2013-14	Authorized FTEs 2014-15	Proposed FTEs 2015-16
850 Building, Grounds, and Mechanical Maintenance					
Maintenance Manager	1.00	1.00	1.00	1.00	-
Senior Engineer	-	-	-	1.00	-
Engineer	-	-	1.00	-	-
Maintenance Supervisor	6.00	6.00	6.00	6.00	-
Associate Engineer	-	1.00	1.00	1.00	-
Associate Engineer III	1.00	-	-	-	-
Maintenance Specialist	4.00	4.00	5.00	8.00	-
Senior Public Affairs Specialist	1.00	-	-	-	-
Reliability Maintenance Technician	2.00	4.00	4.00	4.00	-
Lead Mechanic	5.00	4.00	4.00	4.00	-
Administrative Assistant	1.00	1.00	1.00	1.00	-
Senior Mechanic	30.00	30.00	29.00	29.00	-
Lead Facilities Worker	2.00	1.00	1.00	1.00	-
Facilities Worker/Builder	3.00	3.00	3.00	3.00	-
Facilities Worker/Painter	2.00	2.00	2.00	2.00	-
Mechanic	2.00	2.00	2.00	2.00	-
Maintenance Worker	2.00	2.00	2.00	2.00	-
Total Building, Grounds, and Mechanical Maintenance	62.00	61.00	62.00	65.00	-
860 Instrumentation & Electrical Maintenance					
Engineering Manager	1.00	1.00	1.00	1.00	-
Engineering Supervisor	1.00	1.00	1.00	1.00	-
Senior Engineer	2.00	3.00	3.00	3.00	-
Principal Information Technology Analyst	2.00	1.00	1.00	2.00	-
Engineer	2.00	2.00	4.00	3.00	-
Senior Information Technology Analyst	3.00	3.00	4.00	4.00	-
Maintenance Supervisor	5.00	5.00	5.00	5.00	-
Information Technology Analyst III	2.00	2.00	2.00	1.00	-
Information Technology Analyst II	1.00	1.00	-	1.00	-
Lead Electrical Technician	4.00	5.00	5.00	5.00	-
Lead Instrumentation Technician	3.00	3.00	3.00	3.00	-
Lead Power Plant Operator	1.00	1.00	1.00	1.00	-
Electrical Technician II	14.00	14.00	13.00	14.00	-
Instrumentation Technician II	18.00	18.00	15.00	14.00	-
Power Plant Operator II	9.00	8.00	8.00	8.00	-
Administrative Assistant	1.00	1.00	1.00	1.00	-
Power Plant Operator I	1.00	1.00	1.00	1.00	-
Electrical Technician I	1.00	1.00	2.00	2.00	-
Instrumentation Technician I	1.00	1.00	1.00	2.00	-
Maintenance Worker	3.00	3.00	4.00	3.00	-
Total Instrumentation & Electrical Maintenance	75.00	75.00	75.00	75.00	-

Historical Staffing Detail

Division & Position	Authorized FTEs 2011-12	Authorized FTEs 2012-13	Authorized FTEs 2013-14	Authorized FTEs 2014-15	Proposed FTEs 2015-16
870 Plant No. 1 Maintenance					
Engineering Manager	-	-	-	-	1.00
Engineering Supervisor	-	-	-	-	1.00
Maintenance Superintendent	-	-	-	-	1.00
Senior Engineer	-	-	-	-	2.00
Engineer	-	-	-	-	3.00
Maintenance Supervisor	-	-	-	-	6.00
Associate Engineer	-	-	-	-	1.00
Maintenance Specialist	-	-	-	-	5.00
Lead Electrical Technician	-	-	-	-	3.00
Lead Instrumentation Technician	-	-	-	-	1.00
Maintenance Planner/Scheduler	-	-	-	-	3.00
Reliability Maintenance Technician	-	-	-	-	4.00
Electrical Technician II	-	-	-	-	7.00
Instrumentation Technician II	-	-	-	-	6.00
Lead Mechanic	-	-	-	-	2.00
Machinist	-	-	-	-	1.00
Administrative Assistant	-	-	-	-	1.00
Senior Mechanic	-	-	-	-	17.00
Welder/Fabricator	-	-	-	-	3.00
Lead Facilities Worker	-	-	-	-	1.00
Electrical Technician I	-	-	-	-	1.00
Instrumentation Technician I	-	-	-	-	3.00
Facilities Worker/Builder	-	-	-	-	3.00
Facilities Worker/Painter	-	-	-	-	2.00
Mechanic	-	-	-	-	1.00
Maintenance Worker	-	-	-	-	3.00
Total Plant No. 1 Maintenance	-	-	-	-	82.00
880 Plant No. 2 Maintenance					
Maintenance Superintendent	-	-	-	-	1.00
Maintenance Supervisor	-	-	-	-	5.00
Lead Electrical Technician	-	-	-	-	2.00
Lead Instrumentation Technician	-	-	-	-	2.00
Electrical Technician II	-	-	-	-	6.00
Instrumentation Technician II	-	-	-	-	7.00
Lead Mechanic	-	-	-	-	2.00
Administrative Assistant	-	-	-	-	1.00
Senior Mechanic	-	-	-	-	15.00
Electrical Technician I	-	-	-	-	1.00
Instrumentation Technician I	-	-	-	-	1.00
Mechanic	-	-	-	-	1.00
Maintenance Worker	-	-	-	-	2.00
Total Plant No. 2 Maintenance	-	-	-	-	46.00

Division & Position	Authorized FTEs 2011-12	Authorized FTEs 2012-13	Authorized FTEs 2013-14	Authorized FTEs 2014-15	Proposed FTEs 2015-16
890 Environmental Laboratory and Ocean Monitoring					
Environmental Lab & Ocean Monitoring Manager	1.00	1.00	1.00	1.00	1.00
Environmental Supervisor	1.00	1.00	1.00	1.00	1.00
Laboratory Supervisor	2.00	2.00	2.00	2.00	2.00
Senior Scientist	3.00	4.00	3.00	3.00	3.00
Scientist	1.00	1.00	1.00	1.00	1.00
Principal Environmental Specialist	3.00	3.00	2.00	2.00	2.00
Principal Laboratory Analyst	7.00	6.00	6.00	6.00	6.00
Senior Environmental Specialist	6.00	5.00	6.00	6.00	6.00
Boat Captain	-	1.00	1.00	1.00	1.00
Senior Laboratory Analyst	10.00	11.00	10.00	10.00	10.00
Environmental Specialist	-	-	1.00	1.00	1.00
Laboratory Analyst	3.00	2.00	3.00	3.00	3.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Laboratory Assistant	3.00	3.00	3.00	3.00	3.00
Intern	0.50	-	-	-	-
Total Environmental Laboratory and Ocean Monitoring	41.50	41.00	41.00	41.00	41.00
Total Operations & Maintenance Department	**281.00**	**281.00**	**283.00**	**284.00**	**294.00**
Grand Total, All Departments*	**634.00**	**625.75**	**624.00**	**624.00**	**624.00**

**FTE totals exclude Management Discretion positions that are authorized but used only on a temporary basis to facilitate the replacement of key positions. Two additional Management Discretion positions are proposed for FY 2015-16 to supplement the two existing positions; however, total filled positions will not exceed 624 FTEs at any point in time.*

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Appropriations Limit

Article XIIIB of the California State Constitution, more commonly referred to as the Gann Initiative or Gann Limit, was adopted by California voters in 1980. 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 district. 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 2015-16 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 years and the appropriations limit and the appropriations, or proceeds from taxes, for 2015-16. The increase in the limit is based upon population changes ranging from 0.44% to 1.60% for major cities within the District as provided by the State Department of Finance and a per capita personal income change of 3.82% as provided by the State Department of Finance.

Annual Appropriation Limits:

2013-14	$90,880,000
2014-15	$91,302,000
2015-16	$95,684,000

Proceeds of Taxes (Appropriations)

2015-16	$37,494,000

As a result of the July 1998 consolidation of the 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 the District's service area. This method results in a lower limit than using the County-wide change.

Miscellaneous Statistics

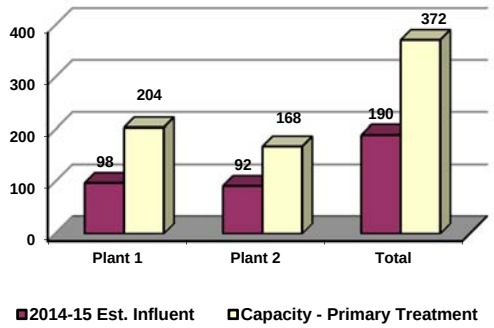
General Information

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 2.5 million
2014-15 Assessed Value..... $350.5 billion

Miles of Sewers..... 580 miles
On-Plant Pump Station……..... ……..2
Off-Plant Pump Stations.....15
Operating Authority ..... RWQCB/NPDES Permit No.
…….....……CA0110604
…….....…..Statewide WDR Order No. 2006-0003
2015-16 Authorized Staff (Full-Time Equivalent).....624.00

Treatment Information

Daily Influent Flow to Total Primary Capacity Comparison (in mgd)



2013-14 Influent BOD:
Plant No. 1 .....310 milligrams per liter
Plant No. 2 .....230 milligrams per liter

2013-14 Influent Suspended Solids:
Plant No. 1 .....356 milligrams per liter
Plant No. 2 .....317 milligrams per liter

2013-14 Effluent BOD .....9.9 milligrams per liter

2013-14 Effluent Suspended Solids .....6.4 milligrams per liter

2013-14 Biosolids Produced & Reused ..... 279,362 wet tons

Primary Treatment Capacity (includes standby):
Plant No. 1..... 204 mgd
Plant No. 2..... 168 mgd
TOTAL..... 372 mgd

Secondary Treatment Capacity:
Plant No. 1..... 182 mgd
Plant No. 2..... 150 mgd
TOTAL..... 332 mgd

2014-15 Estimated Average Daily Influent:
Plant No. 1..... 98 mgd
Plant No. 2..... 92 mgd
TOTAL..... 190 mgd

2014-15 Estimated Electricity Generated:
Plant No. 1.....43,041,000 kwh
Plant No. 2.....50,333,000 kwh
TOTAL.....93,374,000 kwh

Legend:
mgd – million gallons per day
kwh – kilowatts per hour

Financial Information

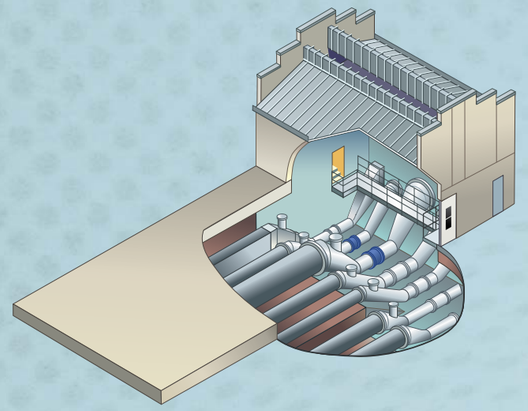
	2013-14 Actual	2014-15 Projected	2015-16 Originally Proposed	2015-16 Updated Proposed
Fees and Charges:				
One-Time 3-Bedroom Residence Connection	$3,430.00	$3,588.00	$3,588.00	$3,588.00
Average Annual Single-Family Residence Fee	$308	$316	$323	$322
Local SFR Fee	$216	$216	$216	$216
District's Avg. Share of Ad Valorem Property Tax	1.80%	1.80%	1.80%	1.80%
Cost to Collect, Treat, & Dispose of 1 Million Gallons	$1,936.64	$1,970.37	$2,123.35	$2,152.95

Summary of COP Issues:

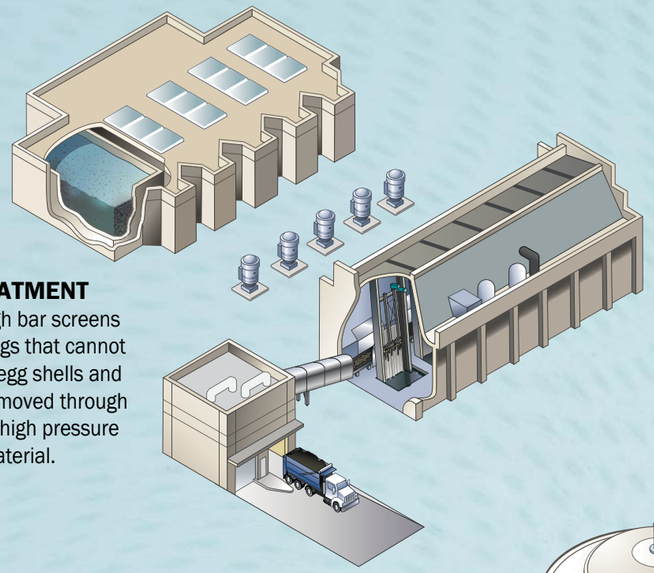
May 2007A Refunding	$ 92,140,000	September 2011A Refunding	121,290,000
December 2007B New Money	13,885,000	February 2012A Refunding	100,645,000
September 2008B New Money	17,315,000	August 2012B Refunding	66,395,000
April 2009A New Money	180,235,000	August 2014A Refunding	85,090,000
May 2010A New Money	80,000,000	October 2014B Refunding	120,850,000
November 2010C New Money	157,000,000	February 2015A Refunding	127,510,000
		Total Outstanding COP Balance 7/1/15	$ 1,162,355,000

Orange County Sanitation District

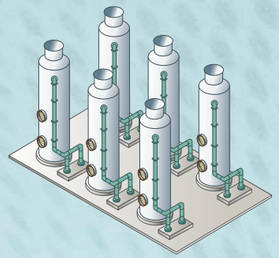
Wastewater Treatment Process



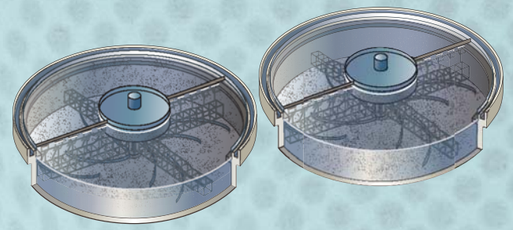
1. METERING AND DIVERSION
Wastewater enters our plant at 2.5 - 5 mph through pipes up to 10 feet in diameter. High tech equipment monitors the temperature, pH, conductivity, and flow of the incoming wastewater.



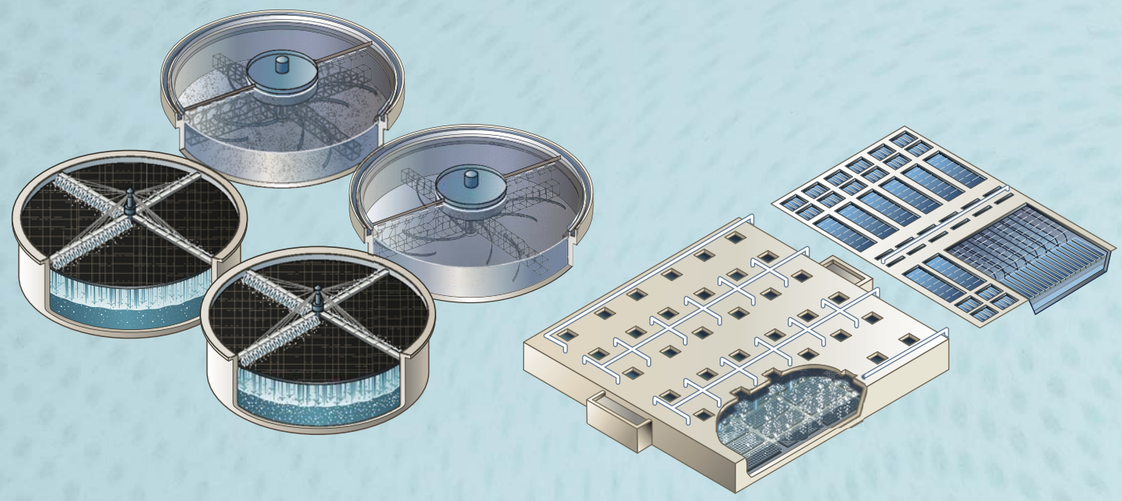
2. PRELIMINARY TREATMENT
Raw sewage passes through bar screens that trap large items like rags that cannot be recycled. Materials like egg shells and coffee grounds are then removed through the grit chamber that uses high pressure air to separate the gritty material.



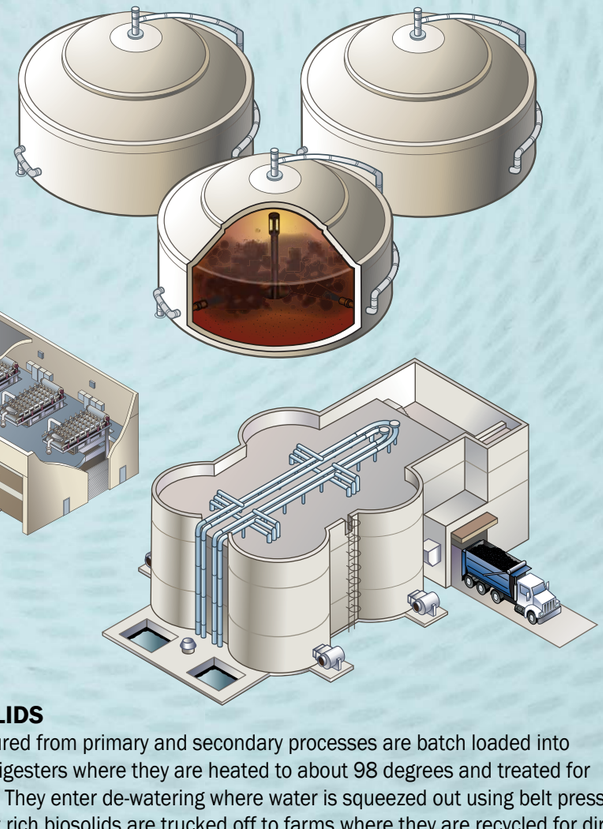
3. AIR SCRUBBER
Hydrogen Sulfide (foul air) is captured throughout the process and funneled into large silos. It passes through a plastic medium and mixes with caustic soda and bleach. Causing the odorous compounds to be neutralized.



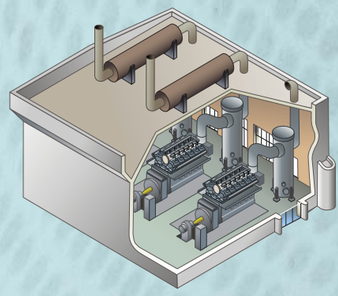
4. PRIMARY TREATMENT
Primary clarifiers or settling basins, slow the water down to let the solids that are within the water settle out, separate and float to the surface. Scraper arms that move along the top and bottom remove up to 80% of the solids. Solids are then sent to digesters for processing.



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. BIOSOLIDS
Solids captured from primary and secondary processes are batch loaded into anaerobic digesters where they are heated to about 98 degrees and treated for 18-21 days. They enter de-watering where water is squeezed out using belt presses. The nutrient rich biosolids are trucked off to farms where they are recycled for direct land application, and composting. The digestion process produces methane gas.



7. CENTRAL GENERATION
Methane gas that is captured from digesters is compressed and used to fuel engine-generators that produce electricity, supplying about 60% of our energy needs.

ORANGE COUNTY SANITATION DISTRICT • PROTECTING THE ENVIRONMENT •

PA 06/2015

Our Mission:

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

The Orange County Sanitation District (OCSD) is a public agency that provides wastewater collection, treatment, and disposal services for approximately 2.5 million people in our service area of central and northern Orange County. OCSD is a special district that is governed by a Board of Directors consisting of 25 board members. OCSD has two operating facilities that treat wastewater from residential, commercial, and industrial sources.

Follow the Flow:

Pretreatment: All the cities' sewers connect to OCSD'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. OCSD 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. Lighter waste (grease and oil) float to the surface. This process takes about 2 hours and up to 75% of the suspended solids are continuously removed by scraper arms 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 were 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: Almost all the secondary treated wastewater from Plant 1 is sent to the Orange County Water Districts for advanced treatment though the Ground Water 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 2 is safely released though our ocean pipeline five miles out to sea at a depth of 200 feet below the ocean surface.

Biosolids

Our Policy: *OCSD 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 OCSD's biosolids are further processed through composting to create a consumer-grade soil amendment that is distributed to agricultural, commercial and residential users.

Certified Program

OCSD was the first public wastewater agency in the nation certified by the National Biosolids Partnership (NBP) (www.biosolids.org) for our biosolids program in 2003. Certification is maintained through independent, third-party audits that verify OCSD conforms to the management system standard that was designed by the NBP, U.S. Environmental Protection Agency (EPA) and other clean water partners.

National Biosolids Partnership
Certified Management Program

Learn More

Visit our web site at **www.ocsewers.com/biosolids** for more information and to sign up for periodic biosolids program newsletters using the "Keep me Informed" button.

GWRS

GROUNDWATER REPLENISHMENT SYSTEM

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 Water District (OCWD) and the Orange County Sanitation District (OCSD). Together OCWD and OCSD constructed one of the most celebrated civil engineering and water reuse projects in the world.

The GWRS provides a reliable supply of high-purity near-distilled quality water even during drought and offers a more cost-effective and energy-efficient strategy than importing water from distant sources.

GWRS provides the county with new water it can count on and serves as a model project for other regions throughout the United States and the world that are or will be facing natural and man-made water supply challenges.

WHAT 2 FLUSH®.com

Know what should go down the drain that is sewer safe

It's simple, the toilet is only meant to flush the **three P's—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 5 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 P's **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** 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@ocsd.com
Website: OCSewers.com

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06/2015