

**ADOPTED
JUNE 25, 2008**

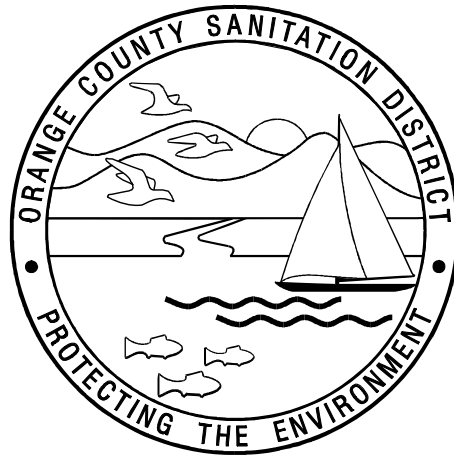
FISCAL YEARS 2008-09 AND 2009-10
Proposed Budget



Orange County Sanitation District

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

**Orange County Sanitation District, California
FY 2008-09 & FY 2009-10 Proposed Budget**

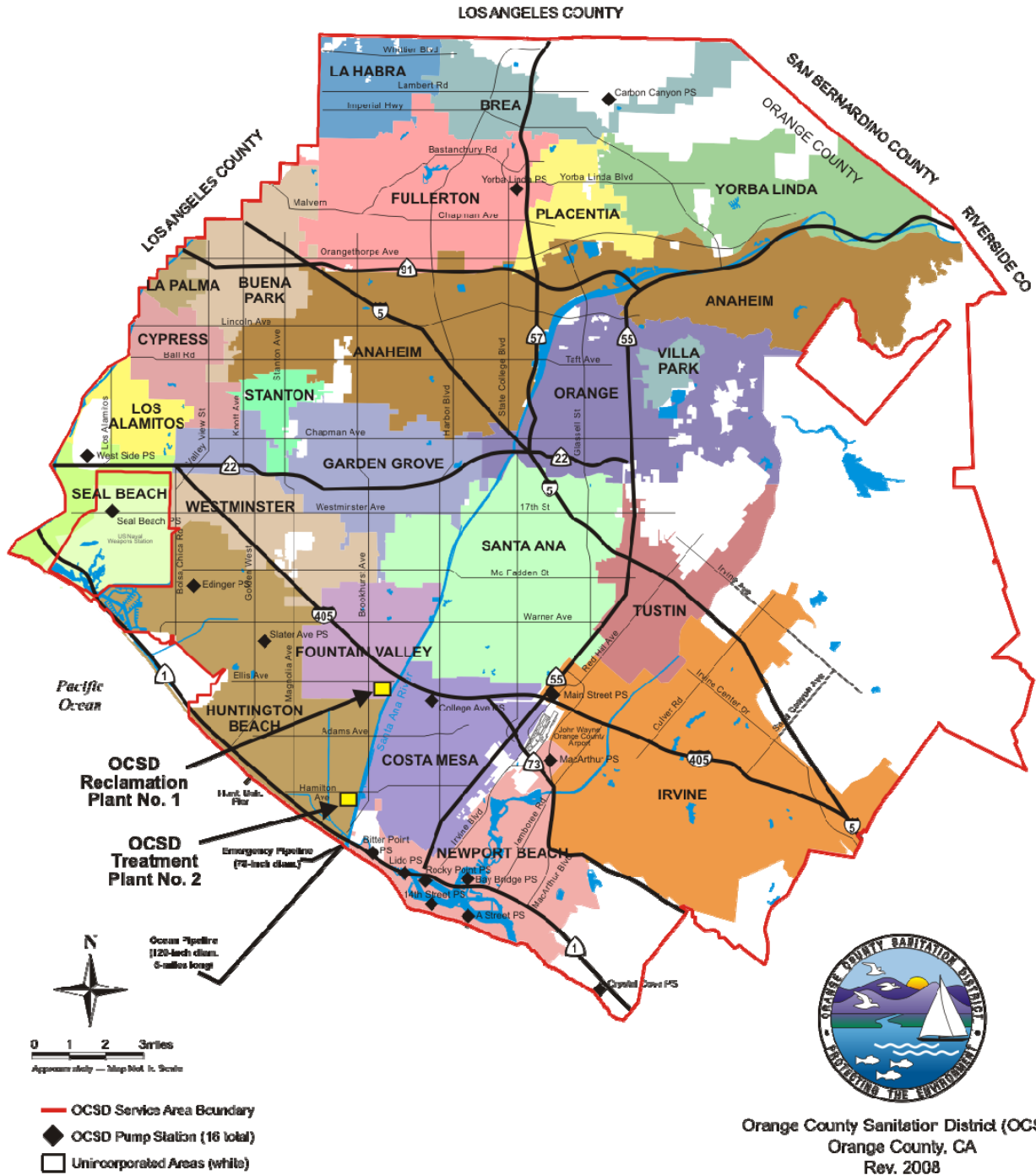


MISSION STATEMENT

“We protect public health and the environment by providing effective wastewater collection, treatment, and recycling.”

***For Fiscal Years
July 1, 2008 through June 30, 2009 and
July 1, 2009 through June 30, 2010***

2008-09 & 2009-10 Budget



GFOA Budget Presentation Award



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Orange County Sanitation District
California**

For the Fiscal Year Beginning

July 1, 2006

A handwritten signature in cursive script, likely belonging to the President of the GFOA.

President

A handwritten signature in cursive script, likely belonging to the Executive Director of the Orange County Sanitation District.

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Orange County Sanitation District, California, for its two-year budget for the fiscal years beginning July 1, 2006.

In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to the program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

2008-09 & 2009-10 Budget

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OCSD Board of Directors

Orange County Sanitation District Board of Directors

<i>AGENCY / CITIES</i>	<i>ACTIVE DIRECTOR</i>
Anaheim	Harry Sidhu
Brea	Roy Moore
Buena Park	Patsy Marshall
Cypress	Phil Luebben
Fountain Valley	Larry Crandall
Fullerton	Don Bankhead
Garden Grove	Bill Dalton
Huntington Beach	Don Hansen
Irvine	Christina Shea
La Habra	Rose Espinoza
La Palma	Mark Waldman
Los Alamitos	Ken Parker
Newport Beach	Don Webb
Orange	Jon Dumitru
Placentia	Constance Underhill
Santa Ana	Sal Tinajero
Seal Beach	Charles Antos
Stanton	David Shawver
Tustin	Doug Davert
Villa Park	Richard A. Freschi
Yorba Linda	Jim Winder

Sanitary Water Districts

Costa Mesa Sanitary District	James M. Ferryman
Midway City Sanitary District	Joy L. Neugebauer
Irvine Ranch Water District	Darryl Miller

County Areas

Member of the Board of Supervisors	Chris Norby
------------------------------------	-------------

2008-09 & 2009-10 Budget

Board Committees

STEERING COMMITTEE

James M. Ferryman, Board Chair
Doug Davert, Board Vice Chair
Larry Crandall, Chair, Operations Committee
Mark Waldman, Chair, Administration Committee
Don Bankhead
Phil Luebben
Ken Parker

ADMINISTRATION COMMITTEE

Mark Waldman, Chair
Phil Luebben, Vice Chair
Bill Dalton
Jon Dumitru
Rich Freschi
Don Hansen
Darryl Miller
Joy L. Neugebauer
Chris Norby
Christina Shea
Sal Tinajero
Jim Winder
James M. Ferryman, Board Chair
Doug Davert, Board Vice Chair

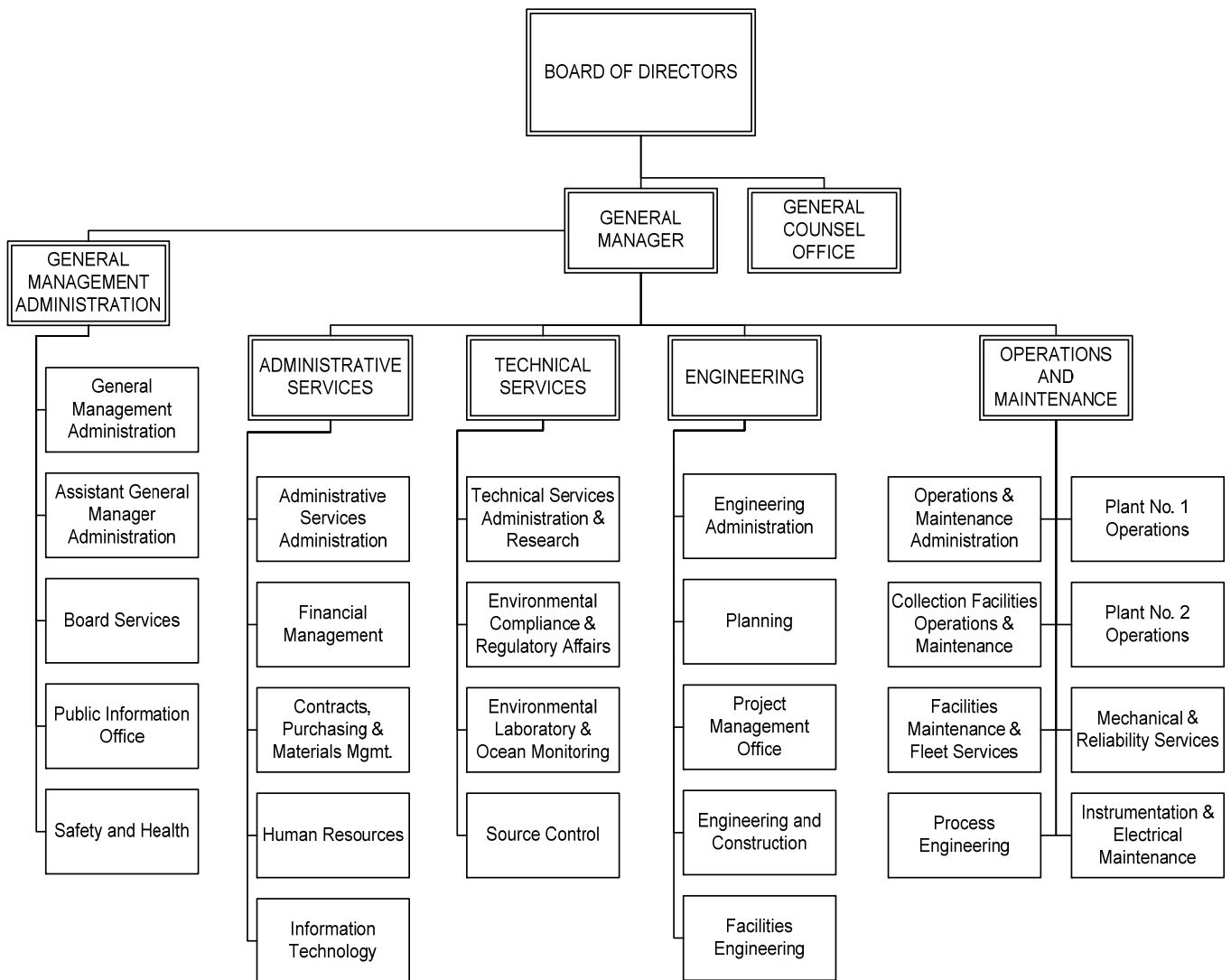
OPERATIONS COMMITTEE

Larry Crandall, Chair
Ken Parker, Vice Chair
Charles Antos
Don Bankhead
Rose Espinoza
Patsy Marshall
Roy Moore
David Shawver
Harry Sidhu
Constance Underhill
Don Webb
James M. Ferryman, Board Chair
Doug Davert, Board Vice Chair

GWRS JOINT COOPERATIVE STEERING COMMITTEE

Jim Ferryman, Board Chair
Don Bankhead
Larry Crandall
Darryl Miller (A1)
Mark Waldman (A2)
Don Webb (A3)

District's Organizational Chart



2008-09 & 2009-10 Budget

Administrative Officials

Departments

General Manager	James D. Ruth
Assistant General Manager	Robert P. Ghirelli
Director of Finance and Administrative Services	Lorenzo Tyner
Director of Technical Services	Edward M. Torres
Director of Engineering	James D. Herberg
Director of Operations & Maintenance	Nicholas J. Arhontes
General Counsel	Brad Hogin

Reader's Guide to the Budget

Reader's Guide to the Budget

This guide is intended to help the reader understand what information is available in the budget and how it is organized. This budget document is broken down into ten sections including a Budget Glossary and Index. The Administrative Services Department invites your suggestions on ways to make the budget document more understandable.

The General Manager's Budget Message and a summary of the District's Core Values follow this guide. The General Manager's budget message introduces the budget to the reader.

Following is an explanation of the major sections of this budget:

Section 1 – Executive Summary

The Executive Summary highlights critical issues and financial information regarding the District's FY 2008-09 & FY 2009-10 Budget.

Section 2 – Introduction

- **Financial Overview and Budget Issues** - This section highlights the issues impacting the FY 2008-09 & FY 2009-10 Budget.

Section 3 – Policies and Practices

- **Fiscal Policies** describe the District's financial goals along with policies addressing the operating budget; revenues and expenses; service fees; capital improvement program; long- and short-term debt; reserves; investments; and accounting, auditing and financial reporting.
- **GFOA Recommended Practices** lists all of the Accounting, Auditing, and Financial Reporting; Cash Management; Governmental Budgeting and Fiscal Policy; Debt Management; and Retirement and Benefits Administration practices that are recommended by the Government Finance Officers Association of the United States and Canada. Included within this list of best financial practices for states and local governments is the District's status as to whether we are in compliance, in progress towards compliance, or whether the practice is applicable to this agency.

- **The Budget Process** provides an overview of the budget development process and budget calendar.
- **Budget Assumptions** are decided on as a foundation for developing the budget, and they guide the District in determining the level of wastewater treatment services that will be provided to the community.
- **Accounting Systems and Budgetary Control** provides an overview of the District's accounting systems and the level at which budgetary control is maintained.

Section 4 - District Summary

This summary section is a comprehensive overview of the FY 2008-09 & FY 2009-10 Budget with a focus on all consolidated District funds. Included are tables and graphs for both revenues and expenses.

Section 5 – Operations Overview

This section is a comprehensive overview of the District's operating costs and related revenues for FY 2008-09 and FY 2009-10. The District's operations include collection, treatment, and disposal activities. Tables are included for revenues and expenses to assist the reader in interpreting the data.

Section 6 – Operating Divisions

This section includes operating programs for the District's basic organizational units which provide collection and essential wastewater treatment services to the community. Divisional budgets are presented in the following format:

- **Organization Chart** - An organization chart by position is provided for each division.
- **Authorized FTE Positions**- The total number of full-time equivalent positions assigned to each division is included in this table.
- **Staffing Trends** - A multi-year staffing trend chart is provided to show the changes that have occurred in each division over time.
- **Service Description** - A description of the services or functions provided by each division.
- **2007-08 Performance Objectives** - This section represents the objectives defined by the division for the previous fiscal year.

2008-09 & 2009-10 Budget

- **2007-08 Performance Results** - A summary of major accomplishments and objectives that were actually met during the previous fiscal year.
- **2008-09 & 2009-10 Performance Objectives** - A list of projected goals to be accomplished during the 2008-09 and 2009-10 fiscal years.
- **Performance Measures** - A listing of the measures that will be used to evaluate the success of the budgeted fiscal years.
- **Budget Overview** - This section provides an overview of changes from the FY 2007-08 Budget to the FY 2008-09 & FY 2009-10 Budget. Additionally, the significant impacts of budgetary changes are outlined along with dollar amounts.
- **Expenses by Category** - A chart comparing the FY 2006-07 actual expenses and the FY 2007-08 budgeted and projected expenses against the proposed budget for FY 2008-09 & FY 2009-10. The percent change from the FY 2007-08 Budget compared to the FY 2008-09 Budget is also included.
- **Expenditure Trends** - This graph provides a multi-year historical trend of divisional expenses.

Section 7 - Self-Insurance Program

This section presents an overview of the self-insurance program, including program descriptions and revenue and expense detail.

Section 8 - Capital Improvements

This section of the budget gives an overview of the District's Capital Improvement Program (CIP), CIP project summaries, and detailed CIP project sheets. The project sheets outline project descriptions, project location, project type, projected costs, and funding sources.

Section 9 - Debt Financing Program

This section describes the District's Debt Financing Program including a listing of the outstanding debt issues, a description of the purpose of each issue, a debt service retirement schedule, and Debt Service Requirements, including principal and interest, over the life of the outstanding debt issues.

Section 10 - Appendix

- **Staffing** - Includes charts of staffing by department and category, charts of the historical staffing by department, a historical summary and detail schedules of authorized positions and full-time equivalent employees by department and by division.
- **Appropriations Limit** - The calculation of the District's California Constitutional appropriation limit.
- **Budget Glossary**
- **Miscellaneous Statistics**
- **Service Area Population Information**
- **Index**



ORANGE COUNTY SANITATION DISTRICT

June 4, 2008

Honorable Chair and Board of Directors:

I am pleased to submit the Orange County Sanitation District (OCSD) 2008-09 and 2009-10 operating budget and capital improvement program. This document provides a framework for District activities during the next two years and serves as a source of information for the District's Board of Directors, and our employees and ratepayers.

In November 2007, after a series of Board workshops, the District approved a Five-Year Strategic Plan that updated the District's Mission and Vision statements, Levels of Service, and Business Plan. The Strategic Plan serves as the underlying basis for the development of this two-year budget and supports our mission to protect public health and the environment by providing effective wastewater collection, treatment, and recycling. It also set forth the groundwork for establishing a stable five-year revenue base, a prudent step required to support our more than two billion dollar capital improvement program.

In addition to providing resources to support the processing of nearly 230 million gallons of wastewater each day from 2.5 million residents and businesses, the Strategic Plan focused on four distinct program areas:

Biosolids

The District produces approximately 650 tons of digested and dewatered biosolids per day. By 2020, the District's biosolids production is projected to increase by 30 percent, to 310,000 tons annually. We have viable long-term strategies in place for 2/3 of our biosolids production and we will continue to pursue beneficial reuses for the remaining 1/3 of our biosolids production. Cost-effective land application reuse options will continue in Kern County and Arizona as long as possible while pursuing a biosolids-to-energy alternative.

Air Quality

The District expects amendments to existing regulations requiring significant reductions in common pollutants. As a result, OCSD will apply feasible and cost-effective controls to reduce the air toxic emissions below health risk notification levels to the surrounding community and OCSD employees.

Odor Control

This budget includes resources that will allow us to invest more than \$100 million to establish an odor-based standard on total odor. These resources will provide for the design and construction of new processes and structures at our wastewater treatment plants to significantly reduce odor impacts on our neighbors.

Groundwater Replenishment (GWR) System

Although now completed, the District will maintain its partnership with the Orange County Water District in the initial phase of the GWR System. The GWR System captures secondary treated effluent and purifies it to a level that surpasses bottled water quality. It has the capacity to reclaim nearly 70 million gallons of water daily. While the costs are

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Newport Beach

Orange

Placentia

Santa Ana

Seal Beach

Stanton

Tustin

Villa Park

Yorba Linda

Costa Mesa
Sanitary District

Midway City
Sanitary District

Irvine Ranch
Water District

County of Orange

about the same as importing water from Northern California, we are able to cut the energy necessary to do so in half while reducing our reliance on external water sources.

This budget also addresses rising treatment and chemical costs, aging infrastructure and increased regulatory requirements. As a result, the operating budget is increased by 14 percent. However, despite these increases, OCSD provides wastewater treatment, sewer and facilities maintenance, ocean monitoring and many other services with residential user fees averaging less than \$17 per month, one of the lowest rates in the state.

As a result of operational efficiencies, we are able to provide increasing activities with only a one percent increase in authorized staffing, contributing to the goal of maintaining our low user rates.

This budget strongly supports the primary mission of the District, touching on all key areas:

- **Strategic Planning** – OCSD has developed a new Five-Year Strategic Plan that sets the direction of the agency and serves a basis for many budget allocations. Staff will review and update this plan, periodically bringing it to the Board for approval.
- **Capital Improvement Program (CIP)** – All consent decree activities will remain on or ahead of schedule. A new management review program will be fully implemented to reduce the magnitude of change orders as a percentage of total program costs.
- **Levels of Service** – We will continue to increase the quality of effluent discharged into the ocean or provided for water reclamation in a cost effective manner.
- **Process Reviews** – To ensure our major programs are managed as efficiently as possible, we will engage independent experts to review our existing and future projects and services. In previous years, auditors reporting directly to the Board have reviewed the contract administration of our large construction projects and various financial processes.
- **Financial Positioning** – This budget reflects our commitment to fiscal responsibility as indicated by our recent upgrade to an “AAA” bond rating from Standard and Poors while maintaining “Aa” ratings from the other two rating agencies.
- **Employee Emphasis** – We continue to invest in our employees focusing on succession planning, leadership training, and the implementation of a new performance appraisal system.

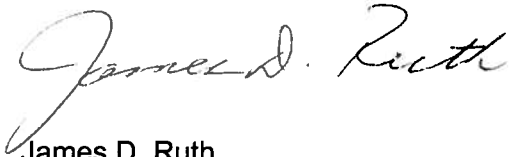
General Manager Letter

June 4, 2008

Page 3

- **Legislative Platform** – Our legislative activities have supported the Santa Ana River Interceptor (SARI) Line relocation, Homeland Security requirements, and Design-Build initiatives.
- **Information Technology** – We have completed our new Information Technology Strategic Plan that includes a comprehensive review of the District's technology needs. This budget supports that assessment as means of increasing our overall efficiency.
- **Interagency Agreements** – We are reviewing all of our agreements with other agencies to ensure alignment with our strategic goals.

I believe that this budget fully supports the goals included in the District's new Strategic Plan and positions us well to address the challenges ahead. I look forward to another dynamic and productive year of leading the organization.



James D. Ruth
General Manager

2008-09 & 2009-10 Budget

ORANGE COUNTY SANITATION DISTRICT CORE VALUES

MISSION STATEMENT

The Mission Statement is the basic foundation that defines why the Orange County Sanitation District exists.

“We protect public health and the environment by providing effective wastewater collection, treatment, and recycling.”

VISION STATEMENT

The Vision Statement supports the Mission Statement by expressing a broad philosophy of what the Orange County Sanitation District strives to achieve now and in the future in the delivery of services to our customers, vendors, other agencies, the general public and each other.

“The Orange County Sanitation District is committed to:

- 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

The 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 interactions 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 interests 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.

Executive Summary

This FY 2008-09 and FY 2009-10 budget represents a consolidation of two one-year proposed operating and capital budgets. The District's fiscal year 2008-09 operating and capital improvement budget is proposed at \$601.0 million, a 17.1 percent increase over the prior year budget of \$513.2 million. This overall increase is primarily attributable to a \$72.3 million, or 23.7 percent increase in cash outlays for construction projects, a \$9.3 million or 14.3 percent increase in debt service requirements, and a \$6.2 million, or 4.3 percent increase in the operating budget.

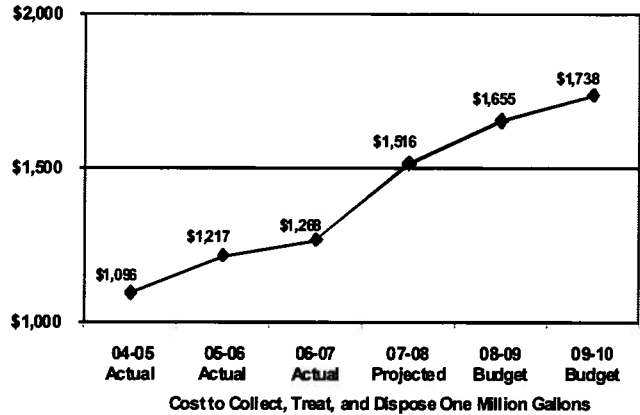
The District's fiscal year 2009-10 operating and capital improvement budget is proposed at \$467.3 million, a 22.3 percent decrease from the FY 2008-09 proposed budget. This overall decrease is comprised of a \$150.8 million, or 39.9 percent decrease in cash outlays for construction projects that is partially offset by an a \$9.7 million, or 13.0 percent increase in debt service requirements, and a \$7.4 million or 5.0 percent increase in the operating budget.

This fiscal year 2008-09 and 2009-10 budget continues to reflect the agency's ongoing efforts to streamline operations. Staffing reductions since fiscal year 1995-96 are a result of this agency's effort in striving to provide wastewater treatment as efficiently and effectively as possible while lowering operational and maintenance costs to more closely match those agencies that are "best in class" for wastewater treatment facilities. However, the increase in the demand for services in the areas of ocean monitoring, ocean discharge and level of treatment, water reclamation and conservation, urban runoff diversions, increased local regulations of biosolids, and the expansion of the Capital Improvement Program (CIP), is causing the cash flow needs of the agency to grow. Considering the CIP alone, \$50 million of new CIP projects to be constructed over the next 10 years were identified within the November 2007 Five-Year Strategic Plan.

In addition, the 2008 CIP Validation Study of the CIP includes 86 large capital projects and 28 special projects to be constructed over the next 15-years at a total cost of \$1.47 billion.

Budget Overview

The agency's two treatment plants, located in Fountain Valley and Huntington Beach, process about 230 million gallons of wastewater each day generated by approximately 2.5 million people in central and northwest Orange County.



The fiscal year 2008-09 proposed budget to operate, maintain and manage our sewage collection, treatment and disposal system is \$148.8 million, an increase of \$6.2 million over the prior year. Of this total, personnel costs are being proposed at a 4.9 percent increase, or \$3.9 million, due primarily to the 4.0 percent cost of living increases negotiated within the memorandum of understandings (MOU) of the employee bargaining units and the increase of 7.0 full time equivalent (FTE) employees included within this proposed budget. Contractual Services are being proposed to increase \$7.1 million, or 33.1 percent, primarily due to a \$5.6 million, or 39.1 percent increase in solids removal. This increase is attributable to a projected increase in solids production at Plant No. 1 of 20 percent due to the increase in treatment as a result of the completion of the Ellis Pump Station construction project, and being placed into service. Plant No. 2 solids production is projected to increase 8 percent as new secondary treatment projects are placed into service. In addition, the average unit cost for the removal of solids will increase 18.0 percent to \$65 per ton.

The fiscal year 2009-10 proposed operations budget is \$156.2 million, an increase of \$7.4 million, or 5.0 percent over the fiscal year 2008-09 proposed budget. Again, personnel costs are a significant contributor to this increase at a 7.4 percent increase, or \$6.1 million, due primarily again to the 4.0 percent MOU increases and another increase in staff of 7.0 FTE. These additional staff members are necessary due to secondary treatment facilities coming on line that have a significant impact on operational manpower as the District continues to move towards full secondary treatment standards. In addition to salary cost increases, retirement premiums and group insurance costs are expected to increase \$1.0 million and \$784,000, respectively. Operating

2008-09 & 2009-10 Budget

materials and supplies are being proposed to increase \$1.4 million, or 6.1 percent, due primarily to the combined increases in chemical coagulants, odor control, and disinfection totaling \$1.3 million. These chemical increases are due mostly to projected quantity increases. Repairs and maintenance is being proposed at a decrease of \$1.2 million due to the timing and scheduling of major maintenance projects.

The cost per million gallons of wastewater treated, an industry-wide performance measurement is expected to increase in fiscal year 2008-09 to \$1,655, a \$139, or 9.2 percent increase over the prior year projection of \$1,516, and increase in fiscal year 2009-10 to \$1,738, an \$83, or 5.0 percent increase over the FY 2008-09 proposed. Wastewater flows through the treatment system are expected to increase from the projected 222.83 million gallons per day (mgd) in fiscal year 2007-08 to 230.00 mgd in fiscal year 2008-09 and fiscal year 2009-10, a 3.2 percent increase.

The District's Capital Improvement Program (CIP) cash flow budget for fiscal year 2008-09 is \$373.7 million, an increase of \$94.4 million from the prior year estimated total. The CIP cash flow budget for fiscal year 2009-10 is \$228.9 million, a decrease of \$144.8 million from the fiscal year 2008-09 proposed CIP cash flow. This CIP two-year cash flow budget finances collection system, joint works treatment and disposal system improvement projects. These CIP cash flows are attributable to the additional infrastructure needs identified in the 2002 Interim Strategic Plan Update and in the 2008 Validation Study of the CIP.

Facilities Planning

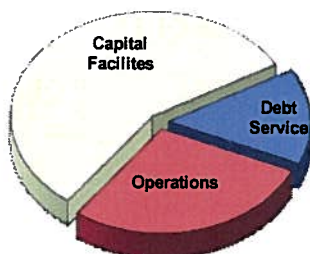
In October 1999, the District adopted a new Facilities Strategic Plan, a planning effort to define the District's goals, responsibilities, and requirements over the next twenty years, and including projections through the assumed "build-out" of the District's service area to the year 2050. This effort to update the 1989 30-year "2020 Vision" Master Plan was necessary because many of the assumptions used then have now changed. Critical factors such as population growth, new construction, the volume of wastewater delivered to the plants and viable water conservation and reclamation programs have been reevaluated.

In June 2002 the District completed the Interim Strategic Plan Update which further updated these critical factors and developed revised cost estimates and user fee projections for upgrading the District's level of treatment to meet secondary standards. On July 17, 2002, after reviewing: (1) the Interim Strategic Plan Update treatment alternatives, (2) ocean monitoring data, (3) public input, (4) regulatory issues, and (5) financial considerations, the Board of Directors made the decision to upgrade our treatment to meet secondary treatment standards.

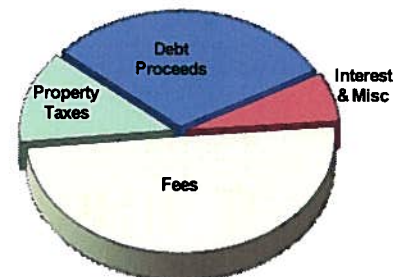
The reasoning behind the decision to move to secondary treatment standards included (1) the possibility (no matter how remote) that bacteria from the ocean outfall may at times reach the shoreline, (2) upgraded treatment will aid additional water reclamation with the Orange County Water District, (3) and the public clearly favored upgrading wastewater treatment at this time.

FY 2008-10

Uses of Funds



Source of Funds



How Resources Are Used

District resources are used to fund the cost of providing wastewater collection, treatment and disposal service, including employees' salaries and benefits, debt service, capital improvements and the cost of self-insurance.

Executive Summary

Summary of Operating & Maintenance Expenses

Collections, Treatment & Disposal Operations

	2006-07 Actual	2007-08 Budget	2008-09 Proposed	2009-10 Proposed
Net Salaries, Wages & Benefits	\$71,574,723	\$79,924,560	\$83,844,080	\$90,008,160
Administrative Expenses	1,095,519	1,520,740	1,325,360	1,293,520
Printing & Publication	459,051	650,730	651,020	654,610
Training & Meetings	1,124,856	1,503,140	1,433,710	1,440,370
Operating Expenses	16,684,653	23,058,340	22,368,520	23,731,840
Contractual Services	15,630,140	21,417,440	28,503,150	28,889,700
Professional Services	2,367,736	3,731,840	3,774,320	2,955,420
Research & Monitoring	1,426,408	1,572,740	1,426,410	1,409,860
Repairs and Maintenance	7,567,182	10,333,750	11,321,190	10,092,530
Utilities	8,072,262	9,883,260	9,719,370	10,212,260
Other Materials, Supplies & Services	2,119,593	3,656,060	2,607,460	2,815,940
Capital Grants to Member Agencies	2,127,154	2,500,000	300,000	2,064,530
Cost Allocation - CIP	<u>(16,101,402)</u>	<u>(19,779,200)</u>	<u>(20,503,410)</u>	<u>(21,530,710)</u>
Total Operating & Maintenance Expenses	114,147,875	139,973,400	146,771,180	154,038,030
Revenues & Offsets	<u>(8,033,660)</u>	<u>(5,099,000)</u>	<u>(7,836,000)</u>	<u>(8,122,000)</u>
Net Operating & Maintenance Expenses	<u>\$106,114,215</u>	<u>\$134,874,400</u>	<u>\$138,935,180</u>	<u>\$145,916,030</u>

The CIP includes \$631 million to upgrade the District's treatment plants to meet secondary treatment standards. Implementation of secondary treatment standards is scheduled to be completed by December 31, 2012. This schedule was reviewed and determined to be reasonable and achievable by an independent Peer Review Team and the CIP Oversight Committee made up of members from the District's Board of Directors. Total projected cost for the 114 currently identifiable proposed projects over the next fifteen years is \$1.47 billion. The CIP cash flows over the next ten years are projected to be \$2.0 billion.

Preferred Level of Treatment

In order to eliminate most bacteria from being released from the ocean outfall, the District began in fiscal year 2002-03 to first use chlorine bleach to disinfect the effluent and then apply sodium bisulfite to remove any remaining chlorine prior to releasing the treated wastewater to the ocean.

The District continues to take great measures to limit the chlorine residual to a very low level, essentially

non-detectable, for the purpose of protecting the animal life living in the ocean. This mode of disinfection is anticipated to continue for the short-term, possibly three years, while the District studies, designs and constructs permanent facilities, and considers alternate disinfection technologies. Beginning in fiscal year 2002-03, the addition of disinfection treatment required an annual outlay of \$7 million in additional chemicals within the operating budget of the District.

Staffing

Authorized staffing levels are being proposed with increases of 7.0 full time equivalents (FTE) each for FY 2008-09 and FY 2009-10 above the staffing level of 634 FTE positions authorized for FY 2007-08 to support the new secondary facilities being placed into service as the District moves toward full secondary treatment standards. The total FTE count of 648 FTE's in FY 2009-10 would still be 30 FTE below the agency's all time high of 678 positions approved in FY 1995-96.

2008-09 & 2009-10 Budget

The District budgets staffing levels by FTE in order to provide a realistic estimate of actual staffing levels since not all employees are full-time employees. The part-time positions are funded at 1,040 hours. Part-time employees receive a prorated share of personnel benefits. The reductions from fiscal year 1995-96 are a result of this agency's effort in striving to provide wastewater treatment as efficiently and effectively as possible while lowering operational and maintenance costs to more closely match those agencies that are "best in class" for wastewater treatment facilities.

Sewer Service Fee Increases

In July of 2002, the Board of Directors approved a change from the existing level of treatment, a blend of 50 percent advanced primary and 50 percent secondary treated wastewater, to secondary treatment standards. The reasoning behind the decision to move to secondary standards included (1) the possibility that bacteria from the ocean outfall may at times reach the shoreline, (2) upgraded treatment will aid additional water reclamation with the Orange County Water District, and (3) the public clearly favored upgrading wastewater treatment at this time.

In November 2007, the Board approved the District's Five-Year Strategic Plan that reaffirmed the 2002 capital construction estimate of \$649 million to meet secondary treatment standards by 2013, and to proceed with the \$2.6 billion, 20-year capital improvement program.

In February 2008, following a Proposition 218 notice process, the Board approved sewer rate increases for each year over the next five years averaging approximately 10 percent a year. These increases are necessary to provide needed capital improvements, to meet additional treatment and disinfection requirements, and to minimize future rate increases.

The impact of this five-year sewer fee schedule increased the annual single family residence user fee from \$182 to \$201 in FY 2008-09, to \$221 in FY 2009-10, to \$244 in FY 2010-11, to \$267 in FY 2011-12, and to \$294 in FY 2012-13.

Even with these increases, District rates will remain well below the current State-wide average annual sewer rate of \$406 reported in the 2008 California Wastewater Charge Survey of 920 agencies by the State Water Resources Control Board.

Strategic Planning

Beginning in the summer of 2007, the General Manager's Office initiated the process of creating the Strategic Plan, soliciting assistance from all levels of the organization. Input included meetings with staff members who helped to retool the Mission Statement, Vision Statement and Core Values during a series of management workshops and Executive Management Team retreats. This was followed by a series of four workshops with the Board of Directors to provide additional input and direction. As a result, the Strategic Plan addresses major objectives and critical challenges facing the District now, in the next five-years, and further into the future. This Strategic Plan also laid down the foundation for the development of the Business Plan as it addressed critical operations and construction issues, financial and budgeting challenges, and gave a clear and concise direction from the Board of Directors to staff, ratepayers, regulatory agencies, and the general public.

As part of the strategic planning process, Staff has reviewed all of the initiatives and has identified ten that it would consider highly strategic and worthy of particular focus:

1. Succession Planning
2. SARI Sewer Line Relocation
3. Environmental Compliance Management
4. Odor Nuisance Management
5. Facilities Master Plan Update
6. Energy Master Plan
7. Reclaiming SARI Line Sewer Flows
8. Managing a Sustainable Biosolids Program
9. Making North County Yard Operational
10. Enhancing the District's Security Plan

Resources have been reallocated from lower priority activities within the organization to support these strategic initiatives. Staff will report quarterly to the General Manager on the progress of each initiative.

Financial Overview & Budgetary Issues

Financial Overview and Budgetary Issues

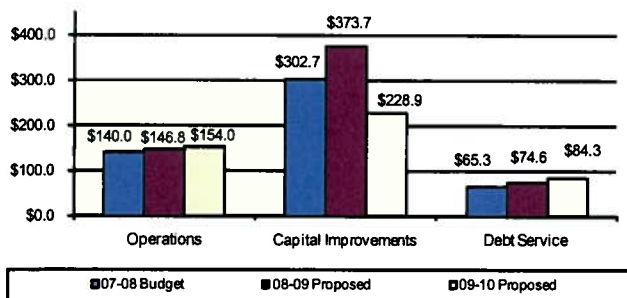
This section of the budget is a financial overview and an outline of issues affecting the development of the budget, as listed below:

- Proposed Consolidated Cash Flow Budget
- Proposed Operating Budget
- Proposed Capital Improvement Cash Outlay
- Debt Service Requirements
- Sewer Service Fees & Property Tax Revenues
- Budget Highlights
- Reserves
- Staffing
- Business Plan
- OCSD Long-Term Planning Process
- OCSD Fiscal Policies
- GFOA Recommended Practices

Proposed Consolidated Cash Flow Budget

The total proposed cash flow budget for FY 2008-09 is \$601.0 million, a 17.1 percent increase over the prior year total cash flow budget of \$513.2 million. The total proposed cash flow budget for FY 2009-10 is \$467.3 million, a 22.2 percent decrease from the total proposed cash flow budget for FY 2008-09. The proposed decrease from FY 2008-09 to FY 2009-10 is primarily due to the \$144.8 million or 38.7 percent decrease in the Capital Improvement Program (CIP), and is attributable to the timing of the construction schedule on the implementation of the overall 10-year \$1.4 billion CIP program. The table below shows the comparisons of the FY 2007-08 Budget, FY 2008-09 Proposed, and the FY 2009-10 Proposed by major budget category.

Budget Comparison
(in millions)



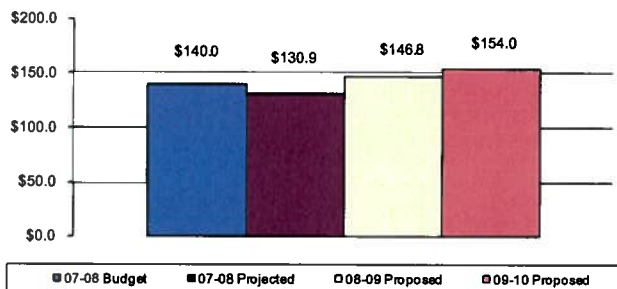
Proposed Operating Budget

The Operating program accounts for the costs to operate, maintain, and manage the District's two treatment plants, with a combined design capacity of 372 million gallons a day, and the 568 miles of

collection systems. All the personnel costs for the District are initially recorded as an Operating cost. Costs chargeable to the capital improvement program are allocated for the work done through a job cost system. These charges are shown as reductions in the line item Operating program budget. Costs remaining in the Operating program are ultimately allocated to the two individual revenue areas that make up the District, the Consolidated Revenue Area and Revenue Area 14, based on flows.

Operational cost, comprised of collections, treatment plant, and disposal operations and maintenance, and administration, are projected to come in under the FY 2007-08 Budget by \$9.1 million, or 6.5 percent. The FY 2008-09 Budget is being proposed with an increase of \$6.8 million or 4.9 percent over the prior year budget, and the FY 2009-10 Budget is being proposed with an increase of \$6.5 million, or 4.9 percent over the FY 2008-09 Proposed Budget.

Operations Budget Comparison
(in millions)



Analysis on the year-to-year change is provided from three perspectives. First, the FY 2007-08 Budget is compared to the FY 2007-08 year-end projections. Secondly, the FY 2007-08 year-end projections are compared to the FY 2008-09 Proposed Budget, and lastly, the FY 2008-09 Proposed Budget is compared to the FY 2009-10 Proposed Budget.

FY 2007-08 Operations – Budget vs. Projected

As depicted by the chart above, Operating expenses are projected to come in under the FY 2007-08 Budget by \$9.1 million, or 6.5 percent. The major categories that comprised the total short fall include chemicals, consisting of coagulants, odor control, and disinfection chemicals; utilities, consisting of electrical power, natural gas, and water; removal of residual solids from the rehabilitation of digesters; unused budgeted contingency; and in personnel cost savings.

2008-09 & 2009-10 Budget

Chemicals savings of \$5.2 million, or 25.1 percent, are anticipated due to the optimization on the usage of anionic and cationic polymers, ferric chloride, hydrogen peroxide, caustic soda, and bleach throughout the treatment facilities that has resulted in decreased usage. An example of this optimization was achieved by reducing the bleach feed rate during the PM shift and maintaining constant feed during the AM shift, and in limiting the operation of three scrubbers to only two at Plant No. 1.

Utility costs are expected to come in under budget by \$1.5 million, or 15.0 percent, due primarily to the decrease in electrical power of \$1.9 million that is expected to be offset somewhat by an overage in natural gas of \$400,000. Savings in electricity is the result of summer peak shavings that reduced usage and the lower than expected electrical rates as expected increases were not approved by the Public Utilities Commission. The summer peak shavings in electricity were obtained by the additional usage of natural gas generating the net overall savings in utilities.

Other waste disposal savings of \$1.1 million, or 39.6 percent, are anticipated due to timing issues in rehabilitation of digesters along with complications arising in the cleaning of Digester "S" at Plant No. 1. These costs are now expected to occur in the following year.

Budgeted but unused operating contingencies are expected to save the District \$700,000. Budgeted Personnel costs of \$79.9 million are expected to come in under budget by \$479,000, or by 0.6 percent.

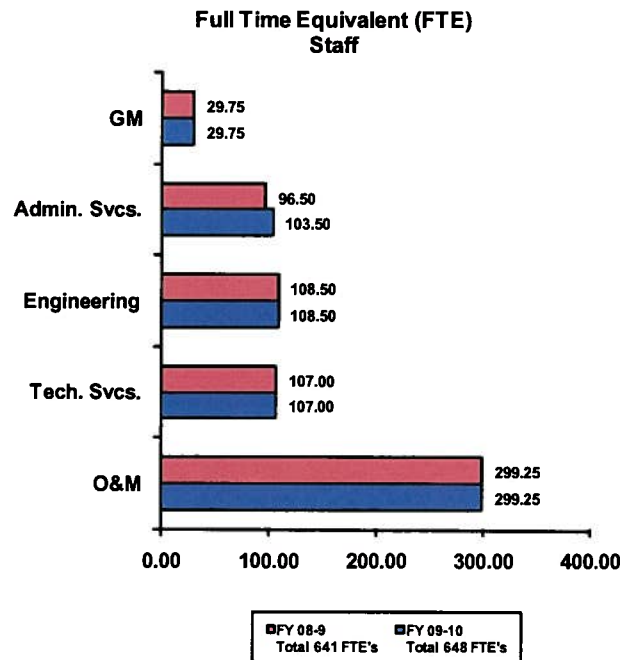
FY 2008-09 Proposed Operations Budget vs. FY 2007-08 Projected Operations Expense

Although the District continues to strive to be efficient and effective, staff is proposing a \$15.8 million, or 10.8 percent increase over the FY 2007-08 projected operating requirements. Increases in the proposed operating requirements are primarily attributable to increases in contractual services, personnel costs, operating materials and supplies, and utilities.

Contractual services are being proposed to increase \$8.6 million, or 43.4 percent, due primarily to a \$5.6 million, or 39.1 percent increase in solids removal and a \$2.7 million, or 165.5 percent increase in Other Waste Disposal. Biosolids production is estimated to increase at Plant No. 1 by 20 percent in FY 2008-09 due to the increase in treatment with the

placement of Ellis Pump Station into service. Plant No. 2 Biosolids production is estimated to increase by 8 percent due to increases in secondary treatment following the completion of secondary treatment upgrade projects. In addition, the average unit removal cost is expected to increase 18 percent to \$65 per ton as the EnerTech facility comes on line in early 2009 requiring a contracted 225 tons per day at a cost of \$72.40 per ton plus fuel cost adjustments. The other waste disposal category includes disposal costs for grit and screening waste, digester cleaning waste, and hazardous materials. The FY 2008-09 proposed budget includes the cost of cleaning a total of 7 digesters for \$3.6 million. This budget is reduced to \$2.1 million in FY 2009-10 when only 4 digesters are scheduled to be cleaned. The proposed budget for disposal of grit, screenings and other waste is \$730,000 in FY 2008-09 and \$755,000 in FY 2009-10.

Personnel costs are being proposed at a 5.5 percent, or \$4.4 million increase over the prior year projection. This increase is partially attributable to the increase of 7 full-time equivalent (FTE) employees proposed for FY 2008-09 over the prior year. The total FTE count is proposed to increase from 634 FTE's in FY 2008-09, to 641 FTE's in FY 2008-09, and by an additional 7 FTE's in FY 2009-10 to 648 FTE's.



Financial Overview & Budgetary Issues

Retirement premiums are being proposed at an increase of \$1.3 million in FY 2008-09 over the prior year projected total as the District's required contribution rate has been increased by the Orange County Employees Retirement from 20.65 percent to 21.34 percent as a result of revised actuarial assumptions and lower than expected return on investments in prior years.

Operating materials and supplies are being proposed to increase \$4.6 million, or 25.9 percent, over the prior year projected total due primarily to the combined increases in chemical coagulants, odor control, and disinfection totaling \$4.4 million. Bleach alone is projected to increase \$2.2 million over FY 2007-08 projected costs to \$7.1 million due primarily to mandated construction shutdowns that will require the use of more bleach. The use of magnesium hydroxide, a chemical that reduces the formation of hydrogen sulfide that causes odor and corrosion within the sewer trunk lines, is proposed to increase \$1.1 million in FY 2008-09 from the prior year projection. This increase is due to the addition of two treatment locations planned in FY 2008-09 that will require the total usage to increase from approximately 460,000 gallons in FY 2007-08 to 945,000 gallons in FY 2008-09.

Utility costs are being proposed to increase \$1.3 million, or 15.7 percent, over the prior year projected total. As previously noted, there is a \$1.9 million electric power savings projected in FY 2007-08 as compared to budget. The electric power budget is now being proposed in FY 2008-09 \$1.1 million lower than the FY 2007-08 budget at \$5.9 million. This is an increase of \$846,000 over the prior year projected due to projected consumption and unit cost increases. Natural gas is being proposed in FY 2008-09 at a \$393,000 increase over the prior year projected due primarily to the planned use of more gas to keep the three co-generation engines at Plant No. 2 running at minimum output levels..

FY 2009-10 Proposed Operations Budget vs. FY 2008-09 Proposed Operations Budget

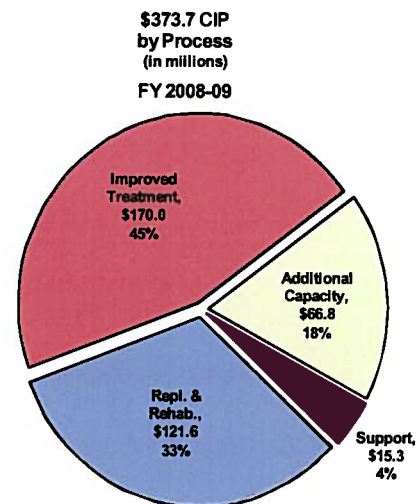
In FY 2009-10, the second year of this two-year operating budget, staff is proposing a \$7.3 million, or 4.95 percent increase over the FY 2008-09 proposed operating requirements. Increases in the proposed operating requirements are primarily attributable to increases in personnel costs, capital grants to member cities, and operating materials and supplies that are partially offset by decreases in repairs and maintenance.

Personnel costs are being proposed at a 7.4 percent, or \$6.1 million increase in FY 2009-10 over the FY 2008-09 proposed budget. This increase is partially attributable to the increase of 7 FTE employees proposed for FY 2009-10 over the total proposed staffing of 641 FTEs proposed for FY 2008-09. In addition, retirement premiums are proposed to increase \$1.0 million, or 6.3 percent, and group insurance is being proposed to increase \$784,000, or 10.7 percent.

Capital grants to member cities are proposed at an increase \$1.8 million in FY 2009-10. This increase aligns with program contracts currently in place.

Operating materials and supplies are being proposed to increase \$1.4 million, or 6.1 percent, due primarily to the combined increases in chemical coagulants, odor control, and disinfection totaling \$1.3 million. These chemical increases are due mostly to projected quantity increases.

Repairs and maintenance is being proposed at a decrease of \$1.2 million. This reduction is due to the timing and scheduling of major repair and maintenance projects.



Proposed Capital Improvement Cash Outlays

Proposed capital improvement outlays are more than one-half of the overall proposed budget and provide for the construction of facilities at the two treatment plants, including the utility systems, administrative facilities, and the ocean disposal system and the rehabilitation, replacement and expansion of the 568 miles of the collections system. Projects over

2008-09 & 2009-10 Budget

\$35,000 require formal bidding per the California Public Works Construction Act, and any project over \$100,000 requires Board approval in accordance with the District's procurement ordinance.

The budget has been prepared under assumptions included in the Strategic Plan adopted by the Board of Directors in the fall of 1999.

The FY 2007-08 projected cash outlay for the CIP is expected to reach 92.3 percent of budget, or \$279.3 million. The FY 2008-09 proposed cash flow budget of \$373.7 million is part of the overall remaining CIP budget of \$1.4 billion identified within the Interim Strategic Plan Update completed in June 2002 and the recently completed Annual CIP Validation Study.

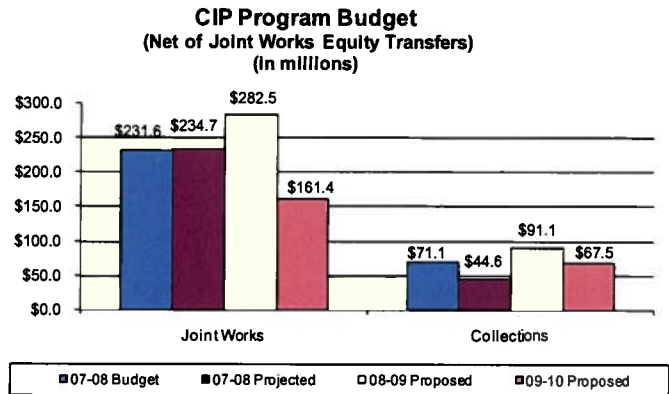
In October 1999, the District adopted a new Strategic Plan identifying the future capital infrastructure needs over the next 20 years, including projections through the assumed "build out" of the District's service area to the year 2050 for the purpose of meeting future wastewater quantity and quality requirements. An Interim Strategic Plan Update was completed in June 2002 for the purpose of updating critical factors such as population growth, new construction, the volume of wastewater delivered to the plants and viable water conservation and reclamation programs. In preparation of the FY 2006-07 Budget, the District completed the annual validation study of the CIP to ensure that the scope of the projects was appropriate, and that the cost estimates were accurate.

The validated CIP, excluding currently unplanned rehabilitation and replacement projects past 2012-013, identified 86 large capital projects and 28 special projects with a 15 year expenditure of \$1.5 billion. This total represents a \$149 million increase from the FY 2007-08 CIP estimate, and accounts for inflation of the estimated construction cost from 2008 dollars to the date when the project will be at the midpoint of construction. The 2008-09 validated CIP breaks down into the following project categories:

- 45% improved treatment
- 33% repair, rehabilitation and replacement
- 18% additional capacity
- 4% Support facilities

The CIP program consists of Joint Works, or Treatment Plant Construction, Collection System rehabilitation, replacement, and expansion, and Joint Works Equity Transfers between Revenue Areas of the District. Joint Works Equity Transfers are the

annual reallocation of Joint Treatment Work assets between Revenue Areas based on the average of the most recent three years of sewage flows. On a consolidated basis, equity transfers are offsetting.



Joint Works, or Treatment Plant Construction, projected outlay for FY 2007-08 is expected to reach 101.3 percent of the annual cash flow estimate, or \$234.7 million. The FY 2008-09 and FY 2009-10 proposed cash flow budgets of \$282.5 million and \$161.4 million reflect the District's efforts to meet the consent decree secondary treatment standards by December 2012. Large secondary treatment projects include Secondary Treatment System at Plant No. 1, Trickling Filters at Plant No. 2, and Headwork Improvements at Plant No. 2 with proposed cash outlays in FY 2008-09 of \$100.1 million, \$73.7 million, and \$25.8 million and proposed cash outlays in FY 2009-10 of \$21.5 million, \$56.9 million, and \$13.2 million, respectively. Other treatment plant projects include the Primary Treatment Rehabilitation and Primary Sludge Feed System at Plant No. 2, and the Sludge Dewatering and Odor Control at Plant No. 1 with proposed outlays in FY 2008-09 of \$16.4 million, \$12.4 million and \$7.6 million and proposed outlays in FY 2009-10 of \$5.7 million, \$3.8 million, and \$2.1 million.

The Collection System Capital Program is being proposed to increase from the prior year cash outlay budget by \$20.0 million, or 28.2 percent, to \$91.1 million in FY 2008-09 and then decrease by \$23.6 million, or 23.6 percent to \$67.5 million in FY 2009-10. These proposed improvements are needed in order to keep the 568 miles of collection systems free from failure. Two large Collection System related projects include the Bitter Point Force Main Rehabilitation and the Replacement of the Rocky Point Pump Station with FY 2008-09 proposed cash outlays of \$22.4 million and \$1.7 million. The Bitter

Financial Overview & Budgetary Issues

Point Force Main is expected to be completed at the end of FY 2008-09, but Rocky Point Pump Station construction will continue into FY 2009-10. The Capital Improvement Program is described in more detail in Section 8 of this document.

Debt Service Requirements

The District's long-term debt fiscal policy restricts long-term borrowing to capital improvements that cannot be financed from current revenue. Before any new debt is issued, the impact of debt service payments on total annual fixed costs will be analyzed. In May 2008, the District issued \$77.2 million of COP fixed rate debt to retire the outstanding amount owed on Series 1993. As the result of having a well-funded reserve policy, experienced management, and prudent planning, the District was able to secure "AAA" credit rating from Standard and Poors while maintaining "Aa" ratings from the other two rating agencies. Prior to this refunding, the District issued \$300 million of new money COP fixed rate debt in December 2007 Series 2007B to fund current and future capital improvement expenditures. This two-year budget proposes to issue additional new money debt of \$200 million in FY 2008-09 and \$120 million in FY 2009-10, as a total of \$550 million of debt financing is forecasted over the next five years to fund the \$1.4 billion in capital improvement program requirements and \$573 million in replacement, rehabilitation, and refurbishment projects anticipated over the next ten years. The FY 2008-09 debt service requirements are being proposed at \$74.6 million, a \$66.4 million decrease, from the prior year projected amount due to the refunding issue of \$77.2 million and the retirement of \$77.3 million in outstanding COP's from the Refunding Series of 1993. Following the issuance of an additional \$200 million in FY 2008-09 and \$120 million in FY 2009-10, total debt service requirements are expected to grow to \$84.3 million in FY 2009-10, an increase of 13.0 percent over FY 2008-09. The District's Debt Financing Program is described in more detail in Section 9 of this budget.

Sewer Service Fees

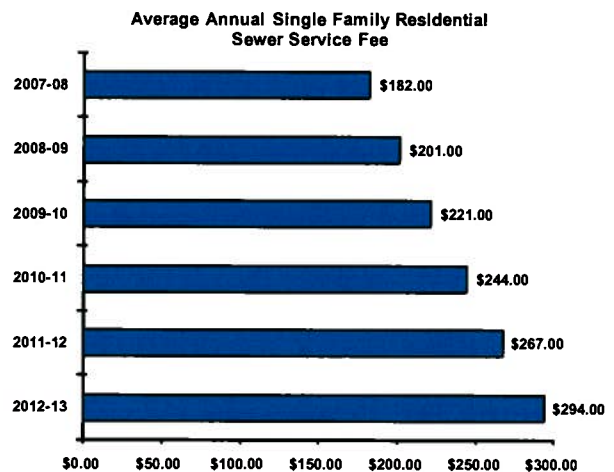
The Consolidated Revenue Area has an adopted Sanitary Sewer Service Fee to provide funding for operating the sewer systems in accordance with the Clean Water Act and the District's Revenue Program. Revenue Area No. 14 is funded through user fee charges to the Irvine Ranch Water District. Sewer service fees are set annually by the District after a review of projected needs.

In July of 2002, the Board of Directors approved a change from the existing level of treatment, a blend of 50 percent advanced primary and 50 percent secondary treated wastewater, to secondary treatment standards. The reasoning behind the decision to move to secondary standards included (1) the possibility that bacteria from the ocean outfall may at times reach the shoreline, (2) upgraded treatment will aid additional water reclamation with the Orange County Water District, and (3) the public clearly favored upgrading wastewater treatment at this time.

In November 2007, the Board approved the District's Five-Year Strategic Plan that reaffirmed the 2002 capital construction estimate of \$649 million to meet secondary treatment standards by 2013, and to proceed with the \$2.6 billion, 20-year capital improvement program.

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The impact of this five-year sewer fee schedule increased the annual single family residence user fee from \$182 to \$201 in FY 2008-09, to \$221 in FY 2009-10, to \$244 in FY 2010-11, to \$267 in FY 2011-12, and to \$294 in FY 2012-13.



Even with these increases, District rates will remain well below the current State-wide average annual sewer rate of \$406 reported in the 2008 California

2008-09 & 2009-10 Budget

Wastewater Charge Survey of 920 agencies conducted by the State Water Resources Control Board.

In FY 1997-98, the District's Rate Advisory Committee, made up of elected city officials, community, business and industry leaders, and District staff analyzed the District's rate structure to determine whether user fees were equitable among residences and industry. In May of 1998, the Board approved the proposed revisions to the Sewer Service User Fee rate structure that more equitably charged consumers based on actual usage while remaining revenue neutral. Significant changes in the rate structure included:

- Non-residential user charge will be based upon typical quantity and strength of discharge per 1,000 square feet.
- Fees for users who discharge high quantities or high-strength waste, including former Class III permittees such as restaurants and Laundromats, will be based on the assumed flow and strength per 1,000 square feet.
- Discontinuation of the Class III permit process because of the implementation of the expanded and more accurate rate structure. This resulted in simplification of the billing and collection process for these two hundred users.
- The revised rate structure resulted in a greater number of decreases in charges (22,000) for non-residential users than increases (13,000).

Overall, the total fees collected remained essentially the same as those generated by the old structure.

Property Taxes

The District's share of the one percent ad valorem property tax is dedicated for the payment of COP debt service. The apportionment of the ad valorem tax is 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.

Recent results indicate that property tax revenues had steadily increased to a level where they could once again support the District's debt service obligations. However, future anticipated capital improvements of \$2.0 billion over the next 10 years

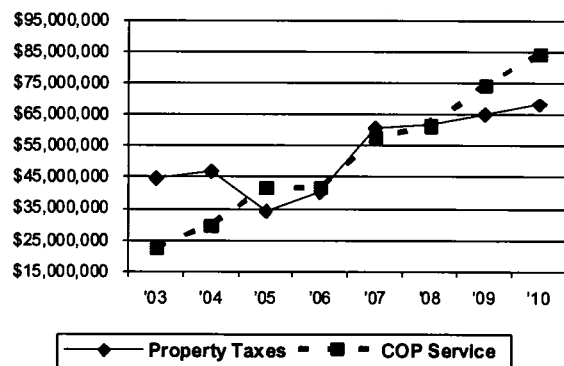
will require new COP debt issuances totaling \$550 million. This increase in debt has increased debt service payments beyond the capability of being funded solely from property tax revenues.

This problem had been exacerbated by the State's recent two-year raid on property tax revenues. Because of the State's fiscal crisis, the State legislature approved a \$1.3 billion property tax shift in FY 2004-05 and FY 2005-06 from non-education local governments. Of this \$1.3 billion shift for each of these two years, \$350 million a year was projected to be contributed from special districts, an amount equal to 40 percent of current property taxes.

The overall reduction on total property tax revenue received by the District was 23.7 percent, to \$35.8 million in FY 2004-05 and 18.6 percent, to \$39.9 million in FY 2005-06, due to the steady increase attributed to the home sales market and the corresponding increase in home values, and receiving the full benefit of these increases on all non-secured property tax distributions. Full property tax allotments were received in FY 2006-07 totaling \$60.6 million, and are expected to reach \$61.8 million for FY 2007-08. Property taxes are being budgeted in FY 2008-09 and FY 2009-10 at \$64.9 million and \$68.2 million, respectively, increases of approximately 5.0 percent a year over the FY 2007-08 projected amount.

Any property tax revenue shortfalls in meeting debt service obligations will have to come from user fees, as making debt service payments is a priority.

COP Funding Requirements vs. Property Tax Funding Source



Financial Overview & Budgetary Issues

Budget Highlights

This section briefly outlines the proposed major changes in all departments and Revenue Areas over the next two years. All Joint Works Operations, or plant operating costs and collection system costs are consolidated into the individual department budgets for better accountability and control. However, separate accounting is maintained between Joint Works Operation activities (treatment and disposal operational costs) and collection operational activities since each Revenue Area is directly responsible for their own collection operating costs. The Joint Works Operation activities are allocated to the Revenue Areas based on their individual contributions to the annual sewage flow. Likewise, the Joint Works Capital Improvements are allocated to the Revenue Areas on a three-year average of sewage flows called the "joint works equity percentage", and each Revenue Area is responsible for their own collection system capital improvements.

Details for each department can be found in "Section 6 – Operations" of this document. Complete staffing schedules are located in the Appendix.

General Management

- An amount equaling 0.5 percent of the Operating materials and services budget is included within the General Manager's Re-appropriation line item for each of the next two fiscal years. Since the current year's budget lapses each year, re-appropriation of funds are needed to pay for goods or services ordered at the end of one budget year but not provided until the following year. The General Manager reviews and approves all departmental re-appropriation requests to ensure that prior year funding was available and has not been spent.
- An amount equal to 0.5 percent of the Operating materials and services budget is included within the General Manager's contingency account for each of the next two fiscal years.
- A decrease of 0.5 FTE beginning in FY 2008-09.

Administrative Services

- A decrease in property/general liability insurance in-lieu premiums of \$1.1 million in FY 2008-09 due to favorable market conditions on insurance renewals and minimal claim losses.
- Decrease in postage of \$228,000 in FY 2008-09 as the last Proposition 218 Notices sent cover the next five years.

- An amount equal to 2.0 percent of regular salaries is being proposed for agency-wide training for each of the next two fiscal years. This training budget is centralized within the Human Resources Division for better control and accountability, and to maximize the benefits of training costs that are related to training efforts required throughout the agency.
- Projected increases in Information Technology service maintenance agreements of \$122,000 and \$70,000 in FY 2008-09 and FY 2009-10.
- A decrease of 1.0 FTE for FY 2008-09.
- An increase of 7.0 FTE's for FY 2009-10. These increases are all located within the Human Resources Division due to overall planned District-wide increases. These positions will remain in this division until specific positions and divisional assignments are determined.

Technical Services

- Legal service costs increased \$210,000 in FY 2008-09 over prior year actual due to court ordered CEQA compliance for Kern County litigation.
- Regulatory Operating Fees increased \$215,000 in FY 2008-09 and FY 2009-10 over the FY 2007-08 Budget.
- Research and monitoring are being proposed at an increase of \$330,000 in FY 2008-09 over the projected amount for FY 2007-08.
- A net decrease of 2.0 FTE in FY 2008-09.

Engineering

- FY 2008-09 budgeted CIP outlays are proposed to increase \$70.9 million, or 23.4 percent, to \$373.7 million over the prior year budgeted CIP cash outlays. However, FY 2009-10 budgeted CIP outlays are proposed to decrease \$144.8 million, or 38.7 percent, to \$228.9 million over FY 2008-09 proposed budgeted CIP cash outlays.
- A \$2.2 million decrease in capital grants to member agencies in FY 2008-09, followed by an increase of \$1.8 million in FY 2009-10.
- A net increase of 4.0 FTE's beginning with FY 2008-09.

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Operations & Maintenance

FY 2008-09 increases over FY 2007-08 Projection:

- An increase in disinfection of \$ 2.2 million.
- An increase in solids removal of \$5.6 million.
- An increase in other waste disposal of \$2.7 mil.
- An increase in odor control of \$1.0 million.
- An increase of electricity costs of \$836,000.
- An increase in natural gas of \$393,000.
- An increase in Repairs & Maint. of \$448,000.

FY 2009-10 Budgeted increases of FY 2008-09:

- A decrease in disinfection of \$ 87,000.
- An increase in solids removal of \$2.0 million.
- A decrease in other waste disposal of \$1.5 mil.
- An increase in odor control of \$511,000.
- An increase of electricity costs of \$305,000.
- Natural Gas budget remains the same.
- A decrease in Repairs & Maint. of \$1.2 million.

FY 2008-09 and FY 2009-10 Staffing changes:

- Net increase of 6.5 FTE's beginning with FY 2008-09.

Individual Collection System

Operating- reflects costs of operating and maintaining each Revenue Area's collection system, utilities, and Directors' fees. Industrial/commercial monitoring costs reflecting the expense of enforcing the Uniform Use Ordinance and EPA's pre-treatment standards are also included. The largest operating cost is the Revenue Area's flow-based share of the Joint Works Operating expenses.

Capital Facilities- accounts for each Revenue Area's share of the Joint Works Capital Improvement projects and for individual Revenue Area trunk sewer or pump station projects. The entire collection system has a sewer construction program Master Plan in progress as a result of the 1999 Strategic Plan. Other line items in these funds are accumulated reserves for future capital improvements in accordance with Master Plans and federal and state requirements and annual purchase or sale of equity in the jointly-owned treatment works as provided for in the Joint Ownership, Operation, and Construction Agreement.

Debt Service/COP- accounts for the proceeds from and service of the Capital Improvement Program Certificates of Participation (COPs). The District's share of the one percent basic levy ad valorem

property tax is dedicated to provide for COP principal and interest payments.

See Section 9 for additional information on the District's debt financing program.

Reserves

In 1998, the District conducted an in-depth review of the agency's reserve policies. This review included a survey of the reserve policies of 23 other public agencies as a tool to assist in the evaluation of the underlying economic reasons supporting the District's reserve policies. Based on this review, the Directors approved the following reserve policies:

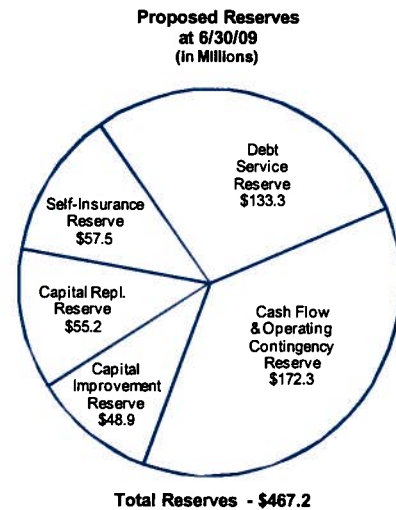
- Cash Flow Reserve has been established at a level to fund operation, maintenance and certificates of participation debt service expenses for the first half of the fiscal year. The first installment of property tax revenues and sewer service user fees that is collected by the County through the property tax bill is not available until late December each year.
- Operating Contingency Reserve has been established to provide for non-recurring expenditures that were not anticipated when the annual budget and sewer service fees were considered and adopted. The level of this reserve will be established at an amount equal to ten percent of the annual operating budget.
- Capital Improvement Reserve has been maintained to fund annual increments of the capital improvement program. The long-term goal is to fund one half of the capital improvement program from borrowing and the other half from current revenues and reserves. With this program in mind, the target level of this reserve has been established at one half of the average annual cash outlay of the capital improvement program through the year 2020. Levels higher and lower than the target can be expected while the long-term financing and capital improvement programs are being finalized. Proceeds from any debt issuance targeted for construction are also included in this reserve until spent.
- Catastrophic Loss, or Self-Insurance Reserves has been maintained for property damage including fire, flood and earthquake, for general liability and for workers' compensation. These

Financial Overview & Budgetary Issues

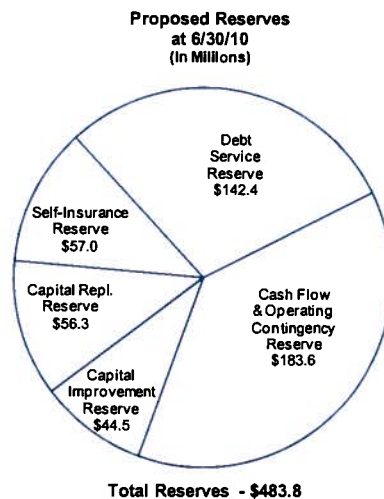
reserves are intended to work with purchased insurance policies, FEMA and State disaster reimbursements. Based on the current plant infrastructure replacement value of \$3.12 billion, the level of this reserve has been set to fund the District's non-reimbursed costs, estimated to be \$57 million.

- **Capital Replacement/Renewal Reserve** will be established to provide thirty percent of the funding to replace or refurbish the current collection, treatment and disposal facilities at the end of their useful economic lives. The current replacement value of these facilities is estimated to be \$5.38 billion. The initial reserve level had been established at \$50 million, and is augmented by interest earnings and a small portion of the annual sewer user fee, in order to meet projected needs through the year 2030.
- **Debt Service Reserve** is required to be under the control of a Trustee by the provisions of the certificate of participation (COP) issues. These reserve funds are not available for the general needs of the District and must be maintained at specified levels.
- **Rate Stabilization Reserve** will be used to accumulate all available funds exceeding the targets for all other reserves. These funds will be applied to future years' needs in order to maintain rates or to moderate annual fluctuations. There is no established target for this reserve. Because the reserves of all other funds have not been exceeded, this reserve level is set for zero at June 30, 2007.

Collectively, these individual reserve requirements total over \$450 million for each year of the current ten-year cash flow forecast. As part of the budget development of the previous two-year budget, the District's Finance Management staff and the Board of Directors concluded that there was an overlapping benefit in having individual reserves, and that it was unlikely that situations would arise that called for the drawdown of more than one reserve category at any given point in time. Therefore, the reserve policy was adjusted to reflect individual reserve computations with a 10 percent reduction to the accumulated total, or roughly \$40 million.



The actual reserve requirement for FY 2008-09 is \$460.9 million, which is \$6.3 million less than the \$467.2 million budgeted for actual year-end reserves.

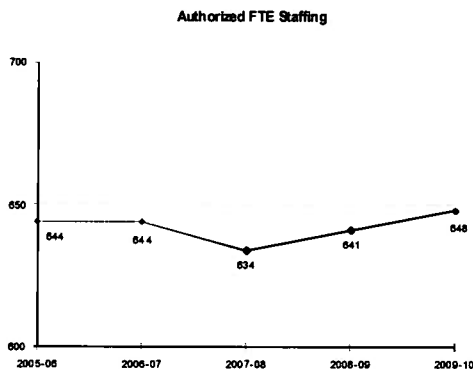


Due to back-to-back 10.5 and 10.0 percent rate increases in FY 2008-09 and FY 2009-10 coupled with a \$200 million and \$120 million proposed COP debt issuance in FY 2008-09 and FY 2009-10, respectively, actual proposed reserve levels at June 30, 2010 will exceed reserve level requirements by \$4.8 million.

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Staffing Levels

Authorized staffing levels are being proposed with increases of 7.0 full time equivalents (FTE) each for FY 2008-09 and FY 2009-10 above the staffing level of 634 FTE positions authorized for FY 2007-08. The total FTE count of 648 FTE's in FY 2009-10 would still be 30 FTE below the agency's all time high of 678 positions approved in FY 1995-96.



The District budgets staffing levels by FTE in order to provide a realistic estimate of actual staffing levels since not all employees are full-time employees. The part-time positions are funded at 1,040 hours per year. Part-time employees receive a prorated share of personnel benefits.

The staffing reductions from 1995-96 are a result of this agency's effort in striving to provide wastewater treatment as efficiently and effectively as possible while lowering operational and maintenance costs to more closely match those agencies that are "best in class" for wastewater treatment facilities. However, as the result of new initiatives in the areas of water reclamation and conservation, and the expansion of the Capital Improvement Program (CIP), the existing staffing plan was no longer sufficient to meet the District's needs.

In considering the staffing impacts on the CIP program alone, the most recently completed validation study of the CIP calls for capital expenditures to increase to \$373.7 million in FY 2008-09 and \$228.9 million in FY 2009-10, a total of \$1.4 billion over the next 10 years.

The Appendices within Section 10 provide a Staffing History Summary (by Department and Division) and Detail (by position title within each Department and Division).

Purchasing Authorization

In 1998-99, the Board amended the purchasing authority of the agency's General Manager for purchases up to \$100,000. In Section 5 of this document, staff has provided a detailed listing of specific goods or services to be acquired in FY 2008-09, each costing in excess of \$100,000. Staff is recommending that the Board approve the acquisition of these items by staff during the next fiscal year without having to bring these items back to the Board for re-approval.

Business Plan

The District began development of a comprehensive annual Business Plan that was first included within the FY 2005-06 Budget document, and was updated in the following two-year budget beginning in FY 2006-07. This Business Plan has now been updated once again following the Board acceptance of the Five-Year Strategic Plan in November 2007. This Business Plan now includes the funding resources required as a result of the Board approval of the increased levels of service including the development of a sustainable biosolids management program, minimizing the impact of collection and treatment odors, and the reduction of air toxic emissions. Also included in this updated business plan is the business planning process and the current and projected key performance indicators (level of service). The FY 2008-09 Business Plan, that begins within Section 2 – Page 17, has includes the following topics:

- Strategic Initiatives
- Levels of Service
- Two-Year Staffing Plan
- Updated Financial Model
- Risk Assessment
- Updated Asset Management Plan

Development of the business plan in future years will include an expansion of the risk assessment component to include risk avoidance.

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OCSD Long-Term Planning

The District's current efforts in regard to long-term planning include the CIP Strategic Plan Update, which focuses on the District's long-term capital improvement facilities and rehabilitation projects that will be needed annually out to the year 2020, and re-organizing the operations of the District in order for this agency to maintain a "best in-class" wastewater treatment facility.

CIP Strategic Planning

In October 1999 the District completed its Strategic Plan, an update of the 1989 30-year "2020 Vision" Master Plan. Many of the assumptions used to develop the original plan, such as inflation, the projected service population, the level of building activity, and the volume of wastewater treated, were quite different from what was assumed nearly ten years earlier. If the assumptions of the Master Plan were not updated, the District could be constructing unnecessary facilities and charging higher fees than would be needed.

In addition to updating the population and flow assumptions, the Strategic Plan provides for an operations and financial plan and includes a review of the collection, treatment and disposal facilities, and ocean outfalls.

In June 2002, a new, or interim, Strategic Plan Update was completed that revised many of the assumptions used to develop our previous planning documents, including population and land-use projections, the level of building activity in our service area and the volume of wastewater to be treated. This information was needed for the Board's consideration of secondary treatment the following month. The Interim Strategic Plan Update also provides an operations and financial plan including a review of our collection, treatment and disposal facilities, and a study of our ocean outfall system.

In conjunction with preparation for the FY 2008-09 and FY 2009-10 Budget, District staff conducted strategic planning workshops with the Board of Directors to layout a capital program to deliver the levels of service desired by the Board of Directors. These levels of service and resulting capital projects are included in the District's 5-year Strategic Plan. This includes approximately \$50 million of new CIP projects over the next 10 years.

In addition, District staff has reviewed each CIP project to ensure that the scope of the project was appropriate, and that the cost estimates were

accurate. The validated CIP includes 86 large capital projects and 28 special projects with a 15-year expenditure of \$1.47 billion. This total represents a \$149 million increase from the 2007-08 CIP estimate. This increase includes \$50 million from the District's 5-year Strategic Plan, \$28 million in newly identified rehabilitation and renewal needs, and \$71 million in project budget revisions for on-going projects.

Over the next ten years, the CIP cash flow needs, including rehabilitation and replacement projects, will approximate \$2.0 billion, or an annual average of \$200.0 million.

Moving Towards Secondary Treatment

The Board of Directors approved a change from the existing 50/50 level of treatment to meeting secondary treatment standards in July of 2002. The reasoning behind the decision to move to secondary standards included (1) the possibility that bacteria from the ocean outfall may at times reach the shoreline, (2) upgraded treatment will aid additional water reclamation with the Orange County Water District, (3) and the public clearly favored upgrading wastewater treatment at this time.

As a result of the completion of the Capital Improvement Program Validation Study and the Secondary Treatment Review in the spring of 2003, a capital improvement program was developed to meet secondary treatment standards as quickly as possible while providing for increased flows and rehabilitation and refurbishment of existing facilities.

The FY 2008-09 CIP includes three projects totaling \$631 million to upgrade the District's treatment plants to meet secondary treatment standards. Implementation of secondary treatment standards is scheduled to be completed by December 31, 2012. This schedule was reviewed and determined to be reasonable and achievable by two independent Peer Review Teams.

Planning Advisory Committee II (PAC2)

As part of the process of developing the Interim Strategic Plan Update, the District sought input, comments and suggestions from the residents and businesses that are served by the District. The commitment to actively solicit public comments on the appropriate level of treatment represented a continuation of a relationship with the public that was established in the original Strategic Plan. This relationship proved to be very effective in developing solid information on which the Board of Directors

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made their determinations and set the course for the District's future in 1999. For this reason, the District developed a public participation process that reflects its commitment to openness and recognition of the need for public involvement in decision-making.

In moving forward with the development of public participation, the District established the concept of a Public Advisory Committee. Because of the relatively short time frame that was available for the Interim Strategic Plan Update work, the District initially turned to the members of the original Planning Advisory Committee (PAC) and Rate Advisory Committee (RAC). In parallel with the Interim Strategic Plan Update, the District also established a Technical Advisory Committee (TAC) to help advise them with the complex issues required with the planning and execution of the Huntington Beach Studies (Phase III), and a number of these TAC members were also on the PAC2. The District recognized that the PAC2 members would bring several key benefits to the project:

- Familiarity with the technical issues;
- Understanding of the public participation process;
- Balanced distribution of technical, environmental, political, and geographic viewpoints; and
- Demonstrated commitment to active and reliable participation.

In addition to this initial group, the District also reached out to organizations and individuals that had consistently expressed interest in participating in the Interim Strategic Plan Update and the ocean discharge permit renewal process. As a result of this effort, 28 members of the new PAC2 were confirmed.

One of the primary objectives of the Interim Strategic Plan Update was to consider different levels of wastewater treatment and their respective advantages and disadvantages. PAC2 members were to provide key support to the project, specifically:

- Review the technical output of the four treatment alternatives under consideration;
- Establish the performance objectives that are to be used to evaluate the alternatives;

- Provide input, comments, and observations regarding the benefits and problems that might be associated with each of the alternatives; and
- Provide a summary report that captures the issues along with their recommendations.

The PAC2 report was completed in June 2002 and provided guidance to the Board of Directors in its decision to change from the existing 50/50 level of treatment to secondary treatment standards in July of 2002.

Five-Year Strategic Plan

Beginning in summer 2007, the General Manager's Office initiated the process of creating this Strategic Plan, soliciting assistance from all levels of the organization. Input included meetings with staff members who helped to retool the Mission Statement, Vision Statement and Core Values during a series of management workshops and Executive Management Team retreats. This was followed by a series of four workshops with the Board of Directors to provide additional input and direction. As a result, a Strategic Plan was developed that addresses several major objectives and critical challenges facing the Orange County Sanitation District now, in the next five years, and further into the future. They include:

- Achieve a comprehensive five-year plan that focuses our present and future efforts to meet the sanitation, health and safety needs of the 2.5 million people we serve.
- Plan, design and build \$2.6 billion worth of essential capital improvement projects over a twenty-year period that continue to meet the regulatory, environmental, health and safety needs of a growing population.
- Continue to direct sufficient resources and keep investigating new technologies to effectively deal with odor issues.
- Apply sufficient funds to meet regulatory requirements related to air emissions.
- Continue to support the Groundwater Replenishment System in partnership with the Orange County Water District.
- Continue to aggressively pursue alternatives that make fiscal and environmental sense in the final disposition of biosolids.
- Apply sufficient resources to ensure the maintenance of our assets remains a priority.

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- Address risk assessment issues to protect the environment, our employees and the public's health.
- Sustain and enhance a skilled work force capable of managing a highly technical operation in a dynamic and technologically challenging environment.
- Protect our reserves and credit rating while maintaining a responsible rate structure that is at or below other sanitation agencies.

The Strategic Plan charts a focused roadmap of success for the future of the Orange County Sanitation District. It addresses critical operations and construction issues, financial and budgeting challenges, and gives a clear and concise direction to staff, ratepayers, regulatory agencies, and the general public.

Biosolids Management

The District produces approximately 650 tons of digested and dewatered (Class B) biosolids per day. By 2020, the District's biosolids production is projected to increase by 30 percent, to 310,000 tons annually. The District currently manages its biosolids as follows via two contracts using five options:

- 24% is land applied as Class A biosolids in Kern County, California (\$43.07/ton);
- 38% is composted to Class A biosolids in Kern County, California (\$63.09/ton);
- 12% is composted to Class A in La Paz County, Arizona (\$49.74/ton);
- 23% is land applied as Class B biosolids in Yuma County, Arizona (\$45.44/ton); and
- 3% is land filled in Yuma, Arizona (\$45.44).

Counties throughout California and Arizona have developed, or are in the process of developing, ordinances that severely restrict or ban the land application of Class B biosolids. Kern and Kings Counties banned land application of Class B biosolids. At the time of this writing, the "Florez" bill which gives the Kern County Board of Supervisors the discretion to ban importation of all biosolids sailed through the California Senate 26-9, and was forwarded onto the Assembly. It has become clear that future requirements for managing biosolids will be more restrictive and costs will increase as current options are anticipated to be eliminated due to these developments in two to five years.

The dynamic regulatory issues, land application ordinances and bans, and public perception challenges prompted the District to develop a Long-Range Biosolids Management Plan. This plan was approved by the Board in December 2003. The goal is to develop a sustainable, reliable, and economical program for long-range biosolids management providing environmentally sound practices that meet the stringent federal, state, and local regulatory requirements.

The Long-Range Biosolids Management Plan (Plan) includes four major elements:

1. Identify long-term potential Southern California Class A biosolids products and product markets.
2. Identify the onsite and offsite facility options for manufacturing marketable products while optimizing the use of the District's facilities necessary in treating wastewater.
3. Develop a flexible implementation plan for positioning the District to be able to participate in multiple markets.
4. Continue to beneficially use biosolids and maintain conformance with the National Biosolids Partnership (NBP) Code of Good Practice.

The Plan includes an analysis of potential technologies and markets for biosolids derived products, an analysis of treatment plant processes to reduce overall biosolids handling and treatment costs, and a long range implementation strategy.

The following is currently being implemented based on the Plan's recommendations:

1. Employing new in-plant technologies to reduce the volume of Biosolids handled by the District's two treatment plants, as follows:
 - Replacement of existing belt filter press dewatering equipment with centrifuges.
 - Replacement of existing secondary sludge dissolved air flotation thickening equipment with gravity belts.
 - Installation of primary sludge thickening equipment.

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2. Transitioning to the production of Class A biosolids products using established and reliable technologies.
3. Establishing and maintaining failsafe backup options for 100% of the biosolids produced at OCSD.
4. Working with member agencies and local stakeholders to develop in-county production facilities and markets.
5. Moving into the following markets using vendor contracts for providing processing facilities, product distribution, and marketing:
 - Energy and fuel production
 - Heat dried granular products
 - Heat drying with soil reclamation
 - Compost
 - Organo-mineral fertilizers

In order to quickly transition from Class B to Class A biosolids production before the Class B market collapsed, requests for proposals were submitted requesting services and facilities to support the District's Long Range Biosolids Management Plan. After completing an extensive request for proposal process in April 2005, the Board approved a contract with EnerTech Environmental, Inc. to convert the District's biosolids to a renewable fuel at their Regional Biosolids Processing Facility in Rialto, California. The EnerTech's solution is a relatively new, patented heat treatment process. The patented process increases the ability to dewater biosolids in order to maximize the efficiency of the production of fuel. By decreasing the moisture content of biosolids prior to drying, a smaller dryer is needed, thus reducing capital and energy consumption. The fuel product will be totally recycled and reused, under agreements with area cement kilns and other fuel users. Residual ash from the fuel combustion becomes part of the cement product, resulting in no residual waste product liability. EnerTech proposes to finance, design, construct, and operate this 625 ton per day facility. Several local governmental agencies have previously committed approximately 275 tons per day of biosolids to this project and this project has now become economically viable with the commitment of 200 tons of biosolids per day from the District.

In addition to the contract awarded EnerTech, the Board also approved a contract with Synagro to provide for biosolids composting in Kern County at \$63.09 per ton. The EnerTech and Synagro long-term contracts will service approximately two-thirds of OCSD's future biosolids production.

Staff is currently investigating biosolids-to-energy technologies and markets for the remaining one-third of the District's biosolids production because of the concern that biosolids composting markets are being saturated which could result in de-valuing of the product, making it non-sustainable. The private sector significantly invested in developing biosolids-to-energy technologies which enables wastewater agencies to participate in proven and sustainable markets. Staff will also be investigating biosolids management via deep-well injection and methane production which is currently being evaluated by the City of Los Angeles. Following are future cost implications under the various alternatives for the disposal of the remaining one-third of District's future biosolids:

- Energy Production: \$85/ton – Annual Cost = \$7.8M
- Deep Well Injection: \$40/ton – Annual Cost = \$3.7M
- Landfill Disposal: \$60/ton – Annual Cost = \$5.5M

Urban Runoff

In June 2002, AB1892 was passed that allows the District's charter to include permissive language authorizing the diversion and management of dry weather urban runoff flows. This bill allows the District to acquire, construct, operate, maintain, and furnish facilities for the diversion of urban runoff from drainage courses within the District, the treatment of the urban runoff, the return of the water to the drainage courses, or the beneficial use of the water.

The passage of this bill allows the District to divert up to 10 million gallons a day and consider more extensive options, such as building artificial wetlands that would naturally filter the runoff, or building a runoff treatment plant, similar to a \$9.5 million facility built in Santa Monica that recycles 500,000 gallons of runoff a day.

For some time now, Orange County's beaches have been affected by storm water and urban runoff pollution. As a result, the Santa Ana Regional Quality Control Board has taken direct action to control discharge of pollutants to tributaries and recreational water bodies in Orange County by

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issuing a Storm Water Permit to the County and cities. In order to comply with the provisions of the permit, the County and cities have increased resources to fund municipal storm water/urban runoff management and treatment services. However, this effort has been difficult to sustain given the complexity of the program and the competing demands on limited resources.

The District, the County and other local agencies, are currently considering whether to explore public support for levying a fee to property owners to fund regional storm water/urban runoff management and treatment services within Orange County.

Groundwater Replenishment System

The District has shared in construction costs for Phase I of the Groundwater Replenishment (GWR) System with the Orange County Water District (OCWD), with each agency splitting the cost of construction of this facility equally. Phase I will reclaim up to 70 million gallons per day (mgd) of water, becoming the largest water reclamation project in the world. The GWR System will defer the need to build a second outfall estimated at a cost of \$200 million.

Phase I of the GWR System became operational in January 2008. The District and OCWD have agreed to match the funding for this project. The District had previously budgeted \$248.4 million for this project with the final wrap-up construction outlays of \$2.8 million to occur in FY 2008-09. The District has shared equally with OCWD in approximately \$44 million of Federal and State Grants in offsetting total project costs.

Pioneering work to develop the world's largest water purification plant for groundwater recharge has earned the Orange County Water District and the Orange County Sanitation District, California, USA, the 2008 Stockholm Industry Water Award. The Stockholm Industry Water Award honours and encourages business sector contributions to sustainable development in the water sector and is presented each August at the World Water Week in Stockholm. It was established in 2000 by the Stockholm Water Foundation in collaboration with the Royal Swedish Academy of Engineering Sciences and the World Business Council for Sustainable Development.

Fiscal Policies

Included within Section 3 – Pages 1 through 8 is a listing of the District's Board Adopted Fiscal Policies. These fiscal policies were established for the purpose of:

- sustaining a financially viable Sanitation District;
- having the flexibility to adapt to local and regional economic changes; and
- maintaining and enhancing sound fiscal condition of the District.

Included within the District's fiscal policies are specific policies for Budgeting, Revenues, Expenses, Capital Improvements, Vehicles, Short-term Debt, Long-term Debt, Reserves, Investment, and Accounting, Auditing and Financial Reporting.

GFOA Recommended Practices

Included in the budget within Section 3 – Pages 9 through 15 is a listing of the 124 accounting, auditing, financial reporting, cash management, budgetary and fiscal policy, debt management, retirement and benefit administration, and economic development and compliance planning practices recommended by the Government Finance Officers Association of the United States and Canada. Included within this list of best financial practices for state and local governments is the District's status as to whether we are in compliance or in progress towards compliance, or whether the practice is applicable to this agency. Out of these 124 practices, the District is in compliance with 84, 35 are not considered applicable to the District, and we are in the process of complying with the final five.

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Business Plan

The District's Business plan is intended to be an overarching plan based on sound decision making that provides direction on the work that the District will take on during the next two-year budget cycle and what will be deferred. This Plan is the underlying foundation for the development of the District's Budget.

During the process of developing the Plan, the District's Executive Management Team reviewed the proposed work for the upcoming year, balance it with the staffing and funding resources needed and either approve the plan or make reductions. Reductions in work or resource commitment for the coming year will be considered in light of the Level of Service that the agency is committed to and appropriate levels of risk.

Updates to the Business Plan are performed on an on-going basis, to be developed ahead of the bi-annual budgeting process, and will ultimately have a five-year horizon.

Each year, it is staff's intent to build upon the foundation of the previous Business Plan and to make each succeeding Business Plan more detailed and comprehensive. Included in this first Business Plan was the following elements: (1) Business Planning Process; (2) Current and Projected Key Performance Indicators (Level of Service); and (3) 2005 Asset Management Plan Summary.

The previous version of the Business Plan included (1) the ten most critical strategic initiatives; (2) performance results pertaining to the Current and Projected Key Performance Indicators (Level of Services); (3) Two-Year Staffing Plan; (4) Financial Model Update; (5) Risk Assessment & Mitigation Analysis; and (6) Asset Management Plan II.

Additions to the FY 2008-09 and FY 2009-10 Business Plan includes further development of the District's comprehensive Strategic Plan will include: (1) the steps required to complete each initiative; the timeframe and milestones for the completion of each step; and the resources required for each step; (2) Business Accountability Charters for each department, and each division within the departments; and (3) strategies to minimize risks identified within the District's current risk assessment profile.

Business Plan Process

The framework for the current Business Plan was developed as part of the process of creating the Five-Year Strategic Plan that was issued in November 2007. Beginning in the summer 2007, the General Manager's Office initiated the process of creating the Strategic Plan, soliciting assistance from all levels of the organization. Input included meetings with staff members who helped to retool the Mission Statement, Vision Statement and Core Values during a series of management workshops and Executive Management Team retreats. This was followed by a series of four workshops with the Board of Directors to provide additional input and direction. As a result, the Strategic Plan addresses major objectives and critical challenges facing the District now, in the next five-years, and further into the future. This Strategic Plan also laid down the foundation for the development of the Business Plan as it addressed critical operations and construction issues, financial and budgeting challenges, and gave a clear and concise direction from the Board of Directors to staff, ratepayers, regulatory agencies, and the general public.

The Business Plan development process started with the initiatives and direction identified within the Strategic Plan. Staff from across the agency further defined these initiatives in terms of level of service, business risk exposure, capital and operational costs, staffing, and long term financial impacts. The Business Plan identifies the required resources and prioritizes projects and initiatives, with recommendations for which initiatives should go forward for inclusion in the District budget, and which should be deferred or dropped from consideration.

Strategic Initiatives

Over the next two years, the District will begin and complete many activities central to the goals of the organization. As part of the strategic planning process, Staff has reviewed all of the initiatives and has identified ten that it would consider highly strategic and worthy of particular focus:

1. Succession Planning
2. SARI Sewer Line Relocation
3. Environmental Compliance Management
4. Odor Nuisance Management
5. Facilities Master Plan Update
6. Energy Master Plan
7. Reclaiming SARI Line Sewer Flows
8. Managing a Sustainable Biosolids Program
9. Making North County Yard Operational
10. Enhancing the District's Security Plan

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Resources have been reallocated from lower priority activities within the organization to support these strategic initiatives.

Staff will report quarterly to the General Manager on the progress of each initiative. In parallel, the General Manager will begin the development of a comprehensive strategic plan and District goals for the Board review and adoption.

Level of Service

In 2005, the Orange County Sanitation District first developed a summary of the District's present and future Levels of Service requirements as part of its Asset Management Program. These Levels of Services were further developed with the Business Plan along with measurable outcomes, or key performance indicators, that the District is committed to meeting. This Business Plan documents that the Levels of Service provided by the District will increase significantly, requiring \$1.4 billion in identifiable capital improvements and millions in increased maintenance and operations costs over the next ten years.

One area where the District's Level of Service will increase significantly is the quality of effluent that is provided to the Orange County Water District for reclamation or for discharge into the ocean. In 2002 and 2003, three commitments were made that increased this Levels of Service:

1. The District's ocean discharge will meet secondary treatment standards by 2013;
2. The District will provide effluent disinfection to reduce the coliform bacteria content at its outfall to less than the maximum concentration allowed at the beach under California Assembly Bill 411; and
3. The District will provide 70 million gallons a day of secondary effluent satisfying the quality and quantity requirements of Groundwater Replenishment System that began operations in January 2008.

The District is also studying further reduction in the offsite odors from its treatment plants and reducing its emissions of air toxics. The District's Levels of Service will also improve in the area of biosolids management. The District is moving from a 60-40% blend of Class "A" and Class "B" biosolids management options to a 100% Class "A" product.

These Levels of Service improvements, along with maintaining the existing performance levels, require a series of annual rate increases and borrowing to ensure that the District maintains the reserves and debt coverage ratios that are included in the Business Principle Key Performance Indicators. The District's present and projected Levels of Service are shown within this section on page 27 through 32.

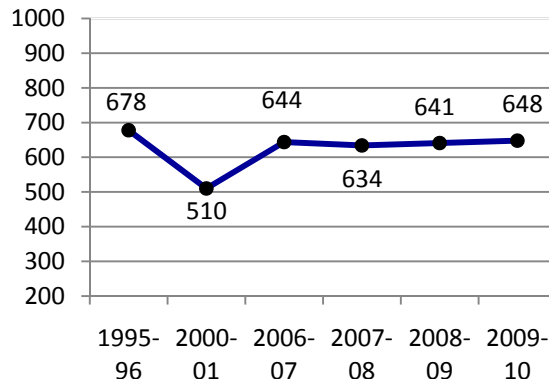
The District will continue to conduct studies and monitor regulatory trends that may change its level of service beyond 2013. There is a developing area of research concerning contaminants in treated wastewater effluents such as personal care products and pharmaceutically active compounds that are suspected of causing reproductive or other health changes to marine life in receiving waters. These compounds are also subject to research regarding reclaimed water quality. Further changes to the District's source control program and treatment processes could be required to address these concerns as further research defines the problems and potential solutions.

Staffing Plan

A comprehensive review was completed on the District's staffing levels for the next two fiscal years. This undertaking began with a review of the District's vision, mission, goals and objectives as part of the development of the Five-Year Strategic Plan.

This analysis included identification and development of over 110 business units in the District with discreet duties and responsibilities.

Authorized FTE Staffing



Based on the needs of the agency overtime, total FTE requirement have fluctuated greater from a

high of 678 authorized FTE's in FY 1995-96 to a low of 510 in FY 2000-01 back up to a newly proposed high of 648 authorized in FY 2009-10 for the operation and maintenance of newly constructed secondary treatment facilities scheduled to come on line as the District strives to meet full secondary treatment standards by December 31, 2012.

Based on the increase of 138 FTEs since FY 2000-01, staff has taken on the challenge of moving towards full-secondary treatment standards while minimizing the increase in total FTE head count over this two-year planning period.

Instead, staff has focused on the reallocation of existing resources in order to balance the needs within the over 110 identified business units of this agency to ensure that core business operations are met, levels of service are maintained, and that strategic initiative elements are accomplished.

In conclusion, the proposed two-year staffing plan contains a significant level of analysis on how existing resources can be utilized in consideration of the increased demands placed on this agency by secondary treatment standards and in support of the \$1.4 billion capital improvement program over the next ten years while minimizing the increase in staffing levels. This budget, therefore, proposes staffing increases of 7 FTE's for FY 2008-09 and for FY 2009-10, raising the previously approved FTE count from 634 FTE's in FY 2007-08 to 641 FTE's in FY 2008-09, and to 648 FTE's in FY 2009-10. A detailed breakdown on the proposed reallocation of FTE's can be found within the Appendix section of this budget.

Financial Model Update

The last time a rate study was completed for the District was in July 2006, and previous to that was in 2002 and in 1999. It has been the practice of the Sanitation District to complete a rate study following the completion of a strategic plan update. A strategic plan update is the review of the OCSD collection, treatment and disposal systems to determine a comprehensive strategic approach to manage wastewater flows through the year 2020, and in a way that protects the public health and is technically feasible, environmentally responsible, and economical. However, the following four drivers necessitated that a rate study be completed as part of this Business Plan:

- 1. The Necessity of a Local Sewer Service Fee** - The District provides regional sewage collection, treatment, and disposal services to approximately 550,000 customers located in central and northwest Orange County and collects fees for these services through a special assessment on the Orange County property tax bill. In addition, the District also maintains, repairs, and replaces the local sewers for approximately 17,000 of the above 550,000 at no additional fee. All customers other than these 17,000 are also paying a local sewer service fee to their local city or special district. A sewer rate study needed to be completed for these 17,000 customers in order to initiate a local sewer service fee to eliminate the subsidization of their local sewer service by all 550,000 regional customers.
- 2. Including the Cost Impacts of Strategic initiatives** – The November 5-Year Strategic Plan increased the levels of service for managing air toxins, odor control, and biosolids. The financial impacts resulting from the outcome of these board approved initiatives needed to be addressed in an updated sewer rate study.
- 3. 5-Year Proposition 218 Notice-** The District's last California Proposition 218 Notice notifying rate payers of potential sewer rate increases over the past five-years had expired and a new 5-year Proposition 218 Notice approved by the Board and the justification of the new sewer service fee rates over the next five years needed to be supported by an updated sewer rate study.
- 4. Development of a Uniform "Net Cost of Service" Rate Methodology** - The sewer rates of high strength dischargers under permit were previously developed gross of property tax revenues. A recent independent sewer rate validation study recommended that a uniform "net cost of service" rate methodology be developed and applied to all rate payers that would be fair and equitable to all ratepayers.

In November 2007, the District contracted with an Engineering firm to complete a financial model update for FY 2008-09. The purpose of this engagement was to evaluate the District's wastewater utility revenue needs, and develop sewer service rates and wastewater capital

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facilities charges to equitably distribute costs among utility customers.

In their Financial Model Update Report for the District issued in April of 2008, Carollo Engineers recommended that the District:

- Based on current operational and capital project assumptions, implement annual increases of 10.5, 10.0, 10.0, 9.8, and 9.8 percent, respectively, over the next five years.
- Increase the unit costs to high strength discharges as follows:

	<u>gallons</u>	<u>B.O.D.</u>	<u>S.S.</u>
Current Unit Cost	0.77	0.35	0.52
Proposed Unit Cost	0.84	0.4	0.42
% Increase	9.1%	14.3%	-19.2%

- Increase the capital facilities capacity charges (CFCC) and the supplemental CFCC by the Engineering News Record Construction Cost Index of 3.4% of the prior year, or as follows:

	<u>Residential CFCC</u>	<u>Commercial/ Industrial CFCC</u>
Current Unit Cost	\$4,517	\$1,357
Proposed Unit Cost	\$4,671	\$1,403
% Increase	3.4%	3.4%

	<u>\$/ 1,000 gallons</u>	<u>\$/ lbs B.O.D.</u>	<u>\$/ lbs S.S.</u>
Current Unit Cost	\$1.392	\$0.781900	\$0.095022
Proposed Unit Cost	\$1.440	\$0.808563	\$0.098262
% Increase	3.4%	3.4%	3.4%

- Implement a Five-Year Local Sewer Service Fee for 18,000 parcels located in City of Tustin and in unincorporated areas North of Tustin beginning in FY 2008-09, as follows: \$199, \$204, \$208, \$212, and \$216, respectively, through FY 2012-13.

All recommendations from the Financial Model pertaining to CFCC fees were approved to ensure that the funding required for the additional capacity projects required for new users would be available at the time of construction.

Risk Assessment Analysis

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.

In February 2006, strategic level risk assessment and mitigation workshops were completed by the District's Executive Management Team and District Managers. The aim of the risk assessment and mitigation workshops was to

- 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.

Business Risk was defined by the workshop participants as a threat that an event, action or inaction will adversely affect an organization's ability to achieve its business objectives and execute its strategies successfully.

The next steps in the development of Risk Management include:

- Completion of the risk register including mitigation strategies (current and proposed) responsibilities, and timeframes;
- Consider independence in the process to ensure a level of integrity in the process without transferring ownership and responsibility;
- Review of risk register to ensure it represents a balanced portfolio of the risks and that the mitigation strategies are appropriate;
- Develop a plan to monitor the effect of mitigation strategies to ensure that controls are in place and effective;
- Develop a formal reporting process to the Board that includes possible revisions to the overall risk profile; and
- Develop protocols to provide assurance to stakeholders that in the annual strategic business plan processes are in place to manage risks organization wide.

The District's Risk Manager has proposed a detailed plan for carrying out the steps mentioned above. That plan is currently under review by

District management for possible implementation in calendar year 2008.

Asset Management

In December 2002 the Orange County Sanitation District (OCSD) Board adopted their "Asset Management Strategic Plan and Framework Analysis" (Strategic Plan). The Strategic Plan defined Asset Management for OCSD as; "to create and acquire, maintain, rehabilitate, replace and augment these valuable wastewater assets in the most cost effective (lowest life cycle cost) sustainable manner at the level of service required *by present and future generations of regulators and customers at an acceptable level of risk.*"

OCSD has taken several steps to sustain this vision since the Strategic Plan was adopted. This has included the development and implementation of many different asset management tools to obtain better information to make better decisions. The most recent effort includes working with the Water Environmental Research Foundation (WERF) and American Water Works Association Research Foundation (AWWARF) on research programs to advance asset management tools and establish standards for bench marking. This will help other utilities and provide improved asset management tools for OCSD's use.

One of the most important asset management tools OCSD created was an Asset Management Plan. This completed in 2005 and was the first one created. OCSD has continued to develop this document to better understand its short-term and long-term business obligations related to the assets that it currently owns and will own. It also reveals how the business decisions related to these assets will affect the ability to sustain the asset performance and consequently sustain the conditions of cost-effective services to customers. OCSD has traditionally performed many of these tasks across the organization; however prior to 2005, the results of this work had never been compiled into a single document to allow the organization to clearly understand the overall business ramifications

Recent improvements

As part of the annual ongoing asset management and business planning processes within OCSD the following efforts continue:

- ▶ Asset Management Plan has just undergone a two-year revision:

- Modeling information was re-run. This allowed for tables, figures and text to be updated and includes useful rate planning information for the Finance department.
- Asset Management System Summaries data was updated for both plants. This is at the process level and looks at condition, demand vs. capacity, function, reliability, and business efficiency, which complement the Engineering Department Master Plan updating effort;
- ▶ New collaboration efforts with WERF to advance asset management will improve the following tools:
 - Public communication tools that utilities can use to engage decision-makers and ratepayers understand the need for strategic asset management and infrastructure investment.
 - Best appropriate practices for asset management among utilities, as well as development of case studies that utilities can use to learn how to implement WERF's Strategic Asset Management tool.
 - Development of tools for decision analysis and implementation of asset management practices. This includes a cost tool and a refined gap tool that helps utilities to compare their asset management practices to those of other utilities. These tools will allow agencies to benchmark against each other.
 - Develop models for predicting the remaining asset life for both above and below-ground assets. This will complement the risk-based modeling approach used to date for OCSD condition assessment and CCTV programs;
- ▶ Future participation with AwwaRF to expand on the efforts of the WERF Asset Management advancement efforts. This effort will focus on key asset data for utilities, which will result in the establishment of data standards.
- ▶ The Risk Plan developed in 2006 continues to be a tool for the Executive Management Team, which provides an ongoing process for managing organizational risk;

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► The Condition Assessment Guidelines developed in 2006 continues to be a resource for staff to perform condition assessment of our plants and the collection system;

Levels of Service

For the 2005 Asset Management Plan, OCSD developed a summary of its present and future Levels of Service requirements using the international triple bottom line categories. This documented the measurable outcomes, or key performance indicators that OCSD is committed to meeting under each of the following categories: Environmental, Social, and Economic. In 2006, these performance categories were modified to be consistent with OCSD Core Strategies. This placed additional importance on OCSD environmental responsibilities as demonstrated with the new categories: Environmental Stewardship, Wastewater Management, Business Principles, and Workplace Environment. In 2007 OCSD executive management refined the goals for these categories and gained the support of the Board of Directors by involving them in the process and obtaining their approval. Overall OCSD Levels of Service will increase significantly as a result of its large capital investment program. This

will result in millions in increased maintenance and operations annual costs due to these future changes.

Some of the major Levels of Service that will or have changed include:

- Adopting 100% Secondary Treatment Standards
- Adopting 100% Class "A" Biosolids
- Increasing reclamation to 70 mgd
- Reducing odor complaints
- Fire and Safety Code Compliance

Inventory of Assets

Understanding our asset characteristics is critical to our continued success. Our assets can generally be split between two main groups: Collection System – the assets responsible for the collection and transfer of sewage from the cities to the treatment plants, and; Treatment and Disposal – the assets that treat the sewage and dispose of the treated effluent and byproducts.

The following charts present the investment history in both of these systems and the age profile of these assets.

Figure E1 – Collection System (Weighted Average Life)

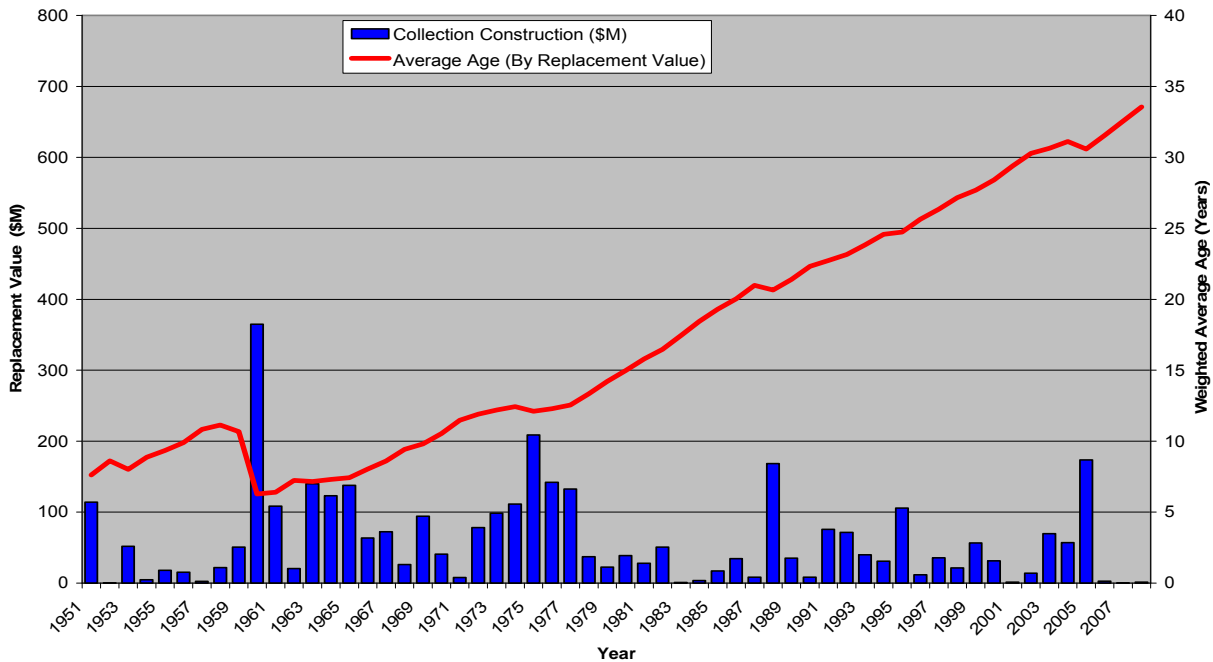
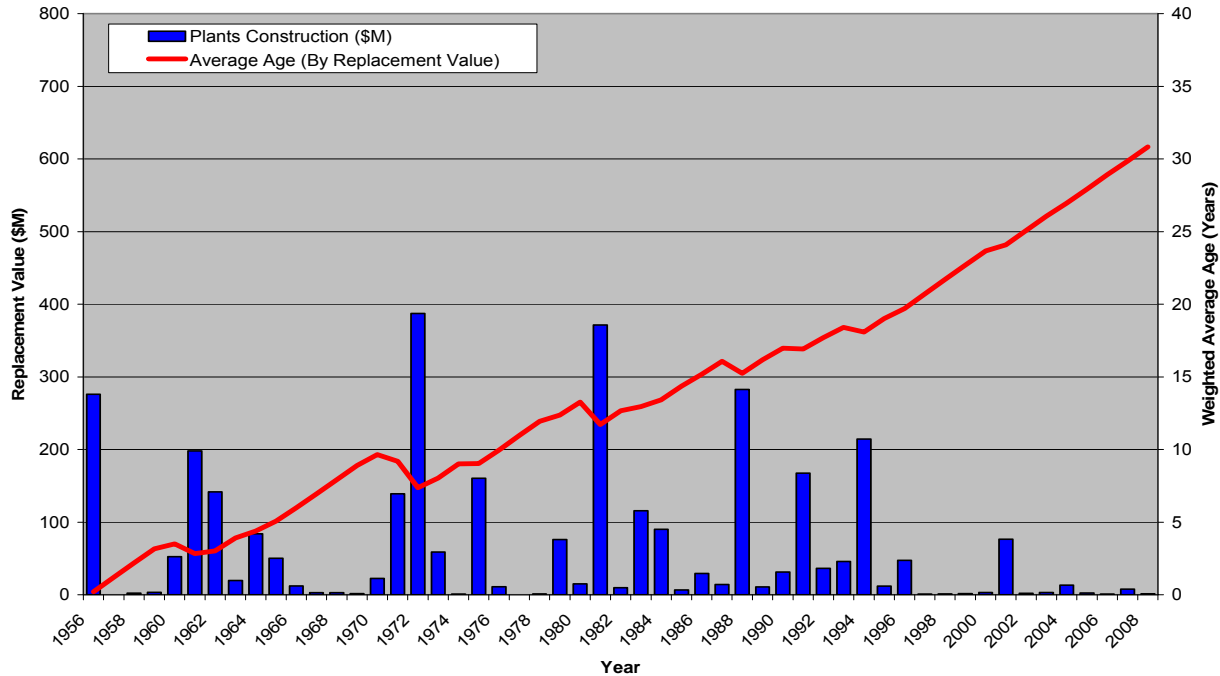


Figure E2 – Treatment Plants (Weighted Average Life)



This average age and value of the assets OCSD own is increasing steadily over time, the latent asset replacement obligation is rising, and as a consequence, OCSD needs to be planning for decreased capital projects for expansion and increased renewal expenditures in the future relative to past expenditure levels. Additional focus will need to be given to ensuring that appropriate operation and maintenance strategies are being applied that consider the different ages of assets being maintained.

Asset Valuation

The replacement valuation for all of OCSD’s assets has been updated. The table below presents the current replacement and depreciated values of OCSD’s assets. The replacement value represents the cost for December, 2007 dollars to completely rebuild all the assets to a new condition. The depreciated value is the book value of the assets based on their current condition. The current replacement value is estimated to be \$6.26B, which compares to the 1998 prediction of \$2.03B, which was based on original purchase cost. This will increase by 2012 to approximately

\$7.1B after the completion of the existing three billion dollar Capital Improvement Program. The major reasons for this increase are all the new assets added to the asset register and basing the replacement costs on a metropolitan environment rather than a vacant land situation.

Valuation	Plants	Collection	Total
Replacement Value (\$B)	3.12	3.14	6.26
Depreciated Value (\$B)	1.67	1.79	3.46

Planned Expenditure

A computer model was developed to produce the future expenditure aspects of this Asset Management Plan. This model was used to perform a series of calculations on information related to the current and future OCSD assets. The following chart is the result of the modeling work undertaken, including current and predicted future Capital Improvement Program projects and

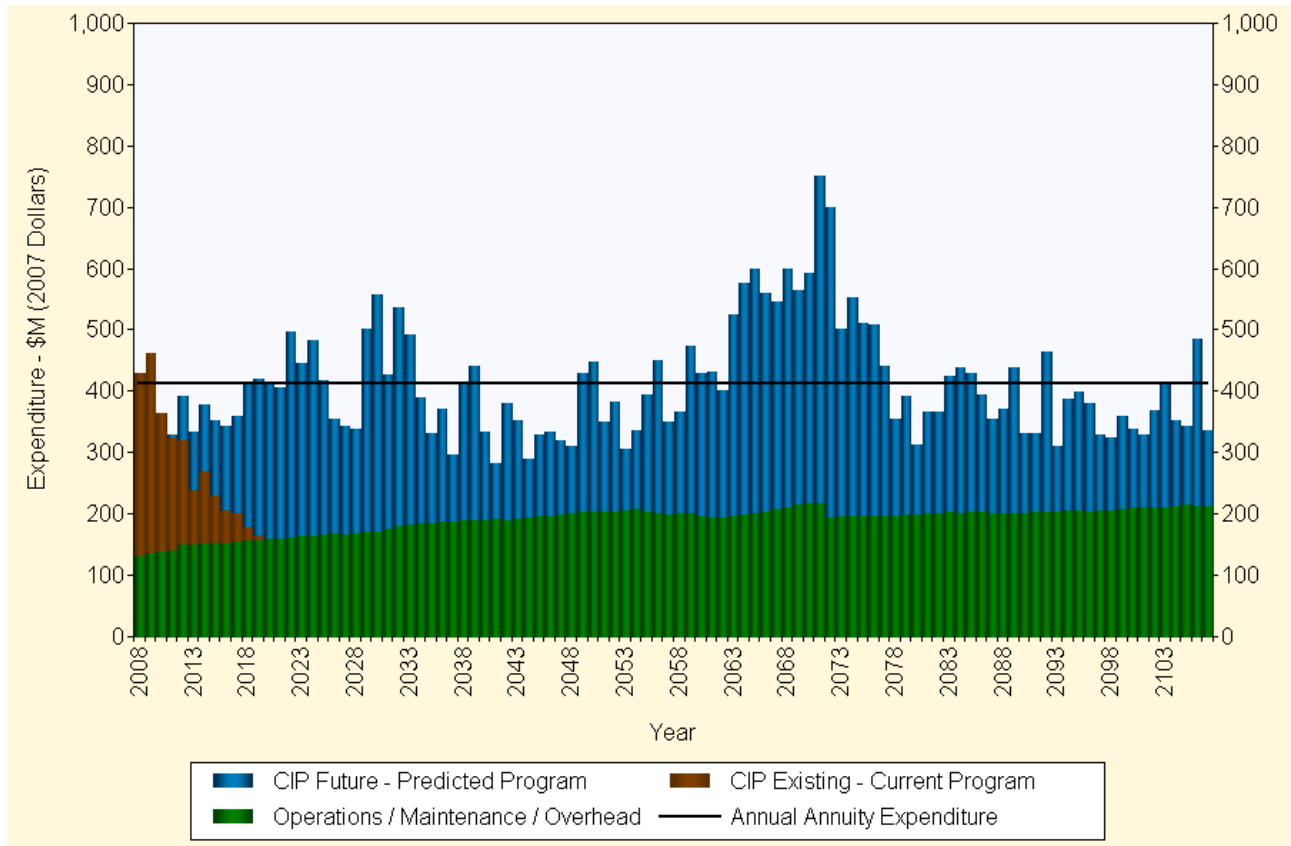
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operations (including maintenance), improved understanding of asset life and asset condition. The model has been revised to account for business rules for future CIP projects.

The flat black line is the average of all the future cash flows, which represents the average expenditure (\$411M current value worth) required

by OCSD for each of the next 100 years. The actual annual expenditure will vary depending of the actual work required. At present the expenditure is greater due to the accelerated building program, however, additional income in the future will also be required to pay back the capital that is currently being borrowed.

Figure E3 – OCSD Expenditure – Total Future Predicted Cash Flows



Future Funding Requirements

The predicted overall expenditure in future years will not “drop off” as dramatically as previously predicted after the current Capital Improvement Program spending drops off significantly in approximately five years. This means that pressures on rate increases are likely to grow more than previously thought. Fully funding the replacement and rehabilitation costs of the assets will mean that the likely scenario is greater-than-inflation rate increases over the next 20 years.

Future Efforts

In order to move forward with Asset Management, the District will need to:

- Continue to be selective of the Capital Improvement Program projects based on economic justification and risk presented to OCSD in order to free up available funds and staff resources to concentrate on other areas of greatest risk;
- Continue to validate future maintenance program and workload with a view toward investing in maintenance where it will defer capital. Some observations have indicated that an increase in maintenance expenditures could result in deferred capital investments and a reduction in life-cycle costs (this is especially relevant for civil

- assets). Also, an increased understanding of the future maintenance costs associated with capital projects will help to identify the potential impacts on the maintenance program;
- Continue to improve the existing data standards, processes and data collection programs;
- Continue the effort to implement an information system strategy to ensure that this data collection and data flow is stored and recovered / manipulated to suit the needs for planning and optimizing future asset management decision making;
- Continue the implementation of a works management system and workload allocation / justification / prioritization system for all Engineering, Operations and Maintenance activities;
- Consider ways to influence customer expectations while working to try and to avert or reduce the cost impacts of current and future levels of service;
- Review management strategies and design guidelines with a view to considering revised redundancy requirements.

Next Steps

A number of improvement tasks have also been identified for future years to improve the overall accuracy and coverage of the Asset Management Plan. This includes completing Business Risk Exposures for the asset system summaries, and using more accurate data as it is collected for the models.

Future editions of the Asset Management Plan are critical to the work OCSD is planning for improving its overall asset management performance. Many of the improvements to future Asset Management Plans will derive from other work that is planned to be undertaken across the organization. Sustainability and cultural organizational change are important issues for the Asset Management program, and they need to be well managed to ensure the ongoing improvement in stewardship of the OCSD assets

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Wastewater Management

OCSD beneficially reuses and recycles water and other resources using safe and effective wastewater systems. Goals to support the Wastewater Management Level of Service include:

1. **Sustainable Biosolids Program** – Prepare request for proposal or sole source for selecting a technology for managing the remaining one-third of our biosolids capacity. Develop long-term agreement and implement management option. Evaluate the feasibility of deep well injection/methane recovery including commissioning a study of the geological formations below Plants 1 and 2, and availability and acceptability of any existing wells; and processing some of our biosolids at the City of Los Angeles Terminal Island demonstration well. Complete new In-county Compost Take-Back Program Plan strategy.
2. **Implement Energy Master Plan** – The Energy Master Plan is in final stages and will provide recommendations to ensure adequate power resources and energy management.
3. **Odor Control** – Implement Odor Control Projects at Plant 1 (trickling filters) and Plant 2 (solids loading facility) by 2016.

Wastewater Management Levels of Service

OCSD will provide an effluent quality suitable for protecting public health and being a source for water recycling.	FY 08-09 Target	FY 07-08 Results
Concentration of emerging chemical constituents of concern in Plant No. 1 secondary effluent	NDMA* < 150 ppt 1,4-Dioxane < 2ppb	Not Analyzed
Thirty-day geometric mean of total coliform bacteria in effluent after initial dilution of 180:1	<1,000 mpn	148
Industry permit compliance to discharge into OCSD sewers	100% permit compliance	100%
Meet secondary treatment standards	BOD 100 mg/L TSS 55 mg/L	45 33
OCSD will manage flows reliably.	FY 08-09 Target	FY 07-08 Results
Frequency of use of emergency one-mile (78-inch diameter) outfall	0 per year during dry weather, less than once per 3 years in peak wet weather	0
Sanitary sewer spills per 100 miles	<2.1	<2.1
Contain sanitary sewer spills within 5 hours	100%	100%
OCSD effluent will be recycled.	FY 08-09 Target	FY 07-08 Results
Provide up to 104 mgd specification effluent to the Groundwater Replenishment System	104 mgd	35.1 mgd (11/07)
OCSD will implement a sustainable biosolids management program.	FY 08-09 Target	FY 07-08 Results
National Biosolids Partnership Certification for Biosolids Environmental Management System	Maintain certification	Maintained
Percent of biosolids recycled	>95% recycled <5% landfill	100% recycle 0% landfill

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Environmental Stewardship

OCSD participates collaboratively in the protection of regional water resources for the benefit of the people we serve. Goals to support the Environmental Stewardship Level of Service include:

1. **SARI Line Relocation** – Support the County of Orange Resources and Development Management Department effort to relocate the SARI Line by 2011.
2. **Management System for Environmental Compliance** – Implement a management control system for environmental compliance information that incorporates a “dashboard” reporting approach.
3. **Contaminants of Potential Concern (CPC)** – Complete three phase testing and analysis of 550+ CPC, prepare report on findings and recommendations, develop initial source control strategy if there are CPCs identified that require control.
4. **Climate Change/Greenhouse Gases** – Complete development of statewide emission inventory protocol for Publicly-owned Treatment Works and submit mandatory emission inventory to the California Air Resources Board for FY 07–08.
5. **Engine Emission Compliance** – Complete study to evaluate alternatives for complying with lower emission limits in the South Coast Air Quality Management’s Rule 1110.2. Initiate planning and design of demonstration testing of the most promising technology(s) identified in the study.
6. **Reclaiming SARI Line flows** – Meet with stakeholders, develop a list of obstacles that need to be overcome to reclaim the SARI Line, and develop an initial strategy for obtaining regulatory approval to allow SARI Line flows to be treated at Reclamation Plant No. 1.

Environmental Stewardship Levels of Service

OCSD will protect public health and the environment.	FY 08-09 Target	FY 07-08 Results
Provide capacity to collect and treat dry weather urban runoff	Up to 4 mgd	1.59 mgd/month
Maximum off-site odor impact (in D/T*)	42 D/T	42 D/T
<ul style="list-style-type: none"> • Reclamation Plant No. 1 • Treatment Plant No. 2 	48 D/T	48 D/T
Air emissions health risk to community and employees per one million people	<10	<10
Permit compliance (air, land, and water)	100%	100%
OCSD will be a good neighbor.	FY 08-09 Target	FY 07-08 Results
Odor complaint response:		
<ul style="list-style-type: none"> • Treatment Plants within 1 hour • Collections System within 1 working day 	100%	100%
Number of odor complaints:		
<ul style="list-style-type: none"> • Reclamation Plant No. 1 • Treatment Plant No. 2 • Collection System 	32	28
	4	7
	34	14
Restore collection service to customer within 8 hours	100%	100%
Respond to collection system spills within 1 hour	100%	100%

Workplace Environment

OCSD provides an environment of partnership, growth, opportunity, responsibility and accountability. Goals to support the Workplace Environment Level of Service include:

1. **Succession Plan** – Implement the elements of the succession plan including management training and the creation of a Leadership Academy to train future leaders.
2. **Improve the Sanitation District's Security** – Provide long-term security enhancements at both treatment plants and within OCSD's Collections System.
3. **Space Planning Study Recommendations** – Complete relocations of staff housed in Information Technology Trailers, Administration Building, Control Center and Building 6.
4. **North County Yard** – Open the North County Yard and training facility and complete the relocation of selected staff and equipment to the facility. Implement flex space for added agency-wide needs as appropriate.
5. **Safety and Health Strategic Plan** – Develop and implement a Safety and Health Strategic Plan for all Sanitation District activities.

Workplace Environment Levels of Service

OCSD will take care of its people.	FY 08-09 Target	FY 07-08 Results
Training hours per employee	45 per year	34
Employee injury incident rate of 5.2	Industry average	District 5.8 O&M 2.6
Mandatory OSHA training requirements	100%	13%
Annual employee volunteer participation in programs that enhance safety and security culture and awareness	15% per Division	Not implemented

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Business Principles

OCSD makes every decision based on short and long-term environmental, societal, and financial impacts (the triple bottom line). Goals to support the Business Principles Level of Service include:

1. **Strategic and Business Plan** – With Board concurrence, annually update and implement the Strategic Plan and Business Plan.
2. **Review Interagency Agreements** – Conduct a comprehensive review of agreements with the Santa Ana Watershed Project Authority and Irvine Ranch Water District and, if appropriate, reopen for discussion.
3. **Enterprise Information Technology Strategic Plan** – Complete a District-wide information technology Strategic Plan.
4. **Complete Facilities Master Plan Update** – Complete a comprehensive update of the Facilities Master Plan and obtain Board approval.
5. **Sewer Rate for “Green Development”** – Submit for board approval an amendment to sewer rate ordinance with incentives for green developments.
6. **Business Accountability Charters** – Create BACs for each department consistent with BACs developed by managers and supervisors.
7. **Local Sewer Services** – Implement the Board’s four recommendations based on findings of staff’s Revenue Adequacy Report. Continue to seek an asset transfer to another agency. Also transfer other local assets back to cities that are not serving a true regional purpose.
8. **Annex Unincorporated Areas** – With board concurrence, annex unincorporated areas into OCSD’s service area.

Business Principles Levels of Service

OCSD will exercise sound financial management.	FY 08-09 Target	FY 07-08 Results
COP service principle and interest	< O&M expenses	< O&M Expenses
Annual user fees	Sufficient to cover all O&M requirements	Sufficient
Annual increase in collection, treatment, and disposal costs per million gallons	<10%	9.92%
Annual variance from adopted reserve policy	<5%	0.18%
OCSD will be responsive to our customers.	FY 08-09 Target	FY 07-08 Results
Respond to public complaints or inquires regarding construction projects within 1 working day	>90%	>90%
New connection permits processed within one working day	>90%	>90%

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Strategic Initiatives for FY 2008-09 & FY 2009-10			
Initiative	Strategic Importance	Desired Outcome	Next Steps
1. Succession Planning	This program provides opportunities for staff to take on broader responsibilities and increases leadership proficiency, thus ensuring organizational viability/success.	Development of management training programs and Leadership Academy, and to provide an opportunity for all employees to participate.	Complete supervisor talent assessments, train mentors, and complete training cycle (12 topics) for the first and second groups (EMT, Mgrs., Supv.).
2. Santa Ana Regional Interceptor (SARI) Line Relocation	Ensure the stability of the SARI Line from floods.	Relocate the SARI from the bottom of the Santa Ana Riverbed to run alongside the riverbed.	Complete design and award construction contract by 12/15/09.
3. Management System for Environmental Compliance	Implement a management control system for environmental compliance information.	Continuous Monitoring and reporting of ongoing Environmental Compliance efforts.	Determine performance indicators for Air Quality, Biosolids, and Waste Discharge Requirements.
4. Odor Nuisance Management	To design and build odor control facilities that will comply with the odor control policy adopted by the Board.	Implement odor control trickling filters at Plant 1 and solids loading facility at Plant 2.	Develop the required 13 project milestones for an overall completion date to occur no later than 2016.
5. Facilities Master Plan Update to Maintain Sustainable Capital Impr. Program	Optimize investments in infrastructure while balancing level of service, risk, and user rates.	Identification of all capital improvement projects to be constructed out to 2030 and the timelines for completion.	Complete the five volume document by the end of calendar year 2008.
6. Implement Energy Master Plan	The Energy Master Plan provides options to ensure power resources & energy management	To ensure that adequate power is available in the future at the lowest possible cost to the District.	Complete project design and award construction to five energy projects totaling \$45.6 million by January 2010.
7. Reclaiming Santa Ana River Interceptor (SARI) Line Flows	SARI would add 38 MGD of effluent for recycling.	Identify options that could be implemented with regulatory approval and minimal costs.	Conduct a study to determine issues, options, and potential solution by 06/30/09.
8. Manage and Optimize a Sustainable Biosolids Program	Biosolids Management is a major priority as low-cost options have disappeared.	Monitor the development of technologies for managing the remaining one-third of biosolids capacity.	Obtain proposals, negotiate long-term agreements, notify stakeholders, and obtain Board approval by 9/30/09.
9. North County Yard	This building facility was acquired for the purpose of staffing sewer collection crews closer to the work location.	Customize the existing facility to meet the needs of the selected staff and the housing of the needed equipment.	Award construction contract in FY 2008-09.
10. Enhance the Sanitation District's Security Plan	Long-term security enhancements at both treatment plants and throughout the sewer	To provide a safe and secure work place limiting access throughout the facilities to those	A Central CCTV station monitoring and security response system will be installed by the end of FY 2009-10.

Financial Overview & Budgetary Issues

OCSD Long-Term Planning

	Type of Planning Process	Description of Process	Budget Impacts
Development of a Five-Year Strategic Plan	Achieve a 5-year comprehensive strategic plan that addresses the sanitation health and safety needs of the 2.5 million people we serve.	In November 2007, the District's Board approved a 5-Year Strategic Plan that updated the District's Mission, Vision, Levels of Services, and Business Plan. Also included are the strategic objectives listed below.	The Strategic Plan was the foundation for the development of this two-year budget. The level of service identified within this document was the underlying basis for the Board to adopt rate increases of approximately 10 percent a year for the next five years.
Plan for Capital Improvements out to 2023	Plan, design, and build capital improvement projects (CIP) out to 2023 to meet the regulatory, environmental, health, and safety needs of a growing population.	District staff conducted strategic planning workshops with the Board of Directors to layout a capital program to deliver the levels of service desired by the Board of Directors. The approval of the strategic plan by the Board of Directors added \$50 million of new capital projects over the next ten years.	The newly validated CIP Budget includes 114 projects with a 15-year cash outlay of \$1.47 billion. This \$149 million increase from the 2007-08 CIP budget includes \$50 million from the Strategic Plan, \$28 million in newly identified renewal projects, and \$71 million in project budget revisions for on-going projects.
Biosolids Management	Aggressively pursue biosolid disposal alternatives for the remaining 1/3 of non-contractually committed biosolids production that make fiscal and environmental sense.	Staff is studying biosolids energy markets for the remaining 1/3 biosolids because of concerns that composting markets are saturated making this options non-sustainable.	Annual cost of remaining 1/3 biosolids options: Energy Production - \$7.8M Deep Well Injection - \$3.7M Landfill Disposal - \$5.5 M
Odor Control	Direct sufficient resources and investigate new technologies to effectively deal with odor issues.	Design all new processes so that odors remain within 10 dilutions to threshold (D/T), or within treatment plant boundaries.	Two odor control projects have been added to the CIP totaling \$18 million. Future O&M budgets will include annual increases of \$300,000.
Air Emissions Control	Apply sufficient resources to meet regulatory requirements related to air emissions.	It is anticipated new air toxic emission regulations will require the installation of additional air pollution control equip.	An additional \$31 million has been included in the newly validated CIP budget to address the new air toxic emission stds.
Groundwater Replenishment System (GWRS)	Continue partnership with the Orange County Water District in support of GWRS.	Maximize the use of treated effluent for water recycling to defer the need for second ocean outfall	The District will provide: 70 mgd of reclaimed water 50% of capital cost for Phase I 50% of Dioxane removal

2008-09 & 2009-10 Budget

Background Information and Description of Services:

The Orange County Sanitation District (the "District") is a public agency that operates the sixth largest wastewater facility in the U.S. Originally formed in 1954 pursuant to a joint powers provision under the County Sanitation District Act of the California Health and Safety Code, the District then consisted of independent special districts responsible for wastewater collection within their own geographical boundaries. These districts were co-participants in a Joint Agreement to provide for the joint construction, ownership, and operation of the District's Joint Facilities for the treatment and disposal of wastewater.

On July 1, 1998, the nine individual existing districts requested to be consolidated into one district by resolution of the Board of Supervisors of the County of Orange and special legislation.

The District is governed by a board of directors made up of mayors or members of city councils, directors of independent special districts, and one member from the County Board of Supervisors. A variety of board committees, made up of members of the Board of Directors, consider topics for action by the Board and make recommendations to the Board.

The District is responsible for collecting, treating, and safely disposing of approximately 250 million gallons of wastewater each day for an area covering 471 square miles in metropolitan (central and northwestern) Orange County. The District's service area includes approximately 2.5 million residents and businesses, or approximately 81 percent of the County's total population.

Professional staff of 641 full-time equivalent employees supports the District's around-the-clock operation. Staff is organized into four departments, including Administration, Engineering, Technical Services, and Operations and Maintenance.

As working environmentalists, the District's staff is regulated by many agencies, including the U.S. Environmental Protection Agency (USEPA), the California Regional Water Quality Control Board (CRWQCB), the California Integrated Waste Management Board, the California Environmental Protection Agency and the South Coast Air Quality Management District (SCAQMD). To maintain the

District's operating permit, the District's plants must meet strict conditions set jointly by the USEPA and the CRWQCB.

The District operates under an ocean discharge permit issued by USEPA and the Santa Ana Regional Water Quality Control Board. This permit is renewable every five years and was last issued in December 2004.

The District maintains and operates a large system of trunk sewers and pumping stations in addition to the two modern treatment plants. The plants use chemical, physical and biological processes to produce a high-quality effluent. Chemicals used are either environmentally neutral or biodegradable.

Most of the treated effluent is combined and pumped through a five-mile, 10-foot diameter, ocean outfall pipe. The outfall has a one-mile long diffuser section that discharges treated water through more than 500 portholes four miles off shore. Some secondary effluent is pumped from our Fountain Valley plant to the Orange County Water District (OCWD) where it is further processed and distributed for reuse.

The OCWD and the District recently completed an additional joint project for water reclamation. In January 2008, the Groundwater Replenishment System project began reclaiming up to 70 million gallons of water per day for percolation into the groundwater basin. If successful and economical, the two agencies may expand the project in two additional phases to reclaim up to 130 million gallons each day by the year 2020.

Orange County at a Glance

Community Profile of the County of Orange

The County of Orange is bordered on the north by Los Angeles and San Bernardino counties, on the east by Riverside County, on the southeast by San Diego County, and on the west and southwest by the Pacific Ocean. Approximately 42 miles of ocean shoreline provide many beaches, marinas and other recreational areas for use by residents and visitors.

The climate in the County is mild, with an average rainfall of 13 inches. The mean temperature ranges from a minimum of 48 degrees to a maximum of 76 degrees.

The County has become a tourist center in Southern California by offering a broad spectrum of recreational opportunities that is enhanced by the mild climate. Along the shoreline are five state beaches and parks, five municipal beaches and five county beaches. There are two small-craft docking facilities in Newport Harbor, one located in Sunset Beach and another in Dana Point.

Other major recreational and tourist facilities include Disneyland, California Adventure, Knott's Berry Farm and Soak City, Mission San Juan Capistrano, the Anaheim Convention Center, and the Art Colony at Laguna Beach with its annual art festival. Also located within the County is Anaheim Stadium, home of the Los Angeles Angels of Anaheim of Major League Baseball, and the Honda Center, home of the Mighty Ducks of the National Hockey League.

Economic Outlook

Orange County enjoys a diverse economy with no single sector accounting for more than one-third of the county's economic output or labor market. Total payroll employment, the best measure of economic health for the local economy, was 1.56 million as of April 2008 according to the State Employment Development Department (EDD), down from 1.59 million, or 1.9 percent from one year ago.

Orange County is notable for the wealth of its residents, encapsulated by per capita and median family income figures which, as of the last census, stood at 113.7 percent and 121.9 percent of the state figures respectively. The economy currently is showing signs of weakness, with local economists suggesting a recession including some job loss. Unemployment has risen from 3.4 percent in March

2007 to 4.6 percent in March 2008; however, it remains well below the state unemployment rate of 6.4 percent. Assessed value (AV) growth in the district has been strong, particularly in recent years, with peak growth in 2007 of 11.9 percent. Growth in fiscal 2008 slowed to a still healthy 8.14 percent, resulting in \$292.7 billion in total district AV. Projections for fiscal 2009 are for a significant deceleration of growth to 4 percent, less than half the prior year rate. While the local economy is currently undergoing stress, the long-term outlook remains strong.

However, the Housing prices in Orange County have taken a tumble. Based on California Association of Realtors' data, after reaching a peak of \$747,000 in April 2007, the median price of an existing single-family home fell to \$597,000 in February 2008. This is a decline of 22 percent over a period of 22 months or approximately 1 percent per month. The current median house price is about the same as in February 2004.

In their spring of 2008 economic forecast, the Mihaylo College of Business and Economics at California State University, Fullerton (CSUF) predicts that, although half of the anticipated adjustment has taken place in housing prices and related industries, Orange County will experience further downward adjustment in housing prices and related industries for the remainder of the year and possibly into early 2009. Although the pace of job losses so far is below that of the first three-month losses of the 1991-92 and 2001 recessions, further weakness in economic activity and labor market are anticipated through the rest of this year. CSUF expects non-farm payroll in the county to decline by approximately 1 percent for all of 2008 but show slow positive growth next year. Although the continuing economic slowdown is technically not a recession yet, it will definitely feel like one before it is over.

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Fiscal Policy

<i>Fiscal Policy Statement</i>	<i>Completed</i>	<i>In Progress</i>	<i>Comments</i>
General Financial Goals			
To maintain a financially viable Sanitation District that can maintain an appropriate level of wastewater treatment services.	✓		
To maintain financial flexibility by adapting to local and regional economic changes.	✓		
To maintain and enhance the sound fiscal condition of the District.	✓		
To ensure that the value added by every program and activity within the District is proportional to its cost; and to eliminate those programs and activities that do not contribute to the District's mission.	✓		
To provide training opportunities to the greatest extent possible for available jobs within the organization for those employees working in programs or activities that have been reduced or eliminated.	✓		
To provide employees with cross-training opportunities in order to achieve multi-tasking capabilities.	✓		
Operating Budget Policies			
The District will adopt a balanced budget by June 30 of each year.	✓		
The budget will be used as a fiscal control device as well as a financial plan.	✓		
Budget preparation and monitoring will be performed by each division within the District, the organizational level of accountability and control.	✓		
The Director of Finance & Administrative Service will prepare a budget calendar no later than January of each year.	✓		
An annual operating budget will be developed by conservatively projecting revenues and expenditures for the current and forthcoming fiscal years.	✓		
During the annual budget development process, the existing programs will be thoroughly examined to assure removal or reduction of any services or programs that could be eliminated or reduced in cost.	✓		

2008-09 & 2009-10 Budget

<i>Fiscal Policy Statement</i>	<i>Completed</i>	<i>In Progress</i>	<i>Comments</i>
Current operating revenues will be sufficient to support current operating expenditures.	✓		
Annual budgets including reserves will provide for adequate design, construction, maintenance and replacement of District capital facilities and equipment.	✓		
The District will maintain all physical assets at a level adequate to protect the District's capital investment and to minimize future maintenance and replacement costs.	✓		
The District will project equipment replacement and maintenance needs for the next five years and will update this projection each year. From this projection a maintenance and replacement schedule will be developed and followed.	✓		
The District will avoid budgetary and accounting procedures that balance the current budget at the expense of future budgets.	✓		
The District will forecast its expenditures and revenues for each of the next five years and will update this forecast at least annually.	✓		
Revenue Policies			
Because revenues are sensitive to both local and regional economic conditions, revenue estimates adopted by the Board of Directors must be conservative.	✓		
Staff will estimate annual revenues by an objective, analytical process that utilizes trend, judgmental, and statistical analysis as appropriate.	✓		
Ad valorem property tax revenues of the District will be dedicated to debt service.	✓		
Sewer Service User Fees will be projected for each of the next ten years and this projection will be updated annually.	✓		
Expenditure Policies			
The District will maintain a level of expenditures that provides for the health, safety and welfare of the residents of the community.	✓		

Fiscal Policy

<i>Fiscal Policy Statement</i>	<i>Completed</i>	<i>In Progress</i>	<i>Comments</i>
The District will set fees and user charges at a level that fully supports the total direct and indirect costs of operations, capital improvements, and debt service requirements not covered by reserves.	✓		
Capital Improvement Budget Policies			
The District will make all capital improvements in accordance with an adopted and funded capital improvement program. The adopted capital improvement program will be based on need.	✓		
The District will develop an annual five-year plan for capital improvements, including design, development, implementation, and operating and maintenance costs.	✓		Strategic Plan projects needs through 2020.
All capital improvement projects approved in the annual operating budget are approved at the budgeted amounts through the completion of the project. The Board of Directors approves both the individual project total budget and the projected cash outlays for all capital improvement projects for the current fiscal year.	✓		
Staff will identify the estimated costs, potential funding sources and project schedule for each capital project proposal before it is submitted to the Board of Directors for approval.	✓		
Staff will identify the estimated on-going future Operating and Maintenance costs, as well as staffing requirements upon completion for each capital project proposal before it is submitted to the Board of Directors for approval.		✓	Included in the Asset Management Plan II.
The District will use intergovernmental assistance and other outside resources whenever possible to fund capital improvements providing that these improvements are consistent with the Capital Improvement Plan and the District's priorities, and that the future operating and maintenance costs of these improvements have been included in the budget.	✓		
Staff will coordinate development of the capital improvement budget with the development of the operating budget. All operations and maintenance resources required to implement the CIP have been considered and appropriately reflected in the operating budget for the year the CIP is to be implemented.	✓		
Cost tracking for components of the capital improvement program will be updated quarterly to ensure project completion against budget and established time lines.	✓		

2008-09 & 2009-10 Budget

<i>Fiscal Policy Statement</i>	<i>Completed</i>	<i>In Progress</i>	<i>Comments</i>
Asset Management Policy			
In order to provide for the systematic planning, acquisition, deployment, utilization control, and decommissioning of capital assets, the following policies have been established:			In 2002, the Board approved a Strategic Plan for development of a state-of-the-art Asset Management (AM) Program. In 2004, the Board approved advanced AM practices. In 2007, the Board directed a staff driven approach on all future initiatives of the AM program as opposed to continued reliance on outside consultants.
<ul style="list-style-type: none"> The condition, performance, utilization, and cost of assets will be recorded down to the maintenance managed item component level. 	✓		
<ul style="list-style-type: none"> A detailed, planned maintenance program is in place to ensure that the assets, facilities and systems perform to their design criteria and meet their design lives. 		✓	
<ul style="list-style-type: none"> A system is in place to blend planned and unplanned activity to optimize the cost against the asset performance requirements. 		✓	
<ul style="list-style-type: none"> Reliability Centered Maintenance techniques will be used to optimize the maintenance plans and to identify any design alterations that are economically justified. 		✓	
<ul style="list-style-type: none"> Current levels of asset management service in terms of quantity and quality of service including condition, function/size/type, regulatory requirements, reliability, and repair response times have been determined and documented. 		✓	
<ul style="list-style-type: none"> The full economic cost is charged on all asset management activities. 	✓		
<ul style="list-style-type: none"> Asset Management maintains appropriate pricing and funding strategies that match the needs of the business to ensure sustainability. 	✓		
<ul style="list-style-type: none"> Asset Management considers the real growth of the District's service area and the way in which demands for service will change in the future, including population, unit demand, demographics, changing customer expectations, and changing regulatory requirements. 	✓		
<ul style="list-style-type: none"> Monitoring and reporting is performed on the condition, performance and functionality of the District's assets against prescribed service levels and regulatory requirements. 		✓	
<ul style="list-style-type: none"> A condition/function index is linked with customer expectations at a cost that customers are willing to pay. 		✓	

Fiscal Policy

<i>Fiscal Policy Statement</i>	<i>Completed</i>	<i>In Progress</i>	<i>Comments</i>
• Future level of service options available and their associated costs are constantly analyzed.	✓		
• An assessment of the relative risks, costs and benefits is derived for all investments in capital works, maintenance, and operations.	✓		
• Individual asset management decisions are made only when the cost of all programs has been analyzed and the funding needs of the whole organization is known together with the knowledge of its impact on rates.	✓		
• Necessary renewal programs to sustain the existing levels of service and condition of assets, as identified through the best appropriate process, is approved ahead of new capital works and services.		✓	
• New capital assets for new works and services are approved only with the commitment of the recurrent (operations and maintenance) funding necessary to sustain the new works and services.		✓	
• The financial, social, and environmental aspects of asset management will be reported on bi-annually.	✓		

Vehicle Replacement Policy

In order to provide safe, reliable transportation appropriate to the work to be performed, the following policies have been established:

• The newest vehicles will be used for those purposes requiring the highest annual mileage.	✓		
• Vehicles will be replaced when they are 10 years old or have accumulated 100,000 miles.	✓		
• A vehicle may be replaced in advance of the above criteria if it can be reallocated to a low mileage use between the plants.	✓		
• Electric carts are to be utilized for in-plant only uses.	✓		
• When available, CNG vehicles or bi-fuel vehicles are to be utilized within the County (pump station runs, Source Control inspections, etc).	✓		
• When available, CNG vehicles or bi-fuel vehicles are to be utilized to travel outside of Orange County (e.g., Environmental Compliance Monitoring of biosolids application sites, etc).	✓		

2008-09 & 2009-10 Budget

<i>Fiscal Policy Statement</i>	<i>Completed</i>	<i>In Progress</i>	<i>Comments</i>
Short-Term Debt Policies			
The District may use short-term debt to cover temporary or emergency cash flow shortages. All short-term borrowing will be subject to Board approval by resolution.	✓		
The District may utilize Board approved intra-agency loans rather than outside debt instruments to meet short-term cash needs. Intra-agency loans will be permitted only if an analysis of the affected Revenue Areas indicates funds are available and the use of these funds will not impact current operations. The principal, along with interest at the prevailing rate as established by the District's Treasurer, will be paid to the lending Revenue Area.	✓		
Long-Term Debt Policies			
Proceeds from long-term debt will <u>not</u> be used for current on-going operations.	✓		
Before any new debt is issued, the impact of debt service payments on total annual fixed costs will be analyzed.	✓		
Develop and maintain a board adopted debt policy.	✓		
Accumulated Funds & Reserve Policies			
A cash flow reserve will be established to fund operations, maintenance, and certificates of participation expenses for the first half of the fiscal year, prior to the receipt of the first installment of the property tax allocation and the sewer service user fees which are collected as a separate line item on the property tax bill. The level of this reserve will be established as the sum of an amount equal to six months operations and maintenance expenses and the total of the annual debt (COP) service payments due in August each year.	✓		
An operating contingency reserve will be established to provide for non-recurring expenditures that were not anticipated when the annual budget and sewer service fees were considered and adopted. The level of this reserve will be established at an amount equal to ten percent of the annual operating budget.	✓		

Fiscal Policy

<i>Fiscal Policy Statement</i>	<i>Completed</i>	<i>In Progress</i>	<i>Comments</i>
<p>A capital improvement reserve will be maintained to fund annual increments of the capital improvement program. The long-term target is for one half of the capital improvement program to be funded from borrowing and for one half to be funded from current revenues and reserves. With this program in mind, the target level of this reserve has been established at one half of the average annual capital improvement program through the year 2020. Levels higher and lower than the target can be expected while the long-term financing and capital improvement programs are being finalized.</p>	✓		
<p>A renewal/replacement reserve will be maintained to fund the District's renewal, rehabilitation and replacement requirement costs associated with the District's existing capital plant and collection system over the next twenty years. The reserve was initially set at \$50 million in 1998-99 and is annually augmented by interest earnings and a small portion of the annual sewer user fees in order to meet projected needs through the year 2030.</p>	✓		
<p>Catastrophic loss, or self-insurance, reserves will be maintained for property damage including fire, flood, and earthquake; for general liability; and for workers' compensation. These reserves are intended to work with purchased insurance policies, FEMA disaster reimbursements, and State disaster reimbursements. Based on the current infrastructure value of \$1.3 billion, the reserve level has been set to fund the District's non-reimbursed costs, estimated to be \$57 million.</p>	✓		
Investment Policies			
<p>The District's Treasurer will annually submit an investment policy to the Board of Directors for review and adoption.</p>	✓		
<p>The investment policy will emphasize safety and liquidity before yield.</p>	✓		
Accounting, Auditing, and Financial Reporting			
<p>The District's accounting and financial reporting systems will be maintained in conformance with generally accepted accounting principles and standards promulgated by the Governmental Accounting Standards Board.</p>	✓		

2008-09 & 2009-10 Budget

<i>Fiscal Policy Statement</i>	<i>Completed</i>	<i>In Progress</i>	<i>Comments</i>
A capital asset system will be maintained to identify all District assets, their condition, historical cost, replacement value, and useful life.	✓		
Quarterly financial reports will be submitted to the Board of Directors and will be made available to the public.	✓		
Full disclosure will be provided in the general financial statements and bond representations.	✓		
The District will maintain a good credit rating in the financial community.	✓		The District's AA rating was reaffirmed with the COP Series 2007A and 2007B debt issuances.
An annual audit will be performed by an independent public accounting firm with the subsequent issue of an official Comprehensive Annual Financial Report, including an audit opinion and a management letter.	✓		

GFOA Recommended Practices

<i>GFOA Recommended Practice</i>	<i>Compliance Met</i>	<i>Not Applicable</i>	<i>In Progress</i>	<i>Comments</i>
<u>Accounting, Auditing, and Financial Reporting Recommended Practices</u>				
Governmental Accounting, Auditing, and Financial Reporting Practice	✓			
Prepare Popular Reports		✓		Not being considered at this time due to other communication efforts.
Competitive Audit Procurement	✓			
Use the Comprehensive Annual Financial Report to Meet SEC Requirements for Periodic Disclosure	✓			
Establish Appropriate Capitalization Thresholds for Tangible Capital Assets	✓			
Internal Audit Function Established	✓			Administrative Committee directs Internal Audits
Audit Committees Established	✓			Administrative Committee serves as an audit committee.
The Need for Periodic Inventories of Capitalized Tangible Assets			✓	
Application of Full-Cost Accounting to Municipal Solid Waste Management Activities		✓		OCSD does not provide solid waste services.
Present Securities Lending Transactions in Financial Statements		✓		OCSD does not have Securities Lending Activities
Technology (Computer) Disaster Recovery Planning			✓	Managed by Information Technology Division
Present Budget to Actual Comparisons Within the Basic Financial Statements		✓		Not required for audited financial statement reports of Enterprise Funds. Budget/actual comparisons are included within unaudited quarterly financial reports.
Use Websites to Improve Access to Budget Documents and Financial Reports	✓			
Use of Trend Data and Comparative Data for Financial Analysis	✓			
Appropriate Level of Unreserved Fund Balance in the General Fund	✓			OCSD only has Proprietary Fund Types - established a formal policy on the level of unrestricted net assets
Document Accounting Policies and Procedures	✓			

2008-09 & 2009-10 Budget

<i>GFOA Recommended Practice</i>	<i>Compliance Met</i>	<i>Not Applicable</i>	<i>In Progress</i>	<i>Comments</i>
Establish the Estimated Useful Lives of Capital Assets	✓			
Improve the Effectiveness of Fund Accounting	✓			
Enhance Management Involvement with Internal Control	✓			
Voluntary Presentation of Management's Discussion and Analysis in Departmental Reports	✓			
Auditor Association with Financial Statements Included in Offering Statements or Posted on Websites	✓			
Ensuring Control over Noncapitalized Items	✓			
Considerations on Using the Modified Approach to Account for Infrastructure Assets		✓		OCSD depreciates all capital assets; OCSD has no governmental fund types
Mitigating the negative effects of auditing standard No.112 (communicating internal control related matters identified in an audit)	✓			
Encouraging and facilitating the reporting of fraud and questionable accounting and auditing practices	✓			
Ensuring adequate documentation of costs to support claims for disaster recovery assistance			✓	
Improving the timeliness of financial reports	✓			
<u>Cash Management Recommended Practices</u>				
Collateralization of Public Deposits	✓			
Government Relationships with Securities Dealers	✓			
Use of Various Types of Mutual Funds by Public Cash Managers		✓		Investment Policy does not allow Mutual Fund Investments
Debt Service Payment Settlement Procedures	✓			
Use of Derivatives by State and Local Governments		✓		Investment Policy does not allow Derivative Investments

GFOA Recommended Practices

<i>GFOA Recommended Practice</i>	<i>Compliance Met</i>	<i>Not Applicable</i>	<i>In Progress</i>	<i>Comments</i>
Market Risk (Volatility) Ratings	✓			Managed by PIMCO
Master, Trust, Custodial, and Safekeeping Security Lending Programs	✓			
Use and Application of Voluntary Agreements and Guidelines for Cash Management	✓			
Diversification of Investments in a Portfolio	✓			
Managing Market Risk in a Portfolio	✓			
Electronic Commerce	✓			
Procurement of Banking Services	✓			
Purchasing Card Programs	✓			
Acceptance of Credit and Debit Cards		✓		OCS D does not have sufficient transactions to offer the use of credit cards
Frequency of Purchased Securities Valuation in Repurchase Agreements	✓			
Selection of Investment Advisors for Non-Pension Fund Assets	✓			
Mark-to-Market Reporting Practices	✓			
Repurchase Agreements and Reverse Repurchase Agreements	✓			
Use of Lockbox Services		✓		OCS D does not have sufficient cash related transactions to use Lockbox services. The majority of revenues are collected on the property tax roll.
Commercial Paper	✓			
Revenue Policy: Cash Receipts Controls	✓			
Revenue Policy: Accounts Receivable Controls	✓			
Use of Cash Flow Forecasts in Operations	✓			
Bank Accountant Fraud Prevention	✓			

2008-09 & 2009-10 Budget

<i>GFOA Recommended Practice</i>	<i>Compliance Met</i>	<i>Not Applicable</i>	<i>In Progress</i>	<i>Comments</i>
Use of Local Government Investment Pools	✓			
Revenue Control and Management Policy	✓			
Payment Consolidation Services		✓		
<u>Budgeting and Fiscal Policy Recommended Practices</u>				
Economic Development Incentives	✓			
Use of Performance Measurement for Decision Making	✓			
Providing a Concise Summary of the Budget	✓			
Setting of Government Charges and Fees	✓			
Recommended Budget Practices of the National Advisory Council on State and Local Budgeting (NACSLB)	✓			
Financial Forecasting in the Budget Preparation Process	✓			
Relationships Between Budgetary and Financial Statement Information	✓			
Use of Financial Status in the Budgeting Process	✓			
Adoption of Financial Policies	✓			
Appropriate Level of Unreserved Fund Balance in the General Fund	✓			OCSD only has Proprietary Fund Types - established a formal policy on the level of unrestricted net assets
Include Sustainability as a Core Value in Setting Organizational Policy and in Establishing Business Practices	✓			
Establish Strategic Plans	✓			
Measuring the Cost of Government Services	✓			
Using Websites to Improve Access to Budget Documents and Financial Reports	✓			
Business Preparedness and Continuity Guidelines	✓			

GFOA Recommended Practices

<i>GFOA Recommended Practice</i>	<i>Compliance Met</i>	<i>Not Applicable</i>	<i>In Progress</i>	<i>Comments</i>
Statistical/Supplemental Section of the Budget Document	✓			
Budgeting for Results and Outcomes	✓			
Capital Project Budget	✓			
Alternative Service Delivery: Shared Services	✓			
Long-Term Financial Planning	✓			
 <u>Debt Management Recommended Practices</u>				
Select and Manage the Method of Sale of State and Local Government Bonds	✓			
Analyze an Advance Refunding	✓			
Develop a Debt Management Policy	✓			Board approved Debt Policy completed in 2001-02.
Investment of Bond Proceeds	✓			Included in Trustee Documents
Use of Debt-Related Derivatives Products and Development of Derivatives Policy		✓		No Derivative Products
Maintain an Investor Relations Program	✓			
Payment of the Expense Component of Underwriters' Discount	✓			
Securitization of Tax-Exempt Obligations	✓			Meet qualifications of arbitrage
Prepare RFPs to Select Financial Advisors and Underwriters	✓			
Evaluate the Use of Pension Obligation Bonds		✓		OCSD does not manage pension fund
Sale and Securitization of Property Tax Liens		✓		
Use Variable Rate Debt Instruments	✓			
Issuer's Role in Selection of Underwriter's Counsel	✓			
Issuing Taxable Debt by U.S. State and Local Governments		✓		OCSD does not have plans to issue taxable debt

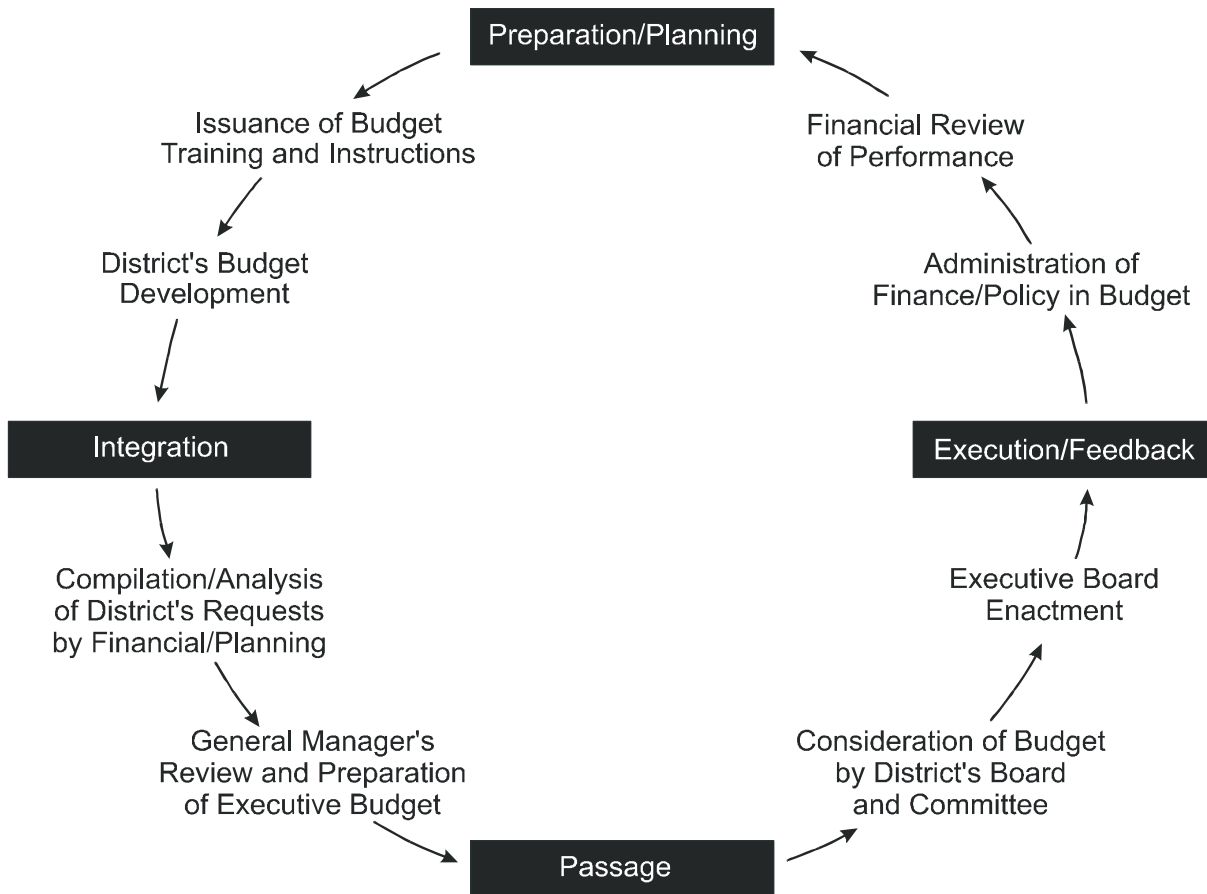
2008-09 & 2009-10 Budget

<i>GFOA Recommended Practice</i>	<i>Compliance Met</i>	<i>Not Applicable</i>	<i>In Progress</i>	<i>Comments</i>
Select Bond Counsel	✓			
Price Bonds in a Negotiated Sale	✓			
Underwriter Disclaimers in Official Statements	✓			
Use a Web Site for Disclosure	✓			
Tax Increment Financing as a Fiscal Tool		✓		
Caution in Regard to OPEB Bonds		✓		Pay-As-You-Go funding, no plan on issuing bond
<u>Retirement and Benefits Administration Recommended Practices</u>				
Public Employee Retirement System Investments		✓		Managed by OCERS
Funding of Public Employee Retirement Systems		✓		Managed by OCERS
Employee Involvement in Retiree Health Plan Changes	✓			
Preparing an Effective Summary Plan Description		✓		Managed by OCERS
Retirement and Financial Planning Services		✓		Managed by OCERS
Directed Brokerage Programs		✓		OCERS manages all "soft dollar" transactions
A Policy for Public Retirement Plan Design Option	✓			
Asset Allocation – Guidance for Defined Benefit Plans		✓		Managed by OCERS
Asset Allocation - Guidance for Defined Contribution Plans		✓		OCERS is a defined benefit plan.
Alternative Investment Policy for Public Employee Retirement Systems (PERS)		✓		Managed by OCERS
Pension Investment Policy		✓		Managed by OCERS
Selection of Investment Advisors for Pension Fund Assets		✓		Managed by OCERS
Brokerage Window Options for Defined Contribution Retirement Plans		✓		Managed by OCERS

GFOA Recommended Practices

<i>GFOA Recommended Practice</i>	<i>Compliance Met</i>	<i>Not Applicable</i>	<i>In Progress</i>	<i>Comments</i>
Framework for Understanding Pension Fund Risk		✓		Managed by OCERS
Investment Policies Governing Assets in a Deferred Compensation Plan			✓	Managed by the plan sponsors
Health Care Cost Containment	✓			
Evaluating Use of Early Retirement Incentives	✓			
Deferred Retirement Option Plans (DROPs)		✓		
A Policy to Participate in Securities Litigation Class Actions		✓		Managed by OCERS
Ensuring the Sustainability of Other Postemployment Benefits	✓			Pay-As-You-Go funding
Design Elements of Defined Benefit Retirement Plans		✓		Managed by OCERS
Design Elements of Defined Contribution Plans as the Primary Retirement Plan		✓		
Design Elements of Hybrid Retirement Plans		✓		
Monitoring and Disclosure of Fees for Defined Contribution Plans		✓		
<u>Economic Development and Capital Planning</u>				
Multi-Year Capital Planning	✓			
The Role of the Finance Officer in Economic Development	✓			
Public-Private Partnerships for Economic Development		✓		
Capital Project Monitoring and Reporting	✓			
Capital Maintenance and Replacement			✓	Will develop a complete inventory of all capital assets
The Role of Master Plans in Capital Improvement Planning	✓			

2008-09 & 2009-10 Budget



Budget Process:

Two years ago, the District prepared its first complete budget document covering two years instead of one. Last year a smaller budget update document was prepared to summarize revisions to the second year of the previously adopted two-year budget period. This two-year cycle approach to budget preparation is expected to continue.

This change has not caused any modification to the previously established stages of the annual budget process except with regard to the level of detail which is provided. The timing of all stages of the budget process remains consistent from year to year. In the second year of a two-year cycle, however, the focus is on any changes that need to be made to the upcoming year's budget relative to what was previously submitted, reviewed, and approved for that budget during the prior year.

The District's annual budget preparation process begins in January of each year and concludes in June upon its adoption. However, the entire budget process extends beyond one year and overlaps with

the preceding budget and the subsequent budget. As shown in the chart above, the budget process consists of four major parts. These parts occur at various stages throughout the year as follows:

- Preparation/Planning - takes place from January through March.
- Integration - runs from March through May.
- Passage - adoption of the budget usually occurs in June of each year.
- Execution - starts from the first day of the budget year, July 1, through the entire budget year and beyond into November with the presentation of the annual audit report.

Team Approach

As identified by one of the fiscal policies, the budget preparation process originates at the division level, the organizational level of accountability and control. Budget coordinators are established to represent each operating division. A comprehensive budget manual is prepared and used as the training manual during a training session with the budget coordinators.

Overview of the Budget Process

After the initial divisional budgets are prepared, budget review sessions are scheduled for each division with the General Manager. It is during these sessions that all proposed staffing levels, programs, and line item expenses are justified. Next senior management representatives from each department analyze opportunities for consolidating programs and eliminating unnecessary requests. Guidance is also sought and utilized from District's committees on various issues that affect budget development.

The Process

The budget preparation process begins in January with the distribution of the budget manual, budget preparation training, and issuance of personnel budget and justification forms, and equipment budget forms to all of the Divisions.

In March, the Administrative Services Department develops divisional level budgets based on the request forms received from the various divisions. These divisional budgets are then reviewed in mid-March by the General Manager along with the Department and Divisional managers for each program request and for new, additional, or reduced services, positions, and capital outlay.

The Capital Improvement Program requests are prepared from October through March and are reviewed by Engineering and Department and Divisional managers prior to being submitted to the General Manager for review and evaluation as part of the budget process.

In determining recommended allocation levels, the General Manager takes into consideration the projected amount of available resources, direction provided by the Directors, the District's fiscal policies, and how to best provide the most cost-effective and efficient service levels to the public. After a final review of the operating budgets by the General Manager, the proposed annual budgets are finalized in late May and then distributed to the Directors for consideration.

The General Manager presents the proposed budget to the various Directors' Committees for deliberations throughout the month of June. The proposed budget is scheduled for adoption, along with any revisions by the Board, at the Board of Directors meeting in June.

Level of Control and Amendments to the Budget

Budgetary control, the level at which expenses cannot legally exceed the appropriated amount, is

exercised at the individual Department level. Administrative policies provide guidelines on budget transfers and the authorization necessary to implement transfers. Generally, there are two types of budget transfers:

1. Budget Adjustment

This is a transfer which does not change the total appropriated amount and does not require Board action. Depending on the budget category affected by the transfer, approval may be granted at the General Manager or Department Head level as follows:

Department Heads have discretion to reapportion funds between certain line items within a division but may not exceed total appropriated amounts for each department. They also may transfer staff across divisional lines within their department. The General Manager and Board of Directors must approve additional capital outlay items. Funds appropriated for salaries and benefits may not be expended for any other purpose unless approved by the Board. The General Manager may transfer operating funds within and between divisions and departments. The General Manager may also transfer staff positions between departments.

2. Budget Amendment:

This is an adjustment to the total appropriated amount, which was not included in the original budget. These supplemental appropriations require formal action by the Board of Directors. Types of modifications can be categorized as follows:

Prior year reserves or fund balances may be appropriated to fund items not previously included in the adopted budget.

Reserves/fund balances exceeding minimum amounts required by fiscal policy may be appropriated if it is determined to be in the best interest of the District. Directors may also appropriate reserves in case of emergencies or unusual circumstances.

Transfers between Revenue Areas require formal action by the Board of Directors.

Unexpended appropriations automatically lapse at the end of the fiscal year and are included in the ending equity balances.

2008-09 & 2009-10 Budget

2008-09 & 2009-10 Proposed Budget Assumptions

Economic Assumptions

- Inflation for Orange County in FY 2008-09 is projected to be 2.4 percent based on the 2008 projected percentage change in the consumer price index obtained from the December 2007 Economic Forecast Report prepared by Chapman University. A 2.4 percent inflation factor will also be used for FY 2009-10.

Revenue Assumptions

- Years 1 and 2 of the five-year Proposed Sewer Service Fee Rate Schedule will be ratified by the Board.
- For FY 2008-09 & FY 2009-10 the district-wide rate for a single-family residence (SFR) will increase by approximately 10.4 and 10.0 percent to \$201.00 and \$221.00, respectively.
- A Proposition 218 rate increase notification is required to be mailed to the Consolidated Revenue Area but not RA 14. Note that each \$1 increase in rates generates approximately \$900,000 in annual revenue.
- The connection fees, or capital facilities capacity charges, that were adopted in March 2004 will capture only those infrastructure costs that relate to additional capacity. Other infrastructure costs such as improved treatment, rehabilitation, refurbishment, and replacement, will be supported through user fees.
- A rate study for all existing revenue programs was completed in February 2008. The rate study verified the appropriateness of the allocation of costs for operating, maintaining, refurbishing and replacing facilities to serve existing wastewater dischargers and the appropriateness of the allocation of costs for expanding and building of new facilities necessary to provide additional wastewater treatment capacity. The rate study also verified: that the cost of providing the service and the allocation of these costs among fee payers is adequately based on appropriate cost of service principles and applicable legal standards, the appropriate allocation of costs between and among pollutants (BOD, SS, and Flow, including the basis for allocation of non-assignable costs), and the appropriate amount of charges and the allocation of those charges among fee payers for the added costs of providing (i) full secondary treatment and (ii) the ground water replenishment system.
- Capital Facilities Capacity Charges will increase 3.41 percent in accordance with the Engineering News Record (ENR) Construction Cost Index as of December 2007.
- Revenues will be budgeted to reflect 4,000 Equivalent Dwelling Unit (EDU) connections, the average of the past ten years.
- Permit User Rates for Flow and BOD will increase 9.32% and 14.86% respectively, while rates for TSS will decrease 18.44% in accordance with the rate study completed in February 2008.
- The annexation fees, effective as of March 2004, capture both the net current assets and the equivalent property tax allocations totaling \$4,235 per acre. Annexable property is minimal in the District's service area sphere of influence, so no annexation fee revenue is budgeted.
- Property tax revenues in FY 2008-09 and 2009-10 are being budgeted with a conservative 5.0 percent increase. A 2.0 percent annual increase in assessed value authorized by the state constitution, is regarded as being somewhat automatic,

Budget Assumptions

and is included in the 5.0 percent increase noted above. The additional 3.0 percent increase in assessed value is from authorized increases up to market value when property is sold at a higher value. A 5.0 percent increase represents approximately \$3.3 million in additional property taxes.

- Each year, earnings on the investment of the District's operating cash and reserves will be budgeted at 4.0 percent, the same as the current year estimate. Staff has consulted with PIMCO to get estimates for the next year's rate of return on investments.
- A \$220 million COP debt issuance is scheduled for FY 2008-09 in order to assist in the funding of the \$374 million CIP outlay scheduled for FY 2008-09.
- A \$150 million COP debt issuance is scheduled for FY 2009-10 in order to assist in the funding of the \$229 million CIP outlay scheduled for FY 2009-10.

Level of Treatment Issues

- In July 2002 the Board decided not to apply for a renewal of the 301(h) NPDES permit. This decision and its impacts on future capital and operating budgets will be reflected in the FY 2008-09 and future budgets.
- All existing and operational secondary treatment facilities will be operated and maintained at full capacity during FY 2008-09 and 2009-10 (approx 200 mgd).
- Interim short-term disinfection facilities will continue to be operated and maintained at existing levels and cost.
- Ten-year cash flow projections will be prepared considering the District's desire to

reach secondary treatment standards as quickly as possible.

Operating Assumptions

- Operating, maintenance, and administration cost estimates for FY 2008-09 and 2009-10 are expected to increase. Increases, anticipated as a result of general inflation and as a result of usage variances, are anticipated in personnel salaries, natural gas, chemicals, and biosolids management.
- The operating budget will include costs by division for all collection, treatment, and disposal or reuse costs. The cost per million gallons will include all the components of operations and maintenance.
- Dry weather urban run off will continue to be treated for free up to 4 mgd with a 10 mgd maximum.
- Average daily flow for FY 2008-09 and FY 2009-10 is projected to be 230 million gallons per day (mgd). This is 38 mgd below the Interim Strategic Plan Update projection, but is 6 mgd above the actual for the first 5 months of the current year. The final actual flow for FY 2006-07 was 229 mgd.
- The cost to collect, treat, and dispose of 1 million gallons of wastewater is estimated to increase from the FY 2007-08 budget of \$1,478.08 per million gallons, due to an increase in costs and the decrease in estimated flows.
- The total authorized staffing for FY 2008-09 and 2009-10 will increase by approximately 1 percent per year to 641.0 and 648.0 full-time equivalents, respectively.
- MOUs for OCEA, Local 501, and SPMT were completed in FY 2006-07 and will be considered in the FY 2008-09 and 2009-10 budgets. Salary adjustments based on the

2008-09 & 2009-10 Budget

MOUs include a range adjustment of 4% that will be effective for all employees as of the first pay period beginning in July each year. Additionally, all employees not already at the top step will be budgeted to receive a 5.0 percent step (merit) increase.

- A vacancy factor of 5 percent will be budgeted for all authorized positions to account for time spent for recruitment and turnover.
- Employee benefits and insurances, other than OCERS, will be budgeted to increase 10.0 percent in total in FY 2008-09 and another 10.0 percent in total in FY 2009-10.
- OCERS will be budgeted to be 21.34 percent of eligible salaries each fiscal year. In addition, the District pays 3.5 percent of employees' required contribution.
- The proposed operating budget will continue to reflect an emphasis on safety, technical, and management training. The proposed FY 2008-09 and 2009-10 budgets will include a budget for training that is equal to 2 percent of regular salaries and wages.
- An amount equal to approximately half of one percent of the operating materials and supplies budget, will be a contingency for prior year re-appropriations. Since the current year's budget lapses on June 30, a contingency is needed in the succeeding budget year for goods or services ordered at the end of one budget year but not delivered until the following year.
- An amount equal to approximately half of one percent of the operating materials and supplies budget, will be the General Manager's contingency budget. These funds will be allocated to appropriate line items during the year once requests and justifications for unanticipated needs have been approved by the General Manager.

Capital Improvement Program Assumptions

- The FY 2008-09 and 2009-10 treatment plant and collection system capital improvement program budgets are the amounts based on the current validated Capital Improvement Program (CIP).
- The 2008-09 CIP cashflow budget includes 114 projects in the following categories:

	<u>Total (in millions)</u>
Planning	\$ 9.2
Design	\$ 25.4
Construction	\$337.1
Capital Equipment	<u>\$ 2.0</u>
Total	<u>\$373.7</u>

- The District's 5-year Strategic Plan, as validated in preparation for the FY 2008-09 budget process, is the basis for the FY 2008-09 and 2009-10 CIP cashflow budget. The FY 2008-09 and 2009-10 CIP budgets will increase only for critical projects that were not previously identified in the Strategic Plan Update.
- The FY 2008-09 CIP budget will not exceed \$373.7 million. The FY 2009-10 CIP budget will not exceed \$228.9 million.

Debt Financing

- The District will issue new debt as Certificates of Participation for the Capital Improvement Program as needed to fund the CIP and to maintain reserves. Debt financing issuance of \$220 and \$150 million is projected for FY 2008-09 and 2009-10 respectively to assist in the funding of the CIP outlay scheduled for the year.
- Debt will only be used for CIP, not for operating expenses.
- Capital financing plans which include fewer borrowings and higher user fees after FY 2009-10 will be considered.

Budget Assumptions

- Borrowing is proposed only for facilities which do not add capacity and that are funded by all users for replacement, rehabilitation, and improved treatment.

Reserve Assumptions

- The current reserve policy was reviewed by Public Resources Advisory Group (PRAG) and the Board during FY 2003-04. No changes were proposed and direction was given to continue to maintain reserve levels at a level that is adequate to offset exposure to variable rate COPs due to interest rate increases. The reserve policy is presented in the Fiscal Policy which is located in the budget book at the beginning of Section 3.
- Reserves must be no less than 95 percent of the policy during the five-year planning period. The year-end reserve balances are expected to be within the Board's policy level for the five-year period of FY 2008-09 through FY 2012-13.

2008-09 & 2009-10 Budget

Accounting System and Budgetary Control

Fund Accounting & Proprietary Funds

The accounts of the District are organized within one Enterprise Fund, a Proprietary Fund Type. The District's Enterprise Fund is comprised of two Revenue Areas which are identified as Revenue Area 14 and the Consolidated Revenue Area (Revenue Area 15). Each Revenue Area includes a share of capital outlay activities, self-insurance activities, debt service activities, and operating activities. These activities are allocated to each Revenue Area based on sewage flows, location, or level of participation in specific programs.

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered through user charges.

Basis of Accounting

Basis of accounting refers to the point at which revenues and expenses are recognized in the accounts and reported in the financial statements. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. In an enterprise fund, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

Budgetary Basis of Accounting

The operating budget for the Enterprise Fund is adopted on a basis consistent with generally accepted accounting principles. Except as noted in the following paragraph, the basis of accounting and the budgetary basis of accounting are the same. Budgeted amounts are as originally adopted and as further amended by Board action of the District.

Although the District does budget for capital improvement projects, the related capital outlays are recorded as increases in Property, Plant, and Equipment on the balance sheet of the Enterprise Fund. Similarly, the District budgets for the retirement of debt. However, the principal payments on debt are recorded as reductions in the current

portion of long-term debt on the balance sheet of the Enterprise Fund.

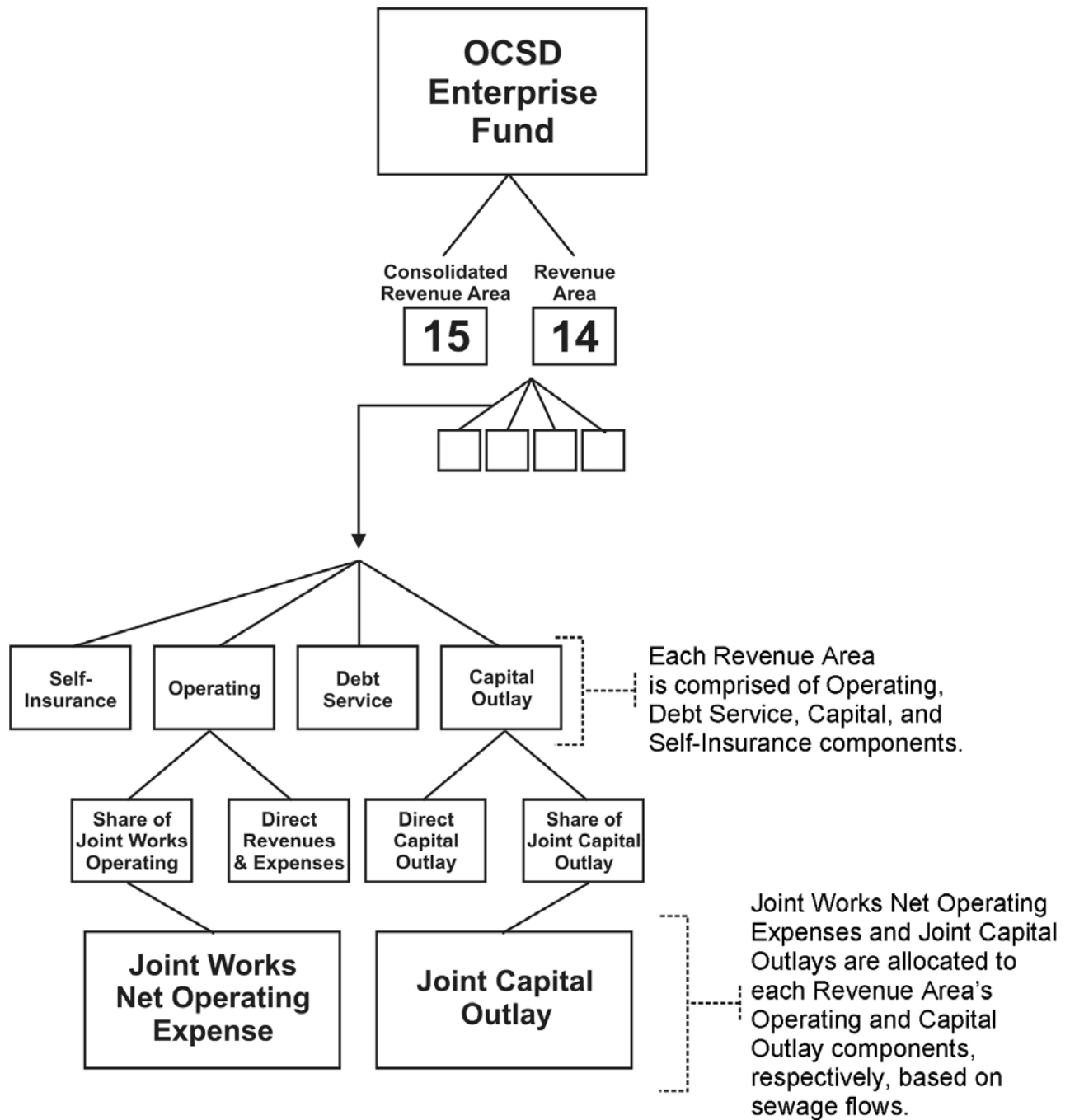
Internal Controls

The District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

Budgetary controls are maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Directors. The budgetary level of control, the level at which operating expenses cannot legally exceed the appropriated amount, is exercised at the department level.

Enterprise Fund



2008-09 & 2009-10 Budget

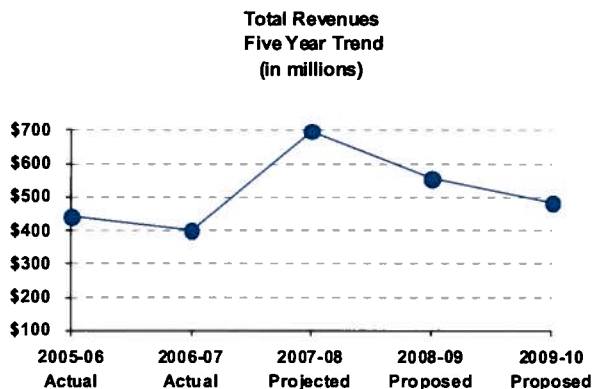
Revenue Sources

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

- Property Taxes
- Capital Facilities Capacity Charges
- User Fees
- Industrial Waste Permit User Fees
- Interest Earnings
- Debt Proceeds

These sources have generally accounted for more than 90 percent of the total revenue to the District.

The following graph summarizes revenues from all sources for the District as a whole over the past two fiscal years, the current year, and through the following two proposed budget years:



Total revenues decreased from \$442.0 million in FY 2005-06 to \$399.9 million in FY 2006-07. The lower revenues in FY 2006-07 were primarily due to the issuance of \$200 million in certificates of participation (COP) debt issuance in the FY 2005-06 versus only \$95.2 million in FY 2006-07. This reduction in revenues was partially offset by the \$13.5 million generated from the \$14.80 increase in the annual single family residential user fee, the underlying basis used in calculating all user fees. Total projected revenues for FY 2007-08 are expected to increase to \$698.7 million due to the new debt issuances of \$378.7 million and the \$15.8 million that is expected to be generated from the increase of \$16.20 in the annual single family residence user fee.

In FY 2008-09, revenues are being proposed at \$556.0 million, a decrease of 142.7 million, or 20.4 percent over the prior year. This decrease is

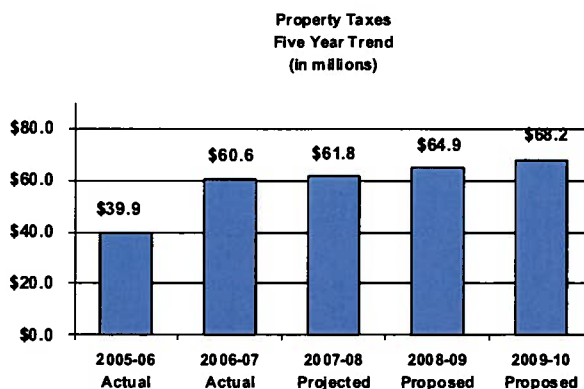
primarily attributable to a reduction in new debt issuances from \$378.7 million debt issuances in FY 2007-08 to a proposed debt issuance in FY 2008-09 of \$200 million. This decrease in overall revenues is being partially being offset by the \$25.2 million that is expected to be generated from the flat 10.5 percent increase in all user fees.

In FY 2009-10, revenues are being proposed at \$483.9 million, a decrease of \$72.1 million, or 13.0 percent over the prior year. This decrease is primarily attributable to the \$80 million reduction in new debt financings proposed in FY 2009-10 totaling \$120 million as opposed to the total of \$200 million proposed for FY 2008-09. This decrease in proposed revenues is more than offset by the additional \$20 million proposed increase in user fees of 10.0 percent.

The new money debt financings of \$200 million in FY 2008-09 and \$120 million in FY 2009-10 are necessary to assist in funding of the current \$2.0 billion ten-year capital improvement program.

Property Taxes

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 two percent per year. The District receives a share of this 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 the one percent ad valorem property tax levy is dedicated for the payment of COP debt service. The apportionment of the ad valorem tax is 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.

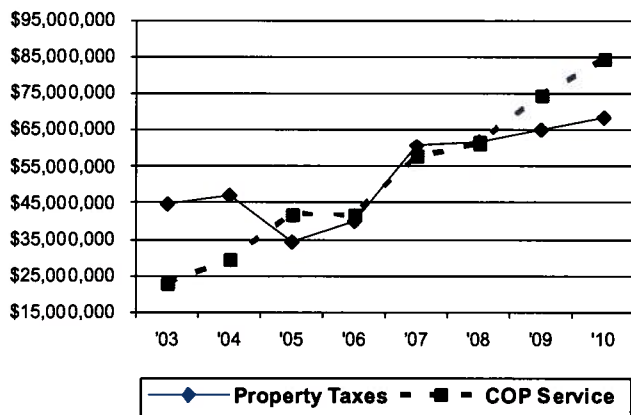


Revenue Sources

As shown in the graph above, property tax revenues increased from a low in FY 2005-06 of \$39.9 million to \$60.6 million in FY 2006-07. This increase is due to the end of the State's recent \$1.3 billion property tax shift in FY 2004-05 and FY 2005-06 from non-education local governments to solve their fiscal crisis back in 2004. Of this \$1.3 billion shift for FY 2004-05 and FY 2005-06, \$350 million a year was projected to be contributed from independent special districts, an amount equal to 40 percent of secured property taxes. The overall reduction on total property tax revenue received by the District was minimized to 23.7 percent in FY 2004-05 and 18.6 percent in FY 2005-06 due to the steady increase attributed to the home sales market and the corresponding increase in home values.

Historically the District's property tax revenues were at a level where they could support the District's debt service obligations. However, future capital improvement needs averaging \$200.0 million a year over the next ten years will require new COP debt issuances that will eventually increase future debt service payments above the ability to be funded solely from property tax revenues.

COP Funding Requirements vs. Property Tax Funding Source



User Fees

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, a user is responsible for his share of the system's costs, both fixed and variable, in proportion to his demand on the system.

In addition, the Consolidated Revenue Area charges industrial and commercial user fees to customers discharging high-strength or high-volume wastes into

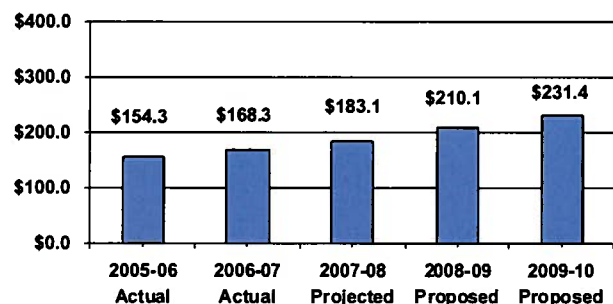
the sewer systems. Revenue Area No. 14 need's are funded by Irvine Ranch Water District.

Up until seven years ago, the District had been able to avoid or minimize user fee increases by reducing operational costs through reorganizing and streamlining District operations. As a result of the capital improvement program expansion, the District's debt service obligations continue to increase beyond the level of its primary funding source, property tax revenues. Thus, annual increases in user fees have become a requirement.

In the Fall of 2007, District staff conducted strategic planning workshops with the Board of Directors to layout a capital program to deliver the levels of service desired by the Board of Directors. These levels of service and resulting capital projects are included in the District's 5-year Strategic Plan. This includes approximately \$50 million of new CIP projects over the next 10 years. In addition, District staff has reviewed each CIP project to ensure that the scope of the project was appropriate, and that the cost estimates were accurate. The validated CIP includes 86 large capital projects and 28 special projects with a 15-year expenditure of \$1.47 billion. This total represents a \$149 million increase from the 2007-08 CIP estimate. This increase includes \$50 million from the District's 5-year Strategic Plan, \$28 million in newly identified rehabilitation and renewal needs, and \$71 million in project budget revisions for on-going projects.

In February of 2008, the Board approved rate increases for each year over the next five years. These increases are necessary for compliance with the District's debt fiscal policy of balancing the funding of new capital improvements with current revenues and new debt, and to minimize rate increases over an extended period of time.

Net User Fees (in millions)



2008-09 & 2009-10 Budget

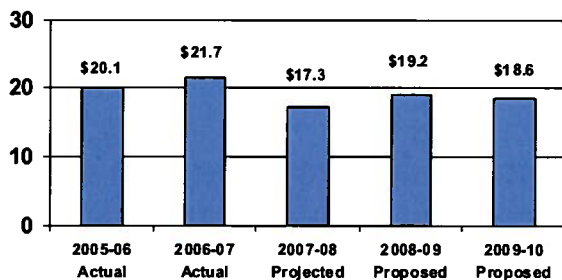
The impact of this five-year sewer fee schedule has increased the single family residence user fee rate of \$182.00 in FY 2007-08 to \$201 in FY 2008-09, to \$221 in FY 2009-10, to \$244 in FY 2010-11, to \$267 in 2011-12, and to \$294 in FY 2012-13. These rate increases by the District are still well below the average annual sewer rate of \$406 currently being charged throughout the State according to the 2008 California Wastewater Charge Survey of 726 agencies conducted by the State Water Resources Control Board encompassing all 58 counties in California.

Interest Earnings

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, all projected to total \$512.3 million at July 1, 2008.

The District's reserves are invested in accordance with the District's investment policy and the State Government Code through an outside money manager, and an independent custodian bank.

Interest Earnings
(in millions)



Interest earnings fluctuate from year-to-year based on the timing of CIP outlays and debt issuances, which impact the available balance in reserves for investing, and in the rise and fall of fixed-income investment market yields.

The District's investment policy is structured conservatively towards liquidity to avoid having to sell investments at a loss and having unrealized losses become realized losses.

Total projected cash balances reached a high of 489.8 million at July 1, 2006 and a low of \$371.9 million at June 30, 2007 as no new money debt issuances occurred during the year and cash balances were brought down to fund current year CIP. However, interest earnings of \$21.7 million were attributable to higher yields earned on

investments, as investments earnings yielded 5.5 percent, an increase from the prior year earnings rate of 2.4 percent.

Although the yield through the third quarter of FY 2007-08 was only at 2.8 percent, investment earnings are projected to rise to \$17.3 million due to the high average cash balances for the year as the \$300 million debt issuance occurred prior to the third quarter.

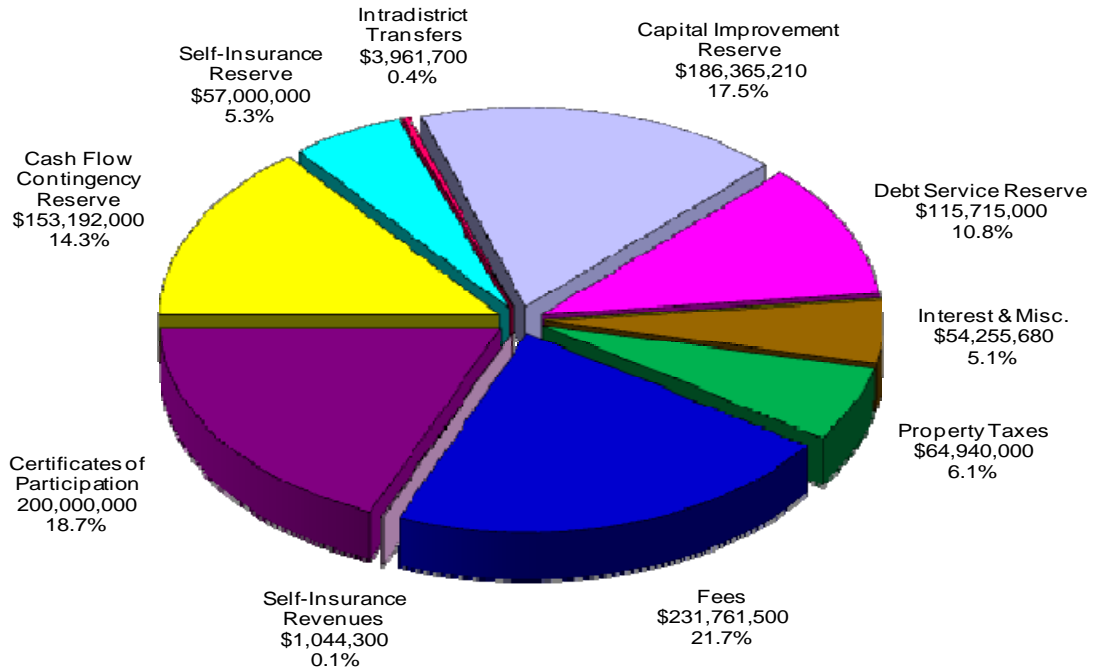
The District is proposing an interest earnings rate of 4.0 percent in FY 2008-09 and FY 2009-10 to generate earnings of \$19.2 million and \$18.6 million, on investment portfolio projections of \$460.9 million and \$479.0 million at June 30, 2009 and 2010, respectively.

Debt Proceeds

Over the next ten years, the District is projecting an additional \$2.0 billion in future treatment plant and collection system capital improvements. In order to minimize future annual sewer rate increases, a total of \$550 million in certificates of participation debt is being proposed over the next five years.

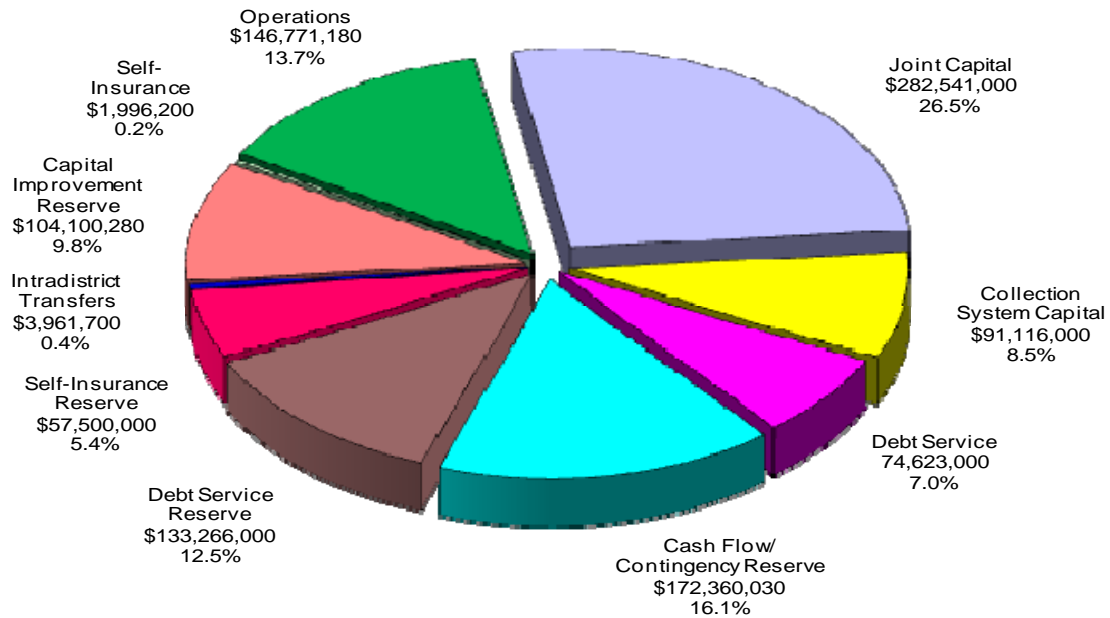
In FY 2008-09 and FY 2009-10, new certificates of participation debt issuances are being proposed in the amounts of \$200 million and \$120 million, respectively. These debt issuances will assist in the funding of the proposed CIP budgeted cash outlays of \$373.7 million and \$228.9 million accordingly within these two fiscal years.

Where the Money Comes From



FY 2008-09 Total Funding Sources - \$1,068,235,390

Where the Money Goes



FY 2008-09 Total Funding Uses - \$1,068,235,390

2008-09 & 2009-10 Budget

Revenues by Category FY 2008-09

	Consolidated Revenue Area	Revenue Area 14	Total Sources
Beginning Reserves	\$ 500,139,311	\$ 12,132,898	\$ 512,272,210
Services Fees	191,333,080	9,303,420	200,636,500
User Fees	9,463,000	-	9,463,000
Capital Facilities Capacity Charge	21,662,000	-	21,662,000
Capacity Rights	-	-	-
Debt Proceeds	200,000,000	-	200,000,000
Property Taxes	63,276,831	1,663,169	64,940,000
Intradistrict Transfers	3,961,700	-	3,961,700
Insurance In-Lieu Premiums	981,640	62,660	1,044,300
Interest and Other Revenue	<u>32,077,980</u>	<u>22,177,700</u>	<u>54,255,680</u>
Total Sources	<u>\$ 1,022,895,542</u>	<u>\$ 45,339,848</u>	<u>\$ 1,068,235,390</u>

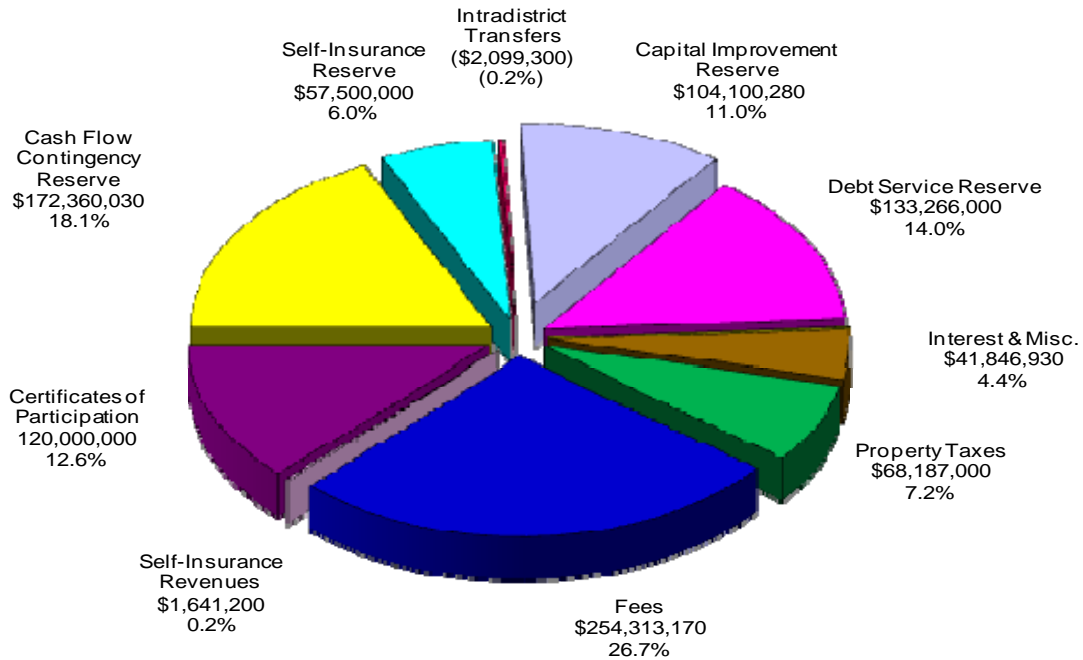
Expense by Category

Expenses by Category FY 2008-09

	Consolidated Revenue Area	Revenue Area 14	Total Uses
Director's Fees	\$ 185,100	\$ 15,000	\$ 200,100
Salaries & Benefits	79,207,920	4,436,060	83,643,980
Administrative Expenses	1,255,070	70,290	1,325,360
Printing & Publications	616,490	34,530	651,020
Training & Meetings	1,357,670	76,040	1,433,710
Operating Expenses	21,182,210	1,186,310	22,368,520
Contractual Expenses	26,991,490	1,511,660	28,503,150
Professional Expenses	3,574,150	200,170	3,774,320
Research & Monitoring	1,350,760	75,650	1,426,410
Repairs & Maintenance	10,720,770	600,420	11,321,190
Utilities	9,203,900	515,470	9,719,370
Self-Insurance Requirements	1,876,430	119,770	1,996,200
Other Materials, Supplies, & Services	2,469,170	138,290	2,607,460
Capital Grants to Member Agencies	300,000	-	300,000
Cost Allocation	(19,427,530)	(1,075,880)	(20,503,410)
Joint Works Capital Improvement Program	265,589,000	16,952,000	282,541,000
Collection System Capital Improvement Prog.	91,116,000	-	91,116,000
Certificate of Participation Service	74,623,000	-	74,623,000
Intradistrict Transfers	-	3,961,700	3,961,700
Ending Reserves	<u>450,703,942</u>	<u>16,522,368</u>	<u>467,226,310</u>
Total Uses	<u>\$ 1,022,895,542</u>	<u>\$ 45,339,848</u>	<u>\$ 1,068,235,390</u>

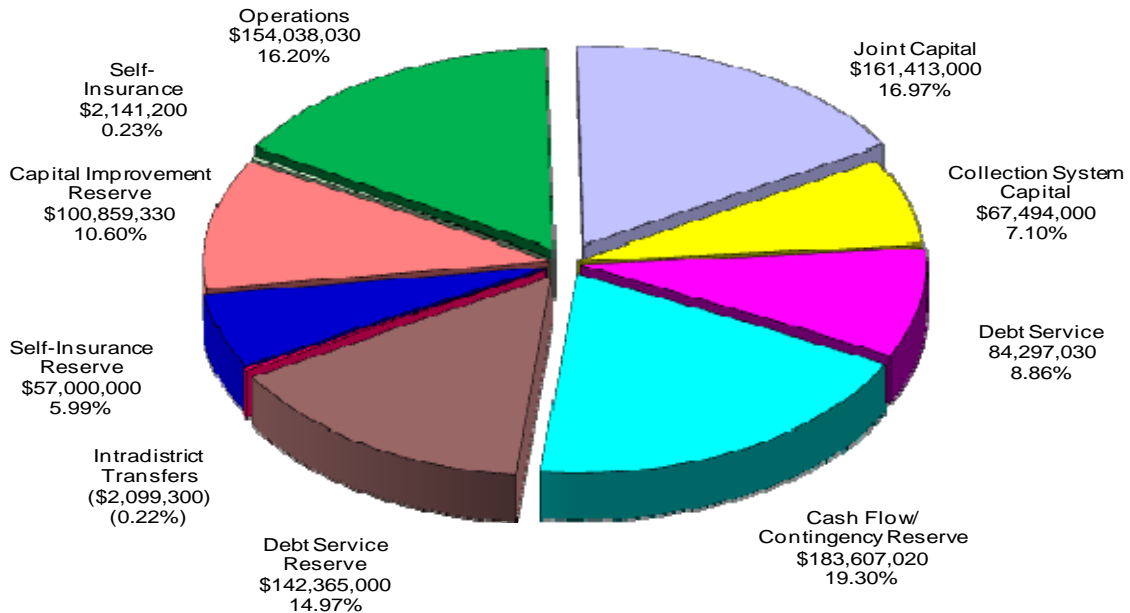
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Where the Money Comes From



FY 2009-10 Total Funding Sources - \$951,115,310

Where the Money Goes



FY 2009-10 Total Funding Uses - \$951,115,310

2008-09 & 2009-10 Budget

Revenues by Category FY 2009-10

	Consolidated Revenue Area	Revenue Area 14	Total Sources
Beginning Reserves	\$ 452,105,410	\$ 15,120,900	\$ 467,226,310
Services Fees	211,251,130	9,764,040	221,015,170
User Fees	10,405,000	-	10,405,000
Capital Facilities Capacity Charge	22,893,000	-	22,893,000
Capacity Rights	-	-	-
Debt Proceeds	120,000,000	-	120,000,000
Property Taxes	66,457,754	1,729,246	68,187,000
Intradistrict Transfers	(2,099,300)	-	(2,099,300)
Insurance In-Lieu Premiums	1,542,730	98,470	1,641,200
Interest and Other Revenue	<u>32,798,230</u>	<u>9,048,700</u>	<u>41,846,930</u>
Total Sources	<u>\$ 915,353,954</u>	<u>\$ 35,761,356</u>	<u>\$ 951,115,310</u>

Expense by Category

Expenses by Category FY 2009-10

	Consolidated Revenue Area	Revenue Area 14	Total Uses
Director's Fees	\$ 185,100	\$ 15,000	\$ 200,100
Salaries & Benefits	85,047,010	4,761,050	89,808,060
Administrative Expenses	1,224,950	68,570	1,293,520
Printing & Publications	619,910	34,700	654,610
Training & Meetings	1,364,010	76,360	1,440,370
Operating Expenses	22,473,730	1,258,110	23,731,840
Contractual Expenses	27,358,150	1,531,550	28,889,700
Professional Expenses	2,798,740	156,680	2,955,420
Research & Monitoring	1,335,120	74,740	1,409,860
Repairs & Maintenance	9,557,490	535,040	10,092,530
Utilities	9,670,870	541,390	10,212,260
Self-Insurance Requirements	2,012,730	128,470	2,141,200
Other Materials, Supplies, & Services	2,666,660	149,280	2,815,940
Capital Grants to Member Agencies	2,064,530	-	2,064,530
Cost Allocation	(20,494,350)	(1,036,360)	(21,530,710)
Joint Works Capital Improvement Program	151,728,000	9,685,000	161,413,000
Collection System Capital Improvement Prog.	67,494,000	-	67,494,000
Certificate of Participation Service	84,297,030	-	84,297,030
Intradistrict Transfers	-	(2,099,300)	(2,099,300)
Ending Reserves	<u>463,950,274</u>	<u>19,881,076</u>	<u>483,831,350</u>
Total Uses	<u>\$ 915,353,954</u>	<u>\$ 35,761,356</u>	<u>\$ 951,115,310</u>

2008-09 & 2009-10 Budget

DESCRIPTION OR ACCOUNT TITLE	ACTUAL 2006-07	APPROVED 2007-08	PROJECTED 2007-08	PROPOSED 2008-09	PROPOSED 2009-10
BEGINNING ACCUMULATED FUNDS	\$ 489,838,782	\$ 364,269,980	\$ 371,905,480	\$ 512,272,210	\$ 467,226,310
OPERATING REVENUES					
Permitted User Fees	14,166,298	18,853,000	8,568,510	9,463,000	10,405,000
General Sewer Service User Fees	150,196,818	164,620,000	166,270,000	191,333,080	211,251,130
O & M Assessment Service Fees (IRWD)	3,973,382	5,467,410	8,300,660	9,303,420	9,764,040
Interest	22,243,554	15,505,000	17,337,000	19,206,000	18,648,000
Miscellaneous Receipts	2,387,367	9,114,000	13,527,670	14,135,980	15,613,230
Operating Revenue Subtotal	192,967,419	213,559,410	214,003,840	243,441,480	265,681,400
NON-OPERATING REVENUES					
Property Tax Allocation	59,205,417	56,167,000	59,794,000	62,903,000	66,048,000
Redevelopment Agency Pass Thru	1,359,891	2,171,000	2,054,000	2,037,000	2,139,000
State Subventions	-	-	-	-	-
Subtotal-Taxes	60,565,308	58,338,000	61,848,000	64,940,000	68,187,000
Capital Facilities Capacity Charge	18,425,557	11,647,000	16,707,000	21,662,000	22,893,000
Sale of Capacity Rights, SAWPA & SSBSD	12,852,090	-	-	-	-
Capital Assessment (IRWD)	18,929,179	18,561,300	19,454,000	20,913,700	7,585,700
Non-Operating Revenue Subtotal	110,772,134	88,546,300	98,009,000	107,515,700	98,665,700
INTRADISTRICT REVENUES					
Annual Intradistrict Joint Equity Purchase/Sale	4,528,612	2,645,300	5,374,000	3,961,700	(2,099,300)
FINANCING REVENUES					
Sale of Certificates of Participation	89,818,081	300,000,000	378,680,000	200,000,000	120,000,000
Financing Revenues Subtotal	89,818,081	300,000,000	378,680,000	200,000,000	120,000,000
SELF INSURANCE REVENUES					
Workers' Comp SFI	315,163	559,400	559,400	108,100	535,000
General Liability SFI	1,513,804	2,055,200	2,055,200	936,200	1,106,200
Subtotal-Self Insurance	1,828,967	2,614,600	2,614,600	1,044,300	1,641,200
Total Revenues	399,915,213	607,365,610	698,681,440	555,963,180	483,889,000
TOTAL AVAILABLE FUNDING	\$ 889,753,995	\$ 971,635,590	\$ 1,070,586,920	\$ 1,068,235,390	\$ 951,115,310

Budget Resources

DESCRIPTION OR ACCOUNT TITLE	ACTUAL 2006-07	APPROVED 2007-08	PROJECTED 2007-08	PROPOSED 2008-09	PROPOSED 2009-10
<u>OPERATING REQUIREMENTS</u>					
Director's Fees	\$ 141,198	\$ 157,600	\$ 200,100	200,100	200,100
Salaries & Benefits	71,433,525	79,766,960	79,245,330	83,643,980	89,808,060
Administrative Expense	1,095,519	1,520,740	1,367,090	1,325,360	1,293,520
Printing & Publications	459,051	650,730	604,050	651,020	654,610
Training & Meetings	1,124,856	1,503,140	1,313,710	1,433,710	1,440,370
Operating Expense	16,684,653	23,058,340	17,767,630	22,368,520	23,731,840
Contractual Expense	15,630,140	21,417,440	19,871,840	28,503,150	28,889,700
Professional Expense	2,367,736	3,731,840	2,782,390	3,774,320	2,955,420
Research & Monitoring	1,426,408	1,572,740	1,096,440	1,426,410	1,409,860
Repairs & Maintenance	7,567,182	10,333,750	10,744,060	11,321,190	10,092,530
Utilities	8,072,262	9,883,260	8,403,370	9,719,370	10,212,260
Other Materials, Supplies, & Services	2,119,593	3,656,060	2,890,680	2,607,460	2,815,940
Capital Grants to Member Agencies	2,127,154	2,500,000	2,403,260	300,000	2,064,530
Cost Allocation	(16,101,402)	(19,779,200)	(17,742,100)	(20,503,410)	(21,530,710)
Subtotal- Operating	114,147,875	139,973,400	130,947,850	146,771,180	154,038,030
<u>CAPITAL IMPROVEMENTS</u>					
Joint Works Capital Improvements	199,263,687	231,619,700	234,665,900	282,541,000	161,413,000
Collection System Capital Improvements	74,380,578	71,094,000	44,600,000	91,116,000	67,494,000
Annual Intradistrict Joint Equity Purchase/Sale	4,528,612	2,645,300	5,374,000	3,961,700	(2,099,300)
Subtotal- Capital Improvements	278,172,877	305,359,000	284,639,900	377,618,700	226,807,700
<u>FINANCING REQUIREMENTS</u>					
Certificate of Participation Service	123,402,887	65,273,720	141,031,950	74,623,000	84,297,030
Subtotal-Financing Req	123,402,887	65,273,720	141,031,950	74,623,000	84,297,030
<u>SELF INSURANCE REQUIREMENTS</u>					
Workers' Comp SFI	356,700	559,400	417,310	490,000	535,000
General Liability SFI	1,768,176	2,055,200	1,277,700	1,506,200	1,606,200
Subtotal-Self Insurance	2,124,876	2,614,600	1,695,010	1,996,200	2,141,200
TOTAL REQUIREMENTS	517,848,515	513,220,720	558,314,710	601,009,080	467,283,960
REVENUES EXCEEDING REQUIREMENTS	(117,933,302)	94,144,890	140,366,730	(45,045,900)	16,605,040
ENDING ACCUM FUNDS & RESERVES	\$ 371,905,480	\$ 458,414,870	\$ 512,272,210	\$ 467,226,310	\$ 483,831,350

2008-09 & 2009-10 Budget

BUDGET RESOURCES BY REVENUE AREA - FY 08-09

DESCRIPTION OR ACCOUNT TITLE	Consolidated Revenue Area Proposed	Rev Area 14 Proposed	Total Proposed
BEGINNING ACCUMULATED FUNDS	\$ 500,139,311	\$ 12,132,898	\$ 512,272,210
<u>OPERATING REVENUES</u>			
Permitted User Fees	9,463,000	-	9,463,000
General Sewer Service User Fees	191,333,080	-	191,333,080
O & M Assessment Service Fees (IRWD)	-	9,303,420	9,303,420
Interest	18,412,000	794,000	19,206,000
Miscellaneous Receipts	13,665,980	470,000	14,135,980
Operating Revenue Subtotal	232,874,060	10,567,420	243,441,480
<u>NON-OPERATING REVENUES</u>			
Property Tax Allocation	61,292,000	1,611,000	62,903,000
Redevelopment Agency Pass Thru	1,984,831	52,169	2,037,000
State Subventions	-	-	-
Subtotal-Taxes	63,276,831	1,663,169	64,940,000
Capital Facilities Capacity Charge	21,662,000	-	21,662,000
Sale of Capacity Rights, SAWPA & SSBSD	-	-	-
Capital Assessment (IRWD)	-	20,913,700	20,913,700
Non-Operating Revenue Subtotal	84,938,831	22,576,869	107,515,700
<u>INTRADISTRICT REVENUES</u>			
Annual Intradistrict Joint Equity Purchase/Sale	3,961,700	-	3,961,700
<u>FINANCING REVENUES</u>			
Sale of Certificates of Participation	200,000,000	-	200,000,000
Intradistrict Loans, Advances & Repayments	-	-	-
Financing Revenues Subtotal	200,000,000	-	200,000,000
<u>SELF INSURANCE REVENUES</u>			
Workers' Comp SFI	101,610	6,490	108,100
General Liability SFI	880,030	56,170	936,200
Subtotal-Self Insurance	981,640	62,660	1,044,300
Total Revenues	522,756,231	33,206,949	555,963,180
TOTAL AVAILABLE FUNDING	\$ 1,022,895,542	\$ 45,339,848	\$ 1,068,235,390

Budget Resources

DESCRIPTION OR ACCOUNT TITLE	Consolidated Revenue Area Proposed	Rev Area 14 Proposed	Total Proposed
<u>OPERATING REQUIREMENTS</u>			
Director's Fees	\$ 185,100	\$ 15,000	\$ 200,100
Salaries & Benefits	79,207,920	4,436,060	83,643,980
Administrative Expense	1,255,070	70,290	1,325,360
Printing & Publications	616,490	34,530	651,020
Training & Meetings	1,357,670	76,040	1,433,710
Operating Expense	21,182,210	1,186,310	22,368,520
Contractual Expense	26,991,490	1,511,660	28,503,150
Professional Expense	3,574,150	200,170	3,774,320
Research & Monitoring	1,350,760	75,650	1,426,410
Repairs & Maintenance	10,720,770	600,420	11,321,190
Utilities	9,203,900	515,470	9,719,370
Other Materials, Supplies, & Services	2,469,170	138,290	2,607,460
Capital Grants to Member Agencies	300,000	-	300,000
Cost Allocation	(19,427,530)	(1,075,880)	(20,503,410)
Subtotal- Operating	138,987,170	7,784,010	146,771,180
<u>CAPITAL IMPROVEMENTS</u>			
Joint Works Capital Improvements	265,589,000	16,952,000	282,541,000
Collection System Capital Improvements	91,116,000	-	91,116,000
Annual Intradistrict Joint Equity Purchase/Sale	-	3,961,700	3,961,700
Subtotal- Capital Improvements	356,705,000	20,913,700	377,618,700
<u>FINANCING REQUIREMENTS</u>			
Certificate of Participation Service	74,623,000	-	74,623,000
Subtotal-Financing Req	74,623,000	-	74,623,000
<u>SELF INSURANCE REQUIREMENTS</u>			
Workers' Comp SFI	460,600	29,400	490,000
General Liability SFI	1,415,830	90,370	1,506,200
Subtotal-Self Insurance	1,876,430	119,770	1,996,200
TOTAL REQUIREMENTS	572,191,600	28,817,480	601,009,080
REVENUES EXCEEDING REQUIREMENTS	(49,435,369)	4,389,469	(45,045,900)
ENDING ACCUMULATED FUNDS & RESERVES	\$ 450,703,942	\$ 16,522,368	\$ 467,226,310

2008-09 & 2009-10 Budget

BUDGET RESOURCES BY REVENUE AREA - FY 09-10

DESCRIPTION OR ACCOUNT TITLE	Consolidated Revenue Area Proposed	Rev Area 14 Proposed	Total Proposed
BEGINNING ACCUMULATED FUNDS	\$ 450,703,942	\$ 16,522,368	\$ 467,226,310
<u>OPERATING REVENUES</u>			
Permitted User Fees	10,405,000	-	10,405,000
General Sewer Service User Fees	211,251,130	-	211,251,130
O & M Assessment Service Fees (IRWD)	-	9,764,040	9,764,040
Interest	17,672,000	976,000	18,648,000
Miscellaneous Receipts	15,126,230	487,000	15,613,230
Operating Revenue Subtotal	254,454,360	11,227,040	265,681,400
<u>NON-OPERATING REVENUES</u>			
Property Tax Allocation	64,373,000	1,675,000	66,048,000
Redevelopment Agency Pass Thru	2,084,754	54,246	2,139,000
State Subventions	-	-	-
Subtotal-Taxes	66,457,754	1,729,246	68,187,000
Capital Facilities Capacity Charge	22,893,000	-	22,893,000
Sale of Capacity Rights, SAWPA & SSBSD	-	-	-
Capital Assessment (IRWD)	-	7,585,700	7,585,700
Non-Operating Revenue Subtotal	89,350,754	9,314,946	98,665,700
<u>INTRADISTRICT REVENUES</u>			
Annual Intradistrict Joint Equity Purchase/Sale	(2,099,300)	-	(2,099,300)
<u>FINANCING REVENUES</u>			
Sale of Certificates of Participation	120,000,000	-	120,000,000
Intradistrict Loans, Advances & Repayments	-	-	-
Financing Revenues Subtotal	120,000,000	-	120,000,000
<u>SELF INSURANCE REVENUES</u>			
Workers' Comp SFI	502,900	32,100	535,000
General Liability SFI	1,039,830	66,370	1,106,200
Subtotal-Self Insurance	1,542,730	98,470	1,641,200
Total Revenues	463,248,544	20,640,456	483,889,000
TOTAL AVAILABLE FUNDING	\$ 913,952,486	\$ 37,162,823	\$ 951,115,310

Budget Resources

DESCRIPTION OR ACCOUNT TITLE	Consolidated Revenue Area Proposed	Rev Area 14 Proposed	Total Proposed
<u>OPERATING REQUIREMENTS</u>			
Director's Fees	\$ 185,100	\$ 15,000	\$ 200,100
Salaries & Benefits	85,047,010	4,761,050	89,808,060
Administrative Expense	1,224,950	68,570	1,293,520
Printing & Publications	619,910	34,700	654,610
Training & Meetings	1,364,010	76,360	1,440,370
Operating Expense	22,473,730	1,258,110	23,731,840
Contractual Expense	27,358,150	1,531,550	28,889,700
Professional Expense	2,798,740	156,680	2,955,420
Research & Monitoring	1,335,120	74,740	1,409,860
Repairs & Maintenance	9,557,490	535,040	10,092,530
Utilities	9,670,870	541,390	10,212,260
Other Materials, Supplies, & Services	2,666,660	149,280	2,815,940
Capital Grants to Member Agencies	2,064,530	-	2,064,530
Cost Allocation	(20,494,350)	(1,036,360)	(21,530,710)
Subtotal- Operating	145,871,920	8,166,110	154,038,030
<u>CAPITAL IMPROVEMENTS</u>			
Joint Works Capital Improvements	151,728,000	9,685,000	161,413,000
Collection System Capital Improvements	67,494,000	-	67,494,000
Annual Intradistrict Joint Equity Purchase/Sale	-	(2,099,300)	(2,099,300)
Subtotal- Capital Improvements	219,222,000	7,585,700	226,807,700
<u>FINANCING REQUIREMENTS</u>			
Certificate of Participation Service	84,297,030	-	84,297,030
Subtotal-Financing Req	84,297,030	-	84,297,030
<u>SELF INSURANCE REQUIREMENTS</u>			
Workers' Comp SFI	502,900	32,100	535,000
General Liability SFI	1,509,830	96,370	1,606,200
Subtotal-Self Insurance	2,012,730	128,470	2,141,200
TOTAL REQUIREMENTS	451,403,680	15,880,280	467,283,960
REVENUES EXCEEDING REQUIREMENTS	11,844,864	4,760,176	16,605,040
ENDING ACCUMULATED FUNDS & RESERVES	\$ 462,548,806	\$ 21,282,543	\$ 483,831,350

2008-09 & 2009-10 Budget

Projected Reserves at June 30, 2008, 2009 and 2010

	Projected 6/30/2008	Proposed 6/30/2009	Proposed 6/30/2010
Cash Flow Requirements			
Operating Expenses	\$ 65,474,000	\$ 73,386,000	\$ 77,019,000
COP Payments	74,623,000	84,297,030	91,184,020
Operating Contingencies	13,095,000	14,677,000	15,404,000
Capital Improvement Program	132,244,210	48,897,280	44,552,330
Catastrophe & Self Insurance	57,000,000	57,500,000	57,000,000
Sub-total	342,436,210	278,757,310	285,159,350
Capital Replacement & Refurbishment	54,121,000	55,203,000	56,307,000
COP Service Required Reserves	115,715,000	133,266,000	142,365,000
Total	\$512,272,210	\$467,226,310	\$483,831,350

Accumulated Funds and Reserves Policy

A cash flow reserve will be established to fund operations, maintenance and certificates of participation expenses for the first half of the fiscal year, prior to the receipt of the first installment of the property tax allocation and the sewer service user fees which are collected as a separate line item on the property tax bill. The level of this reserve will be established as the sum of an amount equal to six months operations and maintenance expenses and the total of the annual debt (COP) service payments due in August each year.

An operating contingency reserve will be established to provide for non-recurring expenditures that were not anticipated when the annual budget and sewer service fees were considered and adopted. The level of this reserve will be established at an amount equal to ten percent of the annual operating budget.

A capital improvement reserve will be maintained to fund annual increments of the capital improvement program. The long-term target is for one half of the capital improvement program to be funded from borrowing and for one half to be funded from current revenues and reserves. With this program in mind, the target level of this reserve has been established at one half of the average annual capital improvement program through the year 2020.

Levels higher and lower than the target can be expected while the long-term financing and capital improvement programs are being finalized.

Catastrophic loss, or self-insurance, reserves will be maintained for property damage including fire, flood and earthquake; for general liability; and for workers' compensation. These reserves are intended to work with purchased insurance policies, FEMA disaster reimbursements and State disaster reimbursements. Based on the current infrastructure replacement value of \$6.3 billion, the reserve level has been set to fund the District's non-reimbursed costs, estimated to be \$57 million.

A capital replacement/renewal reserve policy has been established to provide thirty percent of the funding to replace or refurbish the current collection and treatment and disposal facilities at the end of their useful economic lives. The current replacement value of these facilities is estimated to be \$3.14 billion for the collection facilities and \$3.12 billion for the treatment and disposal facilities. The initial reserve level was established at \$50 million, which will be augmented by interest earnings and a small portion of the annual sewer user fees in order to meet projected needs through the year 2030.

Provisions of the various Certificate of Participation (COP) issues require debt service reserves to be under the control of the Trustee for that issue.

Projected Reserves

These reserve funds are not available for the general needs of the District and must be maintained at specified levels. The projected level of required COP service reserves at June 30, 2008 is \$115.7 million.

Accumulated funds exceeding the levels specified by District policy will be maintained in a rate stabilization fund. These funds will be applied to future years' needs in order to maintain rates or to moderate annual fluctuations. There is no established target for this reserve.

2008-09 & 2009-10 Budget

Orange County Sanitation District Consolidated Cash Flow Projections

Ref	Description	Preliminary 08-09	Preliminary 09-10	Preliminary 10-11	Preliminary 11-12	Preliminary 12-13	Preliminary 13-14
Revenues:							
1	General User Fees	191,333,080	211,251,130	234,181,545	257,401,009	284,687,476	306,242,404
2	Permitted User Fees	9,463,000	10,405,000	11,488,000	12,571,000	13,842,000	14,811,000
3	Property Taxes (5% yr)	64,940,000	68,187,000	71,596,000	75,176,000	78,935,000	82,882,000
4	New COP Issues	200,000,000	120,000,000	90,000,000	60,000,000	80,000,000	-
5	Interest Revenues (4%)	19,206,000	18,648,000	19,548,000	20,580,000	21,823,000	21,973,000
6	Capital Facilities Capacity Charges	21,662,000	22,893,000	24,194,000	25,569,000	27,022,000	28,557,000
7	Other Revenues	49,359,100	32,504,870	38,285,815	39,440,500	42,033,324	61,050,248
8	Revenues	<u>555,963,180</u>	<u>483,889,000</u>	<u>489,293,360</u>	<u>490,737,509</u>	<u>548,342,800</u>	<u>515,515,652</u>
Requirements:							
9	Oper & Mtce Exp (7.0% yr)	146,771,180	154,038,030	184,141,000	199,728,000	216,939,000	231,646,000
10	Capital Improvement Program	373,657,000	228,907,000	181,519,000	166,757,000	118,061,000	133,727,000
11	Repl, Rehab & Refurb	-	-	1,000,000	3,000,000	70,596,000	63,612,000
12	COP Service (5.0%, 30 yrs)	74,623,000	84,297,030	91,184,020	95,822,530	100,511,380	116,806,480
13	Other Requirements	5,957,900	41,900	2,141,200	2,141,200	2,141,200	2,141,200
14	Requirements	<u>601,009,080</u>	<u>467,283,960</u>	<u>459,985,220</u>	<u>467,448,730</u>	<u>508,248,580</u>	<u>547,932,680</u>
15	Revenues-Requirements	(45,045,900)	16,605,040	29,308,140	23,288,779	40,094,220	(32,417,028)
Accumulated Funds:							
16	Beginning of Year	512,272,210	467,226,310	483,831,350	513,139,489	536,428,268	576,522,489
17	End of Year	<u>467,226,310</u>	<u>483,831,350</u>	<u>513,139,489</u>	<u>536,428,268</u>	<u>576,522,489</u>	<u>544,105,460</u>
18	Consolidated Reserve Policy	<u>460,945,030</u>	<u>479,001,020</u>	<u>507,434,530</u>	<u>524,421,380</u>	<u>554,391,480</u>	<u>542,414,640</u>
18a	Over (Under) Reserve Policy	<u>6,281,280</u>	<u>4,830,330</u>	<u>5,704,959</u>	<u>12,006,888</u>	<u>22,131,009</u>	<u>1,690,820</u>
Sewer Service User Fees:							
19	Avg SFR Annual User Fee	\$201.00	\$221.00	\$244.00	\$267.00	\$294.00	\$314.58
20	Percentage Change	10.44%	9.95%	10.41%	9.43%	10.11%	7.00%
21	Equivalent Dwelling Units	919,511	925,488	931,504	937,558	943,653	949,786
22	SFR Connection Fee	\$4,743	\$4,980	\$5,229	\$5,490	\$5,765	\$6,053
23	Outstanding COPs	\$1,332,660,000	\$1,423,650,000	\$1,481,260,000	\$1,506,236,000	\$1,548,582,000	\$1,493,712,000
Reserve Policy							
24	50% Next Year Operating	73,386,000	77,019,000	92,071,000	99,864,000	108,470,000	115,823,000
25	10% Next Year Operating	14,677,000	15,404,000	18,414,000	19,973,000	21,694,000	23,165,000
26	100% Next Year AUG COP Svc.	84,297,030	91,184,020	95,822,530	100,511,380	116,806,480	103,563,640
27	50% average CIP bal to 2020	82,616,000	79,722,000	78,568,000	77,867,000	75,809,000	72,543,000
28	Short term CIP, GWRS	-	-	-	-	-	-
29	DSR @ 10% Outstanding COPs	133,266,000	142,365,000	148,126,000	150,624,000	154,858,000	149,371,000
30	SFI @ \$57mm INPUT	57,500,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000
31	Repl & Refurb @ 2%/yr	55,203,000	56,307,000	57,433,000	58,582,000	59,754,000	60,949,000
32	Total	<u>500,945,030</u>	<u>519,001,020</u>	<u>547,434,530</u>	<u>564,421,380</u>	<u>594,391,480</u>	<u>582,414,640</u>
COP Ratios							
33	Sr Lien Coverge, Min 1.25	2.51	2.22	2.09	2.14	2.23	2.19

Cash Flow Projection

Orange County Sanitation District

Consolidated Cash Flow Projections

Ref	Description	Preliminary 14-15	Preliminary 15-16	Preliminary 16-17	Preliminary 17-18	10 Year Total
Revenues:						
1	General User Fees	326,379,362	338,233,843	350,521,012	363,251,600	\$ 2,863,482,461
2	Permitted User Fees	15,700,000	16,171,000	16,656,000	17,156,000	138,263,000
3	Property Taxes (5% yr)	87,026,000	91,377,000	95,946,000	100,743,000	816,808,000
4	New COP Issues	-	-	-	-	550,000,000
5	Interest Revenues (4%)	21,446,000	21,924,000	22,506,000	22,926,000	210,580,000
6	Capital Facilities Capacity Charges	30,180,000	31,895,000	33,707,000	35,623,000	281,302,000
7	Other Revenues	46,226,356	47,687,871	56,476,159	52,212,742	465,276,984
8	Revenues	526,957,718	547,288,714	575,812,171	591,912,342	5,325,712,445
Requirements:						
9	Oper & Mtce Exp (7.0% yr)	247,657,000	266,484,000	287,891,000	310,365,000	2,245,660,210
10	Capital Improvement Program	84,186,000	54,896,000	50,252,000	32,058,000	1,424,020,000
11	Repl, Rehab & Refurb	83,895,000	101,382,000	116,770,000	133,214,000	573,469,000
12	COP Service (5.0%, 30 yrs)	103,563,640	103,502,930	107,940,230	103,568,980	981,820,220
13	Other Requirements	2,141,200	2,141,200	2,141,200	2,141,200	23,129,400
14	Requirements	521,442,840	528,406,130	564,994,430	581,347,180	5,248,098,830
15	Revenues-Requirements	5,514,878	18,882,584	10,817,741	10,565,162	77,613,615
Accumulated Funds:						
16	Beginning of Year	544,105,460	549,620,338	568,502,922	579,320,663	512,272,210
17	End of Year	549,620,338	568,502,922	579,320,663	589,885,825	589,885,825
18	Consolidated Reserve Policy	546,996,930	558,012,230	559,035,980	563,227,164	\$ 563,227,164
18a	Over (Under) Reserve Policy	2,623,408	10,490,692	20,284,683	26,658,661	
Sewer Service User Fees:						
19	Avg SFR Annual User Fee	\$333.45	\$343.46	\$353.76	\$364.38	
20	Percentage Change	6.00%	3.00%	3.00%	3.00%	
21	Equivalent Dwelling Units	955,960	962,174	968,428	974,723	
22	SFR Connection Fee	\$6,356	\$6,674	\$7,007	\$7,358	
23	Outstanding COPs	\$1,451,038,000	\$1,406,469,000	\$1,355,252,000	\$1,306,329,000	
Reserve Policy						
24	50% Next Year Operating	123,829,000	133,242,000	143,946,000	155,183,000	
25	10% Next Year Operating	24,766,000	26,648,000	28,789,000	31,037,000	
26	100% Next Year AUG COP Svc.	103,502,930	107,940,230	103,568,980	103,576,164	
27	50% average CIP bal to 2020	70,627,000	69,124,000	65,528,000	59,825,000	
28	Short term CIP, GWRS	-	-	-	-	
29	DSR @ 10% Outstanding COPs	145,104,000	140,647,000	135,525,000	130,633,000	
30	SFI @ \$57mm INPUT	57,000,000	57,000,000	57,000,000	57,000,000	
31	Repl & Refurb @ 2%/yr	62,168,000	63,411,000	64,679,000	65,973,000	
32	Total	586,996,930	598,012,230	599,035,980	603,227,164	
COP Ratios						
33	Sr Lien Coverage, Min 1.25	2.41	2.40	2.36	2.37	

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Operations Budget Overview

OPERATING REQUIREMENTS

The net operating budget finances the administrative, operations and maintenance, and program costs for collecting, treating, and disposing of wastewater. The net operating budget for FY 2008-09 is \$138.939 million and for FY 2009-10 is \$145.920 million.

Following are descriptions of the major factors that comprise the operating budget:

Regulatory Requirements: Stringent air pollution control requirements that are mandated or expected to be mandated by the South Coast Air Quality Management District (AQMD) for control and reduction of hydrogen sulfide (H₂S), oxides of nitrogen (NO_x) and oxides of sulfur (SO_x) emissions, result in high operational costs to remove pollutants from the digester gas produced in our treatment plants and to control emissions from our digester-gas-fired engines used for the Central Power Generation Facilities.

The Environmental Laboratory and Ocean Monitoring and Source Control divisions carry out monitoring, enforcement, outside and in-house laboratory services, and special project activities. These activities are necessary to comply with the ocean monitoring and pretreatment program provisions of our NPDES permit as well as our AQMD permit requirements.

Urban Runoff Program: The Urban Runoff program was established to protect and improve the regional water quality of Orange County's coastal watershed by accepting dry weather urban runoff into the District's sewerage system. This program addresses the public health and environmental impacts associated with the urban runoff discharge that cannot be economically or practically controlled by alternative means. The Source Control division administers the program through a permitting and monitoring program to regulate the quantity and quality of urban runoff that is discharged into the District's sewerage system.

Fats, Oil, and Grease (FOG) Control Program: This program was established to respond to the RWQCB's *General Waste Discharge Requirements* (Order No. R8-2002-0014) to control sanitary sewer overflows. The District's Source Control Division facilitated the regional efforts to develop FOG Control Programs and has a program for the District to regulate the quantity and quality of FOG-laden

wastewater that is discharged into the District's sewerage system.

Operating Chemicals: Chemicals are used for disinfection, coagulant, and odor control programs. Recently bid chemical contracts have indicated that costs will increase. The budgetary allocations for these major expenses for FY 2008-09 and FY 2009-10 have been increased accordingly.

- **Disinfection:** The District is committed to disinfecting the effluent. The largest cost related to disinfection is that used for chemicals, specifically bleach. After disinfecting the effluent with bleach, sodium bisulfite is used to ensure that no residual chlorine is discharged into the ocean. The disinfection process reduces the effluent bacteria levels at the shore to the standards required by Assembly Bill 411.
- **Coagulants:** Coagulant chemicals are used to enhance the primary treatment and solids removal processes. They are also used to control hydrogen sulfide in the digesters.
 - Ferric chloride and anionic polymer are used to enhance the primary treatment process. Ferric chloride is an iron salt which is used to increase the solids removal efficiencies in the primary treatment process and to control digester hydrogen sulfide. Ferric chloride is also used to control hydrogen sulfide levels in the digester gas as required by AQMD Rule 431.1.
 - Cationic polymer is added to digested sludge prior to dewatering in order to improve the sludge and water separation process. Cationic polymer is also added to the waste activated sludge dissolved air flotation thickeners to improve solids coagulation. As more secondary treatment processes come on-line, the usage of cationic polymer is expected to increase in order to meet the needs of the increased solids production.
- **Odor Control:** Hydrogen sulfide is naturally generated in trunk sewers when oxygen is not present. Hydrogen sulfide then converts into sulfuric acid which corrodes concrete and metal. In an effort to extend the useful life of the District's trunk line assets, the District adds chemicals to key trunk lines to control hydrogen sulfide levels and corrosion.

2008-09 & 2009-10 Budget

- Hydrogen peroxide and sodium hydroxide (caustic soda) are used in the trunk sewers for control of sulfides and in the foul air scrubbers to control hydrogen sulfide.
- The largest cost for odor control is for ferrous chloride along with magnesium hydroxide. These costs cover chemicals, tanks, pumps, and servicing for continuous treatment for odor control within four trunk lines.

Residuals Management: These costs are for the hauling and beneficial reuse of biosolids. These costs continue to be a significant budget item as reuse options are reduced, hauling costs increase, and as biosolid production increases as a result of performing more secondary treatment. A smaller component of waste disposal is for hauling and disposal of grit and screenings. Grit and screenings waste is not able to be reused and is disposed of in a municipal landfill.

Repairs and Maintenance: Preventive maintenance and repair activities throughout the District's expanded and upgraded treatment facilities continue to keep this budgetary category at a significant amount. Outsource service agreements are included in this category.

Utilities: The cost for utilities is a significant component of the operating budget. The largest utility cost incurred by the District is the electricity that is purchased to run the plant processes. Natural gas is purchased to supplement the digester gas that is used to run the central generation facilities. The central generation facilities produce some electricity that is used for running the plants, but since FY 2005-06 the central generation production was reduced in order to meet new air emission limits.

Cooperative Projects Grant Program: To reduce inflow and infiltration to the District's sewage system, local sewers which are not owned or maintained by the District must be repaired. The Cooperative Projects Grant Program funds projects that are led by local agencies to reduce the inflow and infiltration entering the District's sewerage system. Funds are provided for an approved project on a reimbursement basis after the project has been completed.

Operations Summary

Proposed Budget Comparisons by Department

Department and Division	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget Percent Change	2009-10 Proposed	Budget Percent Change
General Management Department						
General Management Administration	\$ 1,785,560	\$ 1,107,600	\$ 2,053,360	15.00%	\$ 2,128,580	3.66%
Assistant General Manager	797,000	909,540	910,720	14.27%	974,500	7.00%
Board Services	837,290	717,170	649,250	-22.46%	686,270	5.70%
Public Information Office	959,390	947,260	1,020,960	6.42%	1,038,960	1.76%
Safety and Health	2,161,130	1,860,920	2,118,910	-1.95%	2,211,450	4.37%
Department subtotal	<u>6,540,370</u>	<u>5,542,490</u>	<u>6,753,200</u>	<u>3.25%</u>	<u>7,039,760</u>	<u>4.24%</u>
Finance Department						
Administrative Services Admin	380,850	423,360	440,210	15.59%	472,010	7.22%
Financial Management	5,342,160	5,087,800	3,874,450	-27.47%	4,224,560	9.04%
Contracts, Purch. & Materials Mgmt	3,751,150	3,382,190	3,616,590	-3.59%	3,866,190	6.90%
Human Resources	4,103,980	3,474,200	3,697,940	-9.89%	4,774,710	29.12%
Information Technology	6,580,270	6,804,840	7,329,460	11.39%	7,688,440	4.90%
Department subtotal	<u>20,158,410</u>	<u>19,172,390</u>	<u>18,958,650</u>	<u>-5.95%</u>	<u>21,025,910</u>	<u>10.90%</u>
Technical Services Department						
Technical Services Admin & Research	1,124,060	1,103,360	1,277,600	13.66%	1,325,500	3.75%
Environmental Compl & Reg Affairs	3,901,650	3,005,150	3,813,560	-2.26%	3,629,970	-4.81%
Environmental Lab & Ocean Monitoring	8,340,760	7,891,810	8,413,300	0.87%	8,711,130	3.54%
Source Control	5,265,120	5,521,800	5,740,200	9.02%	6,031,200	5.07%
Department subtotal	<u>18,631,590</u>	<u>17,522,120</u>	<u>19,244,660</u>	<u>3.29%</u>	<u>19,697,800</u>	<u>2.35%</u>
Engineering Department						
Engineering Administration	574,170	409,090	412,790	-28.11%	443,390	7.41%
Planning	4,550,080	5,018,990	3,250,440	-28.56%	5,065,550	55.84%
Project Management Office	2,692,930	2,359,300	2,613,870	-2.94%	2,777,370	6.26%
Engineering & Construction	7,950,300	7,750,320	9,260,750	16.48%	9,799,140	5.81%
Facilities Engineering	1,570,260	1,278,730	1,495,750	-4.75%	1,588,050	6.17%
Department subtotal	<u>17,337,740</u>	<u>16,816,430</u>	<u>17,033,600</u>	<u>-1.75%</u>	<u>19,673,500</u>	<u>15.50%</u>
Operations & Maintenance Dept.						
Operations and Maintenance Admin.	536,850	384,560	373,250	-30.47%	402,500	7.84%
Regional Assets & Services	1,081,790	973,440	-	-100.00%	-	0.00%
Collection Facilities O&M	9,488,390	9,538,920	8,333,200	-12.17%	8,602,600	3.23%
Facilities Maintenance & Fleet Services	4,367,810	4,313,650	7,286,430	66.82%	7,849,230	7.72%
Operations & Maint. Process Eng.	2,101,320	1,975,850	2,428,830	15.59%	2,538,160	4.50%
Plant No. 1 Operations	22,839,515	19,988,310	27,066,620	18.51%	30,768,110	13.68%
Plant No. 2 Operations	26,973,635	22,278,150	28,611,960	6.07%	29,041,730	1.50%
Mechanical & Reliability Maintenance	17,160,140	16,358,880	15,997,260	-6.78%	13,085,770	-18.20%
Instrumentation & Electrical Maint.	12,535,040	13,824,750	15,186,930	21.16%	15,843,670	4.32%
Department subtotal	<u>97,084,490</u>	<u>89,636,510</u>	<u>105,284,480</u>	<u>8.45%</u>	<u>108,131,770</u>	<u>2.70%</u>
Less: Cost Allocation	<u>(19,779,200)</u>	<u>(17,742,100)</u>	<u>(20,503,410)</u>	<u>3.66%</u>	<u>(21,530,710)</u>	<u>5.01%</u>
Less: Operating Revenues	<u>(5,099,000)</u>	<u>(7,640,520)</u>	<u>(7,836,000)</u>	<u>53.68%</u>	<u>(8,122,000)</u>	<u>3.65%</u>
Net Operating Expenses	<u>\$ 134,874,400</u>	<u>\$ 123,307,320</u>	<u>\$ 138,935,180</u>	<u>3.01%</u>	<u>\$ 145,916,030</u>	<u>5.02%</u>

2008-09 & 2009-10 Budget

Proposed Budget Expense by Category

Description	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	2009-10 Proposed
Salaries, Wages, & Benefits	\$ 71,574,723	\$ 79,924,560	\$ 79,445,430	\$ 83,844,080	\$ 90,008,160
Administrative Expenses	1,095,519	1,520,740	1,367,090	1,325,360	1,293,520
Printing & Publication	459,051	650,730	604,050	651,020	654,610
Training & Meetings	1,124,856	1,503,140	1,313,710	1,433,710	1,440,370
Operating Materials & Supplies	16,684,653	23,058,340	17,767,630	22,368,520	23,731,840
Contractual Services	15,630,140	21,417,440	19,871,840	28,503,150	28,889,700
Professional Services	2,367,736	3,731,840	2,782,390	3,774,320	2,955,420
Research & Monitoring	1,426,408	1,572,740	1,096,440	1,426,410	1,409,860
Repairs & Maintenance	7,567,182	10,333,750	10,744,060	11,321,190	10,092,530
Utilities	8,072,262	9,883,260	8,403,370	9,719,370	10,212,260
Other Materials, Supplies, and Svc.	2,119,593	3,656,060	2,890,670	2,607,460	2,815,940
Capital Grants to Member Agencies	2,127,154	2,500,000	2,403,260	300,000	2,064,530
Cost Allocation	<u>(16,101,402)</u>	<u>(19,779,200)</u>	<u>(17,742,100)</u>	<u>(20,503,410)</u>	<u>(21,530,710)</u>
Net Operating Requirements	114,147,875	139,973,400	130,947,840	146,771,180	154,038,030
Net Operating Revenue	<u>(8,033,660)</u>	<u>(5,099,000)</u>	<u>(7,640,520)</u>	<u>(7,836,000)</u>	<u>(8,122,000)</u>
Net Operating Budget	<u>\$ 106,114,215</u>	<u>\$ 134,874,400</u>	<u>\$ 123,307,320</u>	<u>\$ 138,935,180</u>	<u>\$ 145,916,030</u>
Cost to Collect/Treat 1 Million Gallons	<u>\$ 1,268.38</u>	<u>\$ 1,478.08</u>	<u>\$ 1,516.06</u>	<u>\$ 1,654.98</u>	<u>\$ 1,738.13</u>
Flow, Million Gallons	<u>83,661</u>	<u>91,250</u>	<u>81,334</u>	<u>83,950</u>	<u>83,950</u>
Flow Per Day, MGD	<u>229.21</u>	<u>250.00</u>	<u>222.83</u>	<u>230.00</u>	<u>230.00</u>

Operations Summary

Proposed Budget Allocation to Individual Revenue Areas

Revenue Area No.	Total Gallonage Flows, Million Gallons per Year (MG)					
	2007-08 Projected Flow (MG)	Projected Increase (MG)	2008-09 Budgeted Flow (MG)	Percent of Total	2009-10 Budgeted Flow (MG)	Percent of Total
Consolidated	76,698.00	2,466.89	79,164.89	94.30%	79,164.89	94.30%
14	4,636.00	149.11	4,785.11	5.70%	4,785.11	5.70%
TOTALS	81,334.00	2,616.00	83,950.00	100.00%	83,950.00	100.00%

Revenue Area No.	Average Daily Gallonage Flows, Million Gallons per Day (MGD)					
	2007-08 Projected Flow (MGD)	Projected Increase (MGD)	2008-09 Budgeted Flow (MGD)	Percent of Total	2009-10 Budgeted Flow (MGD)	Percent of Total
Consolidated	210.13	6.76	216.89	94.30%	216.89	94.30%
14	12.70	0.41	13.11	5.70%	13.11	5.70%
TOTALS	222.83	7.17	230.00	100.00%	230.00	100.00%

FY 2008-09 Estimated Allocation of Net Costs to Revenue Areas

Revenue Area No.	Collection Costs	Net Treatment & Disposal Costs	Total Costs	Total Cost/MG
Consolidated	\$ 20,007,840	\$ 111,589,980	\$ 131,597,820	\$ 1,662.33
14	592,260	6,745,100	7,337,360	1,533.37
TOTALS	\$ 20,600,100	\$ 118,335,080	\$ 138,935,180	\$ 1,654.98

FY 2009-10 Estimated Allocation of Net Costs to Revenue Areas

Revenue Area No.	Collection Costs	Net Treatment & Disposal Costs	Total Costs	Total Cost/MG
Consolidated	\$ 21,112,050	\$ 117,100,820	\$ 138,212,870	\$ 1,745.89
14	624,950	7,078,210	7,703,160	1,609.82
TOTALS	\$ 21,737,000	\$ 124,179,030	\$ 145,916,030	\$ 1,738.13

2008-09 & 2009-10 Budget

Proposed Budget Net Operating Expense by Line Item

Description	2006-07 Actual	Adjusted Budget 2007-08	2007-08 Projected	2008-09 Proposed	% Budget Change to 08-09	2009-10 Proposed	% Budget Change to 09-10
Salaries, Wages, & Benefits							
<u>Salaries & Wages</u>							
Salaries & Wages	\$ 53,184,653	\$ 58,708,100	\$ 58,126,100	\$ 60,541,500	3.12%	\$ 64,531,100	6.59%
<u>Employee Benefits</u>							
OCERS Retirement	12,308,342	13,972,560	13,983,000	15,241,300	9.08%	16,206,000	6.33%
Group Insurance	5,576,080	6,451,400	6,525,600	7,351,980	13.96%	8,136,160	10.67%
Tuition Reimb & Educ Devel	112,231	150,000	152,700	503,100	235.40%	503,100	0.00%
Uniform Rental	73,845	63,200	84,800	84,800	34.18%	84,800	0.00%
Workers Compensation	310,103	559,300	559,400	107,400	-80.80%	533,000	396.28%
Unemployment Insurance	9,469	20,000	13,830	14,000	-30.00%	14,000	0.00%
Salaries, Wages, & Benefits	71,574,723	79,924,560	79,445,430	83,844,080	4.90%	90,008,160	7.35%
Materials, Supplies, & Services							
<u>Administrative Expenses</u>							
Memberships	264,788	337,300	288,400	302,800	-10.23%	314,280	3.79%
Office Exp - Supplies	119,708	145,520	134,140	142,440	-2.12%	144,200	1.24%
Postage	38,971	298,300	233,020	58,450	-80.41%	58,450	0.00%
Books & Publications	40,310	48,540	45,780	59,070	21.69%	55,070	-6.77%
Forms	2,068	3,900	3,250	3,350	-14.10%	3,350	0.00%
Small Computer Items	575,294	574,100	574,100	634,400	10.50%	634,100	-0.05%
Minor Furniture & Fixtures	54,380	113,080	88,400	124,850	10.41%	84,070	-32.66%
<u>Printing & Publication</u>							
Repro-In-House	352,422	464,440	439,770	481,670	3.71%	484,220	0.53%
Printing-Outside	77,812	146,890	127,180	131,450	-10.51%	132,490	0.79%
Notices & Ads	28,083	38,250	35,500	35,500	-7.19%	35,500	0.00%
Photo Processing	734	1,150	1,600	2,400	108.70%	2,400	0.00%
<u>Training & Meetings</u>							
Meetings	255,384	389,240	259,810	348,710	-10.41%	355,370	1.91%
Training	869,472	1,113,900	1,053,900	1,085,000	-2.59%	1,085,000	0.00%
<u>Operating Materials & Supplies</u>							
Chemical Coagulants	4,446,451	5,870,260	5,004,000	6,171,300	5.13%	7,063,500	14.46%
Odor Control	4,724,834	5,914,600	5,625,240	6,673,120	12.82%	7,184,500	7.66%
Disinfection	5,180,789	9,007,300	4,935,400	7,149,900	-20.62%	7,062,700	-1.22%
Chemicals-Cogen. Ops.	33,982	21,600	21,600	22,000	1.85%	22,600	2.73%
Miscellaneous Chemicals	19,071	21,600	21,600	22,000	1.85%	22,530	2.41%
Gasoline, Diesel & Oil	566,429	653,780	620,210	648,770	-0.77%	687,160	5.92%
Tools	357,749	307,310	290,810	399,800	30.10%	380,590	-4.80%
Safety Equipment/tools	313,088	264,740	298,280	312,560	18.06%	323,170	3.39%
Solv, Paints, & Jan. Supplies	98,025	89,650	103,530	109,450	22.09%	110,670	1.11%
Lab Chemicals & Supplies	772,783	668,600	662,050	662,650	-0.89%	677,490	2.24%
Misc. Operating Supplies	140,836	203,500	157,210	161,270	-20.75%	161,230	-0.02%
Property Tax Fees	30,616	35,400	27,700	35,700	0.85%	35,700	0.00%
<u>Contractual Services</u>							
Solids Removal	11,733,832	14,302,450	14,302,450	19,890,000	39.07%	21,840,000	9.80%
Other Waste Disposal	637,589	2,700,000	1,631,150	4,330,300	60.38%	2,854,800	-34.07%
Groundskeeping	333,449	304,000	306,700	345,000	13.49%	355,000	2.90%
Janitorial	447,591	452,100	452,500	462,500	2.30%	492,500	6.49%
Outside Lab Services	140,660	132,000	129,500	150,500	14.02%	153,100	1.73%
Oxygen Plant Oper	308,768	378,500	278,500	429,000	13.34%	442,000	3.03%
County Service Fee	333,117	474,000	380,000	387,000	-18.35%	394,000	1.81%
Temporary Services	337,543	356,390	573,540	421,000	18.13%	412,800	-1.95%
Security Services	201,997	436,000	436,000	479,600	10.00%	479,600	0.00%
Other	1,155,594	1,882,000	1,381,500	1,608,250	-14.55%	1,465,900	-8.85%

Operations Summary

Proposed Budget Net Operating Expense by Line Item (Continued)

Description	2006-07 Actual	Budget 2007-08	2007-08 Projected	2008-09 Proposed	Budget Change As A %	2009-10 Proposed	Budget Change As A %
Professional Services							
Legal	670,201	642,280	466,940	683,900	6.48%	480,900	-29.68%
Audit & Accounting	228,771	260,300	153,440	241,500	-7.22%	235,940	-2.30%
Engineering	222,991	1,111,300	850,000	1,341,500	20.71%	922,000	-31.27%
Enviro Scientific Consult	232,480	192,000	75,000	155,000	-19.27%	139,000	-10.32%
ERP Support	33,973	247,160	247,160	-	n/a	-	n/a
Software Prgm Consult	76,571	100,200	30,000	361,500	260.78%	363,000	0.41%
Advocacy Efforts	333,016	249,000	249,000	264,000	6.02%	275,250	4.26%
Industrial Hygiene Svcs	26,873	20,000	20,000	20,000	0.00%	20,000	0.00%
Labor Negotiation Svc	309	20,000	-	-	n/a	-	n/a
Other	542,551	889,600	690,850	706,920	-20.54%	519,330	-26.54%
Research & Monitoring							
Environmental Monitoring	624,180	757,300	346,000	539,150	-28.81%	478,600	-11.23%
Air Quality Monitoring	82,477	226,000	161,000	210,000	-7.08%	250,000	19.05%
Research	719,751	589,440	589,440	677,260	14.90%	681,260	0.59%
Repairs & Maintenance							
Materials & Services	6,227,160	8,849,060	9,322,090	9,685,330	9.45%	8,375,360	-13.53%
Service Maint. Agreements	1,340,022	1,484,690	1,421,970	1,635,860	10.18%	1,717,170	4.97%
Utilities							
Telephone	207,632	218,500	257,500	267,000	22.20%	267,340	0.13%
Diesel For Generators	23,022	16,640	18,000	18,500	11.18%	19,000	2.70%
Natural Gas	1,346,817	1,279,000	1,649,370	2,042,000	59.66%	2,042,000	0.00%
Electricity	5,293,057	7,016,600	5,089,200	5,935,000	-15.41%	6,261,000	5.49%
Water	1,201,734	1,352,520	1,389,300	1,456,870	7.72%	1,622,920	11.40%
Other Operating Costs							
Outside Equip Rental	1,078	7,280	-	300	-95.88%	300	0.00%
Insurance Premiums	29,819	27,000	30,270	45,000	66.67%	46,000	2.22%
In-Lieu Insurance Premium	1,466,800	1,998,200	1,998,200	912,100	-54.35%	1,082,100	18.64%
Freight	114,377	111,210	116,910	121,010	8.81%	124,130	2.58%
Misc. Operating Expense	78,364	102,860	84,040	108,600	5.58%	94,250	-13.21%
Uncollectible Accounts	8	5,000	-	-	n/a	-	n/a
Regulatory Operating Fees	396,756	518,000	432,400	445,200	-14.05%	471,500	5.91%
Contingency	-	738,500	-	413,000	-44.08%	423,600	2.57%
Prior year reappropriation	-	-	-	413,000	n/a	423,600	2.57%
Other Interest Expense	3,060	1,000	500	500	-50.00%	500	0.00%
Loss on obsolete inventory	612	104,500	191,540	103,400	-1.05%	104,600	1.16%
Other Non-Oper Expense	28,719	42,510	36,810	45,350	6.68%	45,360	0.02%
Capital Grants-Member Agencies	2,127,154	2,500,000	2,403,260	300,000	-88.00%	2,064,530	588.18%
Materials, Supplies, & Services	58,674,554	79,828,040	69,244,510	83,430,510	4.51%	85,560,580	2.55%
Total Operating Requirements	130,249,277	159,752,600	148,689,940	167,274,590	4.71%	175,568,740	4.96%
Cost Allocation	(16,101,402)	(19,779,200)	(17,742,100)	(20,503,410)	3.66%	(21,530,710)	5.01%
Net Operating Requirements	114,147,875	139,973,400	130,947,840	146,771,180	4.86%	154,038,030	4.95%
Net Operating Revenue	(8,033,660)	(5,099,000)	(7,640,520)	(7,836,000)	53.68%	(8,122,000)	3.65%
Net Operating Budget	\$ 106,114,215	\$ 134,874,400	\$ 123,307,320	\$ 138,935,180	3.01%	\$ 145,916,030	5.02%
Cost to Collect, Treat, & Dispose of 1 Million Gallons	\$ 1,268.38	\$ 1,478.08	\$ 1,516.06	\$ 1,654.98		\$ 1,738.13	
Flow, Million Gallons	83,661	91,250	81,334	83,950		83,950	
Flow Per Day, MGD	229.21	250.00	222.83	230.00		230.00	

2008-09 & 2009-10 Budget

Proposed Budget Operating Revenue by Category

<u>Description or Account Title</u>	<u>Actual 2006-07</u>	<u>Budget 2007-08</u>	<u>Projected 2007-08</u>	<u>Proposed 2008-09</u>	<u>Proposed 2009-10</u>
Inter District Sewer Use (SAWPA)	\$ 4,338,719	\$ 3,100,000	\$ 4,601,400	\$ 4,470,000	\$ 4,649,000
Wastehauler Disposal Fees	1,196,975	600,000	1,117,900	1,157,000	1,203,000
Sludge Disposal Fees	1,053,832	925,000	1,053,600	1,054,000	1,096,000
CNG Sales	343,420	300,000	537,100	440,000	458,000
Rents & Leases	34,171	34,000	33,900	34,000	7,000
General Non Operating Income	1,020,493	100,000	266,100	643,000	669,000
Power Sales	<u>46,050</u>	<u>40,000</u>	<u>30,520</u>	<u>38,000</u>	<u>40,000</u>
Total	<u>\$ 8,033,660</u>	<u>\$ 5,099,000</u>	<u>\$ 7,640,520</u>	<u>\$ 7,836,000</u>	<u>\$ 8,122,000</u>

Notes to Operations Summary

NOTES TO THE FISCAL YEAR 2008-09 and 2009-10 OPERATIONS BUDGET

Salaries, Wages & Benefits

Salaries & Wages - The proposed budget is set at 641.0 and 648.0 Full Time Equivalent (FTE) positions for FY 2008-09 and 2009-10, respectively. Provision has been made in these salary projections in order to comply with the terms of the most recently adopted MOU's.

Retirement - The District's employees are members of the Orange County Employees' Retirement System (OCERS). The employer's required contribution rate has been increased from 20.06% to 21.34%. In addition, the District pays 3.5% on behalf of each employee.

Group Insurance – This includes the District's share of employees' medical plans, dental insurance plans, and life and disability insurance premiums. This also includes the other post-employment benefits that the District is obligated to pay for retirees. The FY 2008-09 budget includes an estimated 10% increase for all plans except the dental plan which reflects no increase. The FY 2009-10 budget includes an estimated 10% increase for all plans.

Tuition & Certification Reimbursements – To encourage the self-development and training of employees, the District has a tuition and certification reimbursement program. This appropriation is set at \$200,000 each year.

Development Pay – To further promote employee efforts that increase job knowledge, skills, and abilities, the District has established this new benefit for employees obtaining educational degrees and job-related certificates/licenses. The budget of \$303,100 is based on estimated employee participation.

Uniforms - This budget projection is for uniforms provided to field and lab employees in accordance with employee MOU's.

Workers' Compensation – This item is used to maintain the level of accumulated reserves for workers' compensation self-insurance. The amount recommended is \$107,400 for FY 2008-09 and \$533,000 for FY 2009-10. The total estimated expenditures for the workers' compensation program are set forth in detail in the Self-Insurance section.

Unemployment Insurance - The District is on an actual claims paid basis, which has historically resulted in an overall lower cost because of favorable claims history. This appropriation is proposed at a level consistent with the prior year's actual costs.

Memberships – The District has memberships in agencies such as Orange County Business Council, National Association of Clean Water (NACW), California Association of Sanitation Agencies (CASA), Southern California Association of Public Owned Treatment Works (SCAP), and the Center for Demographic Research.

Administrative Expenses - These accounts include supplies, postage, technical journals and publications, forms, small office equipment, and small computer items. The small equipment and computer items cost less than \$5,000 per item and exclude items that are capitalized.

Printing and Publication – 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. This group of accounts also includes costs for photo processing, advertisements, and notices.

Training & Meetings - Expanding activities of regulatory agencies have required increased Board member and staff travel in recent years. It is expected that considerable travel will continue to be required in connection with efforts related to the renewal of our NPDES permit. This category also includes ongoing technical training and materials for staff; a program to provide supervisors with training to effectively manage their groups; training for computerized plant monitoring and control systems, Laboratory Information Management System (LIMS), Computerized Maintenance Management System (CMMS), Enterprise Resource Planning (ERP), and other "high tech" equipment, processes and systems; and training to allow for an adaptive and flexible work force. The District continues to place an emphasis on safety, technical, and management training. The training budget is approximately two percent of budgeted, regular salaries.

2008-09 & 2009-10 Budget

Operating Materials & Supplies

Chemical Coagulants – Chemical coagulants are used to enhance the primary treatment process by increasing the solids removal efficiencies and are used to control hydrogen sulfide levels in the digester gas.

Anionic polymer and cationic polymer usage is estimated to increase over FY 2008-09 due to increased solids production and in order to enhance primary clarifier performance. Ferric chloride usage, however, is anticipated to decrease. These estimated usage changes along with expected cost increases result in slightly higher budget amounts for the next two years.

Odor Control Chemicals - The District uses hydrogen peroxide and sodium hydroxide (caustic soda) as the primary odor control chemicals within the treatment plants; hydrogen peroxide, muriatic acid, magnesium hydroxide, and bleach are the primary odor control chemicals used within the collection system.

The FY 2008-09 budget for these chemicals is increased to \$6.7 million primarily as a result of higher usage and unit cost for magnesium hydroxide in the collection system trunklines as two additional treatment locations are planned. The FY 2009-10 budgeted amount increases to \$7.2 million mainly as a result of an anticipated increase in the unit cost of odor control chemicals.

Disinfection Chemicals – The disinfection process reduces the bacteria in the plant effluent discharge by using bleach (12.5% hypochlorite solution). This is followed by dechlorination using sodium bisulfite to remove chlorine by-products.

Bleach and sodium bisulfite usage is expected to increase in FY 2008-09, essentially due to a higher number of construction shutdowns. The construction shutdowns require an increase in the chlorine residual buffer capacity to reduce the coliform spikes caused by interruptions in normal operations. This increase is more than offset by a decrease in the unit cost for bleach in FY 2008-09 as compared to the anticipated unit cost for bleach at the time of the FY 2007-08 budget. Overall, disinfection chemical costs are budgeted to decrease \$1.9 million in FY 2008-09. While the disinfection chemical usage is estimated to decrease somewhat in FY 2009-10, unit cost increases are expected to largely offset the decreased usage.

Gasoline, Oil and Fuel - This group of accounts includes gasoline, oil, and diesel fuel required to operate stationary treatment plant equipment as well as approximately 300 pieces of major mobile equipment such as trucks, cranes, etc. Also included in this group of accounts is the cost for filling the compressed natural gas tanks. Much of the cost of the compressed natural gas is recovered by selling the compressed natural gas to outside users. We are anticipating budget for this group of items to be essentially unchanged.

Other Operating Supplies – This group of accounts is for miscellaneous items such as scrubber acids, activated carbon, solvents, cleaners, hardware, janitorial supplies, tools, safety equipment, laboratory supplies, etc., that are required to operate and maintain existing and expanding facilities. This group of accounts is expected to increase by approximately \$200,000 in FY 2008-09 as a result of increased staff, technology changes driving the purchase of new tools, and increased safety consciousness causing greater use of protective equipment.

Contractual Services - The major component of this category is biosolids removal and transport costs. Contracts have been executed with firms for agricultural reuse of residual solids. Since the closure of the Coyote Canyon Landfill in 1990, no replacement site for sludge disposal has yet been approved within Orange County. A total of \$24.2 million has been budgeted for solids and other waste removal and transportation in FY 2008-09 and \$24.7 million in FY 2009-10.

This category also includes appropriations for groundskeeping services, janitorial services, security services, toxic removal services, outside laboratory services, trash pickup, plant site sweeping, temporary help to level out periodic increases in staff workload, a maintenance contract for the Plant 2 oxygen generation plant, CCTV services, and line cleaning services.

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

Research and Monitoring – Overall this category of costs is expected to decrease approximately \$150,000 in FY 2008-09 and then remain stable the following fiscal year. The costs in this category

Notes to Operations Summary

consist of contract services to carry out the extensive ocean monitoring program required by EPA Region IX under the provisions of the District's NPDES permit; 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 provides for operational and ocean research and evaluation to develop optimum operating parameters in the treatment plants.

Repairs and Maintenance - This item, which is for parts and services for repairing plant and collection facilities, reflects an authorization to allow for routine equipment maintenance. Out-sourced annual service contracts and maintenance agreements are also included. Both FY 2008-09 and FY 2009-10 include non-annual, routine maintenance costs totaling \$2.6 million and \$0.8 million, respectively.

The FY 2008-09 non-annual, routine maintenance includes the Ocean Outfall Booster Station (OOBS) discharge line repair budgeted at \$400,000. In addition \$800,000 is budgeted for the overhaul of two central generation system engines scheduled to be done in FY 2008-09.

Utilities – The cost for utilities is a significant component of the operating budget. The overall cost for utilities is anticipated to decrease by \$200,000 over the FY 2007-08 budget and then to increase by \$500,000 in FY 2009-10.

Natural Gas - Natural gas is purchased to supplement the digester gas that is used to run the central generation facilities. The FY 2008-09 and 2009-10 budgets reflect essentially consistent levels of natural gas used, except for a small increase at Plant 2, since central generation production has been reduced in order to meet new air emission limits.

Electricity - Electricity is the largest utility cost incurred by the District and is used to run the plant processes. The FY 2008-09 proposed budget is decreased \$1.1 million. The reduction is due to lower rate estimates for the plants as previously anticipated rate increases did not occur. This reduction is tempered by a forecast increase in energy imports due to further reductions in CenGen production and an increase in secondary treatment levels at Plant 2. The \$326,000 increase in the FY 2009-10 proposed budget is due to anticipated rate increases.

Other Materials, Supplies, and Services

Insurance Premiums - Other than approximately \$45,000 budgeted each year in the operating section to insure the District's ocean vessel, the cost for general liability and property insurance premiums is budgeted entirely within the Self-Insurance section.

In-Lieu Insurance Premium - This item is used to maintain the level of accumulated reserves for property and general liability self-insurance. The amount recommended is \$912,000 for FY 2008-09 and \$1.082 million for FY 2009-10. The total estimated expenditures for the insurance program are set forth in detail in the Self-Insurance section.

Capital Grants to Member Agencies – The payments to agencies in connection with the Cooperative Projects Grant Program are expected to total \$300,000 in FY 2008-09 and \$2.1 million in FY 2009-10.

Other Operating & Non-Operating Expenses - Expenses not chargeable elsewhere, such as freight and miscellaneous items, and annual regulatory fees assessed by the SCAQMD, are recorded within these groups of accounts.

Cost Allocation – This represents direct labor and benefit charge outs and materials, supplies and services cost allocation to the capital project where the related work was performed.

Net Operating Requirements - This line item represents the net salary, wages, benefits, materials, supplies, and services related to operating costs for collection, treatment, and disposal activities, after charge backs to CIP.

Net Operating Revenue – This budget amount is for revenues from the wastehauler disposal facilities at Plant No. 1, charges to other agencies, surplus power sales to Edison, sales of compressed natural gas, and other miscellaneous items.

Net Operating Budget - This line item represents the Net Operating Requirements after reductions for revenues generated from the sale of by-products, charges to other agencies, and other miscellaneous operating revenues.

2008-09 & 2009-10 Budget

Listing of Proposed Purchases Over \$100,000

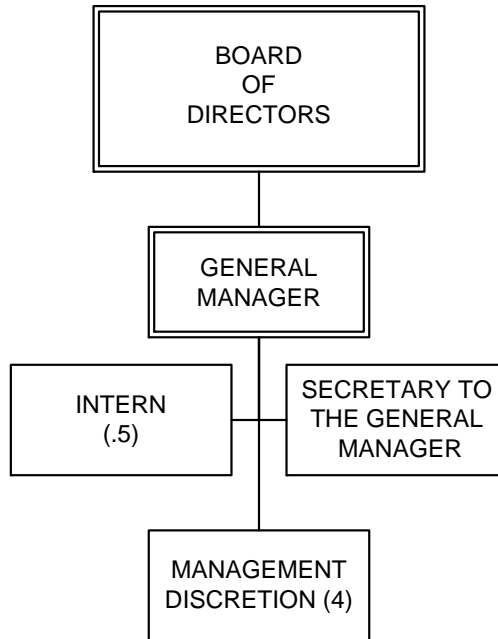
Resolution 07-04, "Establishing Policies and Procedures For: The Award of Purchase Orders and Contracts; Public Works Project Contracts; Professional Services Contracts; and Delegation of Authority to Implement Said Policies and Procedure," was adopted by the Board on February 28, 2007. Article IV, Section 4.03(B) of the Resolution provides that, "Purchases of supplies, materials, equipment or services, including Professional Service Consultants...as outlined in each Fiscal Year's annual budget, to include capital equipment, shall be bid and awarded directly by the Contracts/Purchasing Manager." The annual authorization amount for a multi-year contract is determined in the year the contract is bid/let. Therefore, the contract authorization amount indicated herein is valid only when the contract is bid/let in FY 2008-09.

Following are services or supply items identified in the budget process with a cost greater than \$100,000. Staff requests the Board approve the purchase of these items and those listed in the Proposed CORF Equipment Detail listing, found in Section 8 – Page 120 through 121, without further Board action in accordance with the referenced policy.

<u>Description of Services or Supplies</u>	<u>Division</u>	<u>Contract Authorization</u>	<u>Change Order Contingency (1)</u>
<u>Chemical Contracts</u>			
Anionic polymers for solids removal	420/820/830/840	\$ 324,000	0% (2)
Cationic polymers for solids removal	420/820/830/840	2,233,000	0% (2)
Ferric chloride	420/820/830/840	3,614,300	0% (2)
Caustic soda for disinfection and odor control	420/830/840	623,900	0% (2)
Hydrogen peroxide for disinfection and odor control	830/840	1,630,000	0% (2)
Bleach for disinfection and odor control	830/840	7,001,900	0% (2)
Magnesium hydroxide for odor control	420/830/840	1,926,820	0% (2)
Ferrous chloride for odor control	420/830/840	2,128,000	0% (2)
Sodium bisulfite for dechlorination	830/840	427,000	0% (2)
<u>Other Contracts</u>			
Security services contract	153	479,600	10%
Hazardous waste services	153	117,000	10%
Uniform contract	230	300,000	10%
Printshop managed service program	250	300,000	10%
Local Sewer Line Cleaning	420	350,000	10%
CCTV Services for sewers	420	300,000	10%
Replacing/raising manhole frames & covers	420	325,000	10%
Easement/right-of-way maintenance	420	200,000	10%
Sewer repair / relining	420	100,000	10%
Sewer spot repair	420	100,000	10%
Manhole structural repair and coating services	420	100,000	10%
Dig Alert program contract	420	176,800	10%
Field Inspection of manholes services	420	110,000	10%
Groundskeeping services contract	420/430	345,000	10%
Custodial services contract	430	460,000	10%
Process area preventive maintenance/painting program	430	725,000	10%
Gasoline and lubricants - cardlock fuel contract	430	235,000	10%
Compressed natural gas	430	230,000	10%
CEQA compliance for Kern County litigation - court order	620	200,000	10%
Soil clean-up for autoshop contamination	620	150,000	10%
Air quality compliance testing	620	210,000	10%
Air quality emissions and permit fees	620	215,000	10%
NPDES permit fees	620	178,000	10%
Outside laboratory services	630	112,000	10%
Core OMP benthic infauna taxonomy	630	175,000	10%
Physical oceanographic data analysis	630	175,000	10%
Thomas Bros. map production (150)	740	110,000	10%
Solids removal	830/840	19,890,000	10%
Grit and screenings hauling and disposal	830/840	553,500	10%
Natural gas	830/840/860	2,042,000	10%
Oxygen plant services	840	429,000	10%
Digester cleaning and disposal	850	3,600,000	10%
P2 gas holder bladder replacement	850	250,000	10%
Engine overhauls	850	800,000	10%
Electric arc flash study (OSHA requirement)	860	150,000	10%
GAP water	860	956,500	10%
Total		\$ 55,058,320	

Note 1: The change order contingency is for the lifetime of the contract and is based on the annual authorized amount in the year the contract is bid/let. [For example, a three-year contract which is authorized for an annual contract amount of \$300,000 with a 10% change order contingency must be initially bid/let for less than or equal to \$300,000; over the life of the contract, the total change orders may not exceed 10% of \$300,000, or \$30,000.]

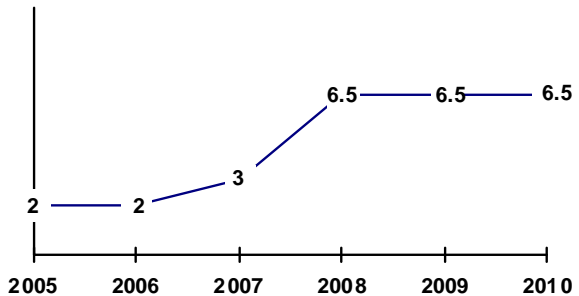
Note 2: Once a chemical contract is bid/let, there is no increase in unit cost allowed without Board approval.



2008-09 & 2009-10 Authorized FTE Positions

Executive Manager	1.0
Supervisors / Professionals	5.0
Intern	0.5
Total	6.5

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The mission of the Office of the General Manager is to work with the Board to establish standards, policies and procedures, and the overall goals and Strategic Plan of the District. The Office of the General Manager reports the District's progress in meeting the established goals to support the District's mission, and provides general oversight of the District's operations. The office reports directly to the Board of Directors.

2007-08 Performance Objectives

- ◆ Ensure collection, treatment, and disposal cost per million gallons does not exceed \$1,478.08/MG by the end of FY 2007-08.
- ◆ Ensure District does not exceed 634.0 FTEs by the end of FY 2007-08.
- ◆ Maintain 100% compliance with terms and conditions of the permit.
- ◆ Deliver 80%+ of FY 2007-08 CIP budget.

2007-08 Performance Results

- ◆ Through 9 months the cost has been \$1,397.00/mg. While expenditures are below budget, flows are also 11.27% below estimates.
- ◆ Actual FTE count of 597 as of March 31, 2008.
- ◆ No violations.
- ◆ 83.72% of FY 2007-08 CIP budget estimated for delivery.

2008-09 & 2009-10 Performance Objectives

- ◆ Ensure collection, treatment, and disposal cost per million gallons does not exceed \$1,654.98 by end of fiscal year 2008-09 and \$1,738.13/MG by end of fiscal year 2009-10.
- ◆ Ensure the District does not exceed 641.0 FTEs by the end of fiscal year 2008-09 and 648.0 FTEs by end of fiscal year 2009-10.
- ◆ Maintain 100% compliance with terms and conditions of the NPDES permit.
- ◆ Deliver 80%+ of each fiscal year's CIP budget.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Cost per Million Gallons	\$1,268.38	\$1,516.06	\$1,654.98	\$1,738.13	In-house standard
◆ FTE Count	589	619	641	648	Budgeted Staffing Plan
◆ 100% Compliance	11/14/06 Chronic Toxicity	100%	100%	100%	In-house standard
◆ 80%+ of CIP Budget	105.65%	83.72%	80%+	80%+	In-house standard

General Management Administration

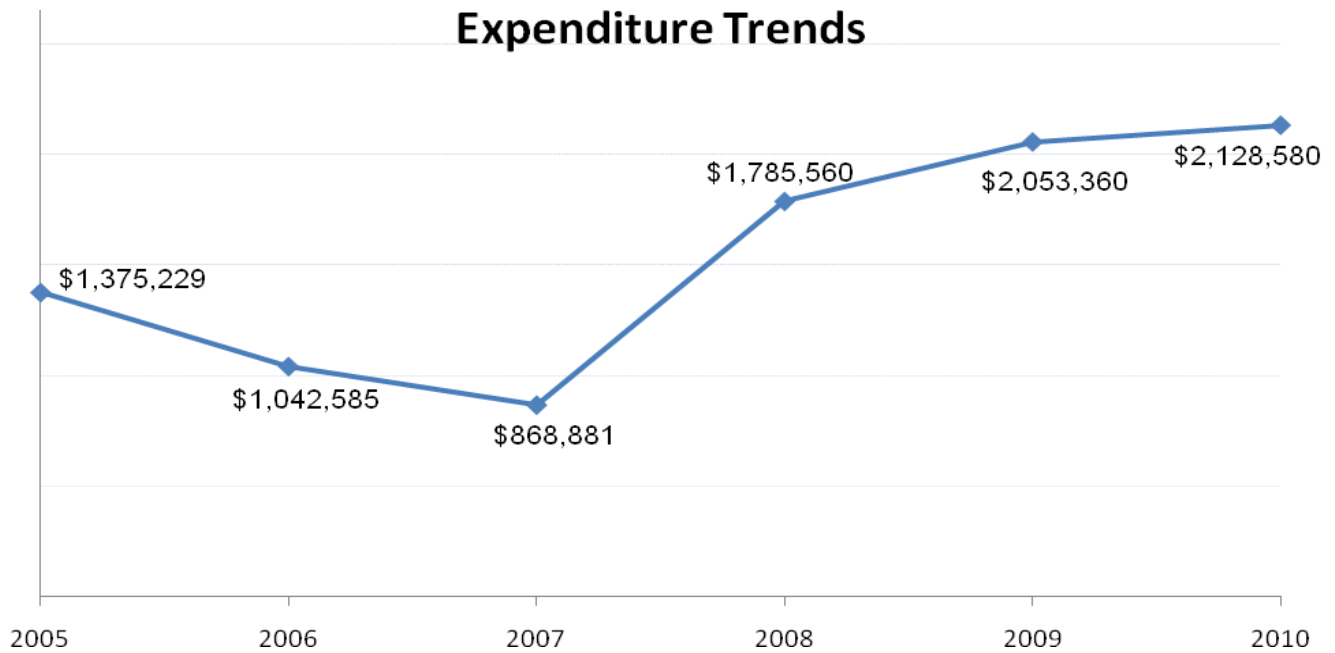
Budget Overview

The FY 2008-09 & 2009-10 budgets for the General Manager's office reflect increases of 15% and 4% over the prior year, respectively. The FY 2008-09 change is primarily due to salaries budgeted for the 4 FTE Management Discretion positions added in FY 2007-08. The other notable factor affecting the overall increase is the net result of decreasing the General Manager's contingency to 0.5% percent of the District's overall non-salary related operating budget and restoring reappropriations to 0.5% percent of the same budget base after having been allocated out of the FY 2007-08 original budget to arrive at the FY 2007-08 adjusted budget.

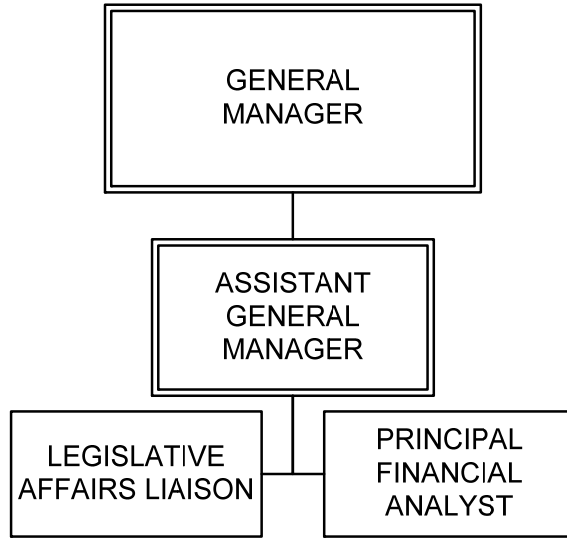
2007-08 Adjusted Budget - Total Operating Requirements	\$ 1,785,560
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	-
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (Management Discretion positions funded)	230,500
Change in OCERS retirement costs	51,400
Change in group insurance costs	7,980
Other benefit cost adjustments	24,100
Other Cost Adjustments:	
Decrease in memberships	(40,260)
Decrease in meetings	(17,500)
Decrease in legal services	(30,000)
Decrease in other professional services	(50,000)
Increase in electricity costs of the administration building	5,000
Increase in General Manager's contingency / reappropriations	87,500
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	(920)
2008-09 Proposed Budget - Total Operating Requirements	\$ 2,053,360
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	30,300
Change in OCERS retirement costs	7,600
Change in group insurance costs	2,680
Other benefit cost adjustments	1,400
Other Cost Adjustments:	
Increase in memberships	1,690
Increase in meetings	2,920
Increase in electricity costs of the administration building	7,000
Increase in General Manager's contingency / reappropriations	21,200
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	430
2009-10 Proposed Budget - Total Operating Requirements	\$ 2,128,580

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 482,004	\$ 561,600	\$ 765,300	\$ 875,580	55.91%	\$ 917,560	4.79%
Supplies	173,360	250,000	196,300	191,110	(23.56%)	195,780	2.44%
Professional & Contractual Services	89,652	100,000	10,000	20,000	(80.00%)	20,000	-
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	-	-	-	-	-	-	-
Utilities	112,953	120,000	121,000	125,000	4.17%	132,000	5.60%
Other	10,912	753,960	15,000	841,670	11.63%	863,240	2.56%
Total	\$ 868,881	\$ 1,785,560	\$ 1,107,600	\$ 2,053,360	15.00%	\$ 2,128,580	3.66%



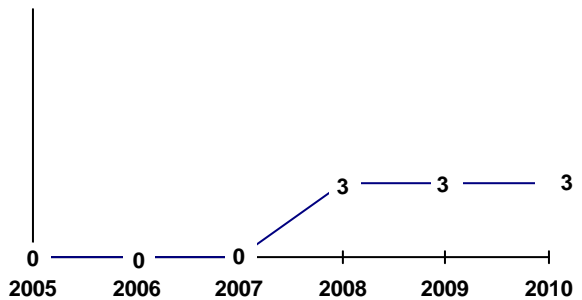
Assistant General Manager Administration



2008-09 & 2009-10 Authorized FTE Positions

Executive Manager	1.0
Supervisors / Professionals	2.0
<hr/>	
Total	<u>3.0</u>

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The Assistant General Managers Office provides general oversight to all District Operations and is responsible for interagency relations and communications, Legislative Affairs and the Strategic Plan. The Assistant General Managers Office directly oversees the Public Information Office and the Board Services and Safety and Health Divisions.

2007-08 Performance Objectives

- ◆ Complete updated Strategic Plan by 12/31/07.
- ◆ Seek \$100 Million authorization to relocate SARI Line and a \$6 Million appropriation for Secondary Treatment Upgrades.
- ◆ Update performance dashboard quarterly.
- ◆ Present for Board approval the proposed updated District agreements with SAWPA and IRWD.

2007-08 Performance Results

- ◆ Strategic Plan approved by the Board 11/28/07
- ◆ \$100 Million authorization obtained on FY2007-08
- ◆ Initial dashboard updated in April 2008.
- ◆ In process; possible SAWPA Board vote last quarter FY2007-08

2008-09 & 2009-10 Performance Objectives

- ◆ Complete Strategic Plan update by 12/31/08 and 2009
- ◆ Obtain \$4.5 million appropriation for relocation of SARI Line and Secondary Treatment
- ◆ Update performance dashboard quarterly
- ◆ Present for Board approval the proposed updated District agreements with SAWPA and IRWD.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Strategic Plan	NA	Complete 11/28/07	Complete by 12/31/08	Complete by 12/31/09	In-House Standard
◆ Funding	NA	NA	Determined by 12/31/08	Determined by 12/31/09	Federal Budget approved
◆ Dashboard	NA	By end of each quarter	By end of each quarter	By end of each quarter	In-House Standard
◆ IRWD/SAWPA	NA	SAWPA Complete	IRWD Complete	NA	In-House Standard

Assistant General Manager Administration

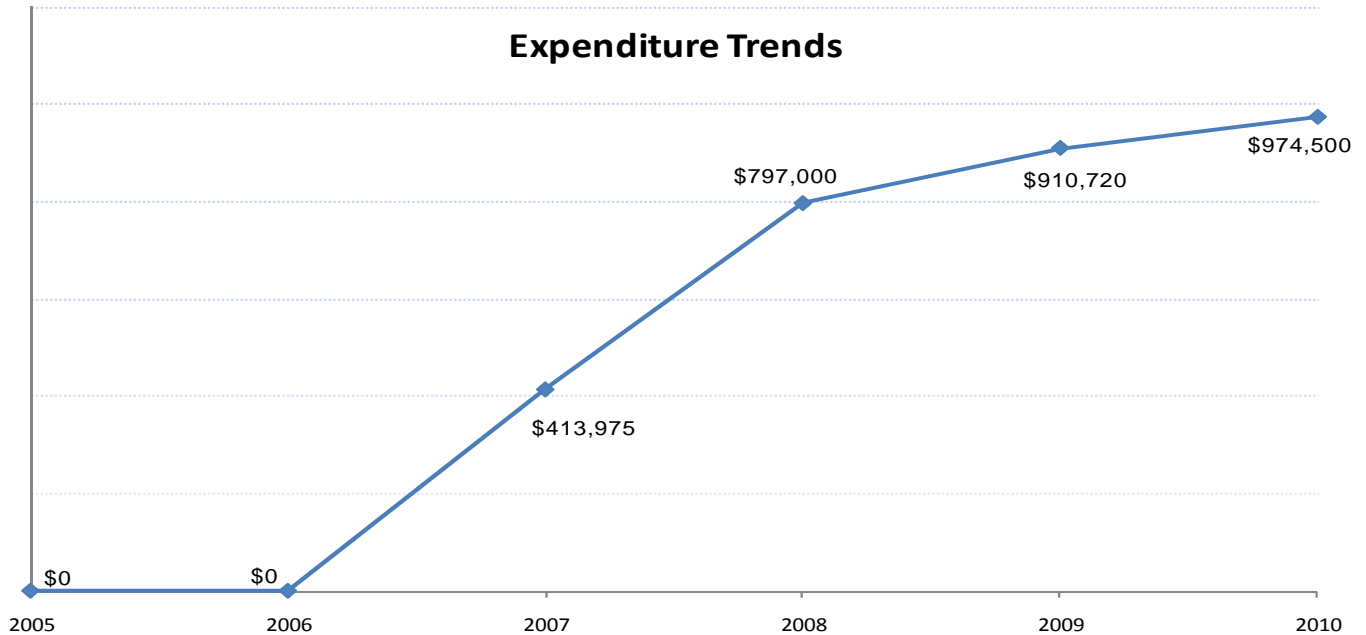
Budget Overview

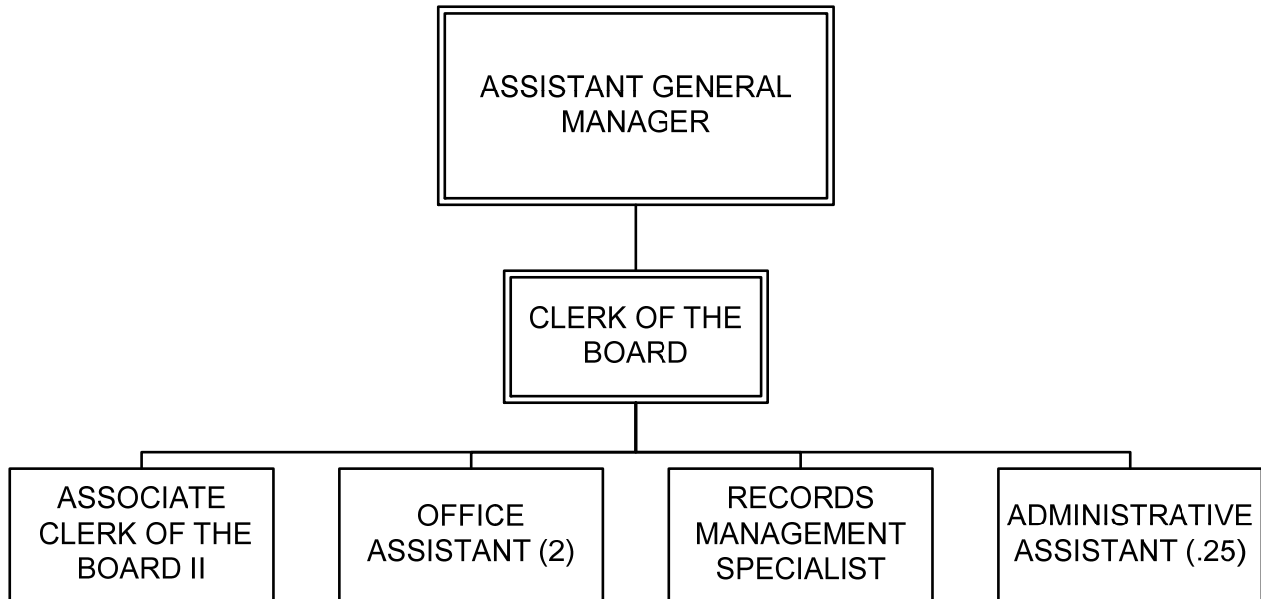
The FY 2008-09 & 2009-10 budgets for the Assistant General Manager Administration Division reflect increases of 14% and 7% over the prior year, respectively. The FY 2008-09 change is primarily due to staff reallocations during FY 2007-08.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 797,000
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	-
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	74,200
Change in OCERS retirement costs	23,700
Change in group insurance costs	5,400
Other benefit cost adjustments	(1,100)
Other Cost Adjustments:	
Decrease in meetings	(9,900)
Increase in other professional services	25,000
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	(3,580)
2008-09 Proposed Budget - Total Operating Requirements	\$ 910,720
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	37,400
Change in OCERS retirement costs	9,300
Change in group insurance costs	3,600
Other benefit cost adjustments	2,000
Other Cost Adjustments:	
Increase in advocacy efforts	11,250
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	230
2009-10 Proposed Budget - Total Operating Requirements	\$ 974,500

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07	2007-08	2007-08	2008-09	Budget	2009-10	Budget
	Actual	Revised Budget	Projected	Proposed	% Change	Proposed	% Change
Personnel	\$ 382,211	\$ 540,100	\$ 619,200	\$ 642,300	18.92%	\$ 694,600	8.14%
Supplies	17,134	26,900	14,020	17,420	(35.24%)	17,450	0.17%
Professional & Contractual Services	14,343	225,000	275,317	250,000	11.11%	261,250	4.50%
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Other	287	5,000	1,000	1,000	(80.00%)	1,200	20.00%
Total	\$ 413,975	\$ 797,000	\$ 909,537	\$ 910,720	14.27%	\$ 974,500	7.00%



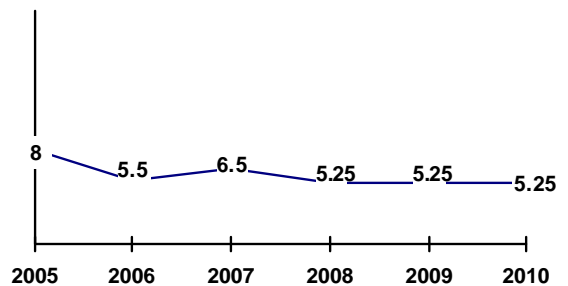


2008-09 & 2009-10 Authorized FTE Positions

Supervisors / Professionals	3.00
Administrative & Clerical	2.25

Total 5.25

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The mission of the Board Services Division is to provide high levels of customer service through the Clerk of the Board's office, reception, meeting planning, audio visual and conference room setup, and records management. 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. Services include oversight, preservation and protection of the District's records for public, private and governmental use, including coordinating and documenting all Public Records Act requests.

2007-08 Performance Objectives

- Mail Board Agenda packages six calendar days prior to Board meetings, 100% of the time, unless otherwise authorized by the General Manager.
- Monitor and update annually the District Records Retention Schedule and Policy and Procedures to reflect any changes in laws, operations, and District structure. To be presented for Board approval annually, through adoption of a resolution.
- Coordinate quarterly District-wide disposal of retention expired records.
- Provide Public Records Act (PRA) response coordination to ensure compliance with CPRA, Government Code 6250.

2007-08 Performance Results

- Achieved 100% success rate.
- Presented to the Board in May 2008.
- Quarterly purges of paper and electronic documents, including onsite shredding of confidential documents.
- 100% response compliance rate; 98% processed within 10 days.

2008-09 & 2009-10 Performance Objectives

- ◆ Mail Board Agenda packages six calendar days prior to Board meetings, 100% of the time, unless otherwise authorized by the General Manager.
- ◆ Ensure compliance and operational effectiveness by revising the records retention policy and schedule annually.
- ◆ Conduct quarterly District-wide disposal of expired records per records retention policy.
- ◆ Comply with CPRA, GC 6250, on response to requests for public records within 10 days, unless extension is deemed appropriate by legal review.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Board Agenda Package	100% - 6 days	100% - 6 days	100% - 6 days	100% - 6 days	In-house Standard
◆ Retention Schedule and Policy and Procedures	5/2007 Resolution	5/2008 Resolution	5/2009 Resolution	5/2010 Resolution	In-house Standard
◆ Coordinate quarterly disposal of retention expired records	10/06; 4/07	10/07; 1/08; 4/08	7/08; 10/08; 1/09; 4/09	7/09; 10/09; 1/10; 4/10	In-house Standard
◆ Provide Public Records Act response coordination to ensure compliance with CPRA, GC 6250	98%; 93% within 10 days	100%; 98% within 10 days	100%; 98% within 10 days	100%; 98% within 10 days	CPRA Regulations Government Code 6250

Board Services

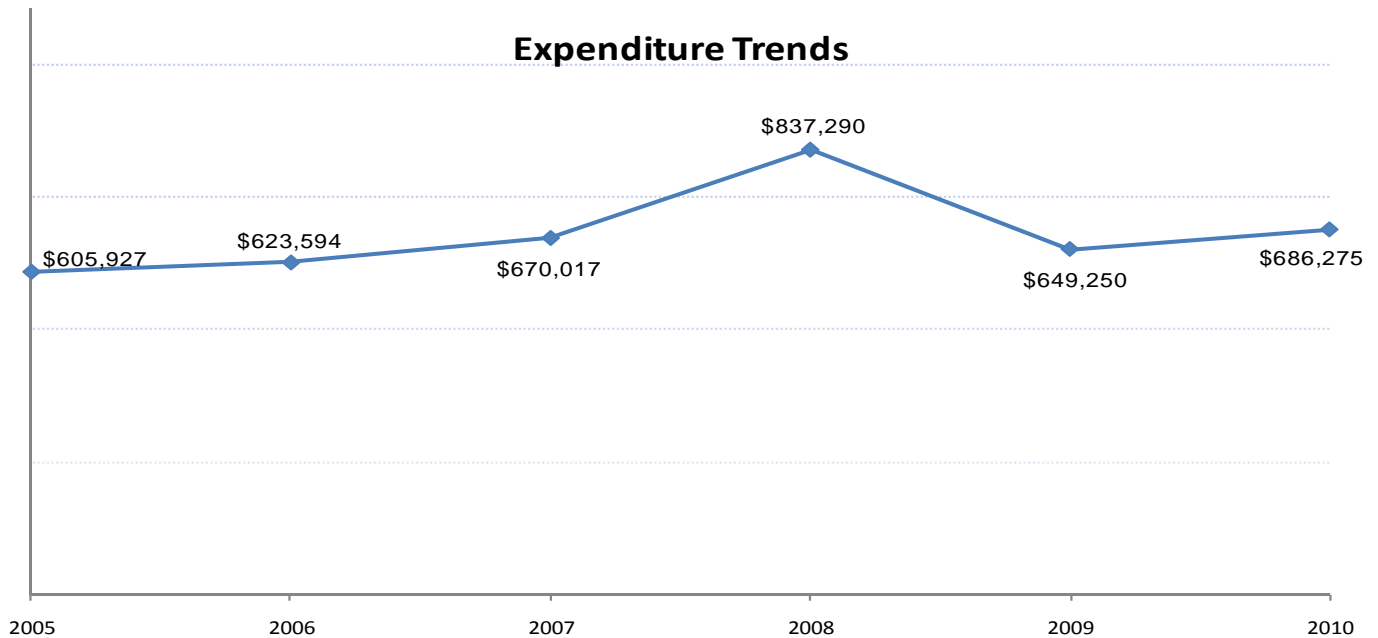
Budget Overview

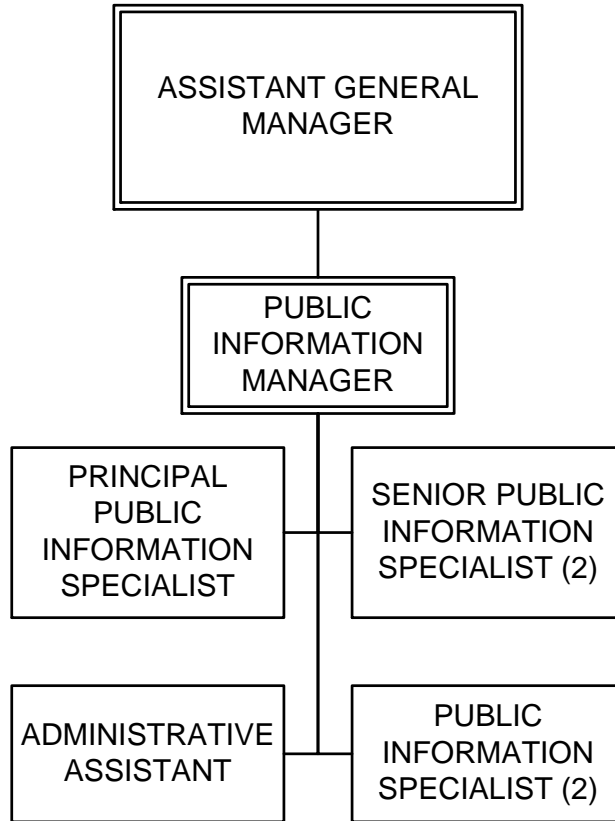
The FY 2008-09 & 2009-10 budgets for the Board Services Division reflect changes of (22%) and 6% over the prior year, respectively. The decrease is mainly due to staff reallocations during FY 2007-08. The other significant factor affecting the overall decrease is the transfer of postage costs to the Information Technology Division.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 837,290
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	-
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	(61,100)
Change in OCERS retirement costs	(8,400)
Change in group insurance costs	(2,000)
Other benefit cost adjustments	(2,100)
Other Cost Adjustments:	
Decrease in postage (costs transferred to Division 250)	(51,700)
Decrease in legal services	(45,000)
Decrease in other professional services	(19,500)
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	1,760
2008-09 Proposed Budget - Total Operating Requirements	\$ 649,250
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	19,700
Change in OCERS retirement costs	4,900
Change in group insurance costs	5,600
Other benefit cost adjustments	2,000
Other Cost Adjustments:	
Increase in meetings	4,550
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	270
2009-10 Proposed Budget - Total Operating Requirements	\$ 686,270

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 492,217	\$ 617,400	\$ 524,300	\$ 543,800	(11.92%)	\$ 576,000	5.92%
Supplies	63,917	87,740	66,650	36,100	(58.86%)	40,700	12.74%
Professional & Contractual Services	113,223	131,000	124,500	67,200	(48.70%)	67,400	0.30%
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	630	400	1,150	1,580	295.00%	1,600	1.27%
Utilities	-	-	-	-	-	-	-
Other	30	750	570	570	(24.00%)	570	-
Total	\$ 670,017	\$ 837,290	\$ 717,170	\$ 649,250	(22.46%)	\$ 686,270	5.70%



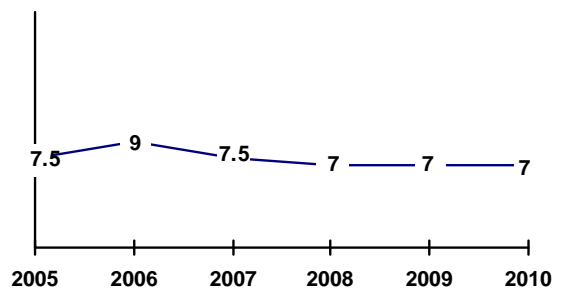


2008-09 & 2009-10 Authorized FTE Positions

Manager	1.0
Supervisors / Professionals	5.0
Administrative & Clerical	1.0

Total 7.0

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The Public Information Office provides services and implements programs to meet the communications needs of both internal and external audiences for the Orange County Sanitation District. The seven-person division plans and implements media relations, Web site content, community relations, construction outreach, community education and outreach, employee newsletter, intranet development, corporate identity program, collateral material and graphics development, presentation development, and crisis communications. The goal is to create a total communications program that promotes clear and transparent communications with all designated audiences and to promote the understanding of OCSD's mission to protect the environment.

2007-08 Performance Objectives

- ◆ Provide services and implement programs that meet the communications needs of OCSD's internal audiences.
- ◆ Provide services and implement programs that meet the communications needs of OCSD's external audiences.
- ◆ Support General Manager activities and provide information on current issues to Board of Directors.

2007-08 Performance Results

- ◆ Produced and circulated a monthly employee newsletter.
- ◆ Managed content and further development of employee intranet site.
- ◆ Coordinated "Bring a Kid to Work Day" event
- ◆ Assisted engineering with contractor outreach activities.
- ◆ Assisted staff in developing communications plans for Pharmaceuticals Program, Fats, Oils, and Grease Program, and Biosolids Program.
- ◆ Worked with OCWD to continue public outreach efforts and celebrate the commissioning of the GWRS Project.
- ◆ Designed agency website OCSD.com for greater efficiencies
- ◆ Mailed two community newsletters to 18,000 residents and business in the vicinity of Plants 1 & 2.
- ◆ Increased public awareness by conducting more than 70 tours
- ◆ Taught three classes of sewer Science at local high schools.
- ◆ Managed communications for more than a dozen construction projects.
- ◆ Enhanced public outreach by expanding audiences to include service groups and community influencers.
- ◆ Responded promptly to media requests.
- ◆ Conducted Board Orientation.
- ◆ Developed Director website.
- ◆ Assisted in developing communications for Board of directors.

2008-09 & 2009-10 Performance Objectives

- ◆ Provide services and implement programs that meet the communications needs of OCSD's internal audiences.
- ◆ Provide services and implement programs that meet the communications needs of OCSD's external audiences.
- ◆ Support General Manager activities and provide information on current issues to Board of Directors.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Internal Services & Programs	95%	95%	95%	95%	In-house standard
◆ External Services & Programs	95%	95%	95%	95%	In-house standard
◆ Board of Directors & GM	95%	95%	95%	95%	In-house standard

Public Information Office

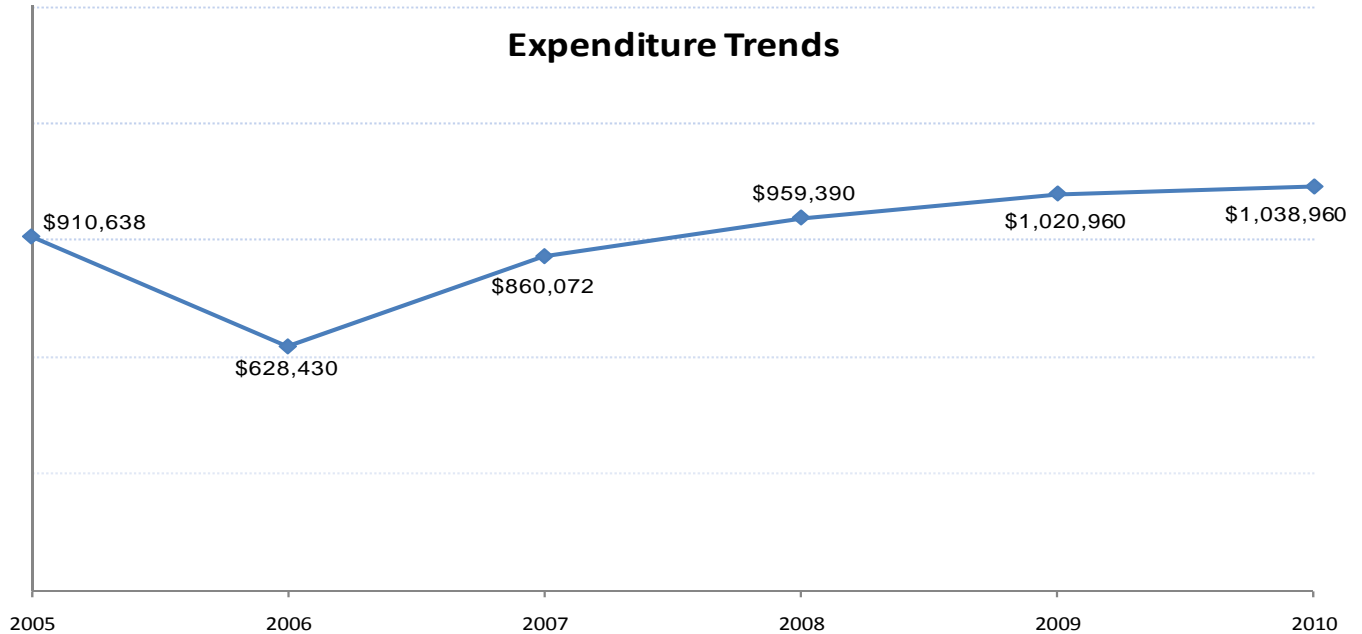
Budget Overview

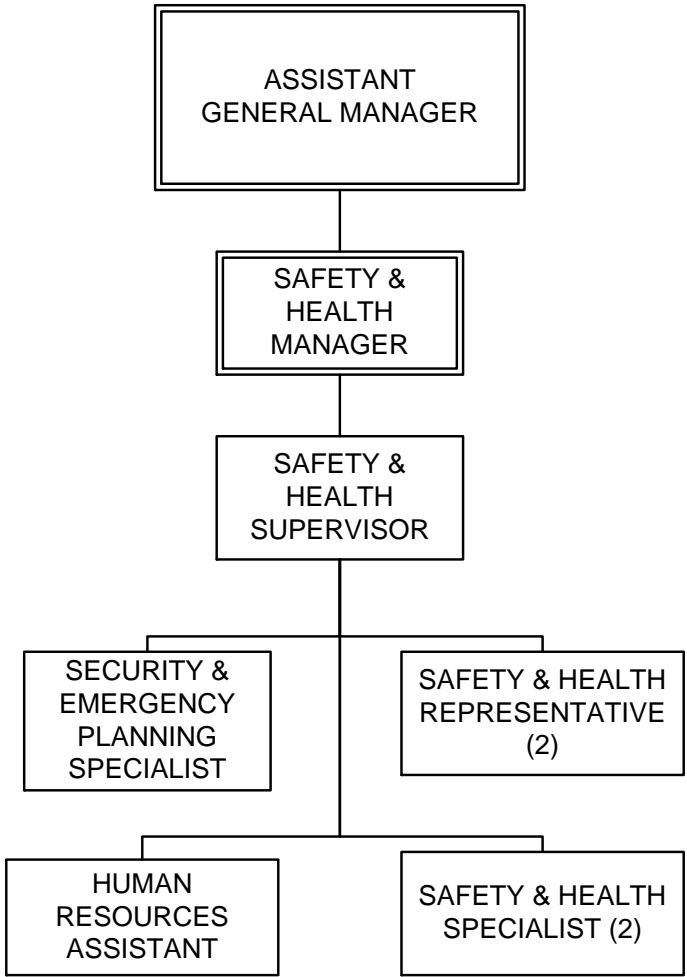
The FY 2008-09 & 2009-10 budgets for the Public Information Office Division reflect an increase of 6% and 2% from the prior year, respectively. The increase is mainly due to anticipated salary and benefits adjustments.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 959,390
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	-
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	41,500
Change in OCERS retirement costs	18,000
Change in group insurance costs	10,500
Other benefit cost adjustments	(400)
Other Cost Adjustments:	
Increase in memberships	2,850
Decrease in postage (costs transferred to Division 250)	(15,000)
Decrease in outside printing services	(12,000)
Increase in photo processing services	2,000
Increase in meetings	3,150
Decrease in temporary services	(3,500)
Decrease in legal services	(7,500)
Increase in other professional services	8,500
Increase in miscellaneous operating expense	14,930
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	(1,460)
2008-09 Proposed Budget - Total Operating Requirements	\$ 1,020,960
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	43,000
Change in OCERS retirement costs	10,600
Change in group insurance costs	7,900
Other benefit cost adjustments	4,600
Other Cost Adjustments:	
Decrease in other professional services	(30,000)
Decrease in miscellaneous operating expense	(15,700)
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	(2,400)
2009-10 Proposed Budget - Total Operating Requirements	\$ 1,038,960

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 781,961	\$ 808,800	\$ 850,800	\$ 878,400	8.61%	\$ 944,500	7.53%
Supplies	42,287	81,120	47,690	65,860	(18.81%)	63,460	(3.64%)
Professional & Contractual Services	21,872	42,500	27,000	40,000	(5.88%)	10,000	(75.00%)
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	-	100	-	-	(100.00%)	-	-
Utilities	-	-	-	-	-	-	-
Other	13,952	26,870	21,770	36,700	36.58%	21,000	(42.78%)
Total	\$ 860,072	\$ 959,390	\$ 947,260	\$ 1,020,960	6.42%	\$ 1,038,960	1.76%



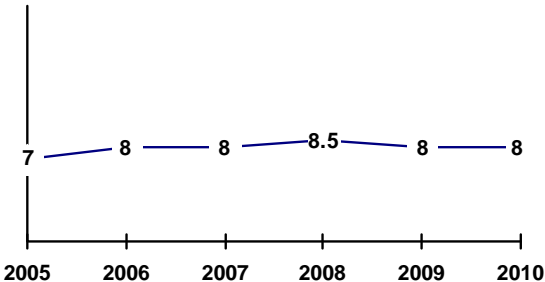


2008-09 & 2009-10 Authorized FTE Positions

Manager	1.0
Supervisors / Professionals	6.0
Administrative & Clerical	1.0

Total 8.0

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

We enable OCSD to meet its purpose by improving and reinforcing a workplace safety culture, and providing guidance on safe and healthful work practices.

2007-08 Performance Objectives	2007-08 Performance Results
<ul style="list-style-type: none"> ◆ Total Injury Incident Rate of 3.40 with a vision of 0.0 ◆ Recruit Active Safety and Health Program involvement by 15% of OCSD employees ◆ Develop and Implement a Safety Management Performance System to track manager's safety performance ◆ Compare Safety and Health compliance training conducted to Safety and Health compliance training required. ◆ Conduct six emergency drills to exercise the Integrated Emergency Response Plan ◆ Develop security policies and procedures based on the security program assessment 	<ul style="list-style-type: none"> ◆ Total Injury Incident Rate of 7.0 for calendar year 2007. ◆ Achieved 11% involvement rate ◆ Deferred pending completion of divisional strategic plan ◆ Conducted 87 classes resulting in 2,414 hours of training ◆ Three (3) EOC activations and Two (2) IERP drill conducted for 2007/2008 period ◆ Plan has been developed but needs EMT and Board approval.

2008-09 & 2009-10 Performance Objectives

- ◆ Implement Strategic Plans developed for the Safety Division with measurable objectives.
- ◆ Complete Security Capital Improvement Projects by 2009 Calendar year.
- ◆ Develop a Hazardous Waste Dashboard measurement to monitor the Hazardous Waste for Plant 1 and Plant 2.
- ◆ Implement a behavior based safety program to improve the safety culture for the District.
- ◆ Actively champion the Owner Controlled Insurance Program (OCIP) to gain a 1% return on Capital Improvement Projects.
- ◆ Conduct two plant wide emergency evacuation drills per year for Plant 1 and 2.

Summary	Performance Measures				Justification
	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	
◆ Total Injury Incident Rate	4.1	7.0	5.2	5.2	OCSD Goal
◆ Emergency Drills	4	4	2	2	Cal-OSHA Requirement
◆ Manager Safety Performance Program	Deferred pending completion of divisional strategic plan				Best Management Practice in accordance with the concepts of a Safety and Health Management System.
◆ Recruit Active Safety Program Involvement	11%	11%	15%	15%	Best Management Practice in accordance with the concepts of a Safety and Health Management System.
◆ Compliance Training Compliance	66%	48%	100%	100%	Best Management Practice in accordance with the concepts of a Safety and Health Management System.
◆ Security Program	80%	80%	100%	100%	Best Management Practice

Safety & Health

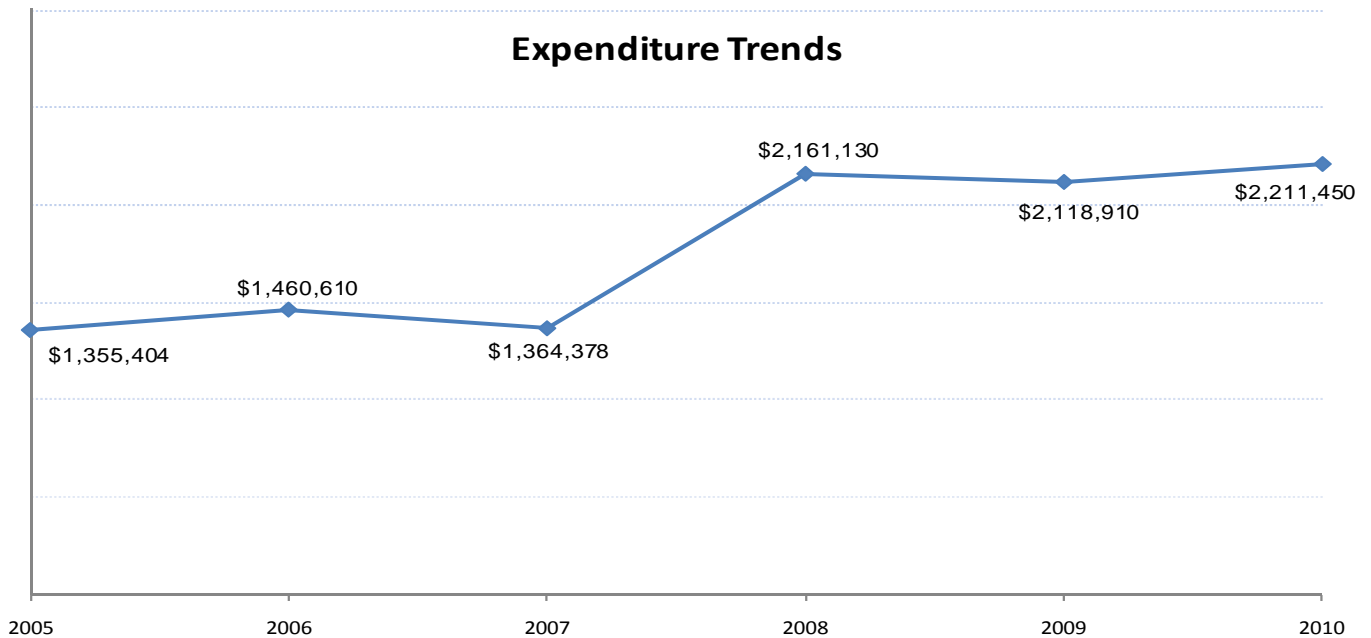
Budget Overview

The FY 2008-09 & 2009-10 budgets for the Safety & Health Division reflect a decrease of 2% and an increase of 4% from the prior year, respectively. The decrease is primarily the result of reductions in costs for training and other professional services.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 2,161,130
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	(12,400)
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	49,200
Change in OCERS retirement costs	22,200
Change in group insurance costs	10,800
Other benefit cost adjustments	18,500
Other Cost Adjustments:	
Increase in memberships	1,180
Decrease in training	(55,000)
Decrease in other professional services	(85,000)
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	8,300
2008-09 Proposed Budget - Total Operating Requirements	\$ 2,118,910
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	61,900
Change in OCERS retirement costs	15,400
Change in group insurance costs	9,000
Other benefit cost adjustments	5,300
Other Cost Adjustments:	
Increase in memberships	940
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	-
2009-10 Proposed Budget - Total Operating Requirements	\$ 2,211,450

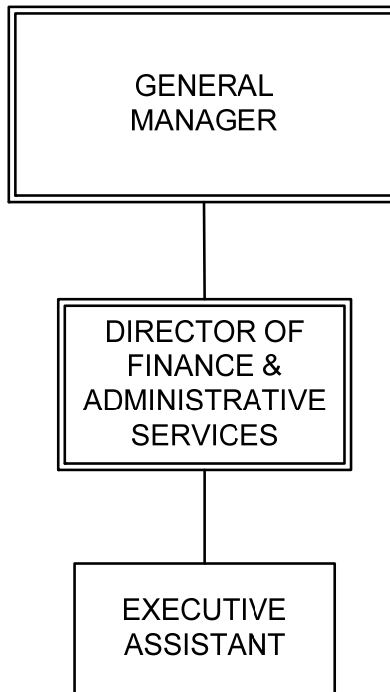
2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 824,466	\$ 980,700	\$ 820,100	\$1,069,000	9.00%	\$1,160,600	8.57%
Supplies	153,306	395,180	326,400	355,310	(10.09%)	356,250	0.26%
Professional & Contractual Services	371,779	760,900	699,820	672,900	(11.57%)	672,900	-
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	1,944	5,000	1,900	2,000	(60.00%)	2,000	-
Utilities	-	-	-	-	-	-	-
Other	12,883	19,350	12,700	19,700	1.81%	19,700	-
Total	\$ 1,364,378	\$ 2,161,130	\$ 1,860,920	\$ 2,118,910	(1.95%)	\$ 2,211,450	4.37%



Administrative Services Administration

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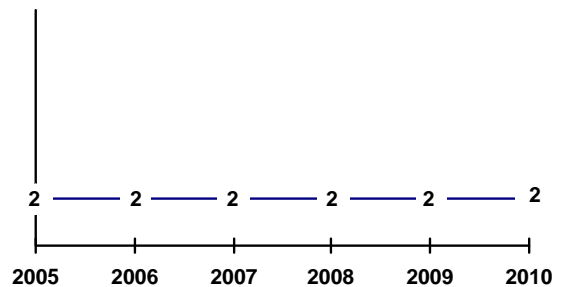


2008-09 & 2009-10 Authorized FTE Positions

Executive Manager	1.0
Administrative/Clerical	1.0

Total	2.0
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Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The mission of the Administrative Services Administration Division is to oversee the functions of the Financial Management, Contracts, Purchasing, & Materials Management, Human Resources, and Information Technology Divisions. This oversight includes both day-to-day operations and strategic planning. The Office is the departmental liaison with Executive Management, the Administration Committee, the Board of Directors, and other departments of the District.

2007-08 Performance Measures

- ◆ Achieve rate of return on the Liquid Operating Portfolio comparable to 90-day Treasury Bill rate.
- ◆ Achieve rate of return on the Long Term Operating Portfolio comparable to Merrill Lynch 1-5 year Corporate/Government Bond Index.
- ◆ Achieve average interest rates paid on variable rate COPs comparable to Variable Rate COP Composite Index.
- ◆ Achieve General Liability insurance premium cost, as a percentage of operating budget, comparable to the index contained in most recent Cost of Risk Evaluation survey published by PRIMA.
- ◆ Achieve Worker's Compensation insurance premium cost, as a percentage of payroll, comparable to index contained in most recent Cost of Risk Evaluation survey published by PRIMA.

2007-08 Performance Results

- ◆ As of April 2008, the Liquid Operating Portfolio outperformed the 90-day T-Bill rate by 52 basis points.
- ◆ As of April 2008, the Long Term Operating Portfolio outperformed the index by 63 basis points for the year to date.
- ◆ The average interest rate paid on the COP debt program was 3.13 percent compared to the 3.09 percent paid by the composite index for the last 12 consecutive months through March 2008.
- ◆ The ratio of General Liability insurance premium cost to the total operating budget was 0.28 percent for FY 2007-08 in comparison to the index of 0.60 percent.
- ◆ The ratio of Worker's Compensation insurance premium cost to total budgeted payroll cost of 0.29 percent for FY 2007-08 was lower than the index of 1.49 percent.

2008-09 & 2009-10 Performance Objectives

- ◆ Submittal of annual sewer service fees (SSF) within property parcel database to the County by August 10th.
- ◆ All Treasury investments will be in compliance with the State Government Code 100% of the time.
- ◆ Sustain succession management and leadership academy programs through June 2010.
- ◆ Recommendations for Reinvention of Staffing Program by March 2009.
- ◆ Coordinate and uphold solicitation schedules in support of planned projects and emergency procurements.
- ◆ Implement Enterprise Content Management System by 2009-10.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Timely Submittal of annual SSF	Yes	Yes	August 2009	August 2010	In-house standard
◆ Investment Compliance	Yes	Yes	Expected	Expected	In-house standard
◆ Sustain Succession Management	N/A	Yes	Expected	Expected	In-house standard
◆ Reinvention of Staffing Program	N/A	N/A	Expected	Expected	In-house standard
◆ Implement Enterprise Content Management System	N/A	N/A	N/A	Expected	In-house standard

Administrative Services Administration

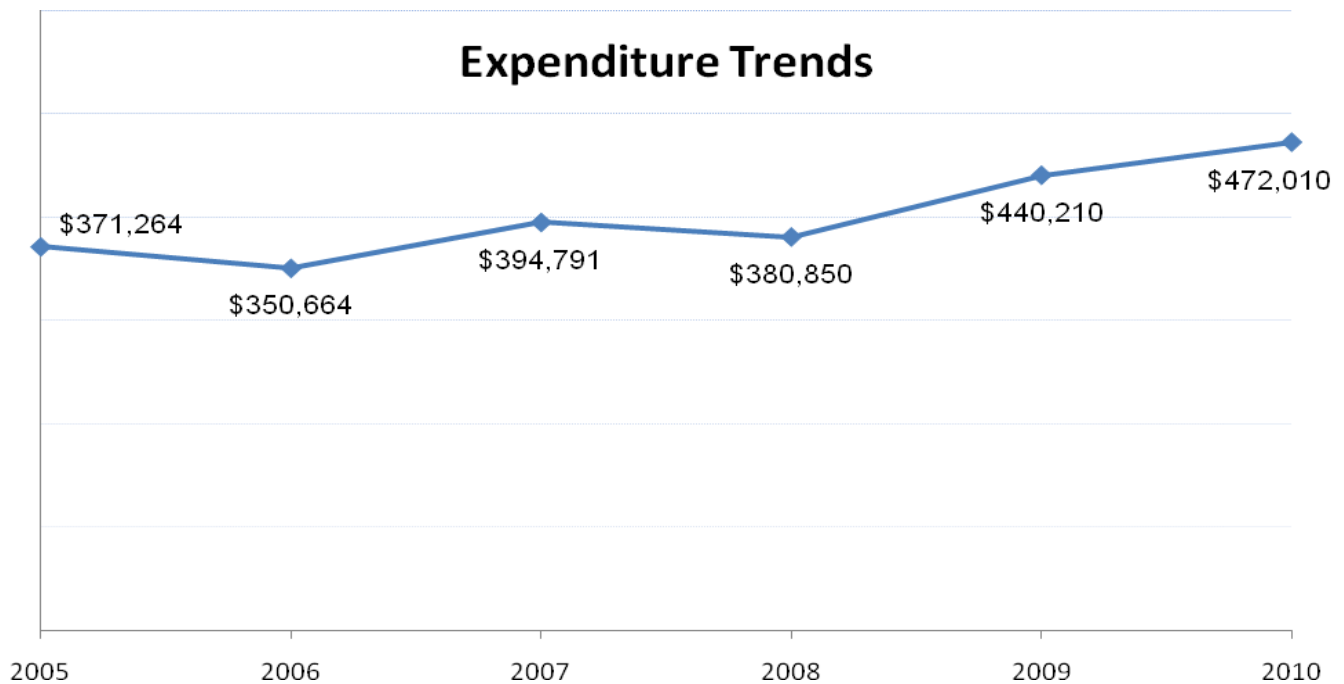
Budget Overview

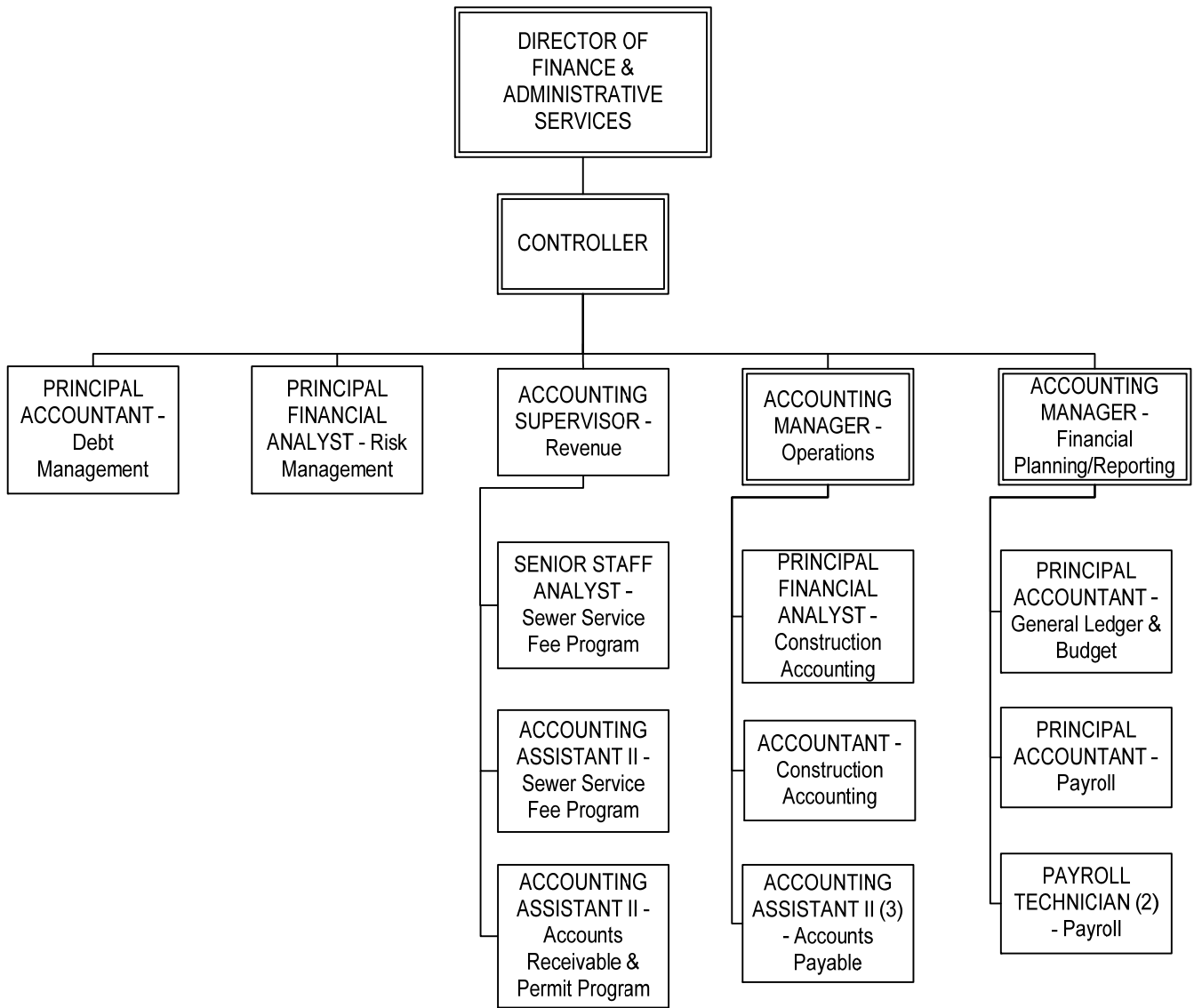
The FY 2008-09 & 2009-10 budgets for the Administrative Services Administration Division reflect an increase of 16% and 7% over the prior year, respectively. The increases are a result of anticipated annual salary and benefit adjustments.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 380,850
<i>Salaries for Position Changes:</i>	
Transfer of Positions from/(to) Other Divisions	-
New or (decreased) FTE	-
<i>Changes in Personnel Expenses:</i>	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	33,300
Change in OCERS retirement costs	12,000
Change in group insurance costs	3,100
Other benefit cost adjustments	12,300
<i>Other Cost Adjustments:</i>	
Decrease in legal services	(1,000)
<i>Aggregate change in Other Categories:</i>	
Aggregate change in other materials, supplies, and services	(340)
2008-09 Proposed Budget - Total Operating Requirements	\$ 440,210
<i>Changes in Personnel Expenses:</i>	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	22,400
Change in OCERS retirement costs	5,500
Change in group insurance costs	2,500
Other benefit cost adjustments	1,400
<i>Other Cost Adjustments:</i>	
<i>Aggregate change in Other Categories:</i>	
No other cost changes	-
2009-10 Proposed Budget - Total Operating Requirements	\$ 472,010

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07	2007-08	2007-08	2008-09	Budget	2009-10	Budget
	Actual	Revised Budget	Projected	Proposed	% Change	Proposed	% Change
Personnel	\$ 382,191	\$ 366,100	\$ 410,900	\$ 426,800	16.58%	\$ 458,600	7.45%
Supplies	3,075	2,650	2,210	2,360	(10.94%)	2,360	-
Professional & Contractual Services	9,437	12,000	10,200	11,000	(8.33%)	11,000	-
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Other	88	100	50	50	(50.00%)	50	-
Total	\$ 394,791	\$ 380,850	\$ 423,360	\$ 440,210	15.59%	\$ 472,010	7.22%



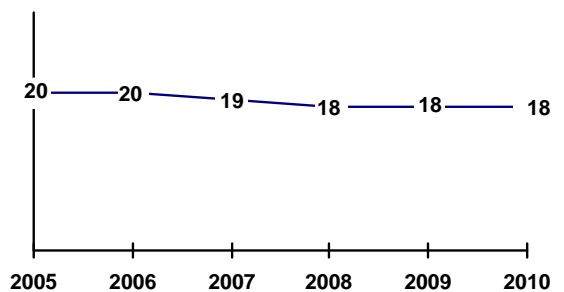


2008-09 & 2009-10 Authorized FTE Positions

Manager	3.0
Supervisors / Professionals	8.0
Administrative & Clerical	7.0

Total 18.0

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The mission of the Financial Management Division is to maintain financial oversight and administration of all District funds and accounts. The Financial Management Division is responsible for administering the treasury management, debt financing, and risk management programs, the processing of cash receipts, accounts payable, accounts receivable, user fees, and payroll, accounting for fixed assets, and coordinating the capital and operating budget process throughout the District. The annual audit required by law and all financial reporting required of special districts by the State of California is coordinated and administered through this division.

2007-08 Performance Measures

- ◆ Issue monthly financial reports within 10 working days of the following month for 92 percent of the year.
- ◆ No more than 30 invoices for payment shall be outstanding longer than 30 days during the completion of any one accounts payable cycle 90 percent of the time.
- ◆ All sewer service fee refund requests will be processed within 45 days 90 percent of the time.
- ◆ Payroll processing will be completed on time 100 percent of the time and error free >99.5 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.
- ◆ All treasury investments will be in compliance with the California State Government Code 100% of the time.

2007-08 Performance Results

- ◆ Through April, monthly reports were distributed within 10 working days of the following month 100 percent of the time.
- ◆ No more than 30 invoices for payment were outstanding longer than 30 days during the completion of any one accounts payable cycle 100 percent of the time.
- ◆ All sewer service fee refund requests were processed within 45 days 100 percent of the time.
- ◆ Payroll was processed with an error-free rate of 99.99% on a bi-weekly and interim basis.
- ◆ All debt service payments were paid electronically, on the actual due dates, and error free 100 percent of the time.
- ◆ All treasury investments were in compliance with the California State Government Code 100% of the time.

2008-09 & 2009-10 Performance Objectives

- ◆ Issue monthly financial reports within 10 working days of the following month for 92 percent of the year.
- ◆ No more than 30 invoices for payment shall be outstanding longer than 30 days during the completion of any one accounts payable cycle 90 percent of the time.
- ◆ All sewer service fee refund requests will be processed within 45 days 90 percent of the time.
- ◆ Payroll processing will be completed on time 100 percent of the time and error free >99.5 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.
- ◆ All treasury investments will be in compliance with the California State Government Code 100% of the time.

Performance Measures

Summary	Performance Measures				Justification
	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	
◆ Financial reports issuance standard	92%	100%	92%	92%	In-house standard
◆ Accounts payable standard	100%	100%	90%	90%	In-house standard
◆ Sewer Service Refund Standard	100%	100%	90%	90%	In-house standard
◆ Payroll Error Free Standard	99.8%	99.7%	99.5%	99.5%	In-house standard
◆ Debt Service Payment Standard	100%	100%	100%	100%	In-house standard
◆ Treasury Investment Standard	100%	100%	100%	100%	In-house standard

Financial Management

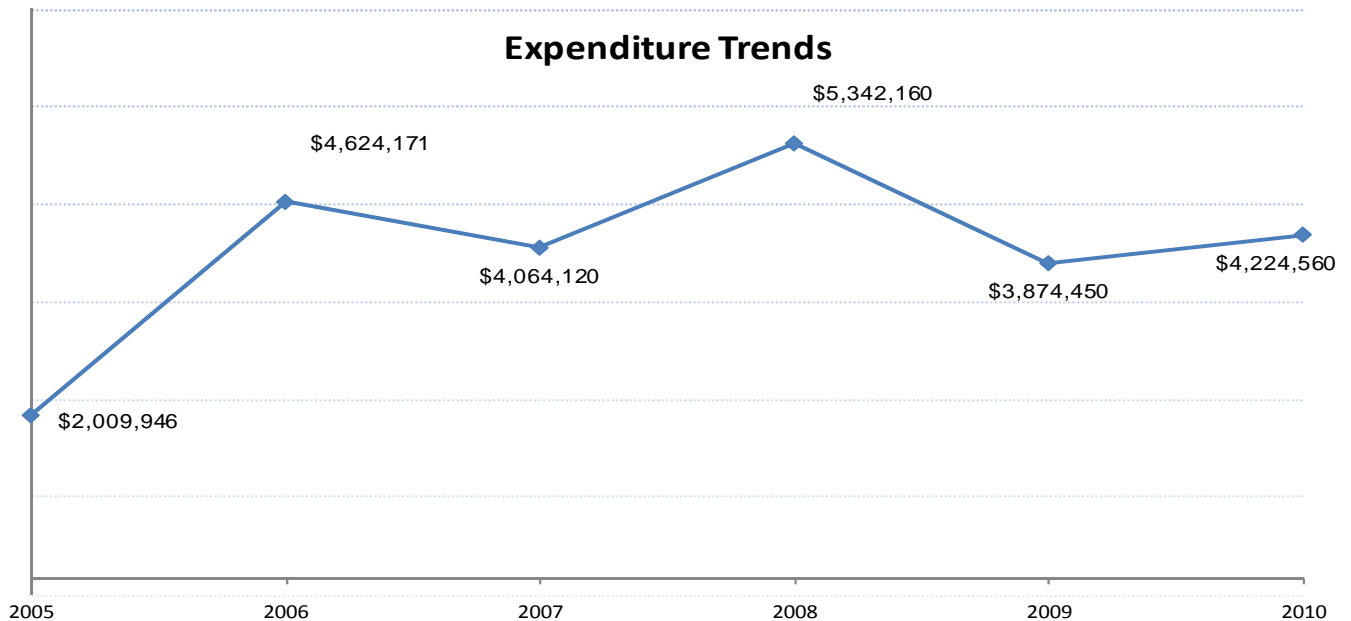
Budget Overview

The FY 2008-09 & 2009-10 budgets for the Financial Management Division reflect a decrease of 27% and an increase of 9% over the prior year, respectively. The decrease is primarily due to a decline in the estimate to be paid to the self-insurance fund for property and general liability insurance activities. Additionally, postage and printing costs decrease after preparation and mailing of proposition 218 notices in FY 2007-08. The increase in FY 2009-10 is primarily due to a higher estimate to be paid to the self-insurance fund for property and general liability insurance in order to maintain the reserve levels.

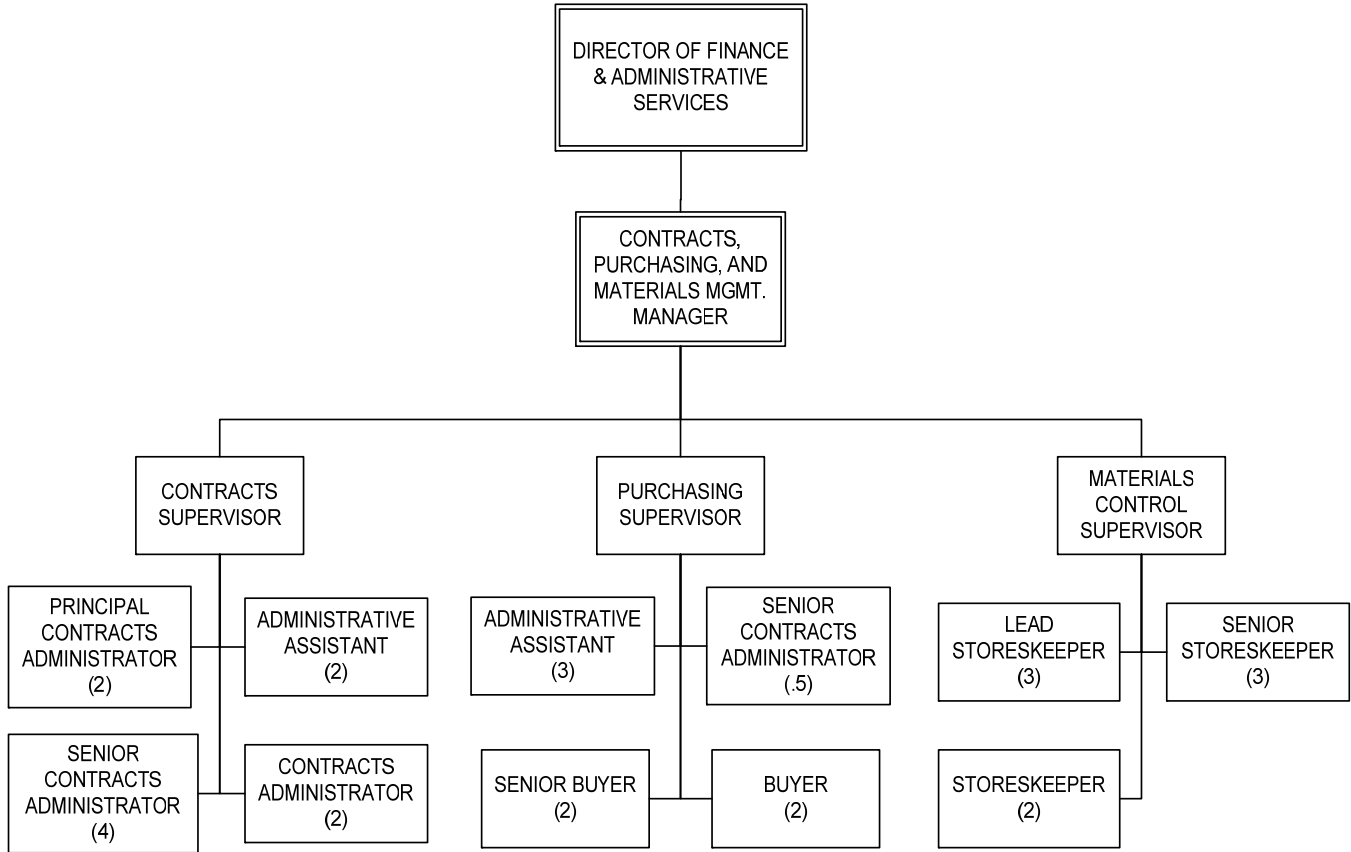
2007-08 Adjusted Budget - Total Operating Requirements	\$ 5,342,160
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	-
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	1,400
Change in OCERS retirement costs	21,800
Change in group insurance costs	17,000
Other benefit cost adjustments	29,500
Other Cost Adjustments:	
Decrease in postage	(228,050)
Decrease in outside printing	(60,900)
Decrease in county service fee	(87,000)
Decrease in temporary services	(10,000)
Decrease in other professional services	(57,380)
Decrease in property/general liability insurance in-lieu premium	(1,086,100)
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	(7,980)
2008-09 Proposed Budget - Total Operating Requirements	\$ 3,874,450
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	100,900
Change in OCERS retirement costs	25,000
Change in group insurance costs	19,700
Other benefit cost adjustments	11,900
Other Cost Adjustments:	
Increase in county service fee	7,000
Decrease in other contractual services	(2,550)
Increase in other professional services	12,410
Increase in property/general liability insurance in-lieu premium	170,000
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	5,750
2009-10 Proposed Budget - Total Operating Requirements	\$ 4,224,560

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 2,032,359	\$ 2,256,600	\$ 2,141,600	\$ 2,326,300	3.09%	\$ 2,483,800	6.77%
Supplies	32,651	326,060	289,060	33,830	(89.62%)	34,040	0.62%
Professional & Contractual Services	526,313	751,400	656,690	599,770	(20.18%)	622,070	3.72%
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	2,076	2,550	850	900	(64.71%)	950	5.56%
Utilities	-	-	-	-	-	-	-
Other	1,470,721	2,005,550	1,999,600	913,650	(54.44%)	1,083,700	18.61%
Total	\$ 4,064,120	\$ 5,342,160	\$ 5,087,800	\$ 3,874,450	(27.47%)	\$ 4,224,560	9.04%



Contracts, Purchasing, & Materials Management

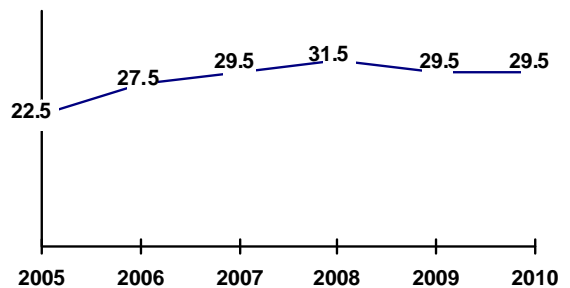


2008-09 & 2009-10 Authorized FTE Positions

Manager	1.0
Supervisors / Professionals	15.5
Administrative & Clerical	13.0

Total 29.5

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The Contracts, Purchasing and Material Management Division's goal is to provide equipment, services and information with the commitment to achieving the highest ethical, economic, and progressive contracts and purchasing standards possible. The division is responsible for contract administration and procurement for all District's departments utilizing request for quotations, request for proposals, open blanket orders, lease agreements, and oversees the sale of surplus equipment. The District's warehouses receive, inventory, and distribute supplies, materials, and equipment to all departments in addition to inventory control and analysis and surplus disposition management.

2007-08 Performance Objectives

- ◆ Continue the cycle count program and maintain a 97% accuracy rate or better
- ◆ Successfully search, edit, and incorporate 500+ new technical or professional services specifications into OCSD's specification library.
- ◆ Obtain the 2006 & 2007 "Achievement of Excellence in Procurement" (AEP) award by meeting all national requirements
- ◆ Materials reorganization at Plants 1 & 2 to improve customer service levels and inventory accuracy
- ◆ Develop a new contracts filing system incorporating all CIP contracts specimens and locate in a new area.

2007-08 Performance Results

- ◆ 97% accuracy rate achieved by the end of the fiscal year.
- ◆ Specification entries reached 275.
- ◆ 2007 AEP award received.
- ◆ Reorganization completed at both plants.
- ◆ New system completed by expansion into mezzanine area.

2008-09 & 2009-10 Performance Objectives

- ◆ Continue the cycle count program and maintain a 97% accuracy rate or better.
- ◆ Obtain the 2008 & 2009 "Achievement of Excellence in Procurement" (AEP) award by meeting all National requirements.
- ◆ Research E-Procurement systems and complete a successful implementation by end of fiscal 2008.
- ◆ Successfully develop a PDSA (Professional Design Service Agreement) Contracts Program by end of fiscal 2009.
- ◆ Successfully revise Delegation of Authority 07-04 and have approved by all Committees and Board by end of fiscal 2009.

Performance Measures

Summary	Performance Measures				Justification
	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	
◆ Cycle Count	97%	97%	97%	97%	APICS standard NPI, NAPM, NIGP, & CAPPO standards.
◆ AEP Award	Obtained	Obtained	Obtain	Obtain	
◆ E-Procurement system	N/A	N/A	Complete	N/A	Internal need to increase productivity.
◆ PDSA Program	N/A	N/A	Preliminary Research	Complete	Final phase of Contracts program.
◆ New DOA	N/A	N/A	Preliminary Research	Complete	Inconsistencies in DOA necessitate revision.

Contracts, Purchasing, & Materials Management

Budget Overview

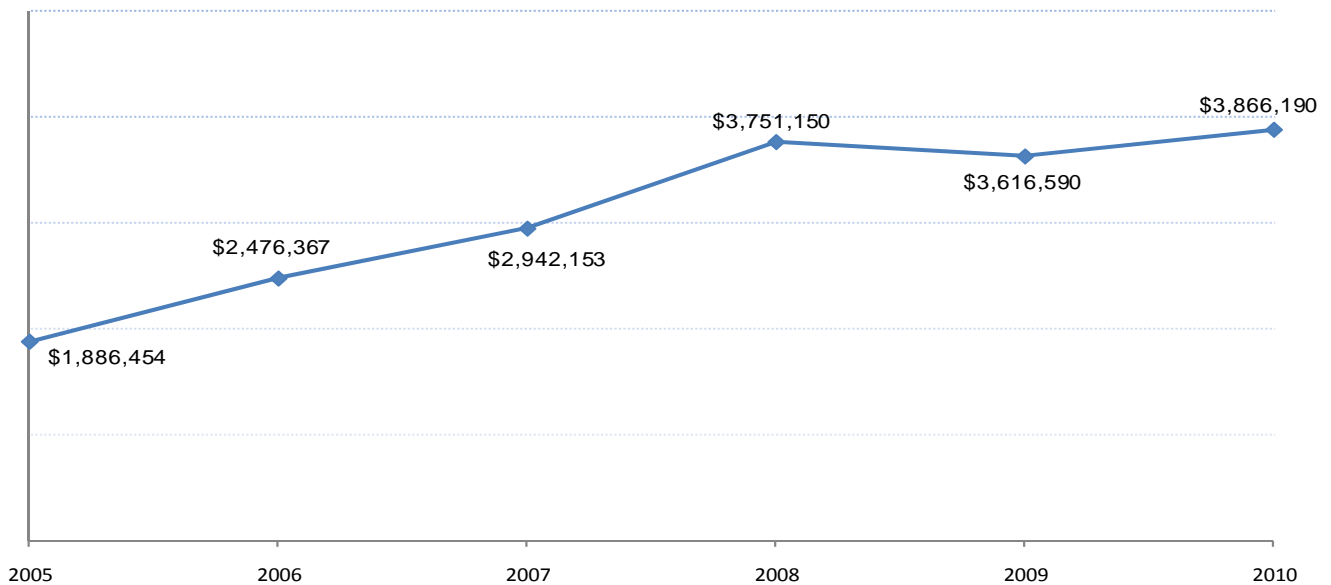
The FY 2008-09 & 2009-10 budgets for the Contracts, Purchasing, & Materials Management Division reflect a decrease of 4% and an increase of 7% over the prior year, respectively. These changes are primarily due to decreased staffing costs as a result of reallocating two positions from contracts administration to other departments.

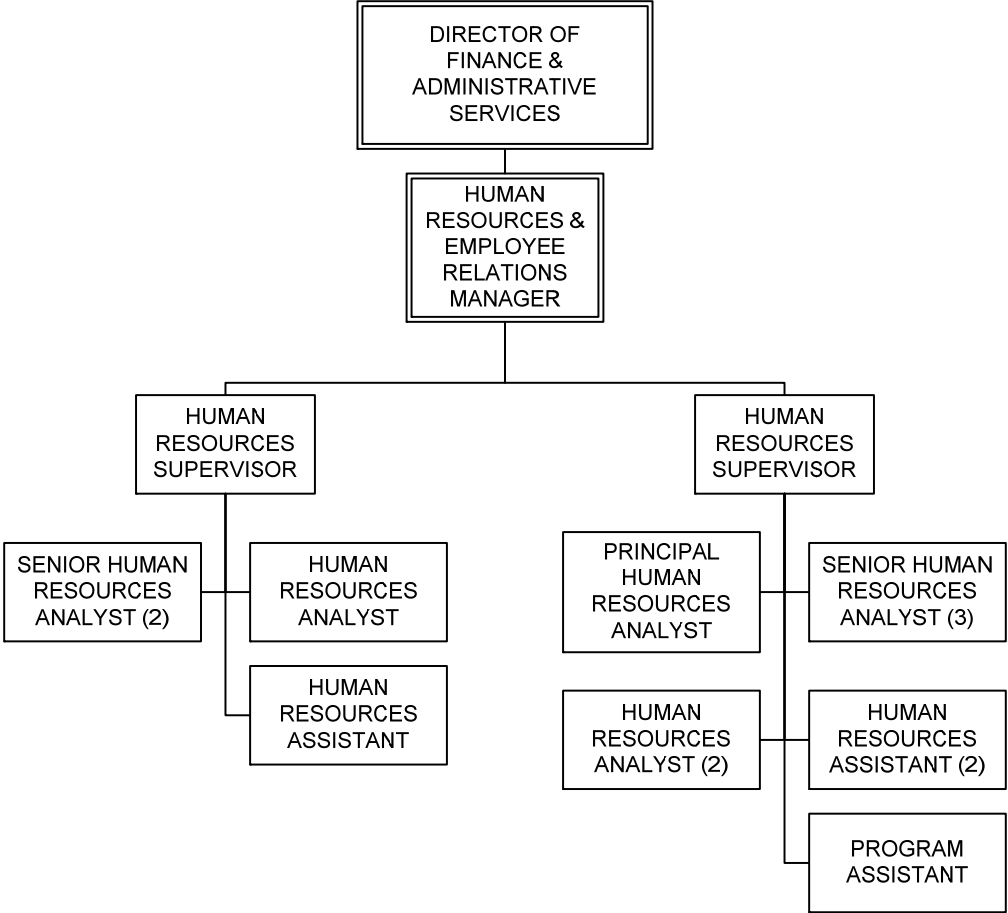
2007-08 Adjusted Budget - Total Operating Requirements	\$ 3,751,150
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	(158,400)
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	73,200
Change in OCERS retirement costs	7,800
Change in group insurance costs	14,600
Other benefit cost adjustments	(9,500)
Other Cost Adjustments:	
Decrease in minor furniture and fixtures	(12,000)
Decrease in in-house reproduction services	(4,000)
Decrease in meetings	(4,000)
Decrease in temporary services	(25,000)
Decrease in legal services	(11,000)
 Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	(6,260)
2008-09 Proposed Budget - Total Operating Requirements	\$ 3,616,590
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	171,400
Change in OCERS retirement costs	41,000
Change in group insurance costs	32,600
Other benefit cost adjustments	19,600
Other Cost Adjustments:	
Decrease in minor furniture and fixtures	(15,000)
 Aggregate change in Other Categories:	
No other cost changes	-
2009-10 Proposed Budget - Total Operating Requirements	\$ 3,866,190

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 2,779,775	\$ 3,489,800	\$ 3,191,800	\$ 3,417,500	(2.07%)	\$ 3,682,100	7.74%
Supplies	45,417	80,350	42,890	56,590	(29.57%)	41,590	(26.51%)
Professional & Contractual Services	71,336	136,000	100,500	100,500	(26.10%)	100,500	-
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	887	3,500	1,000	1,000	(71.43%)	1,000	-
Utilities	-	-	-	-	-	-	-
Other	44,738	41,500	46,000	41,000	(1.20%)	41,000	-
Total	\$ 2,942,153	\$ 3,751,150	\$ 3,382,190	\$ 3,616,590	(3.59%)	\$ 3,866,190	6.90%

Expenditure Trends



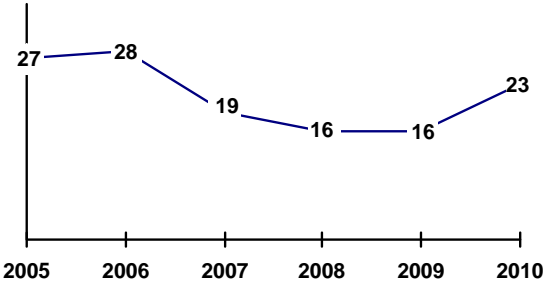


2008-09 & 2009-10 Authorized FTE Positions

Manager	1.00
Supervisors / Professionals	12.00
Administrative/Clerical	3.00

Total 16.00

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

We enable OCSD to meet its purpose by attracting and retaining a high quality workforce, and providing development opportunities.

2007-08 Performance Objectives

- ◆ Manage Department budget within 90-100% of authorized expenditures.
- ◆ Manage the Meet and Confer process.
- ◆ Manage Division Performance Objectives.
- ◆ Develop and implement a Leadership Academy.
- ◆ Manage staffing within authorized levels.
- ◆ Implement a Succession Management Program.

2007-08 Performance Results

- ◆ The Department budget is 48.3% expended as of 2/29/08. Project 90% or higher by the end of the fiscal year.
- ◆ Ensure 100% compliance with external and internal regulatory requirements.
- ◆ All objectives met.
- ◆ Implemented February 2008.
- ◆ Managed within Board authorized level.
- ◆ Pilot program implemented August 2007.

2008-09 & 2009-10 Performance Objectives

- ◆ Meet the training level of service of 45 hours per employee by June 2009 and June 2010.
- ◆ Sustain succession management program through June 2010.
- ◆ Implement NEOGov Applicant Tracking System by September 2008.
- ◆ Sustain the Leadership Academy through June 2010.
- ◆ Recommend management total compensation system by August 2008.
- ◆ Develop labor relations plan for MOU expiration by June 2009.
- ◆ Recommend reinvention of staffing program by March 2009.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Meet the training level of service.	N/A	N/A	45 hrs. per employee	45 hrs. per employee	Strategic Plan
◆ Sustain the Succession Management Program.	N/A	Implement	Sustain	Sustain	Organizational change
◆ Implement the NEOGov Applicant Tracking System.	N/A	Implement	N/A	N/A	Best management practice
◆ Sustain the Leadership Academy.	N/A	Implement	Sustain	Sustain	Organizational change
◆ Recommend management total compensation system.	N/A	Develop	Implement	Implement	Best management practice
◆ Develop labor relations plan for MOU expiration	N/A	N/A	Develop	Implement	Organizational Change
◆ Recommend reinvention of staffing program.	N/A	N/A	Develop	Implement	Best management practice

Human Resources

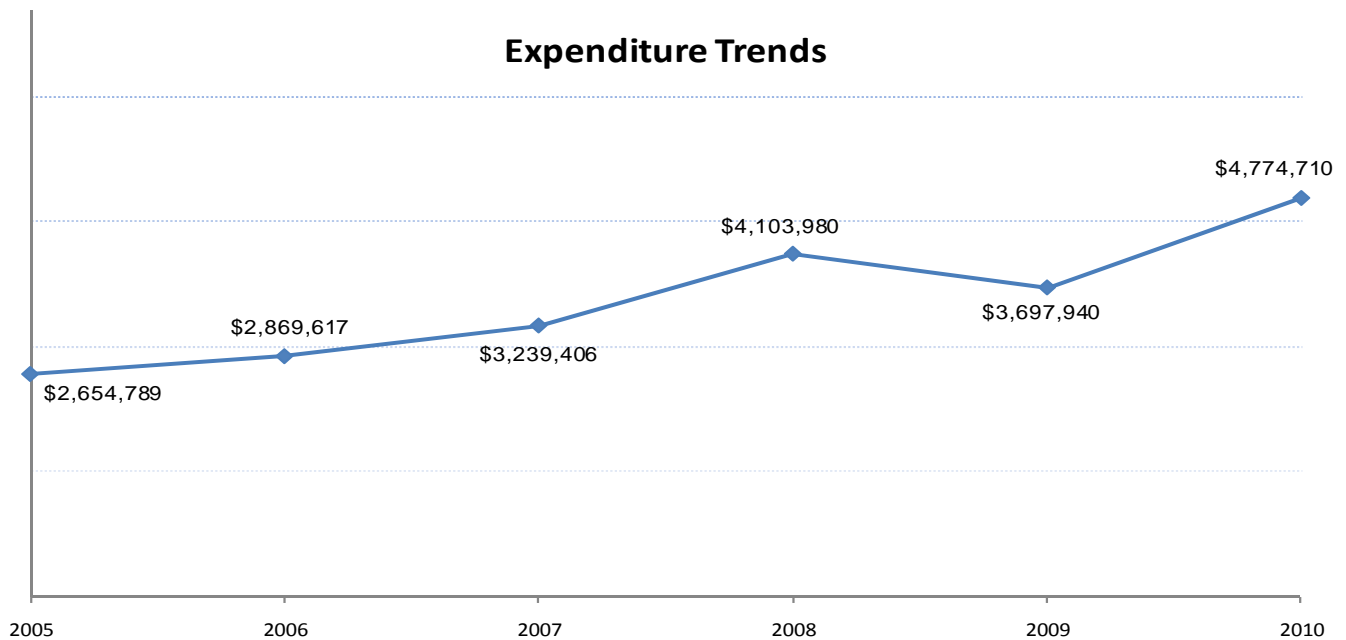
Budget Overview

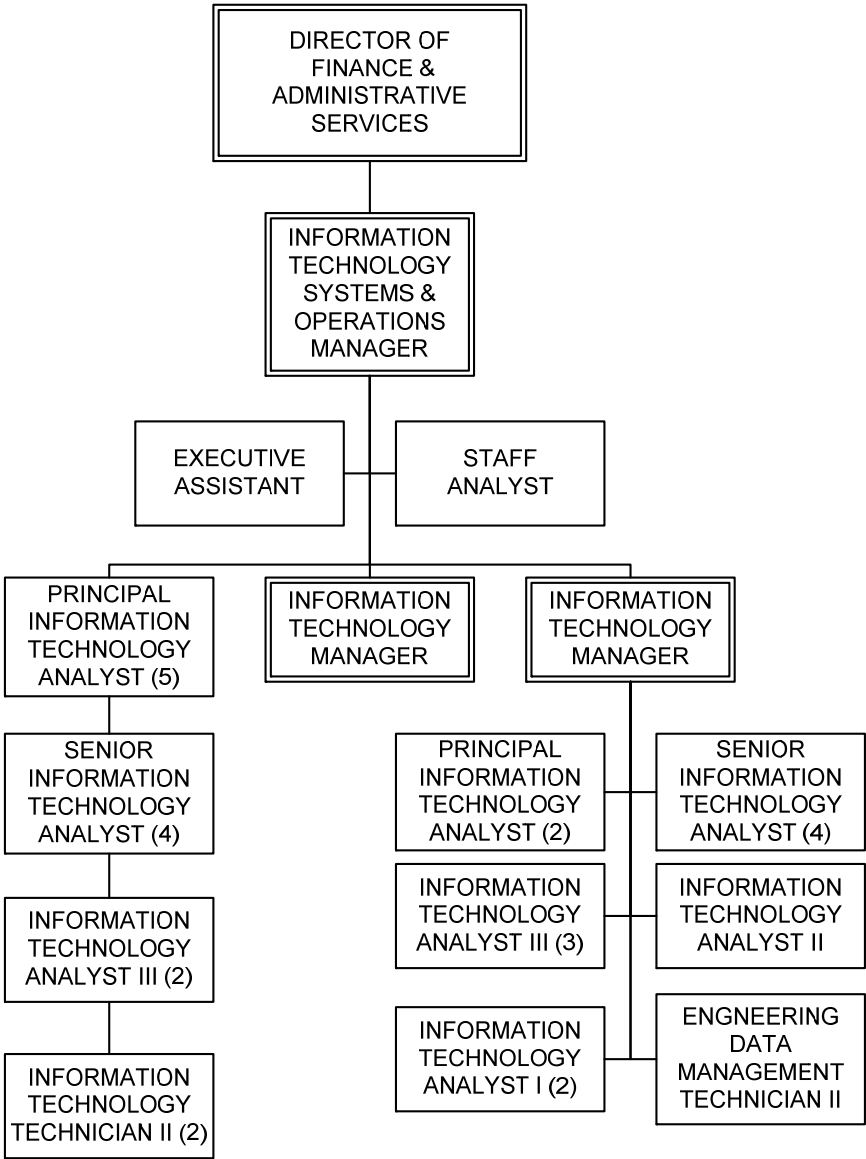
The FY 2008-09 & 2009-10 budgets for the Human Resources Division reflect a decrease of 10% and an increase of 29% over the prior year, respectively. The decrease is mainly due to staff reallocations during FY 2007-08. The increase in FY 2009-10 is primarily due to reflecting the planned District-wide increase of 7 FTE positions in this division for budget purposes until specific positions and divisional assignment are determined.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 4,103,980
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	-
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	(65,800)
Change in OCERS retirement costs	3,100
Change in group insurance costs	21,800
Other benefit cost adjustments	(405,460)
Other Cost Adjustments:	
Increase in training	26,100
Increase in temporary services	11,500
Increase in legal services	8,400
Decrease in labor negotiation services	(20,000)
Increase in other professional services	11,700
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	2,620
2008-09 Proposed Budget - Total Operating Requirements	\$ 3,697,940
Salaries for Position Changes:	
New or (decreased) FTE (Specific positions to be determined)	658,100
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	98,000
Change in OCERS retirement costs	187,800
Change in group insurance costs	106,000
Other benefit cost adjustments	16,500
Other Cost Adjustments:	
Increase in other professional services	10,000
Aggregate change in Other Categories:	
No other cost changes	370
2009-10 Proposed Budget - Total Operating Requirements	\$ 4,774,710

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 2,023,469	\$ 2,806,360	\$ 2,228,230	\$ 2,360,000	(15.91%)	\$ 3,426,400	45.19%
Supplies	923,103	933,920	925,870	957,140	2.49%	957,510	0.04%
Professional & Contractual Services	266,074	335,000	292,100	343,600	2.57%	353,600	2.91%
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Other	26,760	28,700	28,000	37,200	29.62%	37,200	-
Total	\$ 3,239,406	\$ 4,103,980	\$ 3,474,200	\$ 3,697,940	(9.89%)	\$ 4,774,710	29.12%



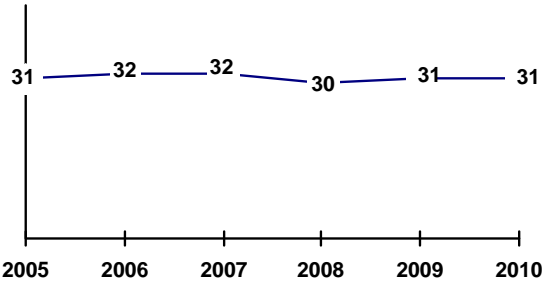


2008-09 & 2009-10 Authorized FTE Positions

Manager	3.0
Supervisors / Professionals	25.0
Technical Staff	2.0
Administrative/Clerical	1.0

Total 31.0

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The Information Technology Division provides support to the users of District's Information Technology related assets and services as well as developing and implementing technology solutions that best meet the needs of the District. The Division procures and manages computer hardware/software and provides end user support with a HELP Desk that performs computer and telecommunications installations, moves, and changes. The Division is also responsible for the design, installation, maintenance, troubleshooting, and upgrades of all networking infrastructure components and back-end computer system, wireless connectivity, plant radio/public address, fire/security, reprographics, and mailroom services. Additionally, this Division works closely with every Department and Division in developing an understanding of the organization's software application and information requirements and providing systems analysis and design, custom computer programming, system implementation and integration, and database/data warehousing availability and support.

2007-08 Performance Objectives

- ◆ Replace obsolete computers.
- ◆ Complete category 1 & 2 Internal Service Level Agreement (SLA) at 100% and category 3 & 4 SLA at 90%.
- ◆ Establish a software-based collaboration infrastructure.
- ◆ Maintain an average uptime or availability of 95% for all Oracle and Microsoft SQL Server computer database-related services.
- ◆ Meet 75% of all IT project milestones and strategic goals by targeted due dates.

2007-08 Performance Results

- ◆ Replaced computers less than 4 years old.
- ◆ Category 1 & 2 at 99%; category 3 & 4 at 94%.
- ◆ Microsoft Office SharePoint Server is installed, configured, and in production.
- ◆ Projected uptime availability is 95%.
- ◆ Projected to achieve 80% of project milestones.

2008-09 & 2009-10 Performance Objectives

- ◆ Uphold and endorse OCSD's Strategic Plan Levels of Service (LOS); ascertain the measurement of IT Strategic Plan (ITSP) target achievement based on the importance and completion of goals supporting the LOS in the OCSD Strategic Plan.
- ◆ Complete 80% of ITSP Planned Annual Objectives.
- ◆ Replace obsolete computing equipment.
- ◆ Reduce existing licenses/maintenance agreements by 10%.
- ◆ Maintain an average uptime of 90% for critical applications.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Maintain internal SLA	n/a	n/a	expected	expected	In-house standard
◆ IT Strategic Plan Objectives	n/a	n/a	12 objectives	12 objectives	IT Strategic Plan
◆ Critical systems availability	n/a	n/a	90%	90%	Minimum business impact
◆ Security patches applied	n/a	n/a	48 hrs.	48 hrs.	Network security
◆ Replace obsolete computers	n/a	n/a	25% of total computers	25% of total computers	Service level agreement

Information Technology

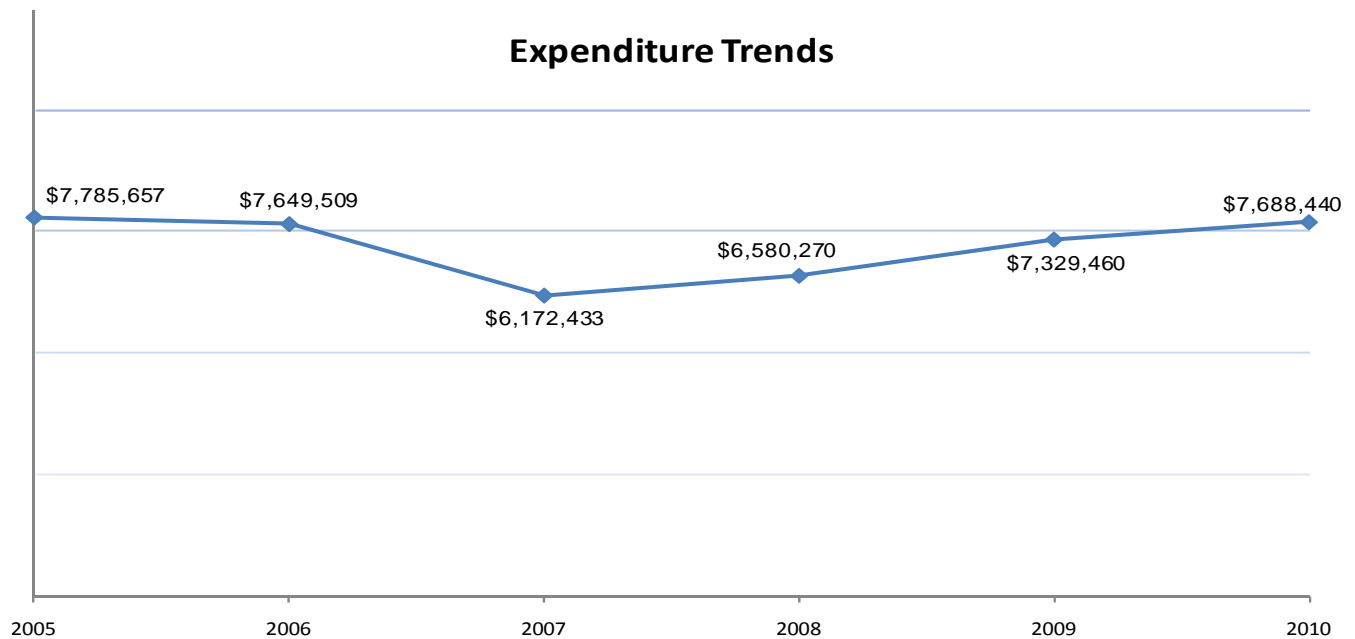
Budget Overview

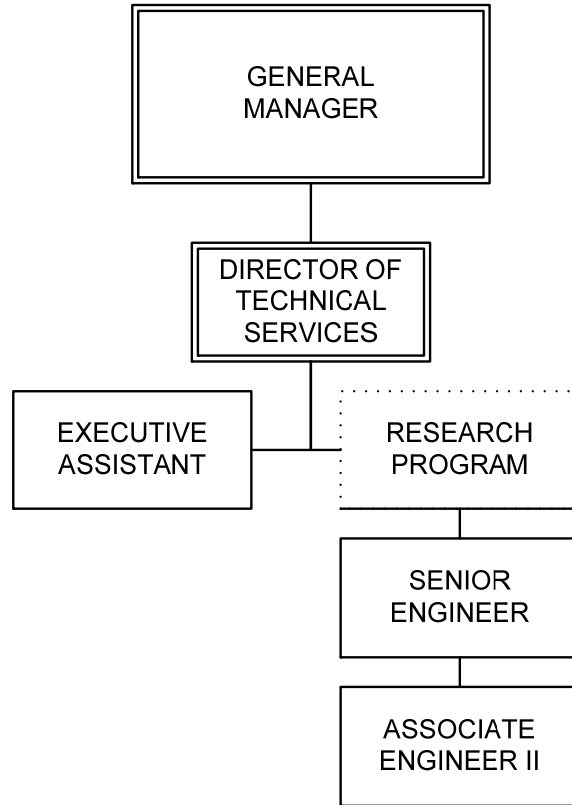
The FY 2008-09 & 2009-10 budgets for the Information Technology Division reflect increases of 11% and 5% over the prior year, respectively. The increases are primarily due to anticipated annual salary and benefit adjustments and to an expected increase in the cost of software licensing and maintenance agreements. There is also an increase related to the transfer of 1 FTE position into this Division in FY 2008-09.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 6,580,270
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	84,800
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	217,400
Change in OCERS retirement costs	113,300
Change in group insurance costs	57,200
Other benefit cost adjustments	10,500
Other Cost Adjustments:	
Increase in postage (transferred from Divisions 151 and 152)	55,000
Increase in small computer items	60,000
Decrease in other contractual services	(10,000)
Decrease in ERP support (costs transferred to software program consulting)	(247,160)
Increase in software program consulting	259,800
Decrease in other professional services	(14,000)
Increase in service maintenance agreements	121,750
Increase in telephone	48,500
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	(7,900)
2008-09 Proposed Budget - Total Operating Requirements	\$ 7,329,460
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	187,200
Change in OCERS retirement costs	46,500
Change in group insurance costs	34,200
Other benefit cost adjustments	20,600
Other Cost Adjustments:	
Increase in service maintenance agreements	70,000
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	480
2009-10 Proposed Budget - Total Operating Requirements	\$ 7,688,440

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 3,825,054	\$ 3,908,900	\$ 4,029,300	\$ 4,392,100	12.36%	\$ 4,680,600	6.57%
Supplies	883,713	964,460	949,750	1,077,360	11.71%	1,077,840	0.04%
Professional & Contractual Services	177,423	352,360	437,540	340,000	(3.51%)	340,000	-
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	1,088,617	1,148,250	1,148,250	1,270,000	10.60%	1,340,000	5.51%
Utilities	194,362	201,500	240,000	250,000	24.07%	250,000	-
Other	3,264	4,800	-	-	(100.00%)	-	-
Total	\$ 6,172,433	\$ 6,580,270	\$ 6,804,840	\$ 7,329,460	11.39%	\$ 7,688,440	4.90%



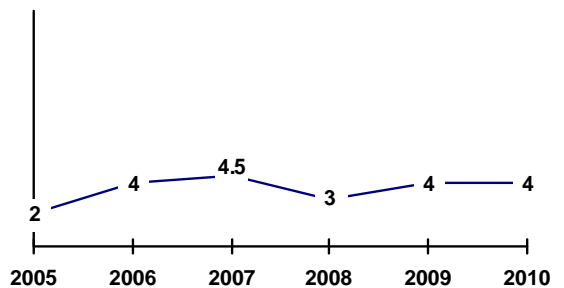


2008-09 & 2009-10 Authorized FTE Positions

Executive Manager	1.0
Supervisors/Professionals	2.0
Administrative / Clerical	1.0

Total 4.0

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The mission of the Technical Services Administration and Research Division is to provide leadership on environmental issues for the District to oversee the functions of the Environmental Compliance and Regulatory Affairs Division, Environmental Sciences and Ocean Monitoring Division, Source Control Division, and the Research Program. This includes overseeing strategic planning of issue management and day to day operations. The Director of Technical Services is responsible for all regulatory issues related to air, land and water quality protection and provides support to the District's legislative advocacy and grants programs. The Director is the Department liaison with the Executive Management Team and the Board of Directors. The Technical Services Department provides environmental support services to other departments to accomplish the mission and goals of the District.

2007-08 Performance Objectives

- ◆ Ensure reporting divisions achieve 90%+ of the year's performance objectives.
- ◆ Ensure the Technical Services Department's expenditures are managed within 90% -100% of the proposed budget.
- ◆ Ensure reporting divisions achieve 90%+ of strategic goals and objectives.
- ◆ Secure at least \$250,000 in grant funds for OCSD.

2007-08 Performance Results

- ◆ Reporting divisions achieved performance objectives at 95%-100% through February 2008.
- ◆ Total operating expenditures on target at 60.90% through February 2008.
- ◆ Projects completed at 100%.
- ◆ This objective is the responsibility of Division 150.

2008-09 & 2009-10 Performance Objectives

- ◆ Ensure reporting divisions achieve 90%+ of the year's performance objectives.
- ◆ Ensure the Technical Services Department's expenditures are managed within 90% -100% of the proposed budget.
- ◆ Ensure reporting divisions achieve 90%+ of strategic goals and objectives.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Performance objectives	100%	95-100%	90%	90%	In-house standard
◆ Manage expenditures	100%	90-100%	90-100%	90-100%	In-house standard
◆ Strategic goals and objectives	100%	100%	90%	90%	In-house standard

Technical Services Administration & Research

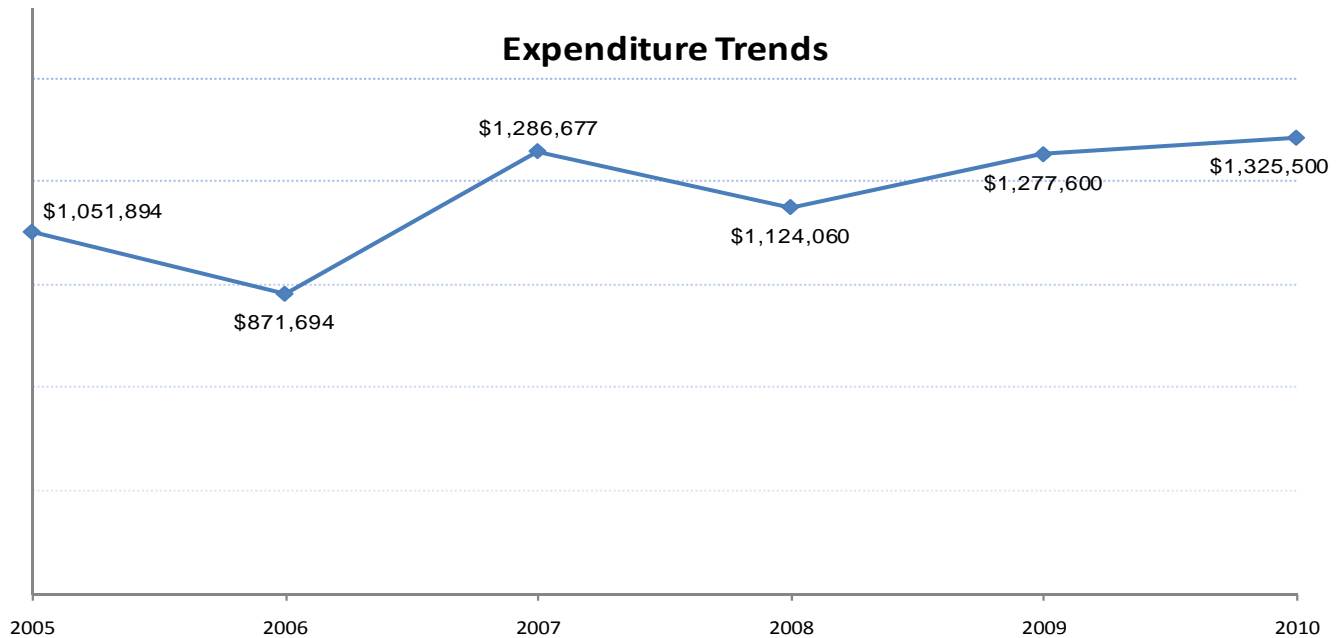
Budget Overview

The FY 2008-09 & 2009-10 budgets for the Technical Services Administration and Research Division reflect increases of 14% and 4% from the prior year, respectively. The increase is primarily due to increased research costs. The impact of the 1 FTE position transferred to this Division is largely offset by the effect of staff reallocations in FY 2007-08.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 1,124,060
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	34,000
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	1,700
Change in OCERS retirement costs	14,400
Change in group insurance costs	14,900
Other benefit cost adjustments	(800)
Other Cost Adjustments:	
Decrease in memberships (\$10,000 transferred to Division 740)	(10,350)
Increase in meetings	3,760
Increase in research costs	97,820
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	(1,890)
2008-09 Proposed Budget - Total Operating Requirements	\$ 1,277,600
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	31,400
Change in OCERS retirement costs	7,800
Change in group insurance costs	4,600
Other benefit cost adjustments	2,600
Other Cost Adjustments:	
Decrease in minor furniture and fixtures	(2,500)
Increase in research costs	4,000
Aggregate change in Other Categories:	
No other cost changes	-
2009-10 Proposed Budget - Total Operating Requirements	\$ 1,325,500

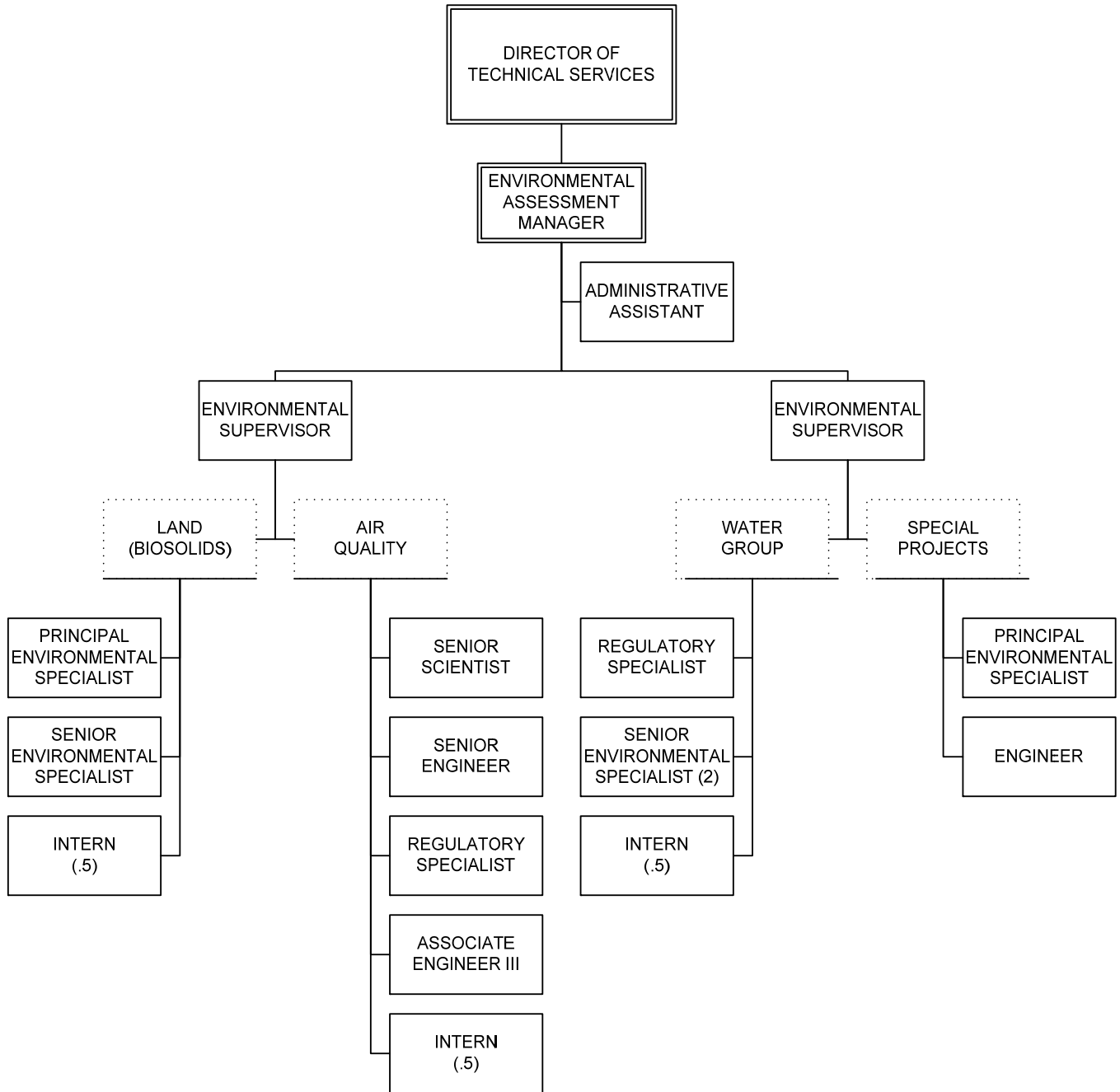
2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 302,357	\$ 559,100	\$ 554,500	\$ 623,300	11.48%	\$ 669,700	7.44%
Supplies	20,909	34,120	18,260	25,790	(24.41%)	23,290	(9.69%)
Professional & Contractual Services	273,498	6,000	6,000	6,000	-	6,000	-
Research & Monitoring	689,751	524,440	524,440	622,260	18.65%	626,260	0.64%
Repairs & Maintenance	-	200	-	-	(100.00%)	-	-
Utilities	-	-	-	-	-	-	-
Other	162	200	160	250	25.00%	250	-
Total	\$ 1,286,677	\$ 1,124,060	\$ 1,103,360	\$ 1,277,600	13.66%	\$ 1,325,500	3.75%



Environmental Compliance & Regulatory Affairs

620

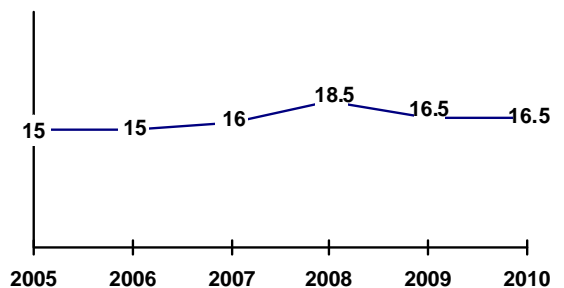


2008-09 & 2009-10 Authorized FTE Positions

Manager	1.00
Supervisors / Professionals	13.00
Administrative / Clerical	1.00
Intern	1.50

Total 16.50

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The Environmental Compliance and Regulatory Affairs Division (ECRA) protects public health and the environment by securing and maintaining permits from regulatory agencies for activities that may impact climate, air quality, land, and wastewater. ECRA is responsible for assuring that the District maintains compliance with all wastewater, air quality/climate change and residual-related rules, regulations and permit requirements; implementation of the recommendations of the Long-Term Biosolids Management Plan; oversight of biosolids management contractors' operations; auditing and evaluating plant processes and compliance activities; evaluating and proactively developing new regulations; and building positive relationships with the regulatory community and the public.

2007-08 Performance Objectives	2007-08 Performance Results
<ul style="list-style-type: none"> ◆ Meet 100% of regulatory deadlines for required compliance reports and applications ◆ Conduct four (4) environmental audits ◆ Perform interim audit of the EMS program by the NBP's required date ◆ Evaluate biosolids compliance data and produce a timely annual report ◆ ECAP – Test SharePoint, Go No-Go decision, begin implementation of SharePoint or alternative 	<ul style="list-style-type: none"> ◆ Met performance goals ◆ In progress, four (4) planned to be completed by the end of fiscal year ◆ Met performance goals ◆ Met performance goals ◆ Testing completed and SharePoint will be used for ECAP

2008-09 & 2009-10 Performance Objectives

- ◆ Complete NPDES permit renewal application on time by April 2009
- ◆ Complete implementation of ECAP in all core environmental areas with active dashboard as required by the District's Strategic Initiative
- ◆ Meet 100% of regulatory deadlines for required compliance reports and permit applications
- ◆ Complete the development of a Greenhouse Gas emission inventory protocol and represent the District's interest in the development of climate change regulations as required by the District's Strategic Initiative on Climate Change
- ◆ Monitor the development of technologies for the remaining one-third of the District's biosolids production and select a management option as part of the Sustainable Biosolids Program's Strategic Initiative

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ NPDES Permit Renewal	N/A	Begin process and budget	Complete renewal application	Conduct negotiation of permit	Required for continuous operation by regulatory agencies
◆ ECAP Implementation	Conducted feasibility analysis	Test SharePoint and decide on software	Implement core environmental areas with dashboard	Implement other areas as agreed to with management	Strategic Initiative Goal
◆ Meet 100% of regulatory deadlines	100%	100%	100%	100%	In-house standard / Regulatory Requirement
◆ Implement a new biosolids management technology for the remaining 1/3 of OCSO biosolids.	N/A	N/A	RFP process in progress	New management option contract	Level of service conformance and Strategic Initiative
◆ Development of Greenhouse Gas emission inventory protocol / represent District's interest in development of climate change regulations	N/A	N/A	Submit annual GHG emissions inventory to CARB	Submit annual GHG emissions inventory to CARB	Regulatory requirement & part of District Strategic Initiative on Climate Change

Environmental Compliance & Regulatory Affairs

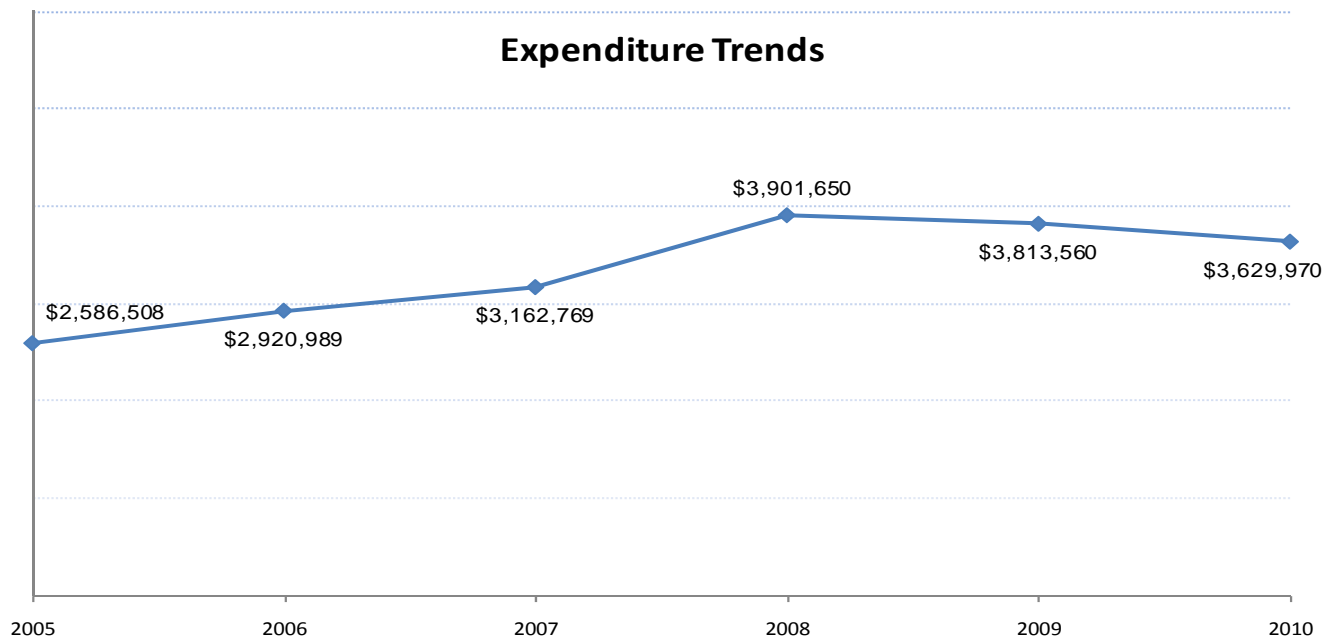
Budget Overview

The FY 2008-09 & 2009-10 budgets for the Environmental Compliance & Regulatory Affairs Division reflect decreases of 2% and 5% over the prior year, respectively. The decrease due to the reduction of 2 FTE positions is largely offset by net increases in other categories such as legal and other professional services as well as regulatory operating fees transferred into this Division. The costs for legal and other professional services are expected to decrease in FY 2009-10.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 3,901,650
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	(192,700)
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	(392,700)
Change in OCERS retirement costs	(113,600)
Change in group insurance costs	(22,900)
Other benefit cost adjustments	13,850
Other Cost Adjustments:	
Decrease in in-house reproduction services	(6,240)
Decrease in outside printing services	(4,030)
Increase in property tax fees (costs transferred from Division 840)	33,000
Increase in temporary services	25,000
Increase in legal services	180,000
Increase in auditing fees	86,000
Increase in engineering services	10,000
Decrease in environmental scientific consulting	(25,000)
Increase in advocacy efforts	15,000
Increase in other professional services	192,000
Decrease in environmental monitoring & research costs	(93,300)
Increase in regulatory operating fees (transferred from Division 840)	215,000
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	(7,470)
2008-09 Proposed Budget - Total Operating Requirements	\$ 3,813,560
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	88,500
Change in OCERS retirement costs	22,000
Change in group insurance costs	16,800
Other benefit cost adjustments	9,900
Other Cost Adjustments:	
Decrease in temporary services	(25,000)
Decrease in legal services	(205,000)
Decrease in auditing fees	(10,000)
Decrease in other professional services	(150,000)
Increase in environmental monitoring & research costs	40,000
Increase in regulatory operating fees	26,000
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	3,210
2009-10 Proposed Budget - Total Operating Requirements	\$ 3,629,970

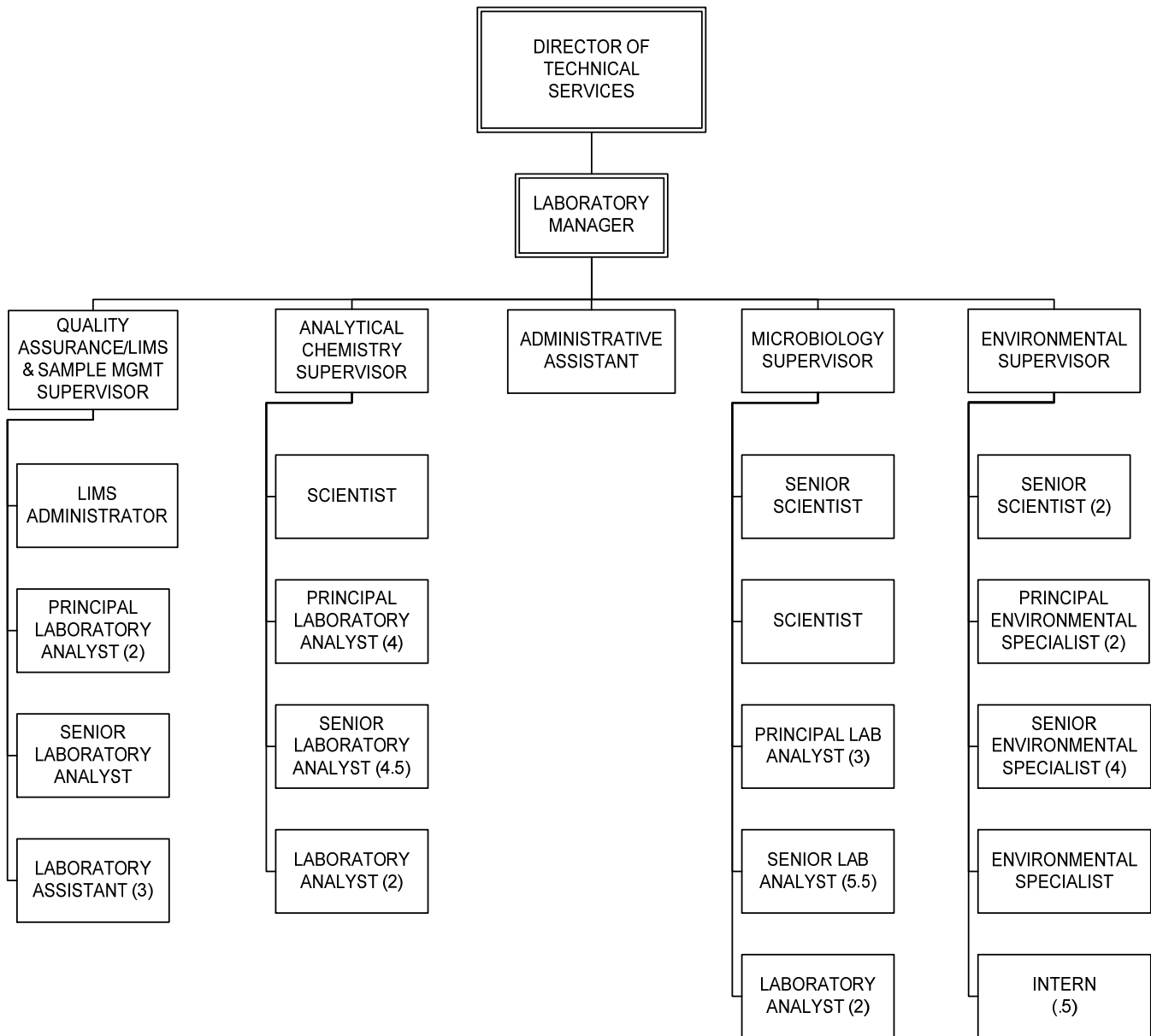
2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 2,006,990	\$ 3,021,150	\$ 2,336,800	\$ 2,313,100	(23.44%)	\$ 2,450,300	5.93%
Supplies	110,622	69,950	55,650	87,460	25.03%	90,670	3.67%
Professional & Contractual Services	312,322	216,000	151,000	699,000	223.61%	309,000	(55.79%)
Research & Monitoring	653,714	358,300	226,000	265,000	(26.04%)	305,000	15.09%
Repairs & Maintenance	38,213	4,600	4,600	4,500	(2.17%)	4,500	-
Utilities	-	-	-	-	-	-	-
Other	40,908	231,650	231,100	444,500	91.88%	470,500	5.85%
Total	\$ 3,162,769	\$ 3,901,650	\$ 3,005,150	\$ 3,813,560	(2.26%)	\$ 3,629,970	(4.81%)



Environmental Laboratory and Ocean Monitoring

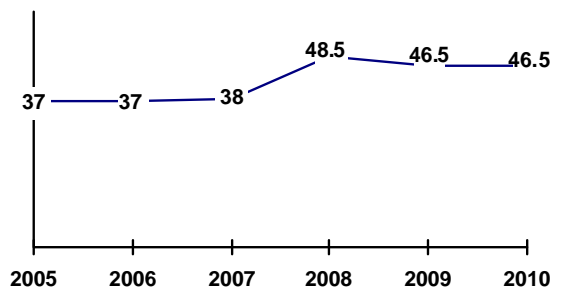
630



2008-09 & 2009-10 Authorized FTE Positions

Manager	1.0
Supervisors / Professionals	41.0
Administrative / Clerical	1.0
Technical Staff	3.0
Intern	0.5
Total	46.5

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

Provide laboratory testing services and data interpretation to OCSD customers in order to monitor the operation of the wastewater treatment plant, the impact of treated and discharged wastewater on the receiving waters, and to assure compliance to regulations within the Ocean Discharge Permit.

2007-08 Performance Objectives

- ◆ Meet test/FTE standards within 10% of FY 06/07. Meet benchmark standard within 10% variance. Meet turnaround time standard-10% variance.
- ◆ Compliance test standards 95% correct on first and 100% on second attempt.
- ◆ Complete GWR removal study by 6/30/08.
- ◆ Manage division cost within 10% of budget
- ◆ Collect/test all ocean monitoring samples as scheduled. File Annual Report by March 1.

2007-08 Performance Results

- ◆ YTD through February performance above previous year and benchmark standards. Turnaround time standard met.
- ◆ All compliance test samples (about 80) accurately analyzed on first attempt.
- ◆ Phases I & II complete and report in preparation. Phase III delayed for GWR technical reasons and will be rescheduled.
- ◆ Through February, expenses 8% underbudget
- ◆ All samples collected on schedule. Annual Report filed with regulators on schedule.

2008-09 & 2009-10 Performance Objectives

- ◆ Meet test/FTE standards within 10% of FY 06/07. Meet benchmark standard within 10% variance. Meet turnaround time standard-10% variance.
- ◆ Compliance test standards 95% correct on first and 100% on second attempt.
- ◆ Manage division cost to within 10% of budget
- ◆ Support GWR routine monitoring requirements as defined by project goals.
- ◆ Collect and test all sediment and water quality ocean samples according to schedule. File Annual Report with regulators by March 1.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Lab Standards	100%	100%	95%	95%	In house standard
◆ Lab Productivity	113%	95%	95%	95%	In house standard
◆ OMP Productivity	100%	100%	100%	100%	Compliance/In house standard
◆ Budget vs actual	96%	95%	100%	100%	Percent of budget spent
◆ GWR Goals	NA	90%	90%	90%	Percent of goal complete

Environmental Laboratory and Ocean Monitoring

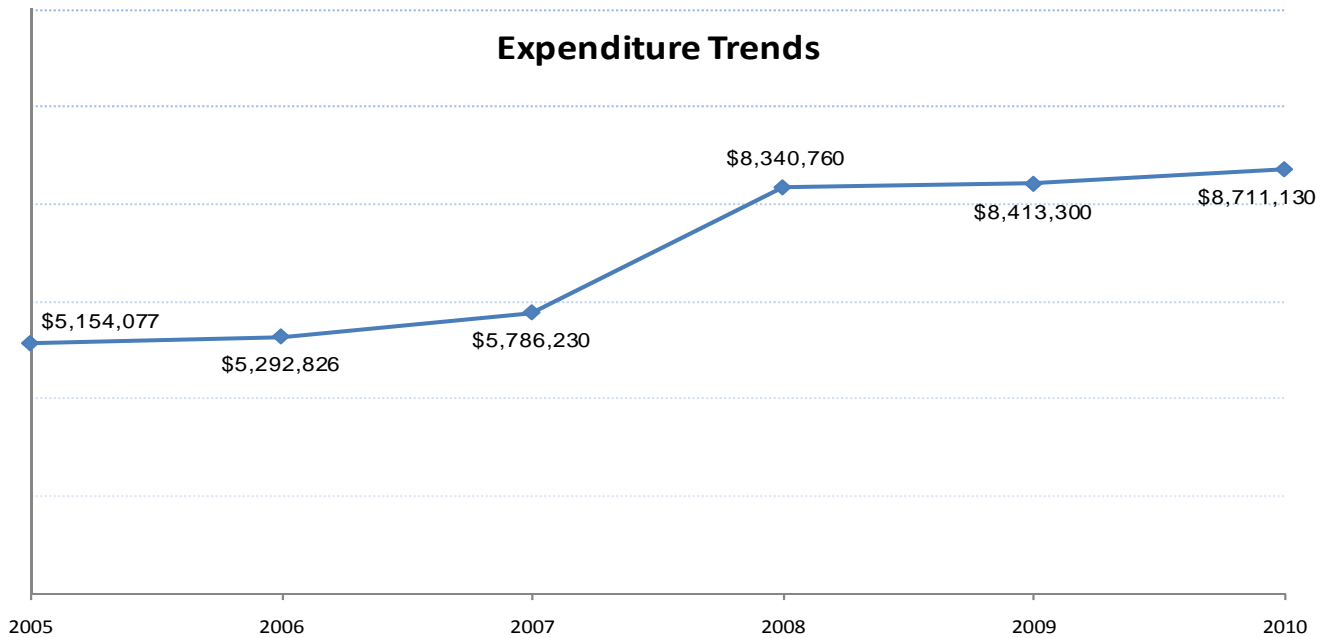
Budget Overview

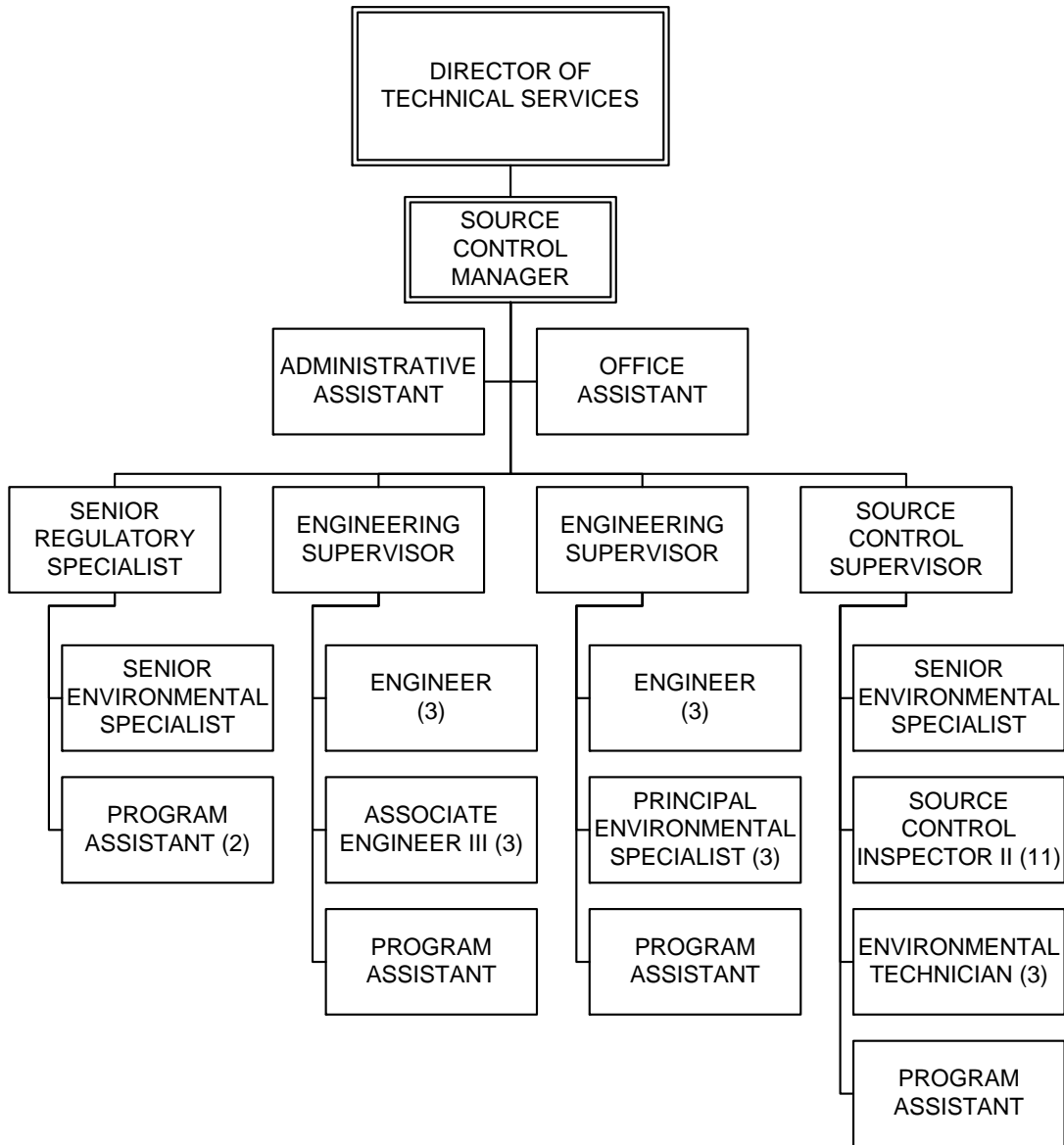
The FY 2008-09 & 2009-10 budgets for the Environmental Laboratory and Ocean Monitoring Division reflect increases of 1% and 4% over the prior year, respectively. The increases are mainly due to the anticipated annual salary and benefit adjustments. The increase is partially offset in FY 2008-09 by the reallocation of two interns and a program assistant for a reduction of 2 FTEs in this division. Further offset is achieved through a decrease in strategic process studies within the area of environmental monitoring.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 8,340,760
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	(79,400)
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	132,000
Change in OCERS retirement costs	75,600
Change in group insurance costs	55,600
Other benefit cost adjustments	2,600
Other Cost Adjustments:	
Increase in meetings	6,450
Increase in gas, diesel, & oil	8,600
Decrease in tools	(10,000)
Increase in outside lab services	21,000
Increase in temporary services	10,000
Decrease in auditing fees	(104,000)
Decrease in environmental scientific consulting	(12,000)
Increase in other professional services	30,000
Decrease in environmental monitoring & research costs	(150,850)
Increase in repairs and maintenance	17,200
Increase in service maintenance agreements	47,180
Increase in insurance premiums	18,000
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	4,560
2008-09 Proposed Budget - Total Operating Requirements	\$ 8,413,300
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	226,700
Change in OCERS retirement costs	56,000
Change in group insurance costs	50,300
Other benefit cost adjustments	30,600
Other Cost Adjustments:	
Increase in laboratory chemicals	14,500
Increase in temporary services	(8,200)
Decrease in environmental scientific consulting	(16,000)
Decrease in other professional services	(30,000)
Decrease in environmental monitoring & research costs	(60,550)
Increase in repairs and maintenance	19,750
Increase in electricity	14,000
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	730
2009-10 Proposed Budget - Total Operating Requirements	\$ 8,711,130

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 4,306,964	\$ 5,898,000	\$ 5,924,900	\$ 6,084,400	3.16%	\$ 6,448,000	5.98%
Supplies	752,296	738,440	731,140	746,650	1.11%	758,580	1.60%
Professional & Contractual Services	144,338	345,000	166,000	290,000	(15.94%)	238,400	(17.79%)
Research & Monitoring	466	690,000	346,000	539,150	(21.86%)	478,600	(11.23%)
Repairs & Maintenance	186,579	218,820	276,000	283,200	29.42%	301,950	6.62%
Utilities	370,775	390,000	390,000	396,000	1.54%	410,000	3.54%
Other	24,812	60,500	57,770	73,900	22.15%	75,600	2.30%
Total	\$ 5,786,230	\$ 8,340,760	\$ 7,891,810	\$ 8,413,300	0.87%	\$ 8,711,130	3.54%



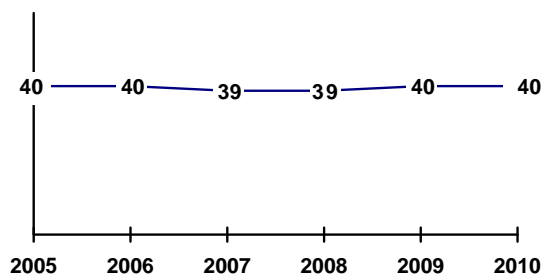


2008-09 & 2009-10 Authorized FTE Positions

Manager	1.0
Supervisors / Professionals	18.0
Administrative / Clerical	7.0
Technical Staff	14.0

Total 40.0

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The Source Control Division is responsible for administering and enforcing the District's Ordinance and General Pretreatment Regulations by administering extensive permitting, monitoring, inspection, compliance screening, follow-up enforcement, and reporting programs to regulate industrial discharges into sewer facilities. During the past few years, the division's responsibilities and functions have been expanded to comply with the newly added regulatory mandates and the District's goal of participating in the overall management of the region's water resources. The expansion includes the addition of 1) Urban Runoff program to improve the condition of the regional coastal area by accepting runoff from storm diversions, 2) Fat, Oil and Grease (FOG) Program to eliminate the sewerage blockages and spill resulted from grease discharge from food establishments, and 3) Non-point Source Control Program to control pollutants of concern from drinking water perspective.

2007-08 Performance Objectives

- ◆ Conduct monitoring of industrial facilities within 95% of the benchmark.
- ◆ Conduct 100% enforcement action and follow-up monitoring within 30 days of each noncompliance event.
- ◆ Issue and renew 100% of the industrial wastewater permits prior to the expiration date.
- ◆ Coordinate the efforts by a consultant to conduct Industrial Wastewater Treatment Operator Training Courses as budgeted.
- ◆ Conformance with the biosolids EMS Program as it pertains to Source Control program.
- ◆ Develop a Non-Industrial program to control pollutants of concern from a drinking water perspective.

2007-08 Performance Results

- ◆ Staff conducted monitoring of industrial facilities within an average of over 95% of the benchmark.
- ◆ Staff conducted 100% enforcement action and follow-up monitoring within 30 days of each noncompliance event.
- ◆ Staff issued and renewed 100% of the industrial wastewater permits prior to the expiration date.
- ◆ Due to process of Request for Proposal in hiring a consultant, about half of the Wastewater Treatment Operator Training Courses were completed successfully utilizing about half of budgeted amount.
- ◆ All the requirements of the biosolids EMS program regarding Source Control Program are met and completed.
- ◆ Different modules of the Non-Industrial program for tackling drinking water pollutants of concern were developed and implemented.

2008-09 & 2009-10 Performance Objectives

- ◆ Conduct monitoring of industrial facilities within 95% of this benchmark.
- ◆ Conduct 100% enforcement action and follow-up monitoring within 30 days of each noncompliance event.
- ◆ Issue and renew 100% of the industrial wastewater permits prior to the expiration date.
- ◆ Continue to conduct the Industrial Wastewater Treatment Operator Training Course.
- ◆ Continue to implement the fats, oil & grease (FOG) control program and strategies on a regional basis in conformance with the Wastewater Discharge Requirements Order.
- ◆ Develop proactive source control strategies and continue to implement a Non-point Source Control Program to control pollutants from drinking water perspective.
- ◆ Conformance with the biosolids EMS program as it pertains to the Source Control Program.

Performance Measures

Summary	Performance Measures				Justification
	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	
◆ Field inspection performance	92%	95%	95%	95%	In-house standard
◆ Enforcement follow-up	100%	100%	100%	100%	In-house standard
◆ Permit issuance/renewal	100%	100%	100%	100%	In-house standard
◆ Industrial Wastewater Treatment Operator Training	100% of milestone	100% of milestone	100% of milestone	100% of milestone	In-house standard
◆ Fats, Oil & Grease Program	100% of milestone	100% of milestone	100% of milestone	100% of milestone	In-house standard
◆ Implementation of a Non-Point Source Control program	100% of milestone	100% of milestone	100% of milestone	100% of milestone	In-house standard
◆ Conformance with the biosolids EMS program	100% of milestone	100% of milestone	100% of milestone	100% of milestone	In-house standard

Source Control

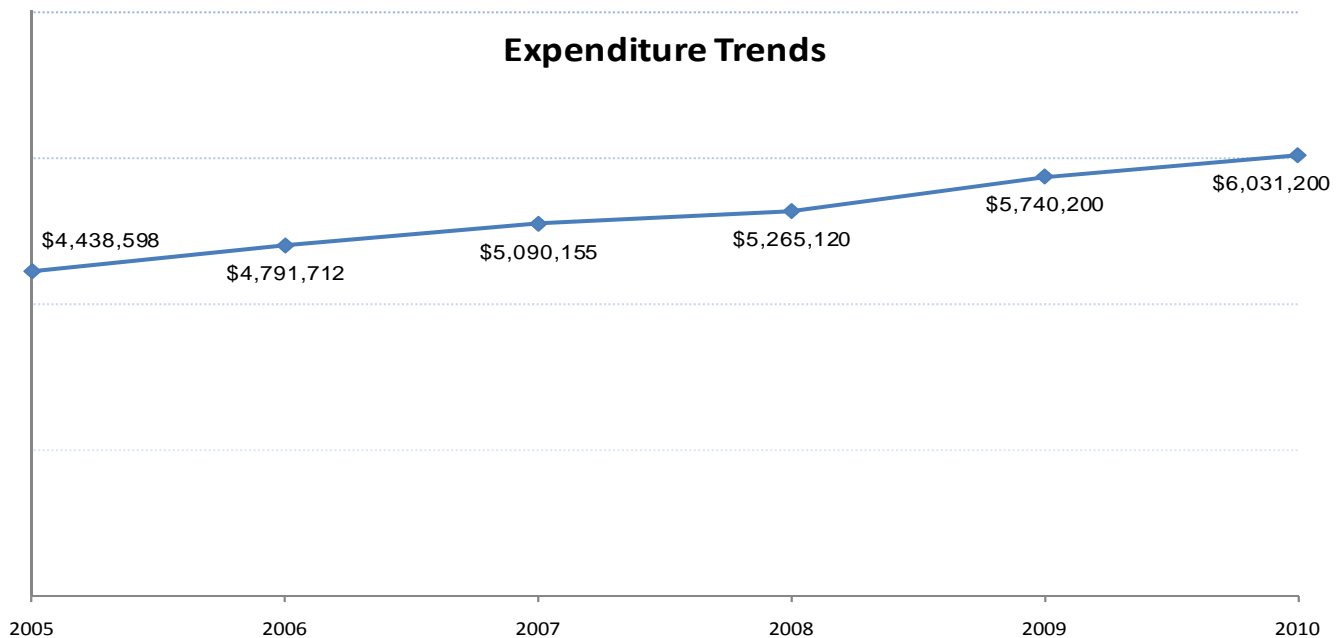
Budget Overview

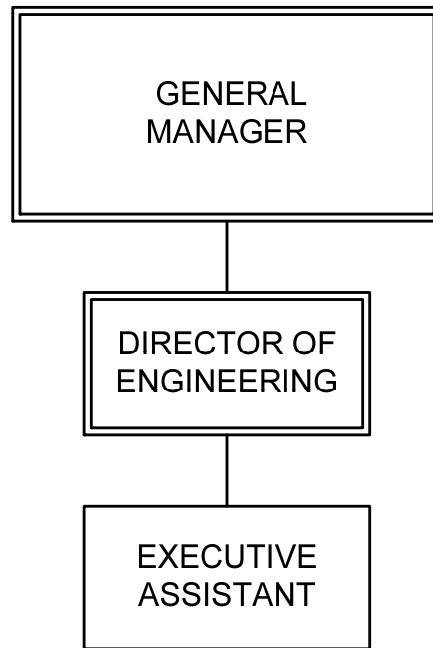
The fiscal year 2008-09 & 2009-10 budgets for the Source Control Division reflect increases of 9% and 5% over the prior year, respectively. The increase is mainly due to the combination of a net increase of 1 FTE position along with anticipated annual salary and benefit adjustments. Reproduction and printing costs also increase as the Division prepares public outreach materials pertaining to disposal of pollutants of concern. These increases are minimally offset by a decrease in costs for legal services.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 5,265,120
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	109,500
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	124,700
Change in OCERS retirement costs	110,300
Change in group insurance costs	69,100
Other benefit cost adjustments	7,400
Other Cost Adjustments:	
Increase in in-house reproduction services	35,000
Increase in outside printing services	60,000
Decrease in meetings	(7,200)
Decrease in legal services	(30,000)
Decrease in miscellaneous operating expense	(4,500)
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	780
2008-09 Proposed Budget - Total Operating Requirements	\$ 5,740,200
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	177,900
Change in OCERS retirement costs	43,100
Change in group insurance costs	43,400
Other benefit cost adjustments	26,600
Other Cost Adjustments:	
Aggregate change in Other Categories:	
No other cost changes	-
2009-10 Proposed Budget - Total Operating Requirements	\$ 6,031,200

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 4,643,195	\$ 4,894,000	\$ 5,242,200	\$ 5,315,000	8.60%	\$ 5,606,000	5.48%
Supplies	132,847	162,820	147,800	251,400	54.40%	251,400	-
Professional & Contractual Services	308,964	197,000	125,000	167,000	(15.23%)	167,000	-
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	3,122	4,300	4,300	4,300	-	4,300	-
Utilities	-	-	-	-	-	-	-
Other	2,027	7,000	2,500	2,500	(64.29%)	2,500	-
Total	\$ 5,090,155	\$ 5,265,120	\$ 5,521,800	\$ 5,740,200	9.02%	\$ 6,031,200	5.07%



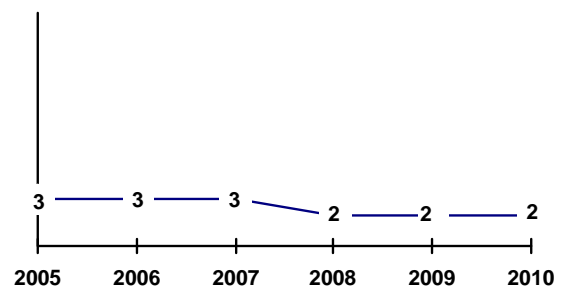


2008-09 & 2009-10 Authorized FTE Positions

Executive Managers	1.0
Administrative / Clerical	1.0

Total	<u>2.0</u>
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Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The mission statement of this Department is to deliver world class engineered projects through skilled staff, technical excellence, proactive project planning, effective project delivery, effective communication, and critical thinking.

2007-08 Performance Objectives

- ◆ Expend minimum of 90% of project annual cash flows.
- ◆ Ensure that reporting division's expenditures are managed to less than < 100% of proposed budgets.
- ◆ Ensure that reporting divisions achieve 90% of performance measures.

2007-08 Performance Results

- ◆ Will expend min 90% of project budgets. (101% for 2007-08 projected)
- ◆ All divisions were managed to < 100%.
- ◆ Reporting divisions were < 90% of performance measures.

2008-09 & 2009-10 Performance Objectives

- ◆ Expend minimum of 90% of project annual cash flows.
- ◆ Ensure that reporting divisions' expenditures are managed to less than 100% of the proposed budgets.
- ◆ Ensure that reporting divisions achieve 90% of individual performance objectives.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Manage project annual cash flows (CIP) Min 90%	109%	101%	90% min.	90% min.	In-house standard
◆ Manage Division Budgets. (JO) < 100%	<100% except Division 740 (106.8%)	<100%	<100%	<100%	In-house standard
◆ Ensure reporting divisions achieve performance measures. Min. 90%	76.9%	77%	90% min.	90% min.	In-house standard

Engineering Administration

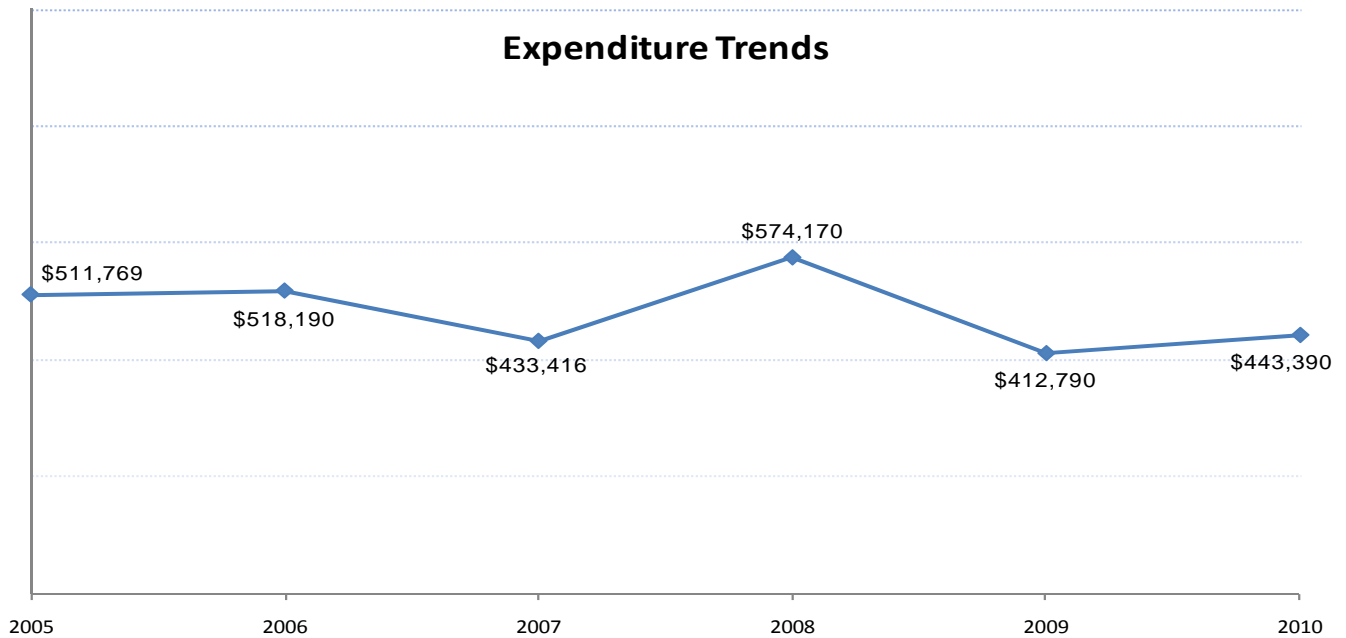
Budget Overview

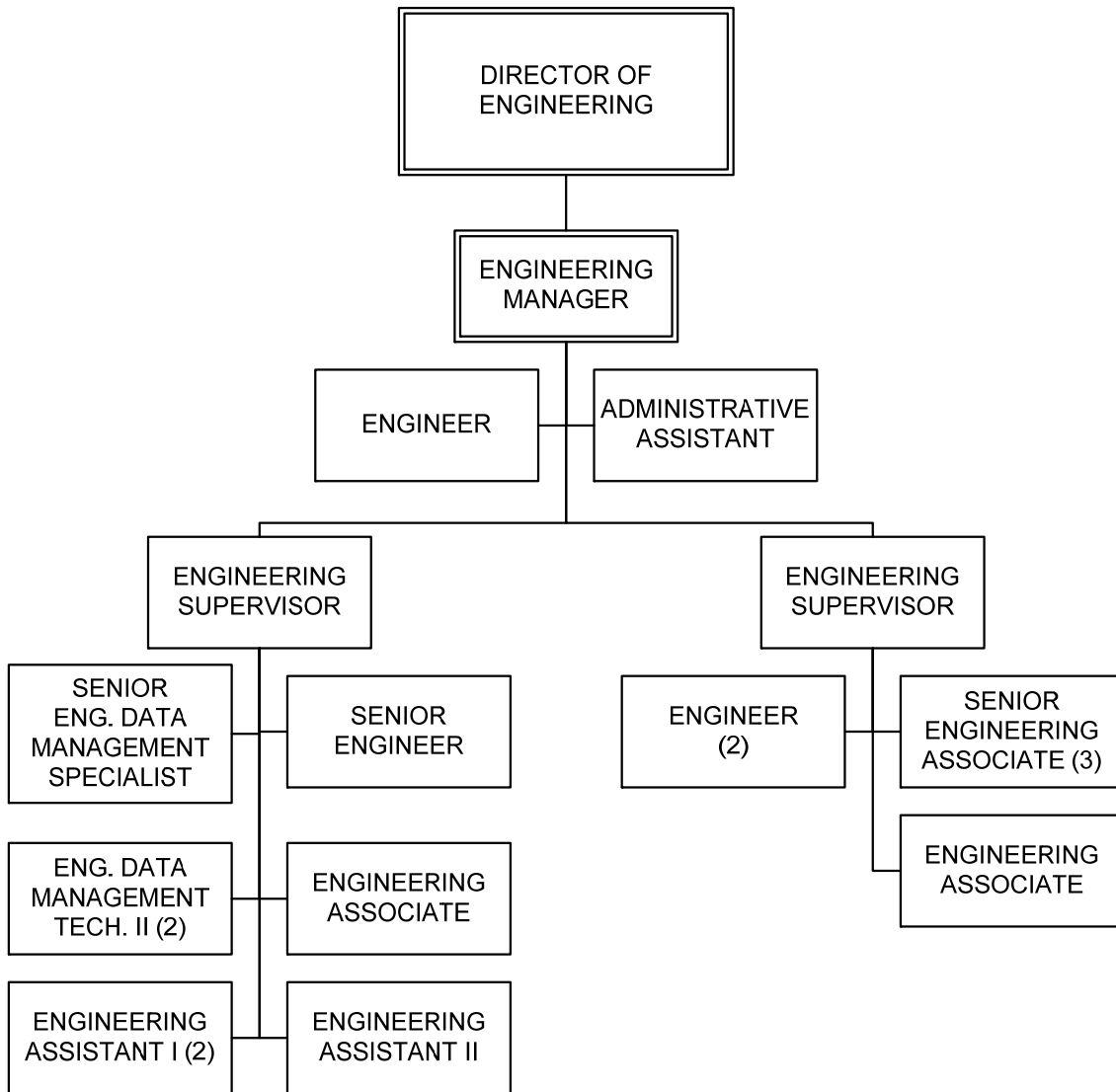
The FY 2008-09 & 2009-10 budgets for the Engineering Administration Division reflect a decrease of 28% and an increase of 7% over the prior year, respectively. The FY 2008-09 decrease is primarily due to staff reallocations during FY 2007-08. The increase in FY 2009-10 is essentially a result of anticipated annual salary and benefit adjustments.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 574,170
<i>Salaries for Position Changes:</i>	
Transfer of Positions from/(to) Other Divisions	-
New or (decreased) FTE	-
<i>Changes in Personnel Expenses:</i>	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	(150,400)
Change in OCERS retirement costs	(31,600)
Change in group insurance costs	(8,300)
Other benefit cost adjustments	17,200
<i>Other Cost Adjustments:</i>	
Increase in meetings	1,550
Increase in legal services	9,920
<i>Aggregate change in Other Categories:</i>	
Aggregate change in other materials, supplies, and services	250
2008-09 Proposed Budget - Total Operating Requirements	\$ 412,790
<i>Changes in Personnel Expenses:</i>	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	21,400
Change in OCERS retirement costs	5,300
Change in group insurance costs	2,500
Other benefit cost adjustments	1,400
<i>Other Cost Adjustments:</i>	
<i>Aggregate change in Other Categories:</i>	
No other cost changes	-
2009-10 Proposed Budget - Total Operating Requirements	\$ 443,390

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 410,481	\$ 568,800	\$ 395,000	\$ 395,700	(30.43%)	\$ 426,300	7.73%
Supplies	1,542	3,130	2,990	5,090	62.62%	5,090	-
Professional & Contractual Services	21,393	2,080	11,000	12,000	476.92%	12,000	-
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Other	-	160	100	-	(100.00%)	-	-
Total	\$ 433,416	\$ 574,170	\$ 409,090	\$ 412,790	(28.11%)	\$ 443,390	7.41%



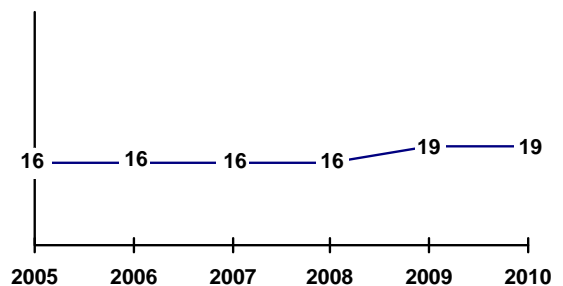


2008-09 & 2009-10 Authorized FTE Positions

Manager	1.0
Supervisors / Professionals	17.0
Administrative / Clerical	1.0

Total 19.0

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The mission of the proposed Planning Division is responsible for facility records management, master planning, water resources management, and California Environmental Quality Act review. The Division will also be responsible for annexations, connection permitting, easements, and agency agreements.

2007-08 Performance Objectives

- ◆ Ensure that division's expenditures are managed to <100% of proposed budget.
- ◆ Respond to 100% of environmental correspondence within the specified deadline of 30 - 45 days.
- ◆ Process 90% of connection permits within one day of request.

2007-08 Performance Results

- ◆ <100% for FY 2007-08 of proposed budget.
- ◆ Will respond to correspondence 100% within the 30 - 45 day timeframe.
- ◆ Will process a minimum of 90% of connection permits within one day of request.

2008-09 & 2009-10 Performance Objectives

- ◆ Ensure that the division's expenditures are managed to <100% of proposed budget.
- ◆ Respond to 100% of environmental correspondence within the specified deadline of 30-45 days.
- ◆ Process 95% of connection permits within one day of the request.
- ◆ Validate 100% facility records for compliance with CAD standards at completion of projects.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Division's Expenditures	106.8%	<100%	<100%	<100%	In-house standard
◆ Environmental Correspondence	100% - Met Goal	Will meet Goal 100%	Will meet Goal 100%	Will meet Goal 100%	In-house standard
◆ Process Connection fees with one day	Met Min 90%	Will meet min 90%	Will meet min 95%	Will meet min 95%	In-house standard
◆ Validate Facility Records	N/A	N/A	100%	100%	In-house standard

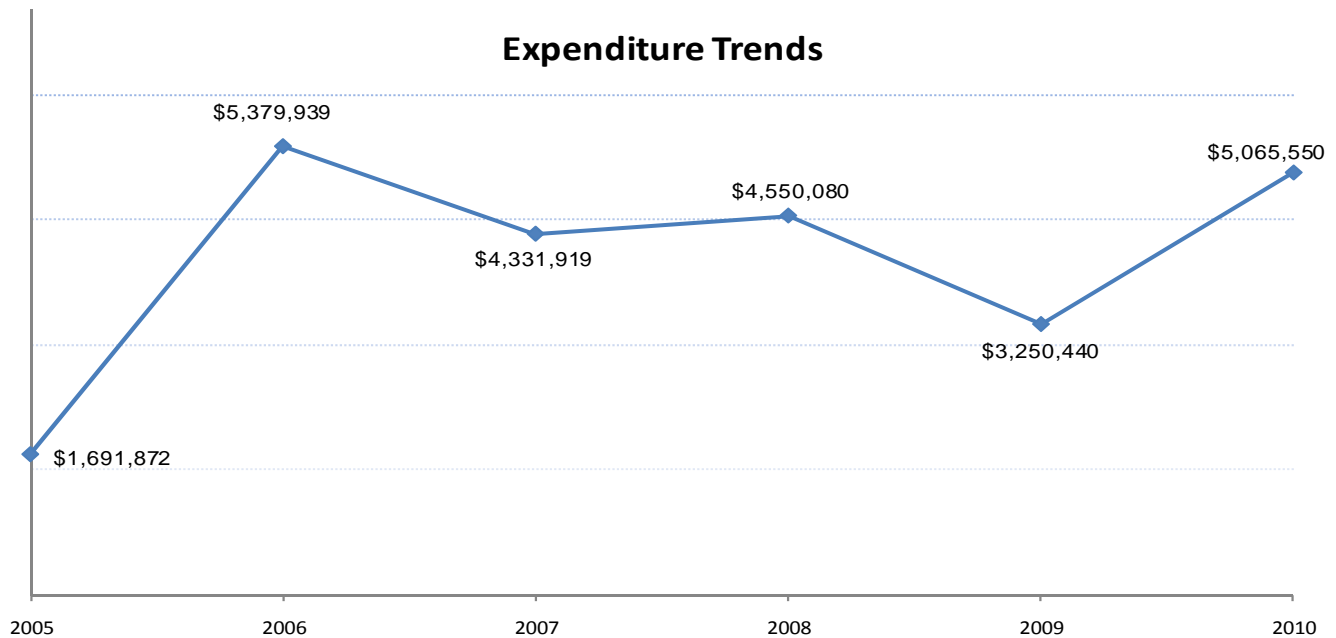
Budget Overview

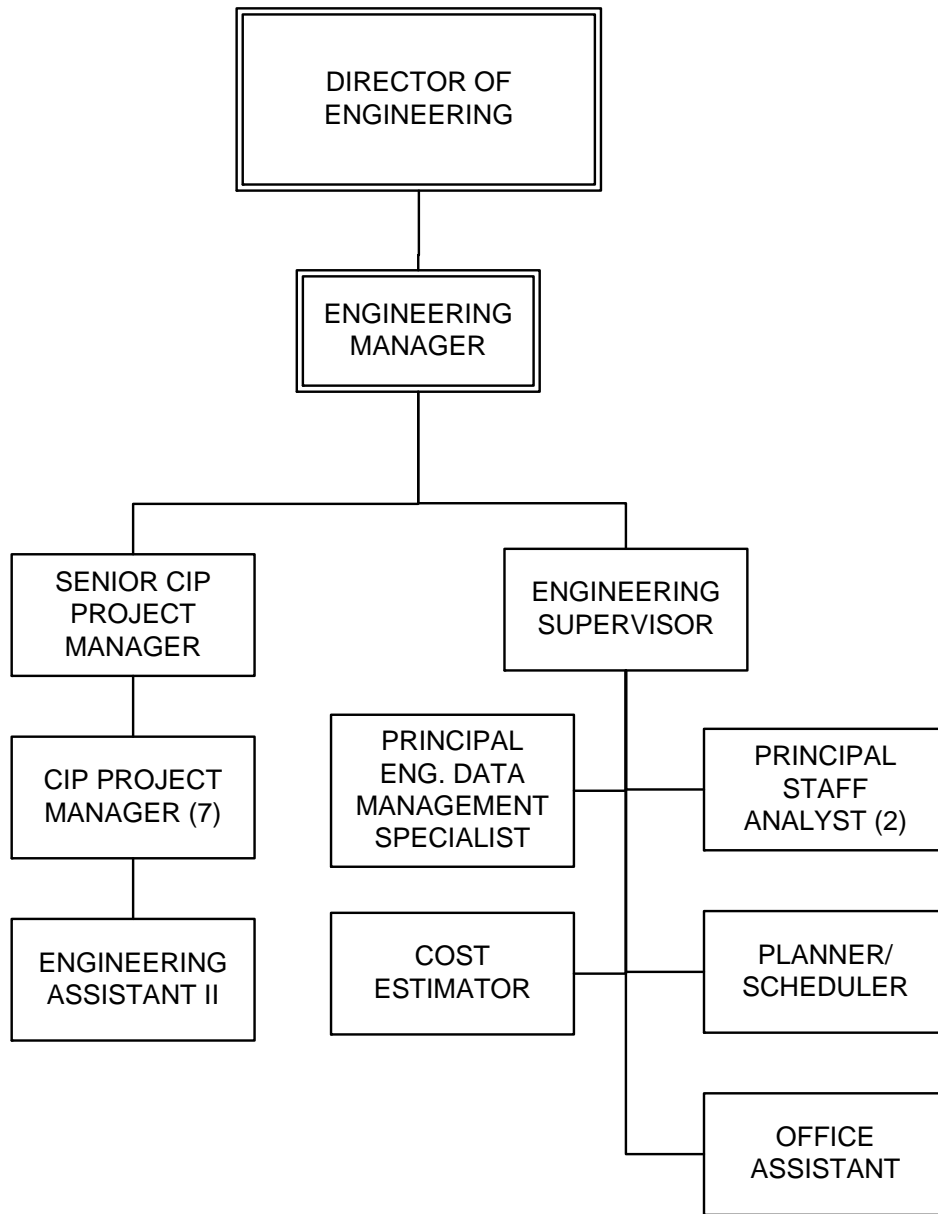
The FY 2008-09 & 2009-10 budgets for the Planning Division reflect a decrease of 29% and an increase of 56% over the prior year, respectively. The decrease is due to a decrease in the amount of capital grants that will be paid to member agencies in FY 2008-09 which is partially offset by the transfer of 3 FTE positions to this division. The increase in FY 2009-10 is due to an increase in the amount of capital grants that will be paid to member agencies as well as to annual salary and benefit adjustments.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 4,550,080
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	303,400
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	191,500
Change in OCERS retirement costs	141,700
Change in group insurance costs	69,400
Other benefit cost adjustments	12,900
Other Cost Adjustments:	
Increase in memberships (\$10,000 transferred from Division 610)	16,200
Increase in outside printing services	2,960
Increase in meetings	4,170
Increase in temporary services	61,510
Increase in other professional services	110,000
Decrease in legal services	(12,200)
Decrease in capital grants to member agencies	(2,200,000)
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	(1,180)
2008-09 Proposed Budget - Total Operating Requirements	\$ 3,250,440
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	97,100
Change in OCERS retirement costs	24,200
Change in group insurance costs	20,800
Other benefit cost adjustments	12,700
Other Cost Adjustments:	
Increase in memberships	5,530
Decrease in other professional services	(110,000)
Increase in capital grants to member agencies	1,764,530
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	250
2009-10 Proposed Budget - Total Operating Requirements	\$ 5,065,550

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07	2007-08	2007-08	2008-09	Budget	2009-10	Budget
	Actual	Revised Budget	Projected	Proposed	% Change	Proposed	% Change
Personnel	\$ 1,980,163	\$ 1,902,900	\$ 2,469,000	\$ 2,621,800	37.78%	\$ 2,776,600	5.90%
Supplies	78,410	84,720	84,270	106,870	26.14%	112,650	5.41%
Professional & Contractual Services	145,296	60,690	60,690	220,000	262.50%	110,000	(50.00%)
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	-	1,040	1,040	1,040	-	1,040	-
Utilities	-	-	-	-	-	-	-
Other	2,128,050	2,500,730	2,403,990	300,730	(87.97%)	2,065,260	586.75%
Total	\$ 4,331,919	\$ 4,550,080	\$ 5,018,990	\$ 3,250,440	(28.56%)	\$ 5,065,550	55.84%



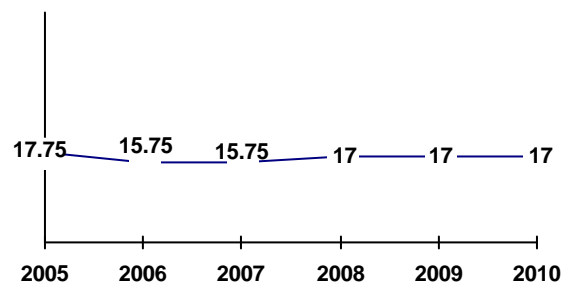


Staffing Trends

2008-09 & 2009-10 Authorized FTE Positions

Manager	1.00
Supervisors / Professionals	14.00
Administrative / Clerical	1.00
Engineering Insp. / Asst.	1.00

Total 17.00



2008-09 & 2009-10 Budget

Service Description

The mission of the Project Management Office Division (PMO) is to be responsible for managing the design and construction of new collection and treatment and disposal facilities plus the rehabilitation of older facilities to ensure the safe cost effective transport and treatment of influent/effluent. This division is responsible for the delivery of capital projects from the preliminary design stages through closeout of construction. The PMO provides standards, processes, and methodologies to improve project quality, cost and timeliness.

2007-08 Performance Objectives

- ◆ Ensure that the division's expenditures are managed to less than 100% of the proposed budget.
- ◆ Expend minimum 90% of project budgets.
- ◆ Meet 100% of project milestones.
- ◆ CIP utilization staff rate @ 80% min.
- ◆ Baseline PMO level of maturity and increase PMO level of maturity by minimum of 1 point on a 5 point scale.

2007-08 Performance Results

- ◆ Will be managed to < 100% of proposed budget.
- ◆ Will expend min 90% of project budgets. 101% for 2007-08 projected.
- ◆ Will meet 85% (105/123) for FY 2007-08
- ◆ 80% through February 2008.
- ◆ Model being restructured. Measurement of increase to occur in the next FY.

2008-09 & 2009-10 Performance Objectives

- ◆ Ensure that the division's JO expenditures are managed to less than 100% of the proposed budget.
- ◆ Expend minimum 90% of project annual cash flow. (CIP)
- ◆ Meet 100% of project milestones.
- ◆ CIP Staff Utilization Rate 80% min.
- ◆ Develop and implement an effective Lessons Learned Program for next FY year.
- ◆ Increase PMO level of maturity minimum of ½ point (1-5 point scale) based on the 9 Project Management Book of Knowledge (PMBOK) areas each FY year.
- ◆ Maintain or improve non-construction costs @ 31% or less.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Manage Division's (JO)	98.86%	<100%	<100%	<100%	In-house standard
◆ Maturity Model – increase Div. level	N/A	N/A	Inc. by ½ pt.	Inc. by ½ pt.	In-house standard
◆ Expend min 90% of (CIP)	109%	101%	Min 90%	Min 90%	In-house standard
◆ Meet 100% Project Milestone	70%	85%	100%	100%	In-house standard
◆ CIP Staff Rate at 80% min.	80%	80%	Min 80%	Min 80%	In-house standard
◆ Develop effective Lessons Learned Program	N/A	N/A	LL in Place	LL in Place	In-house standard
◆ Non Constr. Costs	N/A	N/A	< 31%	<31%	In-house standard

Project Management Office

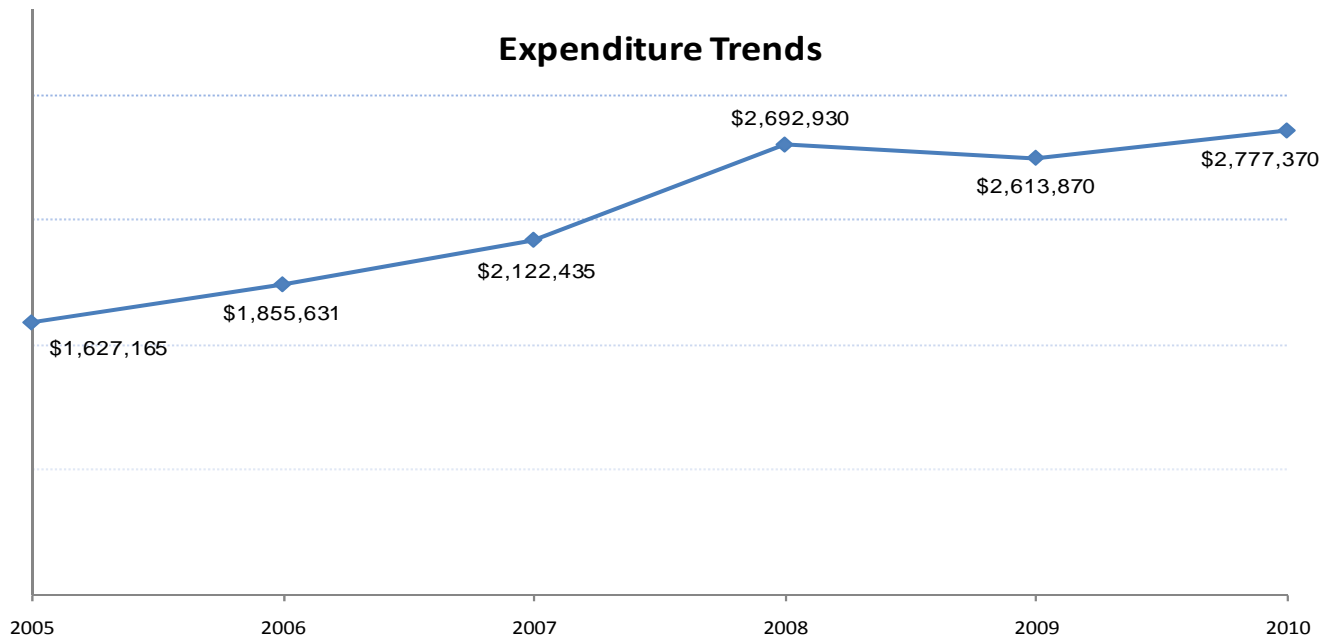
Budget Overview

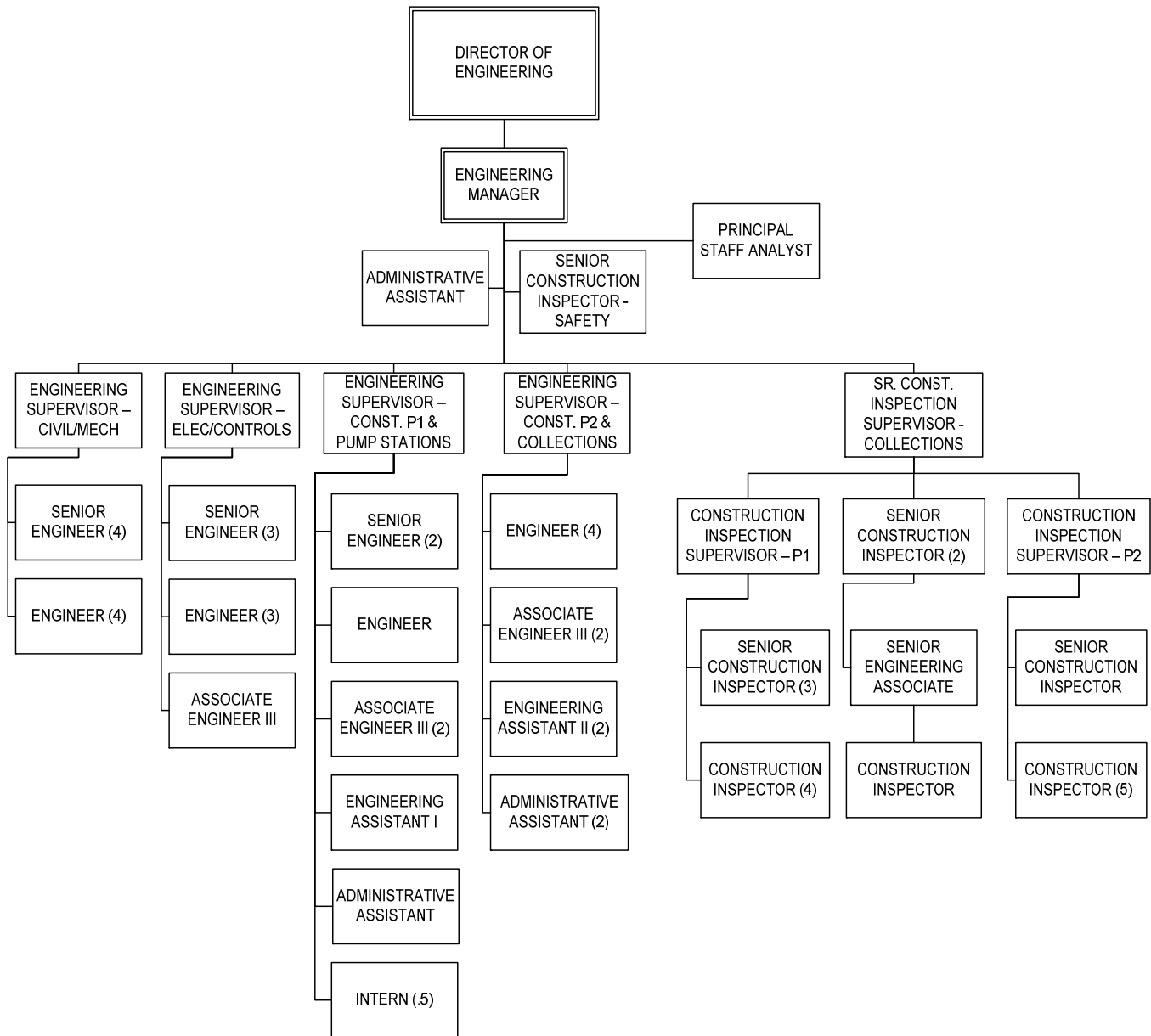
The FY 2008-09 & 2009-10 budgets for the Project Management Office Division reflect a decrease of 3% and an increase of 6% over the prior year, respectively. The decrease is mainly due to staff reallocations during FY 2007-08.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 2,692,930
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	-
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	(90,600)
Change in OCERS retirement costs	2,700
Change in group insurance costs	5,400
Other benefit cost adjustments	10,000
Other Cost Adjustments:	
Decrease in in-house reproduction services	(8,040)
Increase in legal services	1,000
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	480
2008-09 Proposed Budget - Total Operating Requirements	\$ 2,613,870
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	107,000
Change in OCERS retirement costs	26,600
Change in group insurance costs	18,900
Other benefit cost adjustments	11,300
Other Cost Adjustments:	
No other significant cost changes	-
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	(300)
2009-10 Proposed Budget - Total Operating Requirements	\$ 2,777,370

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 2,051,970	\$ 2,659,700	\$ 2,340,100	\$ 2,587,200	(2.73%)	\$ 2,751,000	6.33%
Supplies	26,750	31,980	17,230	24,470	(23.48%)	24,170	(1.23%)
Professional & Contractual Services	40,049	-	720	1,000	-	1,000	-
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	133	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Other	3,533	1,250	1,250	1,200	(4.00%)	1,200	-
Total	\$ 2,122,435	\$ 2,692,930	\$ 2,359,300	\$ 2,613,870	(2.94%)	\$ 2,777,370	6.26%

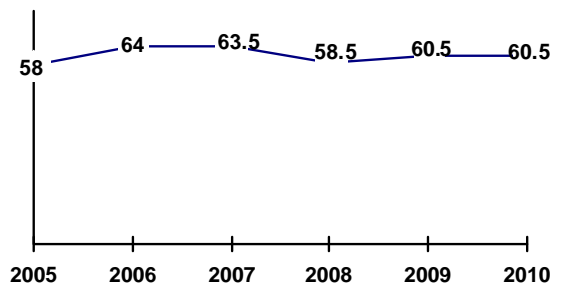




2008-09 & 2009-10 Authorized FTE Positions

Manager	1.0
Supervisors / Professionals	35.0
Administrative / Clerical	4.0
Engineering Insp. / Asst.	20.0
Interns	0.5
Total	60.5

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The mission at the Engineering and Construction Division is to provide administration, design, inspection and other necessary engineering services to the Project Management office and Planning Division for the Engineering Department and other District Divisions for the execution of projects which meet the operational needs of the District at a reasonable cost, in a timely manner and to an acceptable degree of quality.

2007-08 Performance Objectives

- ◆ Ensure that the division's expenditures are managed to <100% of JO Budget.
- ◆ Return 80% of construction submittals by date.
- ◆ Overall Staff Utilization rate at 75% minimum for Construction.
- ◆ Reduce program Change Order toward COMP Goal.

2007-08 Performance Results

- ◆ Expenditures managed to < 100%.
- ◆ Will return a minimum of 80% by due date.
- ◆ Staff utilization rate at 73% through February 2008 – will be 2% short of goal.
- ◆ Change order cost projected to be at 8.76% end of FY 2007-08.

2008-09 & 2009-10 Performance Objectives

- ◆ Ensure the division's expenditures are managed to < 100% of the proposed budget.
- ◆ Return 80% of construction submittals by specified due date.
- ◆ Overall Staff Utilization rate > 75%.
- ◆ Reduce program change order performance towards COMP goal.
- ◆ Meet Full Secondary Consent Decree Dates.
- ◆ Support SARI project relocate by 2011.
- ◆ Implement CIP with no serious accidents.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Manage division budget	93.7%	<100%	<100%	<100%	In-house standard
◆ Return construction submittals within specified time	91%	92%	>80%	>80%	In-house standard
◆ Overall Staff Utilization Rate	73%	73% Through 02/08	>75%	>75%	In-house standard
◆ Reduce Prog CO Performance	16.06%	8.76%	8.37%	8.22%	In-house standard
◆ Meet Consent Decree Dates	N/A	N/A	Meet Dates	Meet Dates	In-house standard
◆ Support SARI project relocation	N/A	N/A	Continued Support	Continued Support	In-house standard
◆ CIP – No serious accidents	N/A	N/A	0%	0%	In-house standard

Engineering and Construction

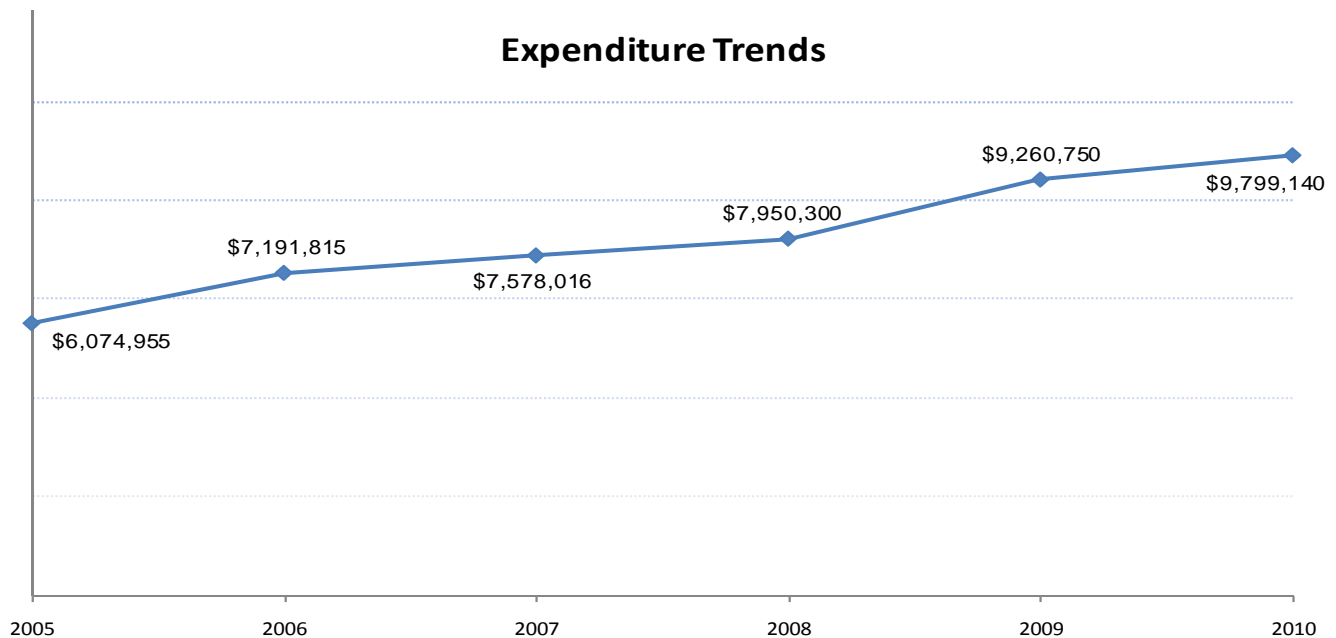
Budget Overview

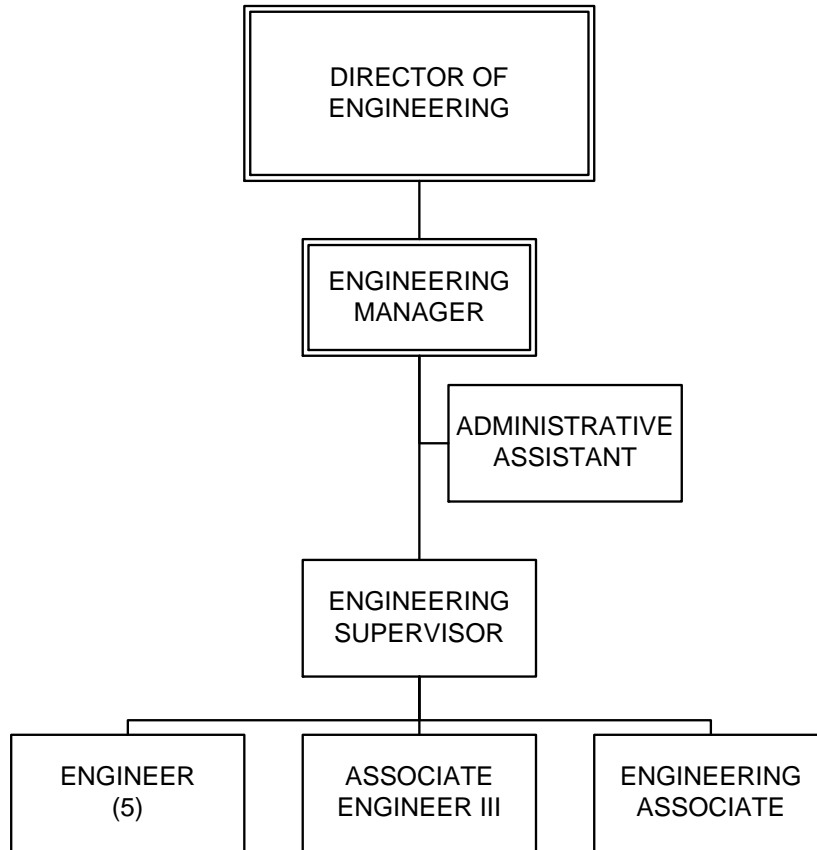
The FY 2008-09 & 2009-10 budgets for the Engineering and Construction Division reflect increases of 16% and 6% over the prior year, respectively. The increase is due to a net addition of 2 FTE positions due to staff reallocations and the anticipated salary and benefit adjustments each year. The division's staff composition is changed due to addition of professional engineering staff and loss of 2 intern positions. There is also an increase for engineering services transferred from the disbanded Regional Assets & Services Division.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 7,950,300
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	255,100
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	357,700
Change in OCERS retirement costs	239,500
Change in group insurance costs	118,200
Other benefit cost adjustments	30,700
Other Cost Adjustments:	
Decrease in memberships	(3,490)
Decrease in minor furniture and fixtures	(2,850)
Increase in meetings	8,090
Increase in engineering services	317,700
Decrease in repairs and maintenance	(9,340)
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	(860)
2008-09 Proposed Budget - Total Operating Requirements	\$ 9,260,750
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	339,700
Change in OCERS retirement costs	82,000
Change in group insurance costs	66,200
Other benefit cost adjustments	39,900
Other Cost Adjustments:	
Increase in engineering services	8,000
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	2,590
2009-10 Proposed Budget - Total Operating Requirements	\$ 9,799,140

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 7,489,749	\$ 7,804,700	\$ 7,622,900	\$ 8,805,900	12.83%	\$ 9,333,700	5.99%
Supplies	62,994	103,910	97,130	107,100	3.07%	109,090	1.86%
Professional & Contractual Services	109	-	-	317,700	-	325,700	2.52%
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	6,544	12,400	3,000	3,060	(75.32%)	3,120	1.96%
Utilities	13,222	17,000	17,500	17,000	-	17,340	2.00%
Other	5,398	12,290	9,790	9,990	(18.71%)	10,190	2.00%
Total	\$ 7,578,016	\$ 7,950,300	\$ 7,750,320	\$ 9,260,750	16.48%	\$ 9,799,140	5.81%



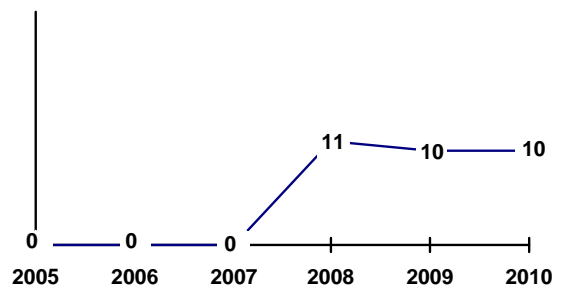


2008-09 & 2009-10 Authorized FTE Positions

Manager	1.0
Supervisors / Professionals	8.0
Administrative / Clerical	1.0

Total 10.0

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The mission of the Facilities Engineering Division is to provide engineering, design and construction services for completing fast-track type projects, special projects, repair project works, and/or emergency projects.

2007-08 Performance Objectives

- ◆ Manage division expenditures to less than 100% of the budget amounts.
- ◆ Expend minimum 85% of CIP project budgets.
- ◆ Manage CIP change orders to no more than 20% of construction cost.
- ◆ Complete 50 to 65 projects

2007-08 Performance Results

- ◆ Expenditures managed within 100% of project budgets. (80% for 2007-08 projected)
- ◆ CIP fiscal year expenditures projected at 81%.
- ◆ Change order cost projected at 12% by end of fiscal year.
- ◆ Projected to complete 30 projects

2008-09 & 2009-10 Performance Objectives

- ◆ Manage division expenditures to less than 100% of budget amounts.
- ◆ Manage CIP change orders to less than 20% of construction costs.
- ◆ Expend at least 85% of CIP cash flow.
- ◆ Complete at least 50 CIP project designs/bid submittals.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Manage Division Operating Budgets.	N/A	80%	<100%	<100%	In-house standard
◆ Manage CIP Change Orders	N/A	12%	<20%	<20%	In-house standard
◆ Manage CIP Cash Flow	N/A	81%	85% min	85% min	In-house standard
◆ Complete CIP Projects	N/A	30 Projects	50 Projects min	50 Projects min	In-house standard

Facilities Engineering

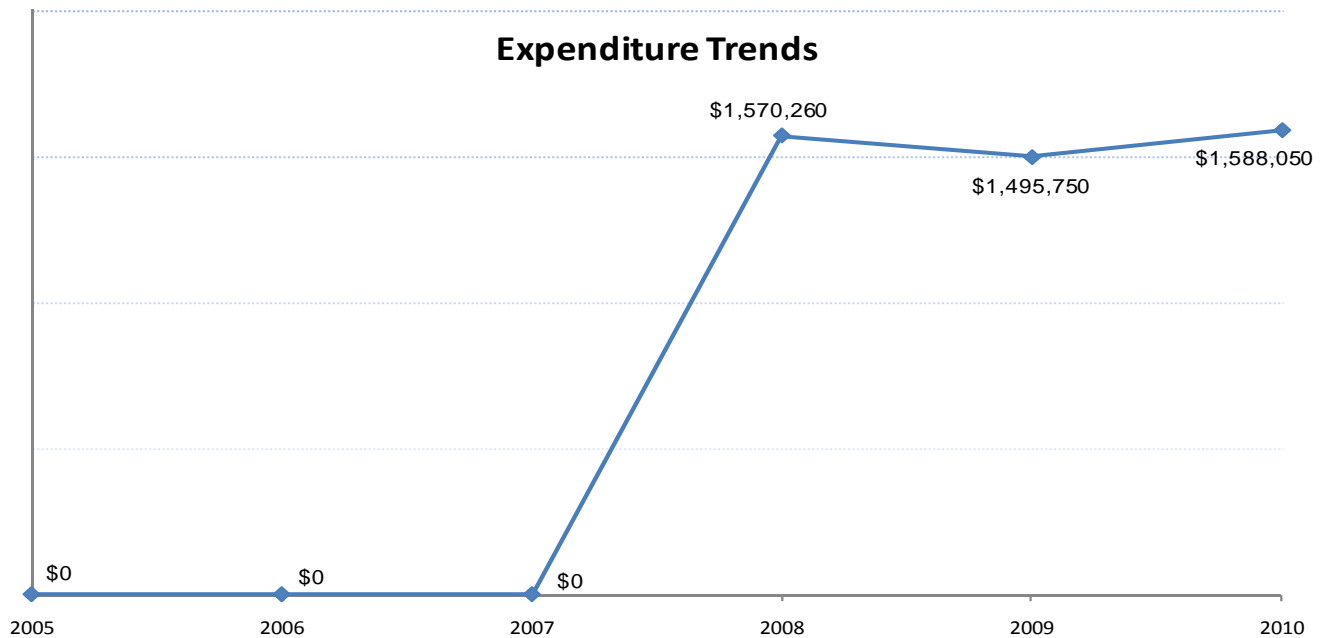
Budget Overview

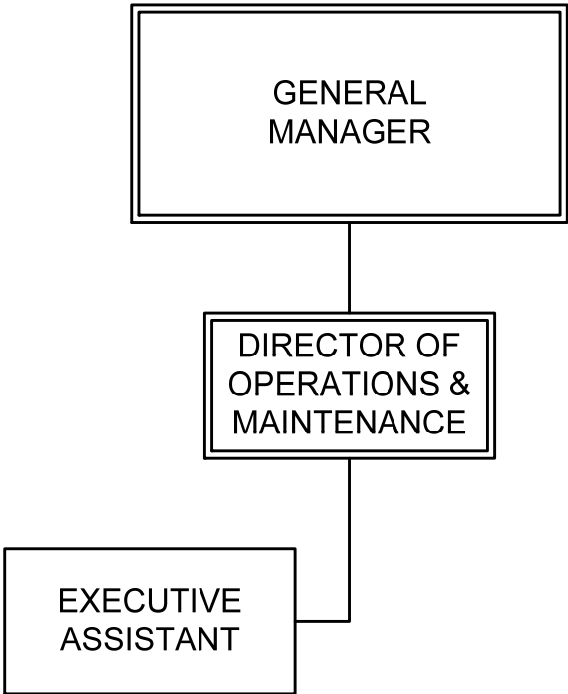
The FY 2008-09 & 2009-10 budgets for the Facilities Engineering Division reflect a decrease of 5% and an increase of 6% over the prior year, respectively. The decrease is due to a reduction of 1 FTE position with the reallocation of a senior engineer position to another division within the Engineering Department. The increase in FY 2009-10 is due to anticipated salary and benefit adjustments.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 1,570,260
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	(98,600)
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	37,600
Change in OCERS retirement costs	(700)
Change in group insurance costs	4,500
Other benefit cost adjustments	(2,100)
Other Cost Adjustments:	
Increase in books and publications	1,760
Decrease in minor furniture and fixtures	(5,500)
Decrease in safety equipment and tools	(7,100)
Decrease in engineering services	(5,000)
 Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	630
2008-09 Proposed Budget - Total Operating Requirements	\$ 1,495,750
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	60,600
Change in OCERS retirement costs	15,000
Change in group insurance costs	11,300
Other benefit cost adjustments	6,700
Other Cost Adjustments:	
Decrease in books and publications	(2,000)
 Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	700
2009-10 Proposed Budget - Total Operating Requirements	\$ 1,588,050

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ -	\$ 1,513,000	\$ 1,223,700	\$ 1,453,700	(3.92%)	\$ 1,547,300	6.44%
Supplies	-	31,810	32,714	21,700	(31.78%)	20,400	(5.99%)
Professional & Contractual Services	-	25,000	22,000	20,000	(20.00%)	20,000	-
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Other	-	450	320	350	(22.22%)	350	-
Total	\$ -	\$ 1,570,260	\$ 1,278,734	\$ 1,495,750	(4.75%)	\$ 1,588,050	6.17%



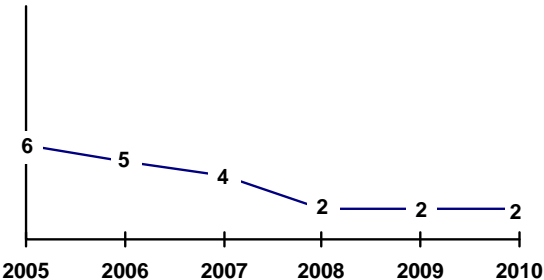


2008-09 & 2009-10 Authorized FTE Positions

Executive Manager	1.0
Administrative / Clerical	1.0

Total 2.0

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The mission of the Operation & Maintenance Administration Division is to provide leadership, support, as well as management oversight and development of the Department. Ratepayer owned facilities and assets managed by the O&M divisions have a replacement value that exceeds \$ 5.5 Billion. The Director as a member of the Executive Management Team provides counsel and expertise in developing the necessary strategies to maintain alignment with the District's Strategic Plan, Levels of Service and annual Divisional workplans in alignment with resource availability. The Director and staff also proactively network with the OCSD member cities and sewerage agencies and regional regulators on operational issues.

2007-08 Performance Objectives

2007-08 Performance Results

- | | |
|--|---|
| <ul style="list-style-type: none"> ◆ Achieve 100% compliance with water, solids, air, and energy permits. ◆ Manage all O&M expenditures to within 96-100% of approved budget and related risk levels. ◆ Ensure that the annual OCSD City and Agency Collection Facilities O&M and sewer fee survey is completed on schedule. ◆ Ensure that the Strategic Initiative regarding the "Local Sewer Services" is completed for third party analysis and possible action by our Board. | <ul style="list-style-type: none"> ◆ In compliance. ◆ Estimated to be at 93.26% ◆ Survey completed and distributed on schedule. ◆ Local Sewer Services Staff report completed. The Board also supported staff's recommendation to establish a new and separate local sewer service fee. |
|--|---|

2008-09 & 2009-10 Performance Objectives

- ◆ Achieve 100% compliance with water, solids, air, and energy permits.
- ◆ Achieve a compliance level of $\geq 80\%$ of the Level of Service (LOS) targets consistent with resource availability.
- ◆ Manage O&M expenditures to within 96-100% of approved budget.
- ◆ Ensure that the annual OCSD City and Agency Collection Facilities O&M survey is completed on schedule.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Compliance with Permits	One chronic toxicity exceedance	100%	100%	100%	In-house standard for all facilities
◆ Budget compliance	84.78%	93.26%	96% - 100%	96% - 100%	In-house standard
◆ LOS compliance	-	-	$\geq 80\%$	$\geq 80\%$	New In-house standard

Operations & Maintenance Administration

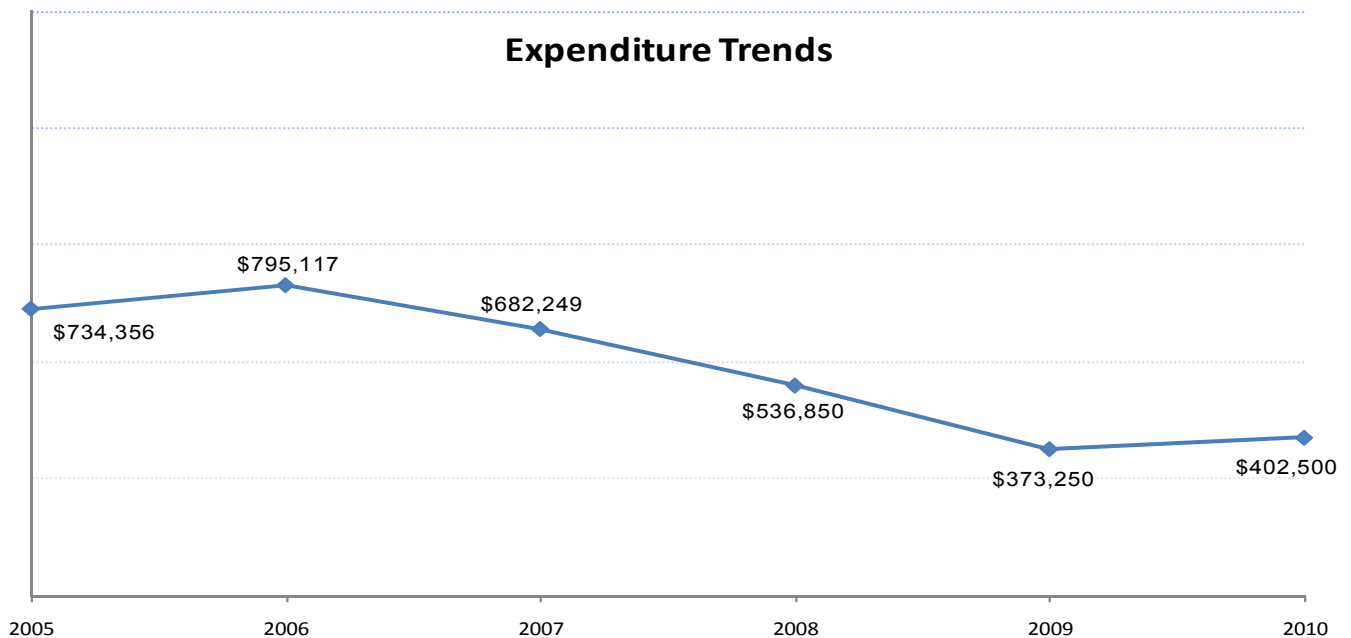
Budget Overview

The FY 2008-09 & 2009-10 budgets for the Operations & Maintenance Administration Division reflect a decrease of 30% and an increase of 8% over the prior year, respectively. These changes are mainly due to staff reallocations during FY 2007-08.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 536,850
<i>Salaries for Position Changes:</i>	
Transfer of Positions from/(to) Other Divisions	-
New or (decreased) FTE	-
<i>Changes in Personnel Expenses:</i>	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	(117,600)
Change in OCERS retirement costs	(24,200)
Change in group insurance costs	(7,800)
Other benefit cost adjustments	11,400
<i>Other Cost Adjustments:</i>	
Decrease in meetings	(10,300)
Decrease in legal services	(8,000)
Decrease in other professional services	(8,500)
 <i>Aggregate change in Other Categories:</i>	
Aggregate change in other materials, supplies, and services	1,400
2008-09 Proposed Budget - Total Operating Requirements	\$ 373,250
<i>Changes in Personnel Expenses:</i>	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	19,400
Change in OCERS retirement costs	4,800
Change in group insurance costs	2,500
Other benefit cost adjustments	1,400
<i>Other Cost Adjustments:</i>	
Increase in legal services	1,000
 <i>Aggregate change in Other Categories:</i>	
Aggregate change in other materials, supplies, and services	150
2009-10 Proposed Budget - Total Operating Requirements	\$ 402,500

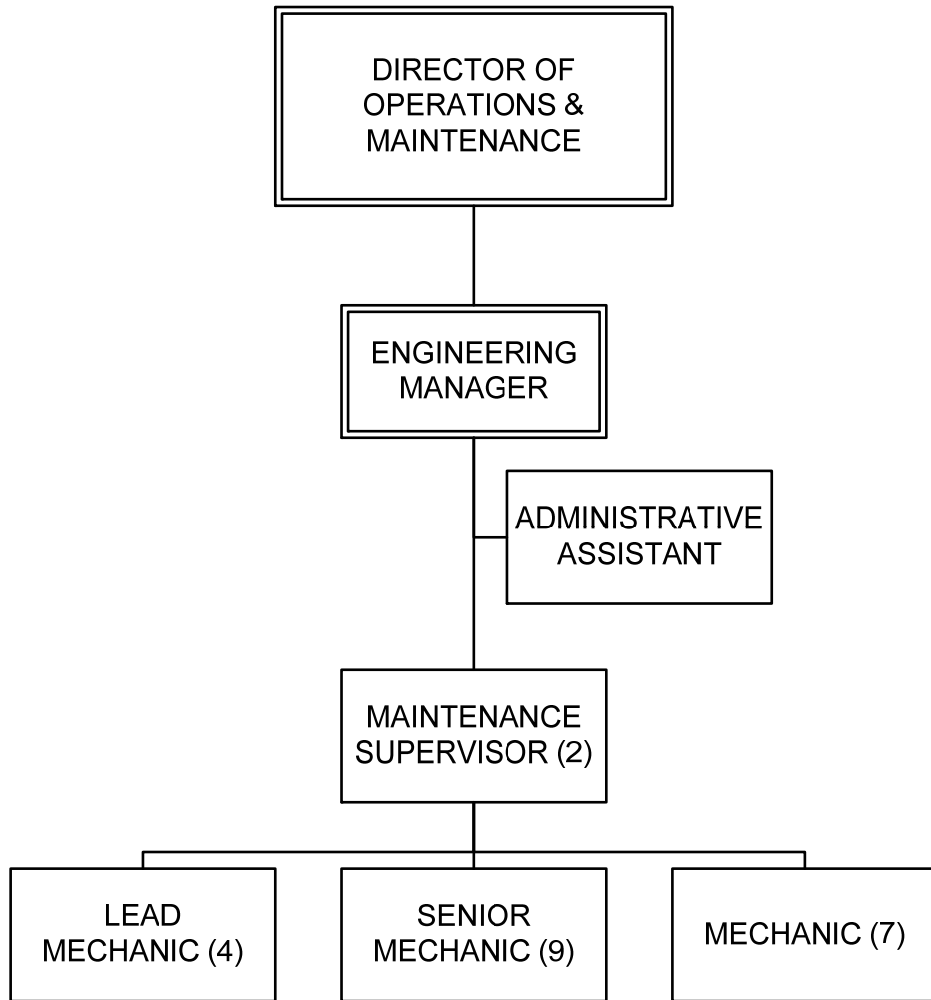
2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 637,831	\$ 497,900	\$ 362,600	\$ 359,700	(27.76%)	\$ 387,800	7.81%
Supplies	32,279	16,520	7,360	6,450	(60.96%)	6,600	2.33%
Professional & Contractual Services	11,056	21,500	13,300	5,000	(76.74%)	6,000	20.00%
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Other	1,083	930	1,300	2,100	125.81%	2,100	-
Total	\$ 682,249	\$ 536,850	\$ 384,560	\$ 373,250	(30.47%)	\$ 402,500	7.84%



Collection Facilities Operations & Maintenance

420

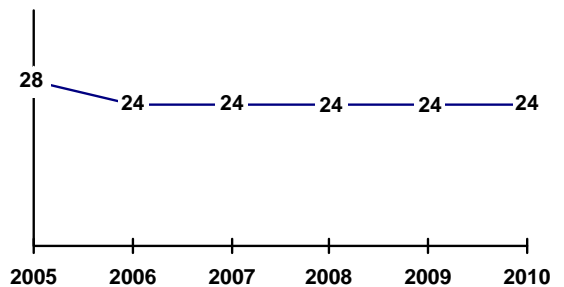


2008-09 & 2009-10 Authorized FTE Positions

Manager	1.0
Supervisors / Professionals	2.0
Operations & Maintenance	20.0
Administrative / Clerical	1.0

Total **24.0**

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The mission of the Collection Facilities Operations and Maintenance Division is to provide reliable collection and transportation of wastewater and efficient, safe operation and maintenance of the system in the 471 square mile regional service area. Assets consist of the 429 mile long regional interceptor and trunk sewer system's piping, sixteen off-site pumping facilities, and the 152 mile long local sewer system serving portions of the City of Tustin and the Unincorporated Areas north of Tustin and in east Orange. Services are delivered through trained and certified staff and/or contractors. The Division maintains a regional leadership role in the District's WDR Compliance effort in the areas of O&M, repairs, and staff development including certification. The Division is in its fifth year of developing the Dig Alert compliance program for protecting collection facilities assets.

2007-08 Performance Objectives

- ◆ Ensure division expenditures are managed within 96-100% of the approved budget.
- ◆ Keep preventable manhole overflows due to mainline blockages below the national average of 2.1 per hundred miles per year or less than 13 per year.
- ◆ Achieve 80% wrench time for pump station crew.
- ◆ Complete an average of 90% of scheduled maintenance in troubled spot areas through FY 2006/07.
- ◆ Complete 80% of weekly production targets for contractors on small diameter (12" and smaller) sewer cleaning.
- ◆ 100% Compliance of mandatory safety training with zero "no shows".

2007-08 Performance Results

- ◆ Expect to achieve 90% expenditure of Div. 420 budget by end of FY 2007-08
- ◆ Manhole overflows are currently at 6 spills through the end of Feb. 2008 which represents 1.03 spills per 100 miles of sewer which is about half of the national average
- ◆ Achieved 68% wrench time so far this year
- ◆ Completed 79% of scheduled maintenance in trouble spots so far this year
- ◆ Completed 100% of weekly production targets for contractors who clean the small diameter sewers (12" and below) in Service Area 7
- ◆ Achieved 100% compliance (zero no shows)

2008-09 & 2009-10 Performance Objectives

- ◆ Ensure division JO budget expenditures are managed within 95 -100% of the approved budget.
- ◆ Keep preventable sanitary sewer overflows due to mainline blockages below the national average of 2.1 per hundred miles per year or less than 13 per year.
- ◆ Complete an average of 90% of scheduled maintenance for pump station crews in the pump stations
- ◆ Complete an average of 90% of scheduled maintenance in troubled spot areas.
- ◆ Complete 80% of weekly production targets for contractors on small diameter (12" and smaller) sewer cleaning.
- ◆ Maintain 100% compliance with mandatory safety training with zero "no shows".

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Joint operating budget	84.68%	90%	95-100%	95-100%	In-house standard
◆ Preventable overflows	8 spills	6 spills	< 13/yr	< 13/yr	WDR/ASCE/EPA Report
◆ Pump Station Scheduled Maintenance	N/A	80%	> 90%	> 90%	In-house standard
◆ Trouble Spot Scheduled Maintenance	78%	85%	> 90%	> 90%	In-house standard
◆ Meet weekly local sewer targets	95%	100%	100%	100%	In-house standard
◆ Safety Training Compliance	96%	100%	100%	100%	In-house standard

Collection Facilities Operations & Maintenance

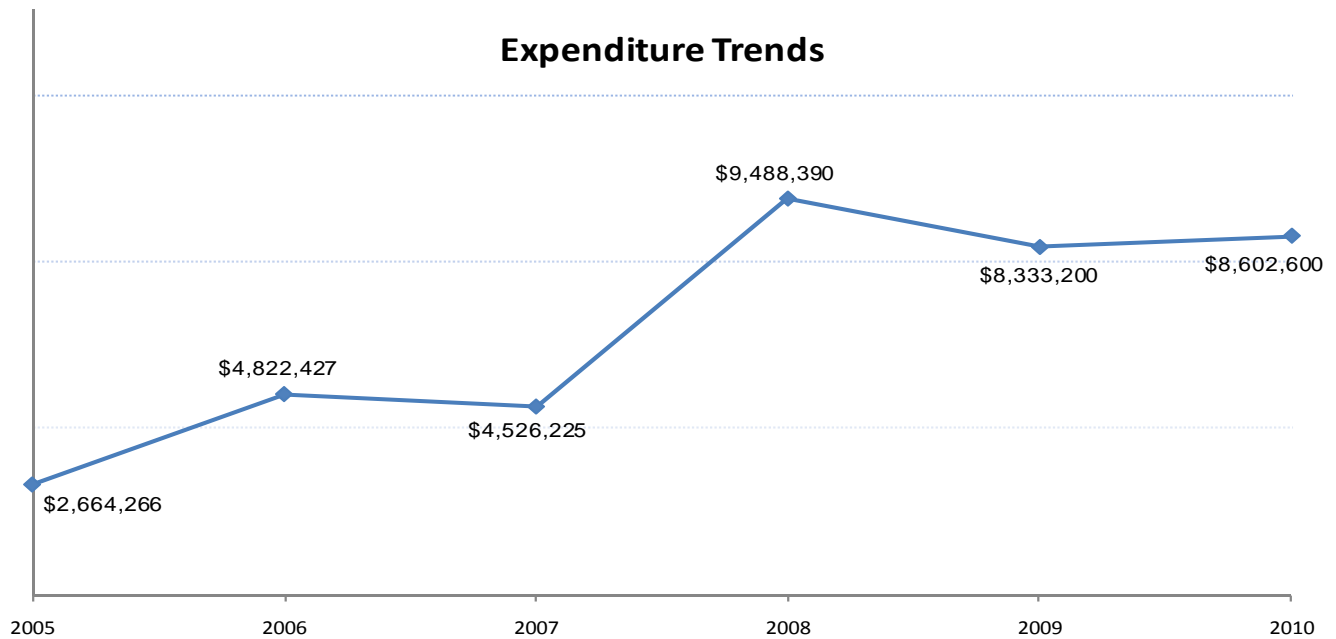
Budget Overview

The FY 2008-09 & 2009-10 budgets for the Collection Facilities Operations & Maintenance Division reflect a decrease of 12% and an increase of 3% over the prior year, respectively. The reduction is primarily due to the transfer of a portion of odor control costs to Plant No. 1 and Plant No. 2 Operations Divisions. This transfer is based on a determination that 40 percent of the usage and cost of certain chemicals applies to the treatment plant and the remaining 60 percent applies to the collection facilities.

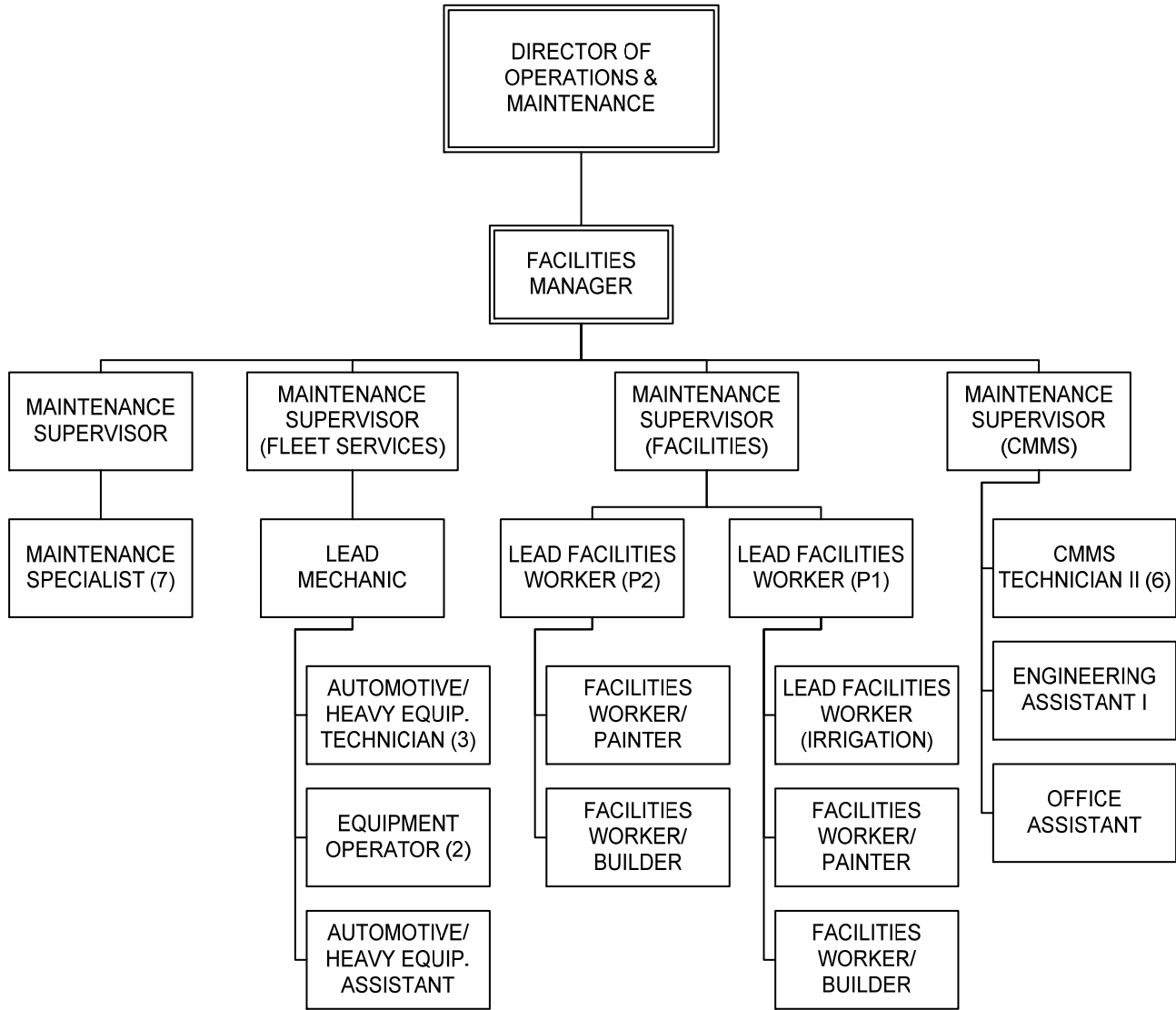
2007-08 Adjusted Budget - Total Operating Requirements	\$ 9,488,390
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	-
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	215,800
Change in OCERS retirement costs	69,600
Change in group insurance costs	46,200
Other benefit cost adjustments	33,800
Other Cost Adjustments:	
Decrease in odor control chemicals (costs transferred to Divisions 830 & 840)	(1,114,600)
Increase in safety equipment/tools	15,000
Decrease in other contractual services	(385,000)
Increase in engineering services	116,800
Decrease in other professional services	(191,500)
Increase in repairs & maintenance costs	57,000
Decrease in utility costs of pump stations	(21,900)
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	3,610
2008-09 Proposed Budget - Total Operating Requirements	\$ 8,333,200
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	116,500
Change in OCERS retirement costs	27,800
Change in group insurance costs	26,200
Other benefit cost adjustments	15,900
Other Cost Adjustments:	
Increase in odor control chemicals	174,500
Increase in tools	30,000
Decrease in engineering services	(212,500)
Increase in repairs & maintenance costs	70,000
Increase in utility costs of pump stations	20,000
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	1,000
2009-10 Proposed Budget - Total Operating Requirements	\$ 8,602,600

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 2,048,717	\$ 2,236,000	\$ 2,463,000	\$ 2,601,400	16.34%	\$ 2,787,800	7.17%
Supplies	74,788	3,785,590	3,806,820	2,693,200	(28.86%)	2,898,700	7.63%
Professional & Contractual Services	1,265,919	1,984,200	1,899,200	1,522,800	(23.25%)	1,310,300	(13.95%)
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	584,111	853,000	793,000	910,000	6.68%	980,000	7.69%
Utilities	547,123	626,900	576,900	605,000	(3.49%)	625,000	3.31%
Other	5,567	2,700	-	800	(70.37%)	800	-
Total	\$ 4,526,225	\$ 9,488,390	\$ 9,538,920	\$ 8,333,200	(12.17%)	\$ 8,602,600	3.23%



Facilities Maintenance & Fleet Services

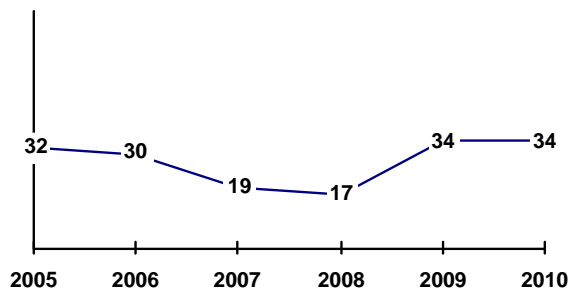


2008-09 & 2009-10 Authorized FTE Positions

Manager	1.0
Supervisors / Professionals	4.0
Operations & Maintenance	28.0
Administrative / Clerical	1.0

Total 34.0

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

The mission of the Facilities Maintenance and Fleet Services Division is to provide cost-effective, quality focused asset management with staff and/or contractors in the following areas: Grounds, Custodial, Painting, Signage and Structure Maintenance including appurtenances, Computerized Maintenance Management System (CMMS) support, Vehicles and mobile equipment, mobile crane support and motor pool management. The Division acts as a liaison between O&M divisions and other stakeholders in the areas of procurement, change management, project management, and contractual services.

2007-08 Performance Objectives

- ◆ Ensure division expenditures are managed to within 96-100% of the approved budget.
- ◆ Implement Fleet Management software with standardized reporting tools similar to other best practices cities and agencies.
- ◆ Maintain a monthly fleet services technical staff wrench time of 57% based on actual available site hours.
- ◆ Maintain an annual fully burdened divisional wrench time of 55%. The wrench time component is comprised of preventative maintenance, predictive maintenance, corrective maintenance, managed activities, and construction (Improvements)
- ◆ Implement a Pavement Management program. Develop and install attribute data, condition assessment tools, populate asset register in CMMS (or other) and implement PM/CM program in in-house CMMS or other.

2007-08 Performance Results

- ◆ Estimated to be at 98.6%.
- ◆ Implementation of Fleet Management software system with standardized reporting tools completed.
- ◆ Maintained a monthly average of 61.8%.
- ◆ Maintained an annual divisional average of 57.2%.
- ◆ Implementation of Pavement Management program. Asset register and PM/CM program to be implemented in new asset management software scheduled for implementation FY 2008-09.

2008-09 & 2009-10 Performance Objectives

- ◆ Volatile Organic Compound (VOC's). 100% records compliance for painting / coatings glues, solvents and other VOC's.
- ◆ Safe and Reliable vehicle and equipment operations. Zero incidents or accidents and 10% rework as a result of Fleet Services staff's performance.
- ◆ Clean work environment, facilities maintenance. In house survey publishes with results meeting at or above a minimum of 80% very satisfied or extremely satisfied.
- ◆ Vehicle and equipment emissions. Fleet Services to maintain 100% of compliance with state regulations.
- ◆ Total Injury Frequency Rate. Maintain a frequency rate of less than 6.0

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Joint operating budget	89.6%	98.7%	N/A	N/A	In house standard
◆ Technical staff wrench time	57.0%	61.8%	N/A	N/A	In house standard
◆ Facilities Clean Work Environment (Survey)	N/A	N/A	80% very satisfied	80% very satisfied	In house standard
◆ Vehicle & equipment emissions compliance	N/A	N/A	100%	100%	Compliance with CARB regulations.
◆ Volatile Organic Compounds compliance	N/A	N/A	100%	100%	Compliance with AQMD regulations.

Facilities Maintenance & Fleet Services

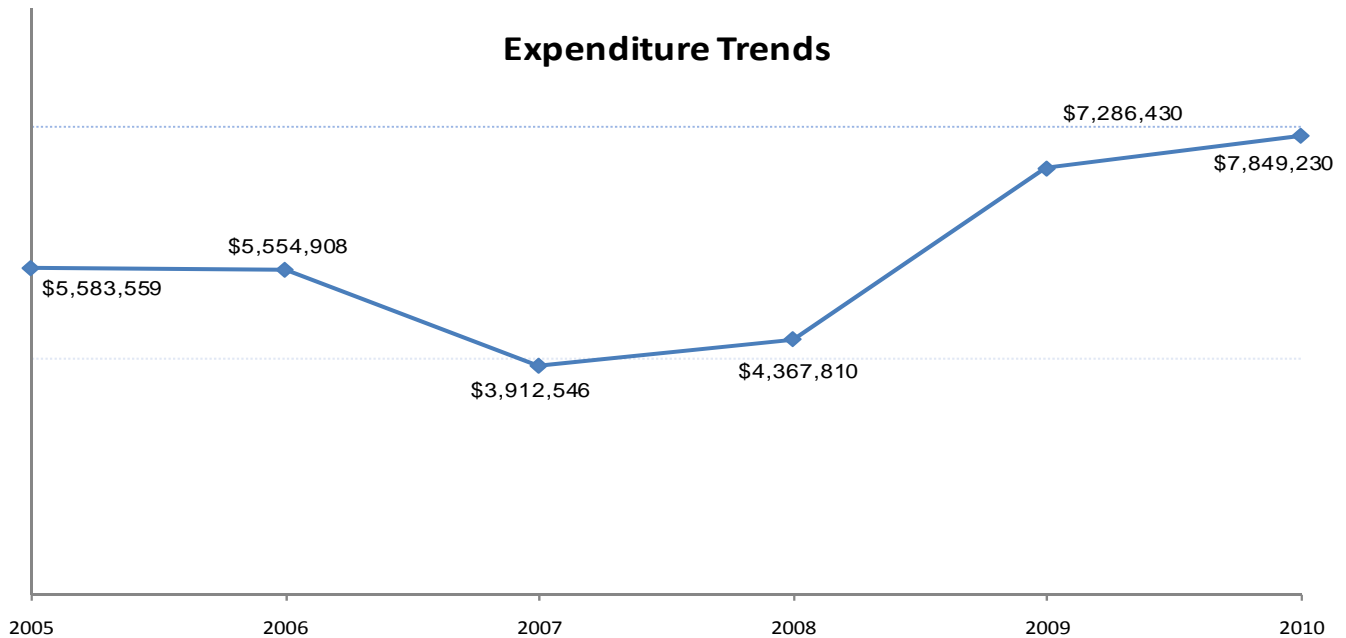
Budget Overview

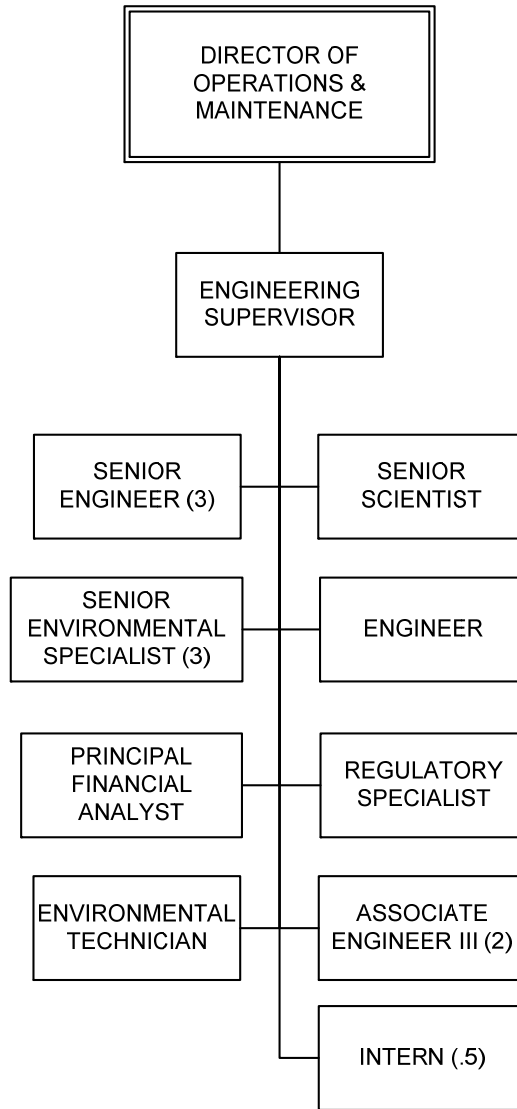
The FY 2008-09 & 2009-10 budgets for the Facilities Maintenance and Fleet Services Division reflect increases of 67% and 8% over the prior year, respectively. The increase is a result of transferring the duties of Computerized Maintenance Management System (CMMS) support and Departmental contract services management along with the associated 17 FTE positions from the Mechanical and Reliability Maintenance Division within the Operations & Maintenance Department.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 4,367,810
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	1,569,500
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	75,800
Change in OCERS retirement costs	397,900
Change in group insurance costs	204,000
Other benefit cost adjustments	33,200
Other Cost Adjustments:	
Decrease in vehicle fuel & lubricants	(45,000)
Increase in compressed natural gas	12,300
Decrease in miscellaneous operating supplies	(30,000)
Increase in groundskeeping contractual services	42,700
Increase in janitorial services	10,400
Decrease in engineering services	(13,400)
Increase in repairs and maintenance costs	623,000
Increase in services maintenance agreements	31,100
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	7,120
2008-09 Proposed Budget - Total Operating Requirements	\$ 7,286,430
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	153,900
Change in OCERS retirement costs	33,900
Change in group insurance costs	36,900
Other benefit cost adjustments	22,600
Other Cost Adjustments:	
Increase in vehicle fuel & lubricants	15,000
Increase in compressed natural gas	15,000
Increase in groundskeeping contractual services	10,000
Increase in janitorial services	30,000
Increase in repairs and maintenance costs	227,000
Increase in services maintenance agreements	10,000
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	8,500
2009-10 Proposed Budget - Total Operating Requirements	\$ 7,849,230

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 1,621,757	\$ 1,976,300	\$ 1,863,500	\$ 4,256,700	115.39%	\$ 4,504,000	5.81%
Supplies	496,844	618,610	536,350	564,230	(8.79%)	597,730	5.94%
Professional & Contractual Services	876,417	840,300	835,000	880,000	4.72%	925,000	5.11%
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	912,381	928,900	1,075,000	1,583,000	70.42%	1,820,000	14.97%
Utilities	48	-	-	-	-	-	-
Other	5,099	3,700	3,800	2,500	(32.43%)	2,500	-
Total	\$ 3,912,546	\$ 4,367,810	\$ 4,313,650	\$ 7,286,430	66.82%	\$ 7,849,230	7.72%



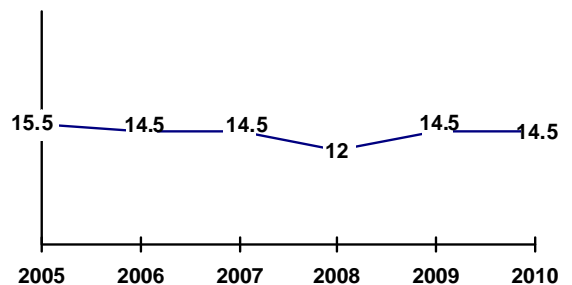


2008-09 & 2009-10 Authorized FTE Positions

Supervisors / Professionals 14.0
 Intern 0.5

Total 14.5

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

Provide process support so that OCSD operates in compliance with air, land, and water regulations, odor and corrosion are minimized and treatment is optimized, with minimal impact on the regional collection system and plant neighbors.

2007-08 Performance Objectives	2007-08 Performance Results
◆ Manage to within 96-100% of the division's joint operating expenses budget.	◆ Division 820 budget is projected to be 94%
◆ Ensure the utility, chemical, biosolids, and oxygen service contracts are managed to within 90-100% of the approved operating budget (\$38.64 million)	◆ Contracts are projected to be managed to 92 %
◆ Assist Operations in achieving optimization through 1% savings (\$400,000)	◆ Optimized chemicals by >1% of budget
◆ Manage the collection system chemicals to within 80-100% (from div. 660)	◆ Collection system chemicals are projected to be managed to 99 %
◆ Prepare 35 specifications	◆ Responsibility moved to Division 770

2008-09 & 2009-10 Performance Objectives

- ◆ Manage the division's joint operating expenses budget to \leq 100%.
- ◆ Ensure the utility, chemical, and oxygen service contracts are managed to less than 100% of the approved operating budget.
- ◆ Assist Operations in achieving optimization through \geq 2% reduction in chemical dosing without decreasing level of service.
- ◆ Ensure continuous odor and corrosion treatment in the Collection System to achieve Level of Service and internal targets for 100% of time based upon average

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Manage Division Budget	88%	94%	\leq 100%	\leq 100%	In-house standard
◆ Contract Management	81%	92%	\leq 100%	\leq 100%	In-house standard
◆ Optimization	>1%	> 1%	\geq 2%	\geq 2%	In-house standard
◆ Odor and corrosion treatment in the Collection System	N/A	N/A	100%	100%	Level of Service
◆ Manage the collection system chemicals to within 80-100% (from Div. 660)	94%	99%	N/A	N/A	In-house standard

Operations & Maintenance Process Engineering

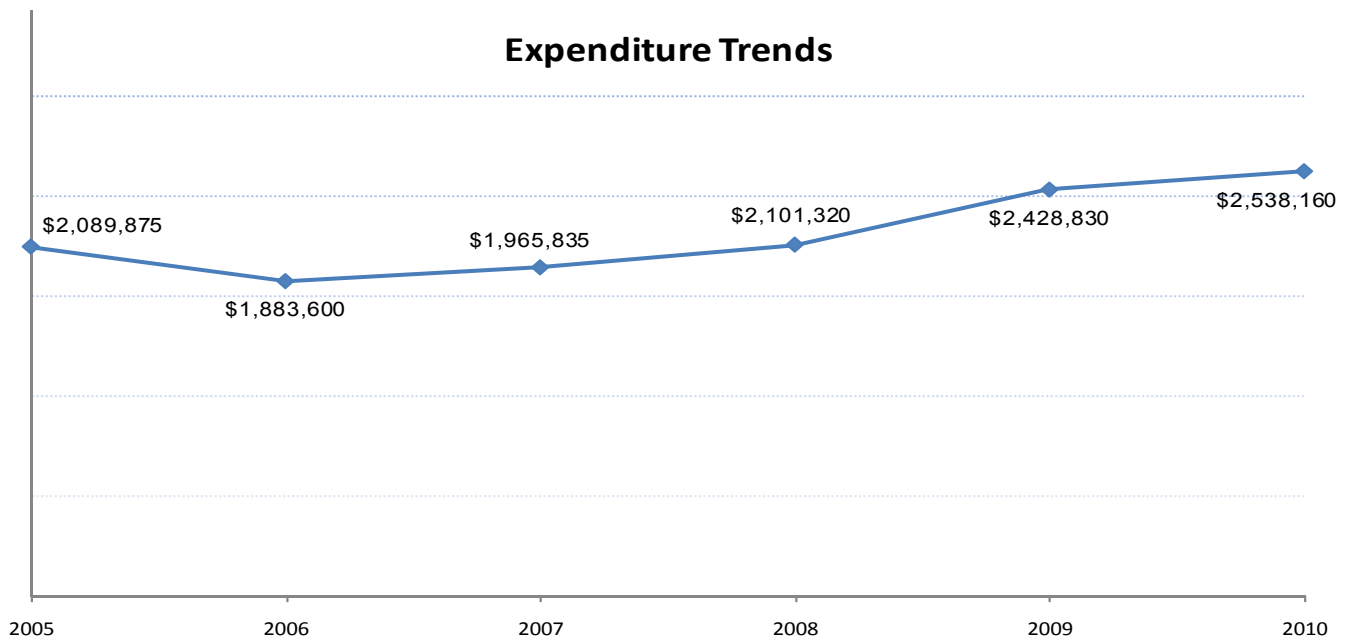
Budget Overview

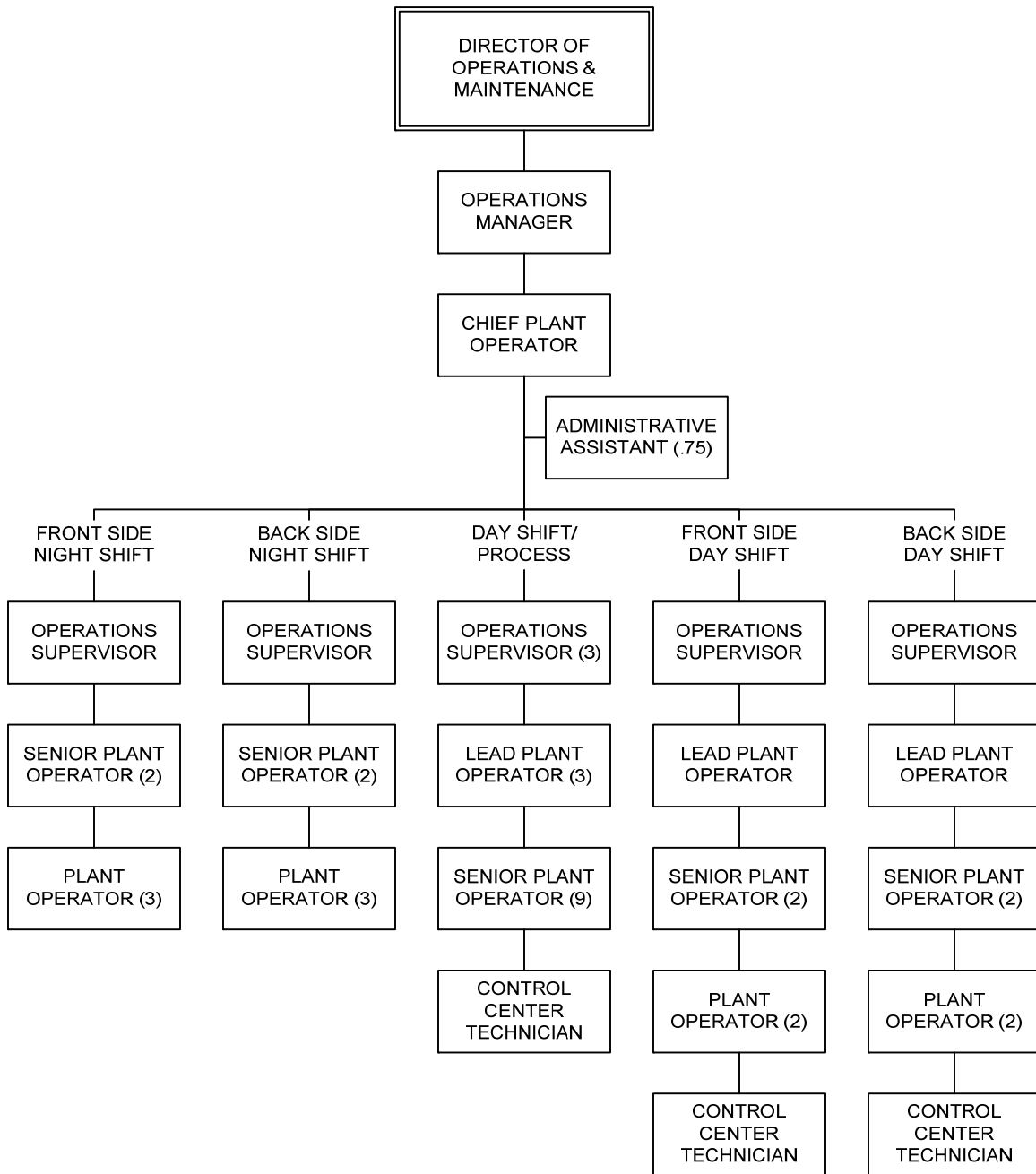
The FY 2008-09 & 2009-10 budgets for the Operations & Maintenance Process Engineering Division reflect increases of 16% and 5% over the prior year, respectively. The increase is due to a net transfer of 2.5 FTE positions into this division. This increase is slightly offset by a decrease in costs for repairs and maintenance.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 2,101,320
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	176,500
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	76,000
Change in OCERS retirement costs	80,100
Change in group insurance costs	45,200
Other benefit cost adjustments	(50)
Other Cost Adjustments:	
Increase in minor furniture and fixtures	10,800
Decrease in meetings	(2,500)
Decrease in safety equipment and tools	(6,400)
Decrease in laboratory supplies	(5,500)
Decrease in outside lab services	(4,000)
Increase in temporary services	35,000
Increase in other contractual services	9,000
Decrease in other professional services	(24,000)
Decrease in repairs and maintenance	(54,900)
Decrease in regulatory operating fees	(4,800)
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	(2,940)
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2008-09 Proposed Budget - Total Operating Requirements	\$ 2,428,830
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	79,100
Change in OCERS retirement costs	19,600
Change in group insurance costs	15,400
Other benefit cost adjustments	9,300
Other Cost Adjustments:	
Decrease in minor furniture and fixtures	(6,000)
Increase in temporary services	25,000
Decrease in other contractual services	(30,000)
Decrease in repairs and maintenance	(4,200)
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	1,130
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2009-10 Proposed Budget - Total Operating Requirements	\$ 2,538,160

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 1,562,852	\$ 1,643,050	\$ 1,685,000	\$ 2,020,800	22.99%	\$ 2,144,200	6.11%
Supplies	34,969	55,270	41,050	49,180	(11.02%)	43,810	(10.92%)
Professional & Contractual Services	182,615	292,000	216,500	308,000	5.48%	303,000	(1.62%)
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	2,056	92,850	21,500	39,950	(56.97%)	35,950	(10.01%)
Utilities	-	-	-	-	-	-	-
Other	183,343	18,150	11,800	10,900	(39.94%)	11,200	2.75%
Total	\$ 1,965,835	\$ 2,101,320	\$ 1,975,850	\$ 2,428,830	15.59%	\$ 2,538,160	4.50%

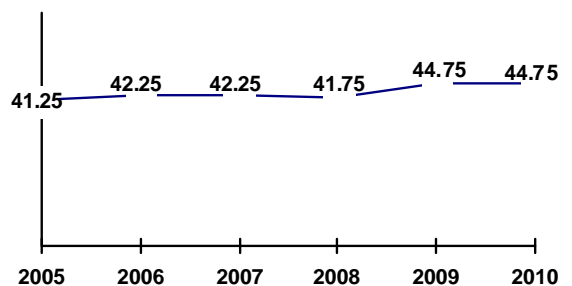




Staffing Trends

2008-09 & 2009-10 Authorized FTE Positions

Manager	1.00
Supervisors / Professionals	8.00
Operations & Maintenance	35.00
Administrative / Clerical	0.75
Total	44.75



2008-09 & 2009-10 Budget

Service Description

To safely, reliably, and cost effectively operate Plants Nos. 1 and 2 to meet all regulatory requirements for the land, air, and water environments of Orange County and the 2.5 million residents we serve.

2007-08 Performance Objectives

- ◆ Achieve 100% NPDES Compliance
- ◆ Maintain a Total Injury Frequency Rate (TIFR) at below the industry average of 5.2
- ◆ Maintain overtime at less than 10% of the total hours worked

2007-08 Performance Results

- ◆ 100% Compliance
- ◆ Through eight months the case rate was 11.6
- ◆ Through eight months overtime was approximately 7% of the total hours worked

2008-09 & 2009-10 Performance Objectives

- ◆ Achieve 100% NPDES Compliance
- ◆ Maintain 30 day geometric mean for total coliform at the final sampler at or below 100,000 MPN
- ◆ Maintain overtime at less than 10% of the total hours worked
- ◆ Maintain total accident rate below 5.2 accidents per 100 employees

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Compliance	< 100%	100%	100%	100%	Permit Requirement
◆ 30 Day Geo Mean	NA	NA	<=100,000	<=100,000	In-house standard
◆ Overtime %	<= 10%	<= 10%	<= 10%	<= 10%	In-house standard
◆ Accident Rate	5.0	< 11	< 5.2	< 5.2	Industry standard

Plant No. 1 Operations

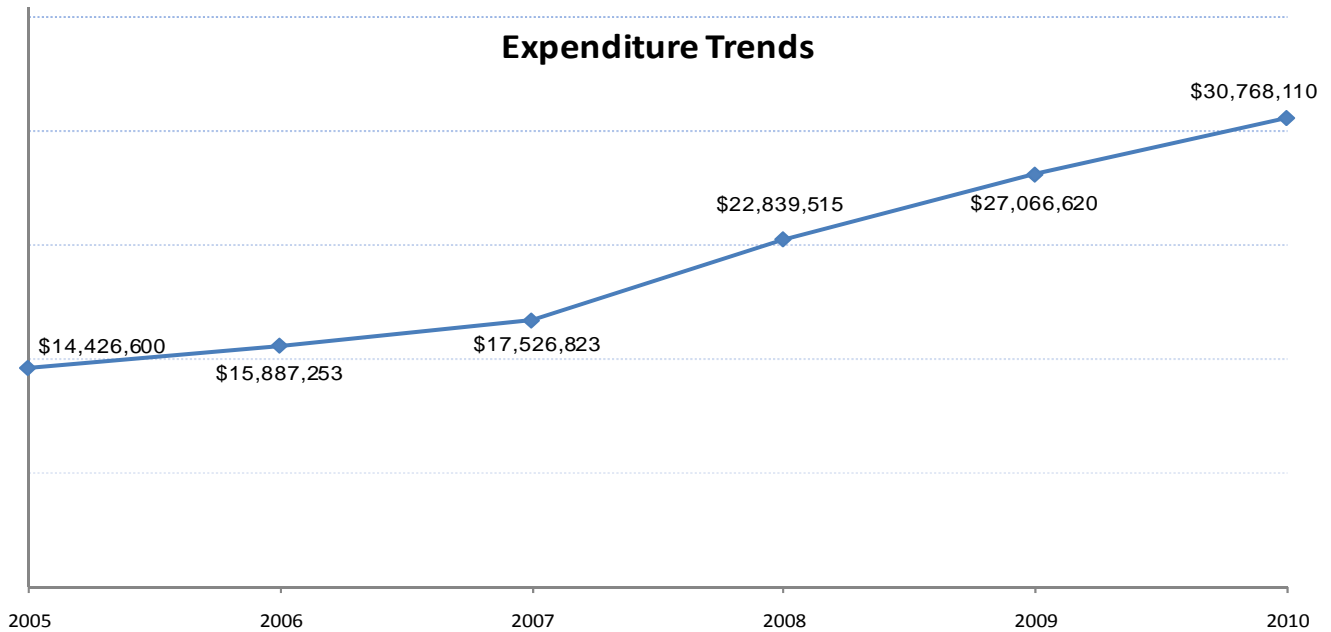
Budget Overview

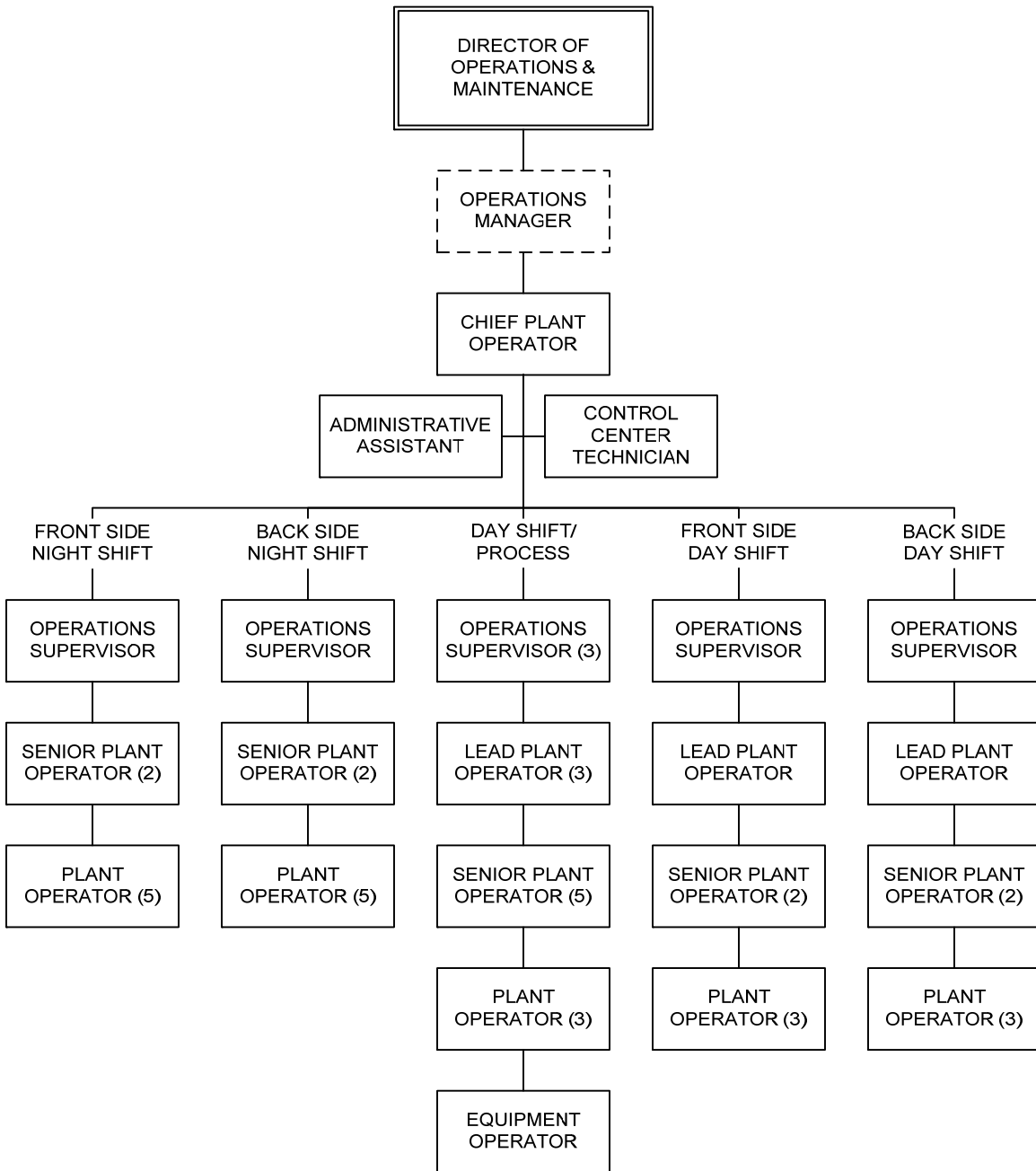
The FY 2008-09 & 2009-10 budgets for the Plant Number 1 Operations Division reflect increases of 19% and 14% over the prior year, respectively. These increases are mainly the result of an increase of 3 FTE positions reallocated from other divisions and increases in the cost of solids removal and odor control chemicals. These cost increases are slightly offset by decreases in the cost of utilities and disinfection chemicals.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 22,839,515
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	182,300
New or (decreased) FTE	-
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	150,900
Change in OCERS retirement costs	143,900
Change in group insurance costs	94,800
Other benefit cost adjustments	18,700
Other Cost Adjustments:	
Increase in chemical coagulants	267,960
Increase in odor control chemicals (includes costs transferred from Division 420)	1,054,200
Decrease in disinfection chemicals	(541,795)
Increase in solids removal costs	3,315,800
Increase in other waste disposal	69,500
Increase in repairs and maintenance	55,000
Decrease in electricity costs	(611,000)
Increase in water costs	26,080
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	760
2008-09 Proposed Budget - Total Operating Requirements	\$ 27,066,620
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	219,600
Change in OCERS retirement costs	50,900
Change in group insurance costs	49,000
Other benefit cost adjustments	29,800
Other Cost Adjustments:	
Increase in chemical coagulants	835,500
Increase in odor control chemicals	255,180
Decrease in disinfection chemicals	(2,900)
Increase in solids removal costs	2,070,000
Increase in other waste disposal	13,000
Increase in electricity costs	150,000
Increase in water costs	30,010
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	1,400
2009-10 Proposed Budget - Total Operating Requirements	\$ 30,768,110

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 4,582,952	\$ 4,788,800	\$ 4,882,300	\$ 5,379,400	12.33%	\$ 5,728,700	6.49%
Supplies	4,533,678	6,248,755	5,031,960	7,030,220	12.51%	8,118,200	15.48%
Professional & Contractual Services	5,660,729	7,974,200	7,205,000	11,359,500	42.45%	13,442,500	18.34%
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	6,605	3,000	8,000	58,000	1833.33%	59,200	2.07%
Utilities	2,739,220	3,819,920	2,854,550	3,232,000	(15.39%)	3,412,010	5.57%
Other	3,639	4,840	6,500	7,500	54.96%	7,500	-
Total	\$ 17,526,823	\$ 22,839,515	\$ 19,988,310	\$ 27,066,620	18.51%	\$ 30,768,110	13.68%



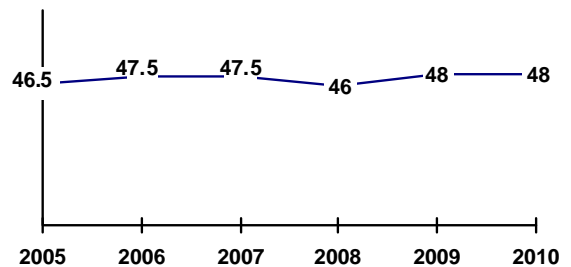


2008-09 & 2009-10 Authorized FTE Positions

Supervisors / Professionals	8.0
Administrative / Clerical	1.0
Operations & Maintenance	39.0

Total 48.0

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

To safely, reliably, and cost effectively operate Plants Nos. 1 and 2 to meet all regulatory requirements for the land, air, and water environments of Orange County and the 2.5 million residents we serve.

2007-08 Performance Objectives

- ◆ Achieve 100% NPDES Compliance
- ◆ Maintain a Total Injury Frequency Rate (TIFR) at below the industry average of 5.2
- ◆ Maintain overtime at less than 10% of the total hours worked

2007-08 Performance Results

- ◆ 100% Compliance
- ◆ Through eight months the case rate was 21.3
- ◆ Through eight months overtime was approximately 6% of the total hours worked

2008-09 & 2009-10 Performance Objectives

- ◆ Achieve 100% NPDES Compliance
- ◆ Maintain 30 day geometric mean for total coliform at the final sampler at or below 100,000 MPN
- ◆ Maintain overtime at less than 10% of the total hours worked
- ◆ Maintain total accident rate below 5.2 accidents per 100 employees

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Compliance	< 100%	100%	100%	100%	Permit Requirement
◆ 30 Day Geo Mean	NA	NA	<=100,000	<=100,000	In-house standard
◆ Overtime %	<= 10%	<= 10%	<= 10%	<= 10%	In-house standard
◆ Accident Rate	20.7	< 21	< 5.2	< 5.2	Industry standard

Plant No. 2 Operations

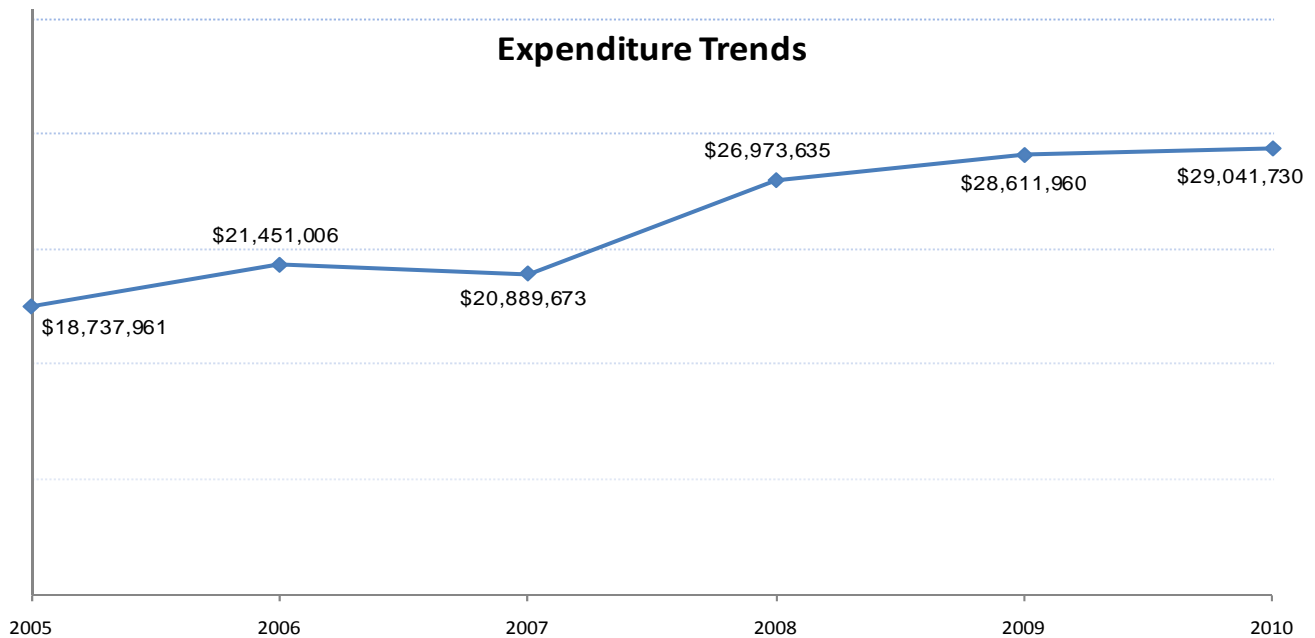
Budget Overview

The FY 2008-09 & 2009-10 budgets for the Plant Number 2 Operations Division reflect increases of 6% and 2% over the prior year, respectively. These increases are mainly the result of an increase of 2 FTE positions reallocated from other divisions and increases in the cost of solids removal and odor control chemicals. These cost increases are offset somewhat by a reduction in cost of disinfection chemicals and utilities.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 26,973,635
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	38,600
New or (decreased) FTE	56,600
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	203,400
Change in OCERS retirement costs	91,900
Change in group insurance costs	81,600
Other benefit cost adjustments	39,000
Other Cost Adjustments:	
Increase in chemical coagulants	33,080
Increase in odor control chemicals (includes costs transferred from Division 420)	818,920
Decrease in disinfection chemicals	(1,315,605)
Increase in safety equipment and tools	14,400
Decrease in property tax fees (costs transferred to Division 620)	(33,000)
Increase in solids removal costs	2,271,750
Decrease in other waste disposal	(26,000)
Increase in oxygen plant operations	50,500
Increase in repairs and maintenance	50,680
Decrease in electricity costs	(457,000)
Decrease in regulatory operating fees (transferred to Division 620)	(283,000)
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	2,500
2008-09 Proposed Budget - Total Operating Requirements	\$ 28,611,960
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	200,800
Change in OCERS retirement costs	49,900
Change in group insurance costs	51,900
Other benefit cost adjustments	31,900
Other Cost Adjustments:	
Increase in chemical coagulants	56,700
Increase in odor control chemicals	81,700
Decrease in disinfection chemicals	(84,300)
Decrease in safety equipment and tools	(9,380)
Increase in solids removal costs	(120,000)
Increase in other waste disposal	6,500
Increase in oxygen plant operations	13,000
Increase in electricity costs	135,000
Increase in water costs	13,610
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	2,440
2009-10 Proposed Budget - Total Operating Requirements	\$ 29,041,730

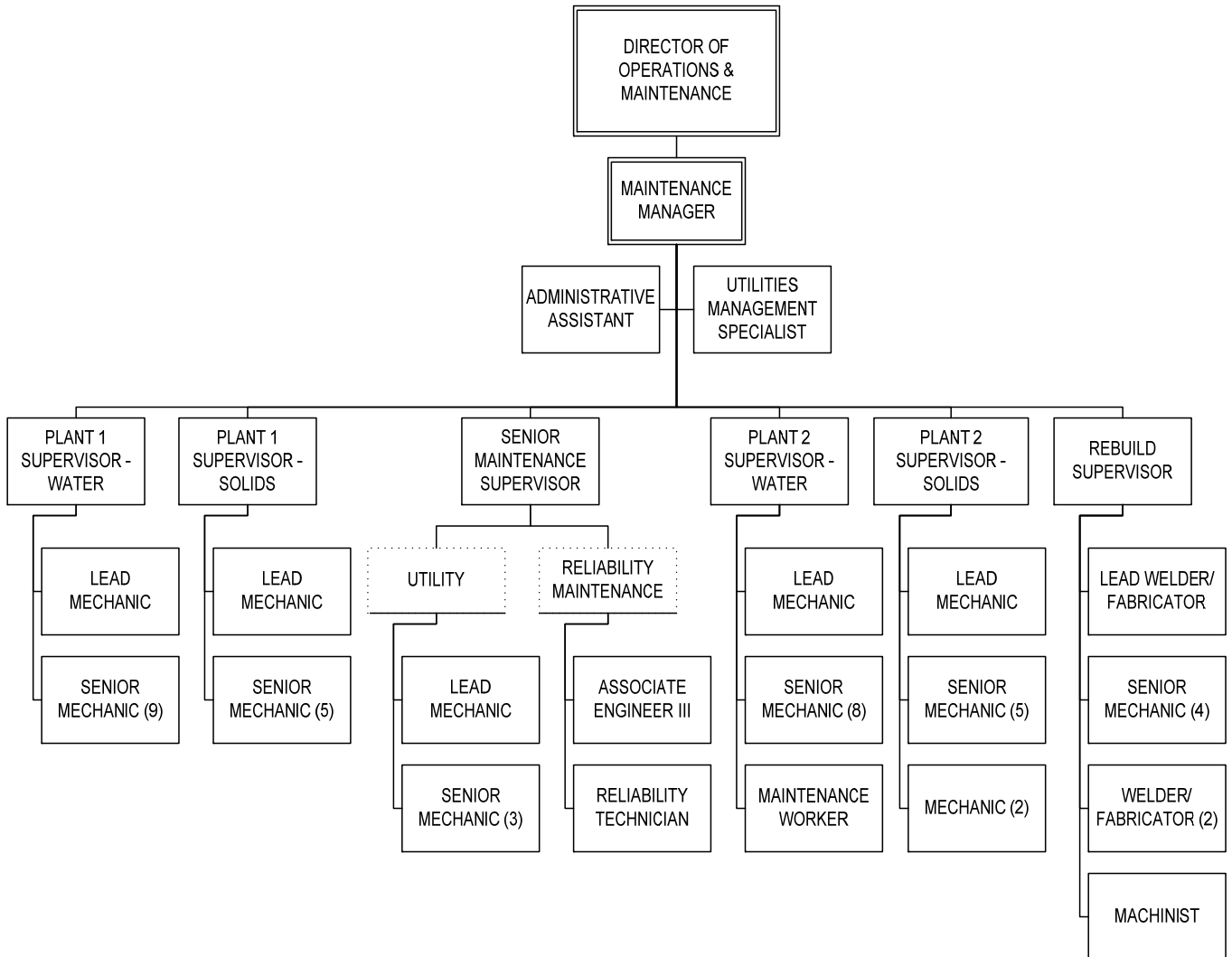
2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07	2007-08	2007-08	2008-09	Budget	2009-10	Budget
	Actual	Revised Budget	Projected	Proposed	% Change	Proposed	% Change
Personnel	\$ 5,105,833	\$ 5,299,500	\$ 5,502,600	\$ 5,810,600	9.64%	\$ 6,145,100	5.76%
Supplies	6,891,863	11,050,285	7,024,360	10,570,960	(4.34%)	10,616,860	0.43%
Professional & Contractual Services	6,890,046	7,701,750	7,838,950	9,998,000	29.81%	9,897,500	(1.01%)
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	3,715	4,320	5,000	55,000	1173.15%	56,200	2.18%
Utilities	1,995,221	2,631,000	1,703,420	2,173,400	(17.39%)	2,322,010	6.84%
Other	2,995	286,780	203,820	4,000	(98.61%)	4,060	1.50%
Total	\$ 20,889,673	\$ 26,973,635	\$ 22,278,150	\$ 28,611,960	6.07%	\$ 29,041,730	1.50%



Mechanical and Reliability Maintenance

850

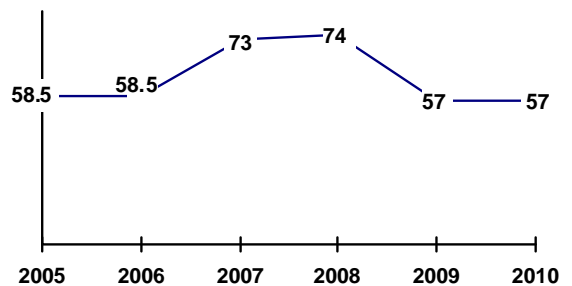


2008-09 & 2009-10 Authorized FTE Positions

Manager	1.0
Supervisors / Professionals	8.0
Administrative / Clerical	1.0
Operations & Maintenance	47.0

Total 57.0

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

To provide appropriate maintenance support for wastewater treatment processes in a safe, efficient, and effective manner so that OCSD can meet all discharge requirements.

2007-08 Performance Objectives

- ◆ Maintain a work order backlog of no less than 4 weeks and no greater than 6 weeks based on available on-site technical staff hours for the division.
- ◆ Maintain overtime between 5 percent and 7 percent of total hours worked.
- ◆ Maintain an Injury Case Rate below 5.2.

2007-08 Performance Results

- ◆ Through 8 months the average backlog was 8.59 weeks
- ◆ Through 8 months the overtime percentage was 8.49 percent
- ◆ Through 8 months the case rate is 15.7

2008-09 & 2009-10 Performance Objectives

- ◆ Maintain a total work order backlog of no less than 4 weeks and no greater than 6 weeks
- ◆ Maintain overtime between 5% and 7% of total hours worked
- ◆ Maintain an Injury Case Rate below 5.2

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Work Order Backlog	6.43	8 Weeks	>4Wks, <6Wks	>4Wks, <6Wks	Industry Standard
◆ Overtime	6.71%	8%	5-7%	5-7%	In-House Standard Based on Industry Standards
◆ Injury Case Rate	7.8	<15.7	5.2	5.2	Industry Standard

Mechanical and Reliability Maintenance

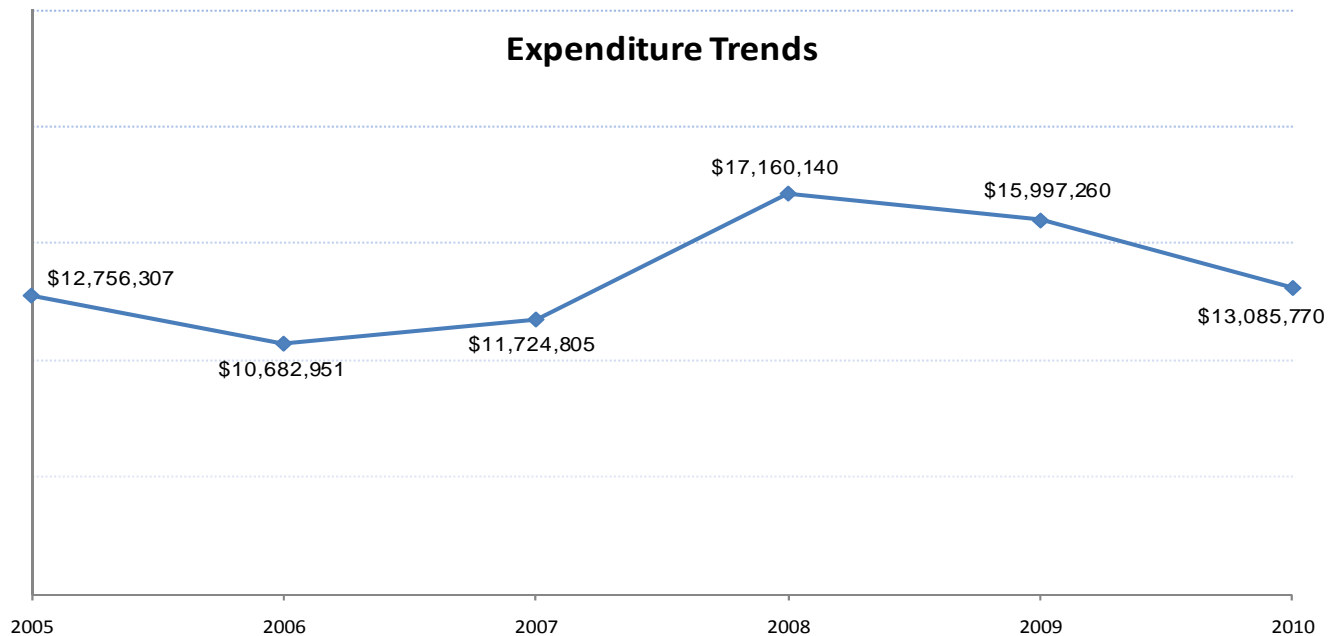
Budget Overview

The FY 2008-09 & 2009-10 budgets for the Mechanical and Reliability Maintenance Division reflect decreases of 7% and 18% from the prior year, respectively. The decrease is primarily due to a net reduction of 17 FTE positions resulting from transferring 17 FTEs to the Facilities Maintenance & Fleet Services Division as well as 4 additional FTEs to Construction Engineering and O&M Process Engineering Divisions, and adding 4 new FTE positions. These decreases are partially offset by an increase in other waste disposal cost in FY 2008-09 related to increased digester cleaning.

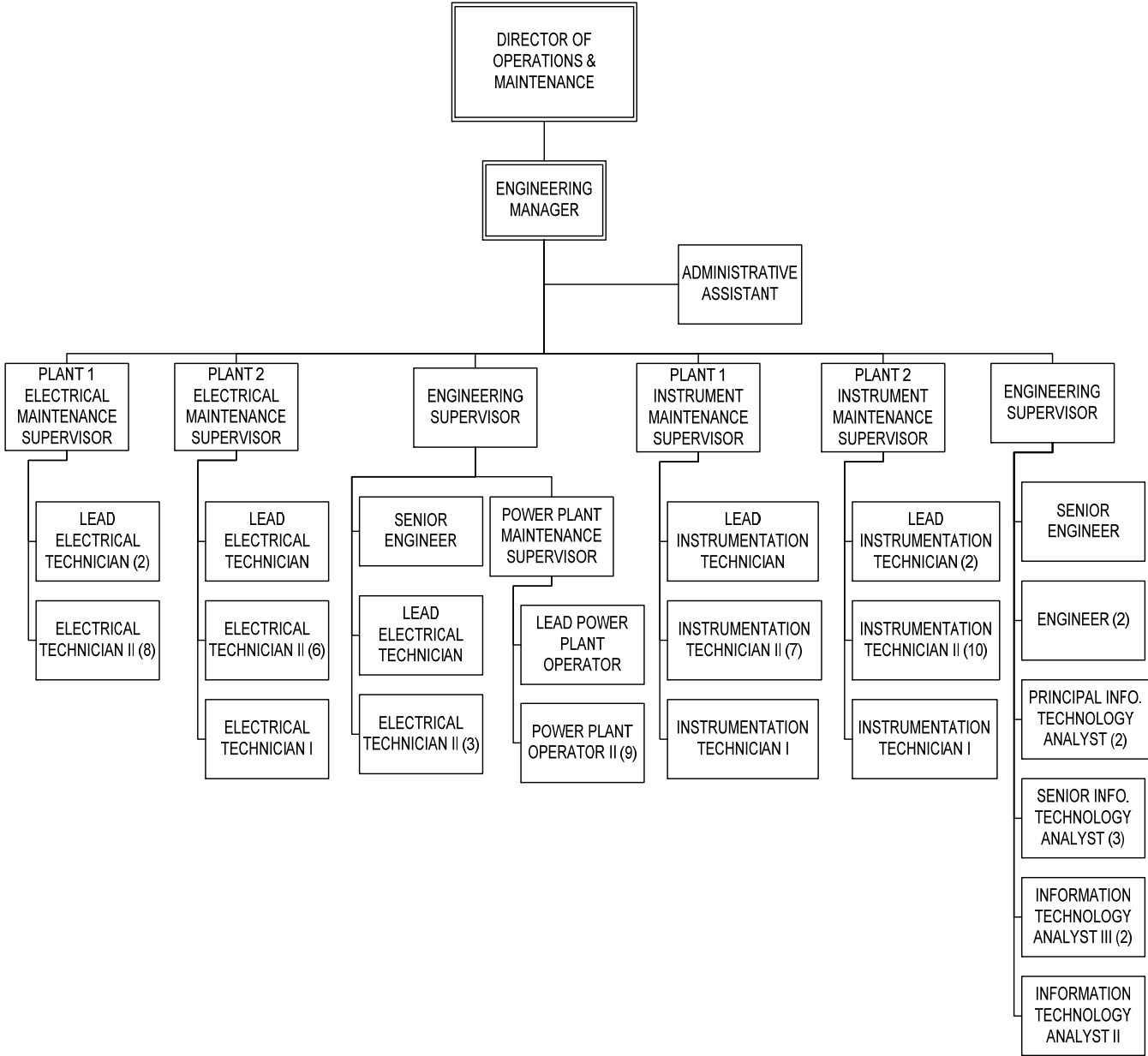
2007-08 Adjusted Budget - Total Operating Requirements	\$ 17,160,140
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	(1,989,200)
New or (decreased) FTE	218,300
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	(159,100)
Change in OCERS retirement costs	(358,300)
Change in group insurance costs	(105,900)
Other benefit cost adjustments	(8,000)
Other Cost Adjustments:	
Decrease in meetings	(2,850)
Increase in gas, diesel, & oil	19,050
Increase in safety equipment and tools	86,100
Increase in solvents, paint, and janitorial supplies	3,600
Increase in other waste disposal	1,600,000
Decrease in temporary services	(3,500)
Decrease in engineering services	(205,000)
Decrease in repairs and maintenance	(223,600)
Decrease in service maintenance agreements	(52,140)
Increase in freight	11,250
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	6,410
2008-09 Proposed Budget - Total Operating Requirements	\$ 15,997,260
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	244,200
Change in OCERS retirement costs	56,500
Change in group insurance costs	61,600
Other benefit cost adjustments	37,900
Other Cost Adjustments:	
Increase in gas, diesel, & oil	3,050
Decrease in safety equipment and tools	(19,450)
Decrease in other waste disposal	(1,500,000)
Decrease in engineering services	(65,000)
Decrease in repairs and maintenance	(1,733,000)
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	2,710
2009-10 Proposed Budget - Total Operating Requirements	\$ 13,085,770

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 7,668,970	\$ 8,813,600	\$ 8,872,200	\$ 6,411,400	(27.26%)	\$ 6,811,600	6.24%
Supplies	359,768	292,950	314,540	401,700	37.12%	385,450	(4.05%)
Professional & Contractual Services	306	2,423,500	1,300,000	3,815,000	57.42%	2,250,000	(41.02%)
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	3,645,706	5,546,400	5,676,500	5,270,660	(4.97%)	3,537,720	(32.88%)
Utilities	23,022	16,640	18,000	18,500	11.18%	19,000	2.70%
Other	27,033	67,050	177,645	80,000	19.31%	82,000	2.50%
Total	\$ 11,724,805	\$ 17,160,140	\$ 16,358,885	\$ 15,997,260	(6.78%)	\$ 13,085,770	(18.20%)



Instrumentation & Electrical Maintenance

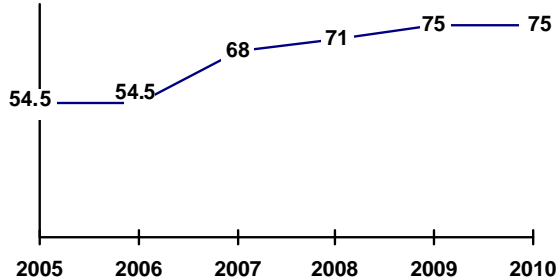


2008-09 & 2009-10 Authorized FTE Positions

Manager	1.0
Supervisors / Professionals	19.0
Administrative / Clerical	1.0
Operations & Maintenance	54.0

Total **75.0**

Staffing Trends



2008-09 & 2009-10 Budget

Service Description

We protect public health and the environment by providing reliable power distribution, power generation, electrical and instrument maintenance, and process control systems. Our professional, highly skilled staff use best practices and technology to provide Collections, Plant Operations, and District staff with electrical power, control systems, and environmental controls that are safe, on line, and available for use.

2007-08 Performance Objectives

- ◆ Maintain a Total Injury Frequency Rate (TIFR) at or below Industry Average of 6.0.
- ◆ Maintain all three Supervisory Control and Data Acquisition (SCADA) Servers availability above 99.5%.
- ◆ Maintain a workorder backlog of less than 6 weeks for Instrument and Electrical Maintenance.
- ◆ Maintain an average Federal Energy Regulatory Commission (FERC) efficiency rating for the Central Generation Plants greater than 34%.

2007-08 Performance Results

- ◆ The Total Injury Frequency Rate was 11.7.
- ◆ All servers were available greater than 99.5%.
- ◆ The average work order backlog is 4.2 weeks.
- ◆ The facilities averaged 34% efficiency.

2008-09 & 2009-10 Performance Objectives

- ◆ Maintain electrical power availability at the distribution level greater than 99.9% (8 hr/yr of unplanned outage).
- ◆ Maintain all three supervisory control and data acquisition system servers above 99.9% (8 hr/yr of unplanned downtime).
- ◆ Maintain a safe work environment measure by a National Case Rate lower than the national standard for Electrical Contractors.
- ◆ Maintain an average Federal Energy Regulatory Commission (FERC) efficiency rating for the Central Generation Plants greater than 34%.
- ◆ Maintain a workorder backlog of less than 6 weeks for Instrument and Electrical Maintenance.

Performance Measures

Summary	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed	Justification
◆ Power Availability	>99.9%	>99.9%	>99.9%	>99.9%	In house standard
◆ SCADA Availability	>99.9%	>99.9%	>99.9%	>99.9%	In house standard
◆ Safe Work Environment	NA	8.2	<5.8	<5.8	Electrical Contractor Avg.
◆ Cen Gen Efficiency	35%	34%	>34%	>34%	Federal Energy Standard
◆ Backlog	6.75	4.2	<6 weeks	<6 weeks	Industry Standard

Instrumentation & Electrical Maintenance

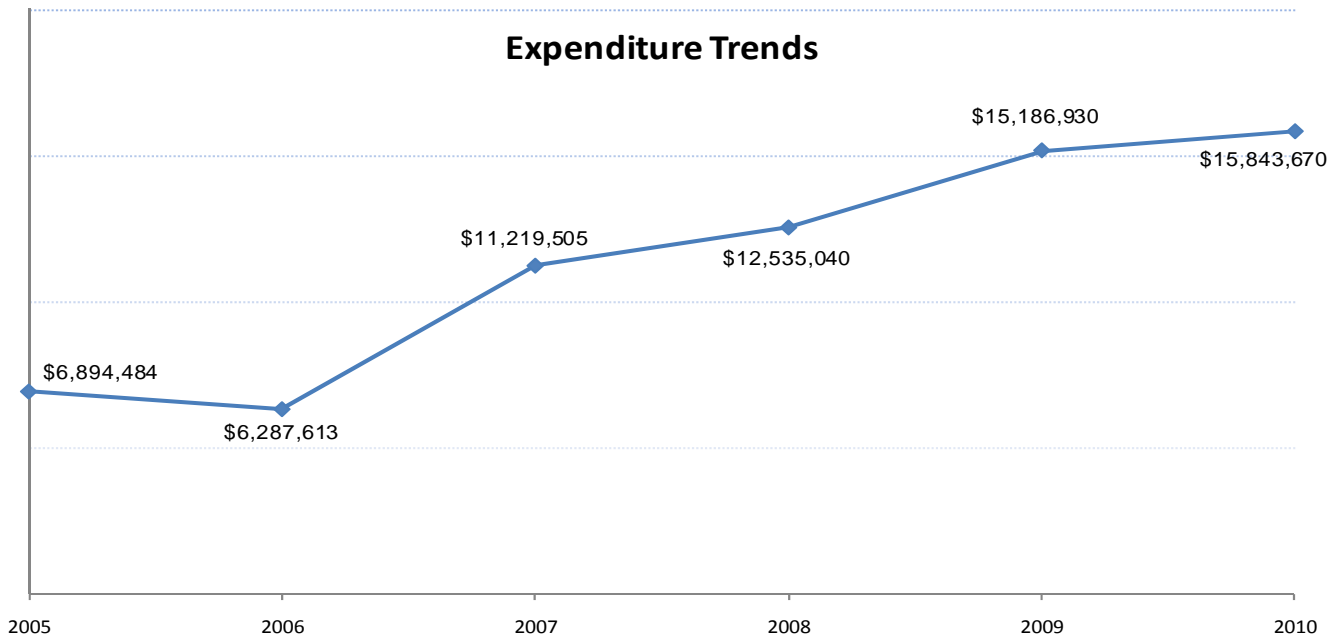
Budget Overview

The FY 2008-09 & 2009-10 budgets for the Instrumentation and Electrical Maintenance Division reflect increases of 21% and 4% over the prior year, respectively. The increase is mainly due to the addition of 4 FTE positions in FY 2008-09 as well as increased costs for natural gas and repairs and maintenance.

2007-08 Adjusted Budget - Total Operating Requirements	\$ 12,535,040
Salaries for Position Changes:	
Transfer of Positions from/(to) Other Divisions	103,600
New or (decreased) FTE	165,600
Changes in Personnel Expenses:	
Other net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	497,900
Change in OCERS retirement costs	188,600
Change in group insurance costs	153,000
Other benefit cost adjustments	162,600
Other Cost Adjustments:	
Increase in minor furniture and fixtures	28,270
Increase in safety equipment and tools	18,500
Increase in engineering services	150,000
Increase in repairs and maintenance	328,000
Increase in service maintenance agreements	2,080
Increase in natural gas costs	765,000
Increase in GAP water costs	77,170
Decrease in outside equipment rental	(4,000)
Increase in freight	8,400
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	7,170
2008-09 Proposed Budget - Total Operating Requirements	\$ 15,186,930
Changes in Personnel Expenses:	
Net salary adjustments (MOU-related, leave payoffs, vacancy, etc.)	375,500
Change in OCERS retirement costs	85,700
Change in group insurance costs	82,100
Other benefit cost adjustments	49,800
Other Cost Adjustments:	
Decrease in minor furniture and fixtures	(17,050)
Decrease in safety equipment and tools	(11,100)
Decrease in engineering services	(150,000)
Increase in repairs and maintenance	108,000
Increase in GAP water costs	122,430
Increase in freight	2,000
Aggregate change in Other Categories:	
Aggregate change in other materials, supplies, and services	9,360
2009-10 Proposed Budget - Total Operating Requirements	\$ 15,843,670

2008-09 & 2009-10 Budget

Operating Expenses By Category	2006-07 Actual	2007-08 Revised Budget	2007-08 Projected	2008-09 Proposed	Budget % Change	2009-10 Proposed	Budget % Change
Personnel	\$ 7,746,299	\$ 8,600,900	\$ 9,294,800	\$ 9,872,200	14.78%	\$ 10,465,300	6.01%
Supplies	259,425	240,720	238,430	293,060	21.74%	270,670	(7.64%)
Professional & Contractual Services	51,281	60,000	30,000	211,500	252.50%	63,000	(70.21%)
Research & Monitoring	-	-	-	-	-	-	-
Repairs & Maintenance	1,068,876	1,502,920	1,722,920	1,833,000	21.96%	1,943,000	6.00%
Utilities	2,076,316	2,060,300	2,482,000	2,902,470	40.88%	3,024,900	4.22%
Other	17,308	70,200	56,600	74,700	6.41%	76,800	2.81%
Total	\$ 11,219,505	\$ 12,535,040	\$ 13,824,750	\$ 15,186,930	21.16%	\$ 15,843,670	4.32%



Self-Insurance Program Overview

SELF-FUNDED INSURANCE PLANS

The District is partially self-insured for general liability and workers' compensation. The General Liability and Property program and the Workers' Compensation program have been in existence since 1979. The annual in-lieu premiums and charges to the Revenue Areas or Operating Divisions are the revenue sources within these programs. Expenses primarily consist of settlement claims, legal fees and excess loss insurance premiums. Ending Reserve Balances are projected at \$57,500,000 in FY 2008-09 and \$57,000,000 in FY2009-10.

General Liability and Property

- The District's current outside excess general liability insurance coverage is \$25 million with a self-insured retention of \$250,000.
- 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 \$25,000 for fire and \$100,000 for flood. The District is completely self-insured for earthquake.
- In order to maintain a reserve balance of \$55.5 million for FY 2008-09 and \$55.0 million for FY 2009-10 for the Property and General Liability program, appropriations for in-lieu premiums charged to the Revenue Areas are recommended at \$912,100 and \$1,082,100 for FY 2008-09 and FY 2009-10, respectively.

Workers' Compensation

- The District's current outside excess workers' compensation coverage is \$300 million with a self-insured retention of \$500,000 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 \$108,100 and \$535,000 for FY 2008-09 and FY 2009-10, respectively.

2008-09 & 2009-10 Budget

Total of the Self-Insurance Programs

DESCRIPTION OR ACCOUNT TITLE	2006-07 Actuals	2007-08 Budget	2007-08 Projected	2008-09 Proposed	2009-10 Proposed
Beginning Reserves	\$ 57,828,172	\$ 57,000,000	\$ 57,532,300	\$ 58,451,900	\$ 57,500,000
<u>Revenues</u>					
In-Lieu Premiums	1,776,900	2,557,600	2,557,600	1,020,200	1,617,100
Miscellaneous Other Revenue	5,063	-	10,000	-	-
Claims Reimbursement from Other Funds	-	10,000	-	-	-
Service Department Allocation	47,004	47,000	47,000	24,100	24,100
Total Revenues	1,828,967	2,614,600	2,614,600	1,044,300	1,641,200
<u>Expenses</u>					
Benefits/Claims	299,052	400,000	300,000	425,000	450,000
Contractual Services	18,231	31,200	21,200	31,200	31,200
Legal Services	388,565	350,000	280,000	335,000	335,000
Professional Services	3,052	30,000	1,500	15,000	15,000
Subtotal	708,900	811,200	602,700	806,200	831,200
Policy Premium Expense	1,415,976	1,803,400	1,092,310	1,190,000	1,310,000
Total Expenses	2,124,876	2,614,600	1,695,010	1,996,200	2,141,200
Excess Revenue (Expenses)	(295,909)	-	919,590	(951,900)	(500,000)
Ending Reserves	\$ 57,532,263	\$ 57,000,000	\$ 58,451,890	\$ 57,500,000	\$ 57,000,000

Self-Insurance Program

General Liability and Property Self-Insurance Program

DESCRIPTION OR ACCOUNT TITLE	2006-07 Actuals	2007-08 Budget	2007-08 Projected	2008-09 Proposed	2009-10 Proposed
Beginning Reserves	\$ 55,546,842	\$ 55,000,000	\$ 55,292,500	\$ 56,070,000	\$ 55,500,000
<u>Revenues</u>					
In-Lieu Premiums	1,466,800	1,998,200	1,998,200	912,100	1,082,100
Miscellaneous Other Revenue	-	-	10,000	-	-
Claims Reimbursement from Other Funds	-	10,000	-	-	-
Service Department Allocation	47,004	47,000	47,000	24,100	24,100
Total Revenues	1,513,804	2,055,200	2,055,200	936,200	1,106,200
<u>Expenses</u>					
Benefits/Claims	183,361	200,000	100,000	200,000	200,000
Contractual Services	1,200	1,200	1,200	1,200	1,200
Legal Services	366,333	300,000	250,000	300,000	300,000
Professional Services	3,052	5,000	1,500	5,000	5,000
Subtotal	553,946	506,200	352,700	506,200	506,200
Policy Premium Expense	1,214,230	1,549,000	925,000	1,000,000	1,100,000
Total Expenses	1,768,176	2,055,200	1,277,700	1,506,200	1,606,200
Excess Revenue (Expenses)	(254,372)	-	777,500	(570,000)	(500,000)
Ending Reserves	\$ 55,292,470	\$ 55,000,000	\$ 56,070,000	\$ 55,500,000	\$ 55,000,000

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Workers' Compensation Self-Insurance Program

DESCRIPTION OR ACCOUNT TITLE	2006-07 Actuals	2007-08 Budget	2007-08 Projected	2008-09 Proposed	2009-10 Proposed
Beginning Reserves	\$ 2,281,330	\$ 2,000,000	\$ 2,239,800	\$ 2,381,900	\$ 2,000,000
<u>Revenues</u>					
In-Lieu Premiums	310,100	559,400	559,400	108,100	535,000
Miscellaneous Other Revenue	5,063	-	-	-	-
Service Department Allocation	-	-	-	-	-
Total Revenues	315,163	559,400	559,400	108,100	535,000
<u>Expenses</u>					
Benefits/Claims	115,691	200,000	200,000	225,000	250,000
Contractual Services	17,031	30,000	20,000	30,000	30,000
Legal Services	22,232	50,000	30,000	35,000	35,000
Professional Services	-	25,000	-	10,000	10,000
Subtotal	154,954	305,000	250,000	300,000	325,000
Policy Premium Expense	201,746	254,400	167,310	190,000	210,000
Total Expenses	356,700	559,400	417,310	490,000	535,000
Excess Revenue (Expenses)	(41,537)	-	142,090	(381,900)	-
Ending Reserves	\$ 2,239,793	\$ 2,000,000	\$ 2,381,890	\$ 2,000,000	\$ 2,000,000

CIP BUDGET REQUEST SUMMARY

Each year, the Board of Directors, through their committee process, reviews and approves the Capital Improvement Program (CIP) prepared by staff for both sewage collection system projects (collections) and the joint works treatment and disposal system projects.

Many of the District's projects take several years to complete the planning, design and construction cycle. The budget for a construction project covers the life of the project. This budget is reevaluated each year for the purpose of managing annual cash flows. Thus, many of the projects in the CIP Budget for 2008-09 are continuing projects that were approved in prior years.

In October 1999, the District adopted a new Strategic Plan, a planning effort to define District's goals, responsibilities, and requirements over the next twenty years, and including projections through the assumed "build-out" of the District's service area to the year 2050. This effort to update the 1989 30-year "2020 Vision" Master Plan was necessary because many of the assumptions used then have now changed. Critical factors such as population growth, new construction, the volume of wastewater delivered to the plants and viable water conservation and reclamation programs have been reevaluated.

In June 2002, the District completed the Interim Strategic Plan Update (ISPU) which further updated these critical factors and developed revised cost estimates and user fee projections for upgrading the District's level of treatment to secondary standards. On July 17, 2002, after reviewing: (1) the ISPU treatment alternatives, (2) ocean monitoring data, (3) public input, (4) regulatory issues, and (5) financial considerations, the Board of Directors made the decision to upgrade our treatment to meet secondary treatment standards.

The CIP includes 3 projects totaling \$631 million to upgrade the District's treatment plants to meet secondary treatment standards. Implementation of secondary treatment standards is scheduled to be completed by December 31, 2012. This schedule was reviewed and determined to be reasonable and achievable by two independent Peer Review Teams.

In conjunction with preparation for the 2008-09 Budget, District staff conducted strategic planning workshops with the Board of Directors to layout a capital program to deliver the levels of service desired by the Board of Directors. These levels of

service and resulting capital projects are included in the District's 5-year Strategic Plan. This includes approximately \$50 million of new CIP projects over the next 10 years.

In addition, District staff has reviewed each CIP project to ensure that the scope of the project was appropriate, and that the cost estimates were accurate. The validated CIP includes 86 large capital projects and 28 special projects with a 15-year expenditure of \$1.47 billion. This total represents a \$149 million increase from the 2007-08 CIP estimate. This increase includes \$50 million from the District's 5-year Strategic Plan, \$28 million in newly identified rehabilitation and renewal needs, and \$71 million in project budget revisions for on-going projects.

Planning for water reclamation facilities is an element that has had a significant impact on the District's capital improvement program. The District and the Orange County Water District (OCWD) are currently in the last year of completing a joint project that will be the largest water reclamation project in the nation. When completed, the Groundwater Replenishment System (GWRS) would reclaim approximately 100 million gallons of water each day. The District is matching OCWD funding for this project and has budgeted \$248.4 million, with up to \$46 million of this budget being off-set by grants.

The proposed 2008-09 CIP budget is organized by treatment process. The funds requested for the current cash flow budget total \$373.7 million, an increase of 35 percent from last year's cash flow request of \$277.1 million. The current year cash flow is part of an overall total cost of \$2.484 billion for active projects.

Following is a chart of the 2008-09 Proposed CIP Cash Flows and the total Project Costs for all proposed projects, by project phase, in millions:

<u>Current Status</u>	<u>2008-09 Cash Flow</u>	<u>Total Project Costs</u>
Future	\$0.0	\$60.8
Planning	9.2	464.2
Design	25.4	1,630.7
Construction	337.1	312.5
Capital Equipment	<u>2.0</u>	<u>16.0</u>
Total	<u>\$373.7</u>	<u>\$2,484.2</u>

There are currently 26 projects in the Planning Phase with proposed capital outlay spending in 2008-09. Two of the larger 2008-09 cash flow

2008-09 & 2009-10 Budget

projects in the Planning Phase are the Solids Area Cable Tray Improvements at Plant No. 2 and the Oxygen Plant Rehabilitation with current year projected expenditures of \$2.72 million and \$1.25 million respectively. A total of \$464.2 million in capital outlay, currently listed within the Planning Phase, is being projected for future budgets based on the capital improvement needs that are identified through the 2002 Interim Strategic Plan Update and the annual CIP validation effort.

There are currently 19 projects in the Design Phase with proposed capital outlay spending in 2008-09. The two largest projects in the Design Phase are the Sludge Dewatering and Odor Control at Plant 1 Project and the Interplant Gas Line Rehabilitation Project with projected current year expenditures of \$7.60 million and \$2.96 million respectively.

There are currently 44 projects in the Construction Phase with proposed capital outlay spending in 2008-09. The two most significant projects in the construction phase are the New Secondary Treatment System at Plant No. 1 and the Trickling Filters at Plant No. 2 with a projected current year expenditure of \$100.1 million and \$73.7 million respectively.

Standard contingency factors have been applied to improve cost estimates. The rates of 20, 20, and 10 percent have been applied respectively to the estimates made during the project development, design, and construction project phases. This reflects standard practice for estimating construction project costs.

Following within this section are individual capital improvement project detail sheets that have been provided to give the reader a brief overview of each project, the budget for the next five years, and the budget for the total project.

Each project 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 Treatment Process:

The Treatment Process Diagram (Section 8-Page 3) illustrates the stages of wastewater treatment in relation to the flow of wastewater through the treatment process. The icons in the legend are

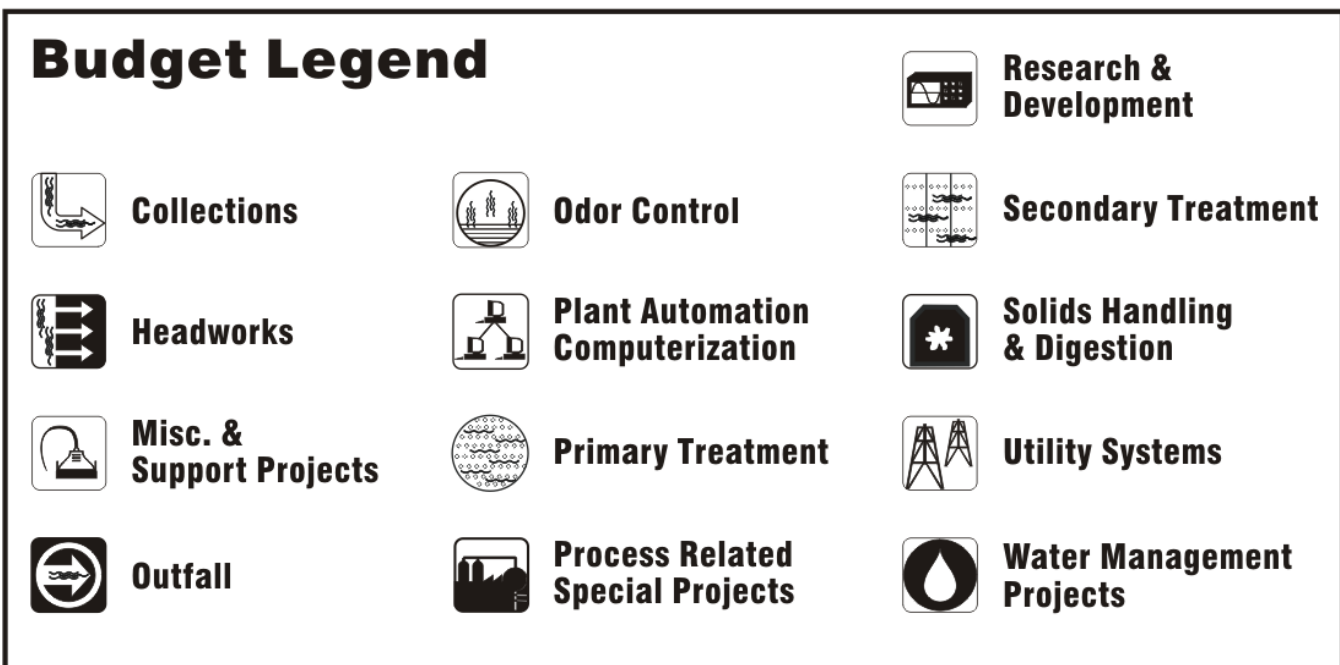
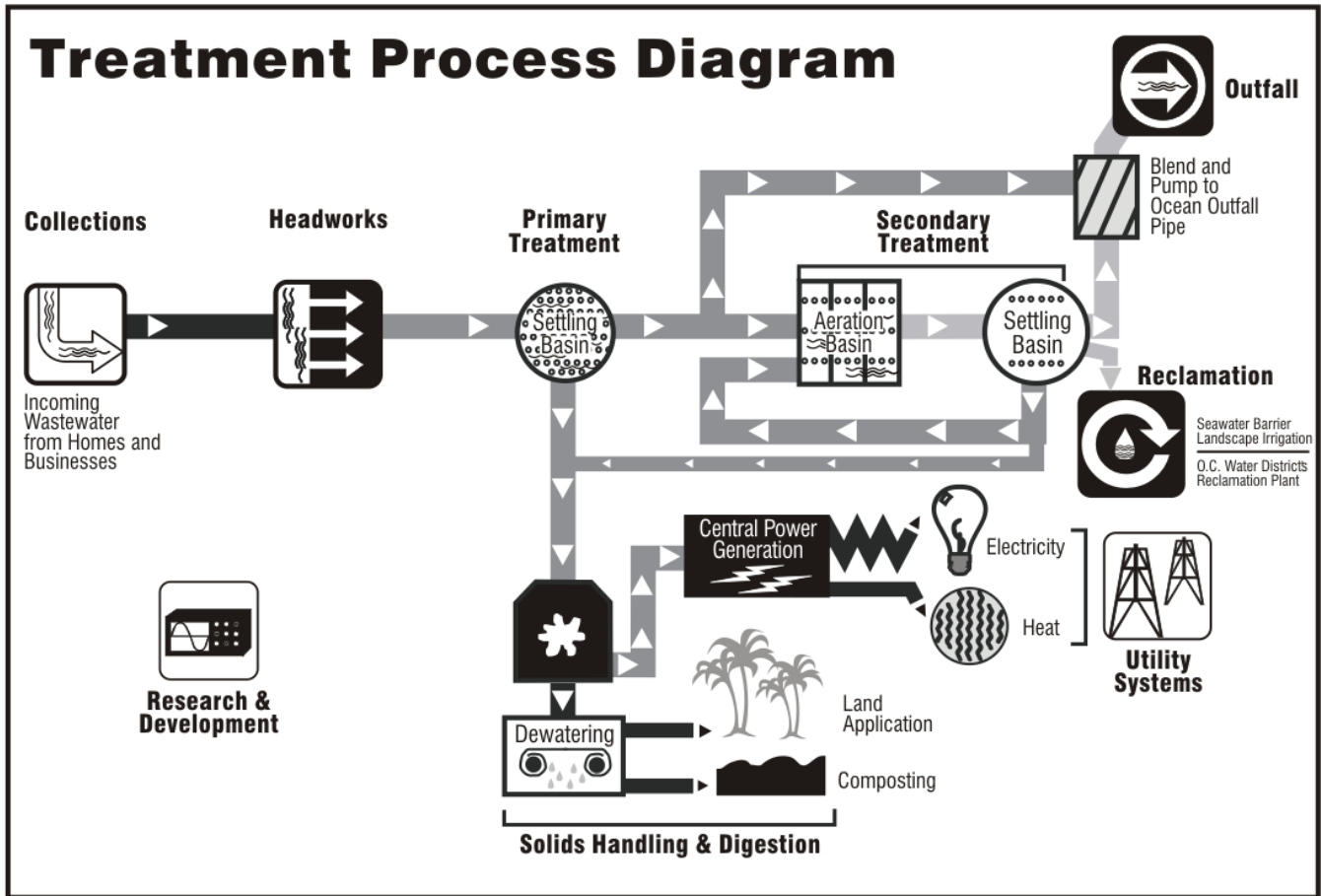
shown as graphics in the individual CIP Detail Sheets to give the reader insight about where a project correlates to the treatment process.

Wastewater is collected from 17 pump stations or gravity sewers in outlying areas that total 471 square miles. Influent wastewater undergoes Preliminary Treatment upon entry to the treatment plants where it is filtered through bar screens and grit chambers. Primary Treatment consists of large clarifying basins where solids are settled out and sent to Solids Processing. Treated wastewater is pumped either to Secondary Treatment where it is aerated and additional solids are settled out, or to advanced primary, a physical-chemical process. The resulting water from these processes is blended to become final effluent.

Methane gas generated during the natural decomposition of the solids in the Digesters is used to fuel the Central Power Generation and produce electricity used to operate both treatment plants.

Solids are dewatered to a 20 percent solids consistency, called biosolids, and recycled for direct land application, composting or landfill.

Approximately 50 to 90 million gallons per day of secondary treated wastewater is sent to Reclamation uses such as groundwater injection or landscape irrigation. The remaining treated wastewater is discharged through the ocean outfall about five miles offshore.

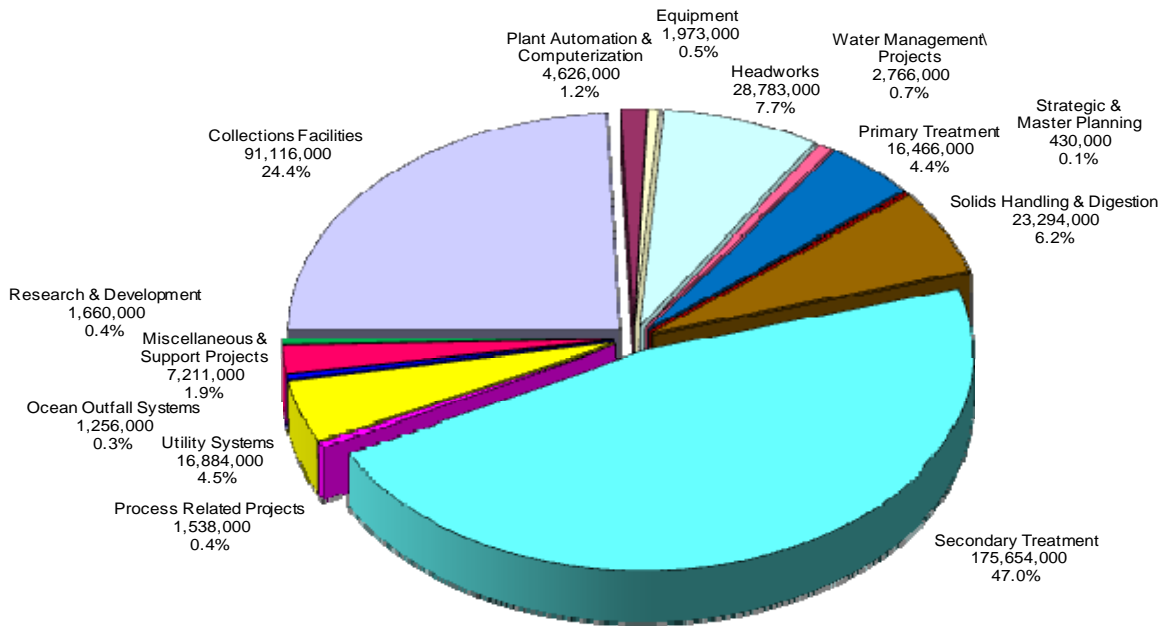


2008-09 & 2009-10 Budget

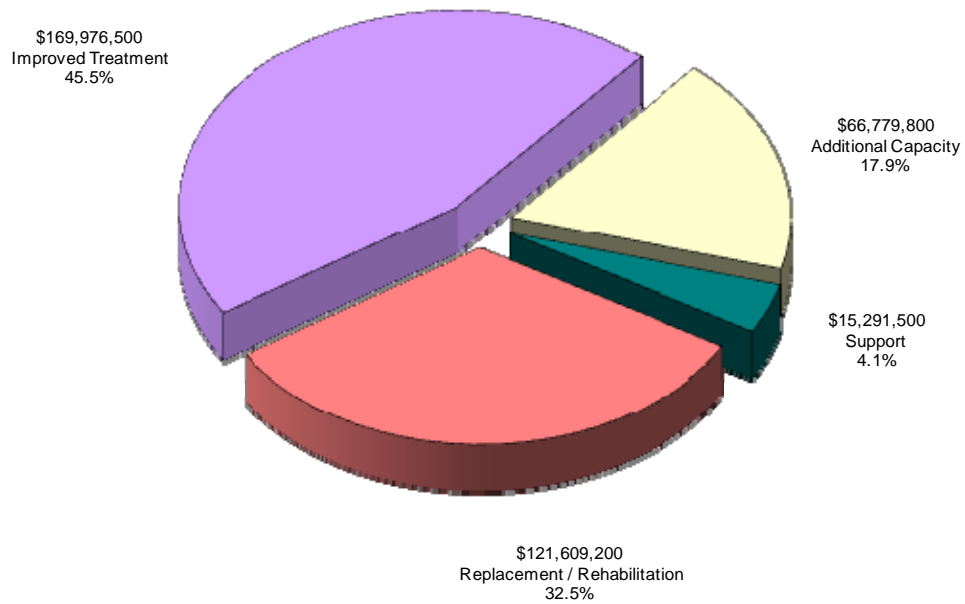
Project Summary FY 2008-09

Item	Replacement/ Rehabilitation	Improved Treatment	Additional Capacity	Support	Total Budget
Collections Facilities	61,768,900	1,281,800	23,049,500	5,015,800	91,116,000
Headworks	21,435,650	6,437,750	909,600	-	28,783,000
Primary Treatment	16,466,000	-	-	-	16,466,000
Secondary Treatment	1,376,000	140,977,500	33,300,500	-	175,654,000
Solids Handling & Digestion	5,489,750	12,862,300	4,941,950	-	23,294,000
Ocean Outfall Systems	669,500	-	586,500	-	1,256,000
Utility Systems	7,722,750	3,567,250	2,575,500	3,018,500	16,884,000
Odor Control Related Projects	-	-	-	-	-
Plant Automation & Computerization	2,063,700	-	457,500	2,104,800	4,626,000
Process Related Special Projects	-	30,000	-	1,508,000	1,538,000
Miscellaneous & Support Projects	3,798,700	661,150	-	2,751,150	7,211,000
Water Management Projects	-	2,766,000	-	-	2,766,000
Strategic & Master Planning	75,000	205,000	75,000	75,000	430,000
Research & Development	250,000	694,500	390,500	325,000	1,660,000
Equipment	<u>493,250</u>	<u>493,250</u>	<u>493,250</u>	<u>493,250</u>	<u>1,973,000</u>
Total	<u>121,609,200</u>	<u>169,976,500</u>	<u>66,779,800</u>	<u>15,291,500</u>	<u>373,657,000</u>

Summary of Capital Requirements



Total FY 2008-09 Capital Improvement Expenditure by Process - \$373,657,000



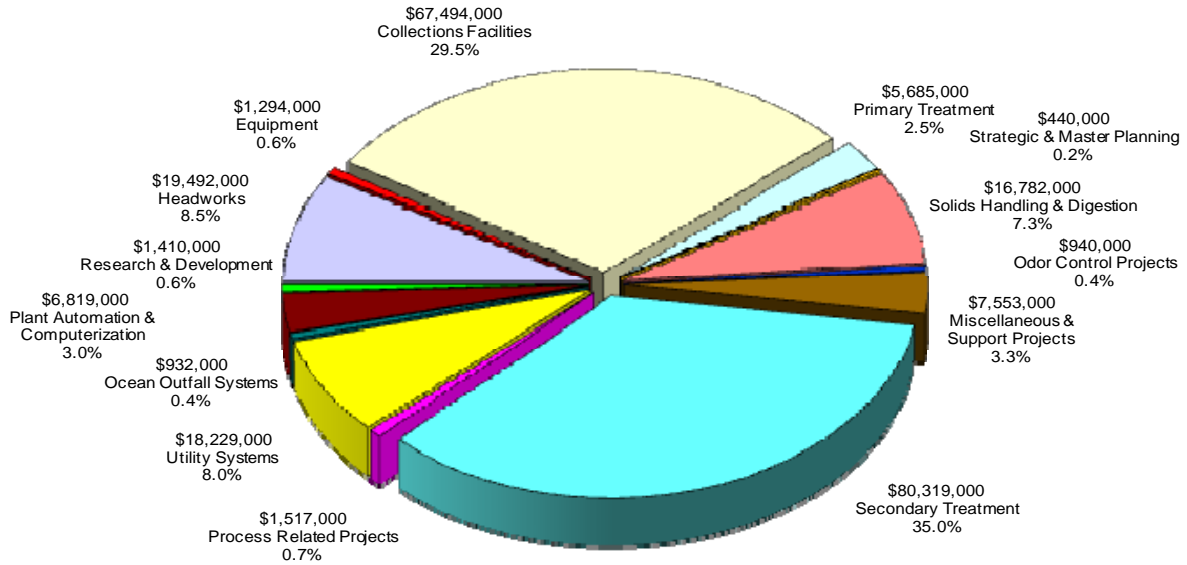
Total FY 2008-09 Capital Improvement Expenditure by Type - \$373,657,000

2008-09 & 2009-10 Budget

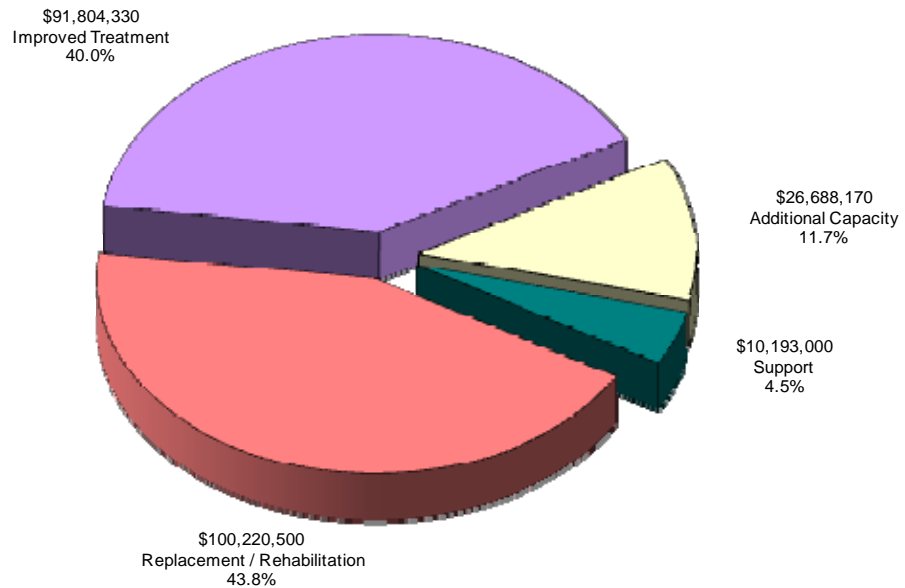
Project Summary FY 2009-10

Item	Replacement/ Rehabilitation	Improved Treatment	Additional Capacity	Support	Total Budget
Collections Facilities	50,898,500	411,300	15,253,400	930,800	67,494,000
Headworks	14,304,400	3,300,000	1,887,600	-	19,492,000
Primary Treatment	5,685,000	-	-	-	5,685,000
Secondary Treatment	1,973,000	71,259,580	7,086,420	-	80,319,000
Solids Handling & Digestion	10,865,000	4,566,950	1,350,050	-	16,782,000
Ocean Outfall Systems	932,000	-	-	-	932,000
Utility Systems	7,818,500	9,699,800	273,200	437,500	18,229,000
Odor Control Related Projects	188,000	752,000	-	-	940,000
Plant Automation & Computerization	3,132,000	-	125,000	3,562,000	6,819,000
Process Related Special Projects	-	30,000	-	1,487,000	1,517,000
Miscellaneous & Support Projects	3,775,600	656,200	-	3,121,200	7,553,000
Water Management Projects	-	-	-	-	-
Strategic & Master Planning	75,000	215,000	75,000	75,000	440,000
Research & Development	250,000	590,000	314,000	256,000	1,410,000
Equipment	<u>323,500</u>	<u>323,500</u>	<u>323,500</u>	<u>323,500</u>	<u>1,294,000</u>
Total	<u>100,220,500</u>	<u>91,804,330</u>	<u>26,688,170</u>	<u>10,193,000</u>	<u>228,906,000</u>

Summary of Capital Requirements



Total FY 2009-10 Capital Improvement Expenditure by Process - \$228,906,000



Total FY 2009-10 Capital Improvement Expenditure by Type - \$228,906,000

2008-09 & 2009-10 Budget

Summary of Capital Requirements – Collection System Improvement Projects

	Project Number	Project Phase 7/1/08	Total Project Budget	Est. Cost to Date 6/30/08	2008-09 Cashflow Budget	2009-10 Cashflow Budget	Future Budget	Page Number
Collections								
Raitt and Bristol Street Sewer Extension	01-101	Planning	3,748,000	252,000	639,000	816,000	2,041,000	14
Santa Ana Trunk Sewer Rehab.	01-17	Planning	20,129,000	515,000	1,006,000	1,056,000	17,552,000	15
Carbon Cryn Sewer and Pump Stn. Abandonment	02-24-1	Design	9,952,000	1,649,000	2,891,000	4,518,000	894,000	16
Santa Ana River Interceptor Realignment and Prot.	02-41	Design	10,382,000	7,363,000	822,000	555,000	1,642,000	17
Santa Ana River Interceptor 2006 Protection Repair	02-41-5	Planning	200,000		200,000		-	18
Taft Branch Improvements	02-49	Planning	1,121,000	13,000			1,108,000	N/A
Euclid Relief Improvements - Reach "A"	02-52	Planning	22,050,000	14,000	229,000	1,069,000	20,738,000	19
Newhope-Placencia & Cypress Trunk Replacements	02-65	Planning	8,623,000	392,000	984,000	1,016,000	6,231,000	20
Rehabilitate District Siphons By Adding Air Jumper	02-68	Design	7,556,000	4,897,000	2,206,000	453,000	-	21
Fullerton-Brea Interceptor Sewer Relief	02-71	Planning	946,000				946,000	N/A
Rehabilitation of the Westside Pump Station	03-52	Design	9,646,000	2,573,000	4,284,000	2,789,000	-	22
Westside Relief Interceptor/ Los Alamitos MH Rehab	03-55	Planning	13,038,000				13,038,000	N/A
Rehabilitation of Magnolia Trunk Sewer	03-58	Planning	28,769,000	1,469,000	1,550,000	6,216,000	19,534,000	23
Miller-Holder Trunk Sewer Relief	03-59	Planning	12,169,000				12,169,000	N/A
Beach Trunk/Knott Interceptor Sewer Relief	03-60	Planning	25,605,000				25,605,000	N/A
Balboa Trunk Sewer Rehabilitation	05-47	Planning	8,514,000	214,000	378,000	540,000	7,382,000	24
Replacement of the Bitter Point Pump Station	05-49	Design	36,547,000	4,026,000	9,183,000	13,100,000	10,238,000	25
Replacement of the Rocky Point Pump Station	05-50	Design	30,952,000	6,563,000	1,749,000	18,024,000	4,616,000	26
Bitter Point Force Main Rehabilitation	05-58	Design	24,947,000	2,552,000	22,395,000			27
Newport Force Main Condition Assessment	05-60	Planning	2,112,000	72,000	590,000	12,000	1,438,000	28
Bayside Drive Improvement	05-61	Planning	3,750,000	697,000	305,000	2,328,000	420,000	29
Dover Drive Trunk Sewer Relief	05-63	Planning	6,351,000	293,000	1,077,000	1,575,000	3,406,000	30
Sewer Access Improv. Big Canyon Nature Park Area	05-64	Planning	765,000		48,000	140,000	577,000	31
District 6 Trunk Sewer Relief	06-17	Planning	2,050,000	4,000			2,046,000	N/A
Fairview Road Trunk Sewer Relief	06-18	Planning	10,029,000				10,029,000	N/A
Southwest Costa Mesa Trunk	06-19	Planning	12,600,000				12,600,000	N/A
Gisler-Redhill System Improvements, Reach B	07-37	Design	9,437,000	1,038,000	91,000	7,100,000	1,208,000	32
Rehabilitation of College Ave. Pump Station	07-47	Planning	9,969,000	2,851,000	6,487,000	631,000	-	33
Browning Subtrunk Sewer Relief	07-60	Planning	3,920,000				3,920,000	N/A
County Island Annexation and CEQA Documentation	07-61	Planning	300,000	200,000	100,000		-	34
Von Karman Trunk Sewer Relief	07-62	Planning	409,000				409,000	N/A
Edinger/Bolsa Chica Trunk Improvements	11-25	Planning	4,411,000				4,411,000	N/A
Coast Trunk Sewer Rehabilitation	11-26	Design	10,830,000	2,230,000	7,890,000	710,000	-	35

Continued

Summary of Capital Requirements

Summary of Capital Requirements – Collection System Improvement Projects

	Project Number	Project Phase 7/1/08	Total Project Budget	Est. Cost to Date 6/30/08	2008-09 Cashflow Budget	2009-10 Cashflow Budget	Future Budget	Page Number
Collections (Continued.)								
North County Collections Yard	15-04	Planning	11,773,000	6,478,000	4,689,000	606,000	-	36
Manhole Rehabilitation and Assessment Program	15-05	Planning	1,540,000		420,000	280,000	840,000	37
Facilities Engineering Projects - Collections	FE-Collect	Planning	7,920,000	2,722,000	1,192,000	1,232,000	2,774,000	38
Replacement of the Ellis Ave. Pump Stn	I-10	Design	77,257,000	56,806,000	17,723,000	2,728,000	-	39
Bushard Trunk Sewer Rehabilitation	I-2-4	Const./Impl.	68,757,000	67,119,000	1,638,000			40
Los Alamitos Blvd. Sewers Condition Assessment	SP-126	Planning	350,000		350,000			41
Total Collections Projects			519,424,000	173,002,000	91,116,000	67,494,000	187,812,000	

2008-09 & 2009-10 Budget

Summary of Capital Requirements –Treatment System Improvement Projects

	Project Number	Project Phase 7/1/08	Total Project Budget	Est. Cost to Date 6/30/08	2008-09 Cashflow Budget	2009-10 Cashflow Budget	Future Budget	Page Number
Headworks								
Headworks Rehab. and Expansion at Plant No. 1	P1-105	Planning	20,202,000				20,202,000	N/A
Headworks Rehabilitation/Refurbishment	P1-71	Design	11,024,000	1,700,000	3,032,000	6,292,000	-	42
Headworks Improvements at Plant No. 2	P2-66	Const./Impl.	254,498,000	196,134,000	25,751,000	13,200,000	19,413,000	43
Headworks Total			285,724,000	197,834,000	28,783,000	19,492,000	39,615,000	
Primary Treatment								
Primary Treatment Rehab/Refurb	P2-80	Planning	37,230,000	15,179,000	16,366,000	5,685,000	-	44
Primary Effluent Pump Stations Reliability Study	SP-130	Planning	100,000		100,000			45
Primary Treatment Total			37,330,000	15,179,000	16,466,000	5,685,000	-	
Secondary Treatment								
New Secondary Treatment System at Plant No. 1	P1-102	Design	265,863,000	113,508,000	100,050,000	21,474,000	30,831,000	46
Activated Sludge Plant Rehabilitation	P1-82	Const./Impl.	46,133,000	44,997,000	1,136,000			47
Rehabilitation of Activated Sludge Plant at Plant 2	P2-74	Design	16,401,000	16,240,000	161,000			48
Trickling Filters at Plant No. 2	P2-90	Design	221,192,000	51,979,000	73,660,000	56,872,000	38,681,000	49
Oxygen Plant Rehabilitation at Plant No. 2	SP-129	Planning	2,500,000		527,000	1,973,000	-	50
Oxygen Plant Rehabilitation	SP-72-1	Planning	150,000	30,000	120,000			51
Secondary Treatment Total			552,239,000	226,754,000	175,654,000	80,319,000	69,512,000	
Solids Handling & Digestion								
Sludge Digester Rehabilitation at Plant 1	P1-100	Design	60,397,000	5,595,000	1,359,000	8,668,000	44,775,000	52
Sludge Dewatering and Odor control at Plant 1	P1-101	Design	143,547,000	9,013,000	7,603,000	2,077,000	124,854,000	53
Truck Wash and Dewatering Beds at Plant No. 1	P1-106	Planning	3,146,000	2,996,000	150,000			54
Solids Thickening and Processing Upgrades	P2-89	Planning	73,020,000	467,000	1,741,000	1,983,000	68,829,000	55
Plant No. 2 Primary Sludge Feed System Project	P2-91	Const./Impl.	25,766,000	9,527,000	12,441,000	3,798,000	-	56
Digester Rehabilitation at Plant No. 2	P2-91-1	Planning	36,398,000	731,000			35,667,000	57
Sludge Dewatering and Odor Control at Plant 2	P2-92	Planning	51,696,000			256,000	51,440,000	N/A
Replacement of Drying Beds and Truck Wash at Plant	P2-97	Planning	4,443,000	74,000			4,369,000	58
Solids Handling & Digestion Total			398,413,000	28,403,000	23,294,000	16,782,000	329,934,000	
Ocean Outfall Systems								
Final Effluent Sampler and Building Area Upgrades	J-110	Planning	1,890,000		83,000	932,000	875,000	59
Effluent Pumping Station Annex	J-77	Const./Impl.	60,487,000	59,314,000	1,173,000			60
Ocean Outfall Systems Total			62,377,000	59,314,000	1,256,000	932,000	875,000	

Summary of Capital Requirements

Summary of Capital Requirements –Treatment System Improvement Projects

	Project Number	Project Phase 7/1/08	Total Project Budget	Est. Cost to Date 6/30/08	2008-09 Cashflow Budget	2009-10 Cashflow Budget	Future Budget	Page Number
Utility Systems								
Interplant Gas Line Rehabilitation	J-106	Design	3,752,000	422,000	2,964,000	366,000	-	61
Cengen Cooling Water System Replacement	J-109	Planning	9,094,000	138,000	708,000	994,000	7,254,000	62
Cengen Emissions Control Project	J-111	Planning	31,000,000			299,000	30,701,000	N/A
Cable Tray Improvements at Plants 1 & 2	J-47	Design	31,744,000	4,557,000	2,000	2,000	27,183,000	63
Air Quality Improvements	J-79	Const./Impl.	9,168,000	7,244,000	136,000	1,788,000	-	64
Central Generation Automation	J-79-1	Design	20,332,000	2,686,000	4,543,000	9,976,000	3,127,000	65
Fire Suppression for Servers and Equip at P1 & P2	J-96	Design	965,000	890,000	75,000			66
Electrical Power Distribution System Improvements	J-98	Planning	8,992,000			244,000	8,748,000	N/A
Power Building 3A Backup Power Reliability Project	P1-111	Planning	502,000		24,000	82,000	396,000	67
Plant Water System Rehabilitation at Plant No.1	P1-112	Planning	3,538,000			160,000	3,378,000	N/A
Plant 1 66kV Substation	P1-97	Design	14,780,000	9,218,000	5,151,000	411,000	-	68
Plant Water System Rehabilitation at Plant No.2	P2-101	Planning	4,108,000		184,000	689,000	3,235,000	69
Flare System Expansion and Upgrades	P2-103	Planning	1,500,000			27,000	1,473,000	N/A
Solids Area Cable Tray Improvements at Plant No. 2	P2-104	Planning	6,156,000		2,729,000	2,959,000	468,000	70
Fuel Cell Feasibility Study	SP-132	Planning	100,000		100,000			71
Fuel Cell Hydrogen Gas Generation Research	SP-134	Planning	500,000		268,000	232,000	-	72
Utility Systems Total			146,231,000	25,155,000	16,884,000	18,229,000	85,963,000	
Odor Control Related Projects								
Rehabilitation of Odor Control Facilities	J-71-8	Design	38,707,000	6,455,000		940,000	31,312,000	73
Trickling Filter Odor Control at Plant No. 1	P1-113	Planning	4,582,000				4,582,000	N/A
Primary Scrubber Rehabilitation at Plant No.1	P1-114	Planning	4,200,000				4,200,000	N/A
Solids Storage Building Odor Control Project	P2-102	Planning	10,183,000				10,183,000	N/A
Primary Treatment Odor Control Upgrades	P2-98	Planning	28,460,000				28,460,000	N/A
Odor Control Related Projects Total			86,132,000	6,455,000	-	940,000	78,737,000	
Process Related Special Projects								
Corrosion Management	SP-68-1	Design	4,667,000	1,150,000	1,508,000	1,487,000	522,000	74
Special Projects: Biotrickling Filter (BTF)	SP-90-7	Const./Impl.	1,027,000	907,000	30,000	30,000	60,000	75
Process Related Special Projects Total			5,694,000	2,057,000	1,538,000	1,517,000	582,000	

2008-09 & 2009-10 Budget

Summary of Capital Requirements –Treatment System Improvement Projects

	Project Number	Project Phase 7/1/08	Total Project Budget	Est. Cost to Date 6/30/08	2008-09 Cashflow Budget	2009-10 Cashflow Budget	Future Budget	Page Number
Plant Automation & Computerization								
Power Monitoring and Control Systems	J-33-3	Planning	10,899,000	2,514,000	968,000	5,084,000	2,333,000	76
Strategic Information Architecture (SIA)	SP-03	Const./Impl.	1,995,000	638,000	270,000	270,000	817,000	77
Internet/Intranet Development	SP-09	Const./Impl.	650,000	560,000	41,000	28,000	21,000	78
CMMS System Replacement	SP-100	Const./Impl.	3,789,000	705,000	1,830,000	500,000	754,000	79
PDS2D Software Replacement	SP-103	Planning	250,000				250,000	80
Environmental Compliance Awareness Program	SP-104	Planning	982,000	290,000	465,000	227,000	-	81
Geographic Information System	SP-15	Const./Impl.	4,157,000	1,160,000	270,000	310,000	2,417,000	82
Network Equipment Upgrade	SP-89	Const./Impl.	2,806,000	1,306,000	782,000	400,000	318,000	83
Plant Automation & Computerization Total			25,528,000	7,173,000	4,626,000	6,819,000	6,910,000	
Miscellaneous & Support Projects								
Facilities Engineering Projects - Joint	FE-J	Planning	22,110,000	2,389,000	1,336,000	1,244,000	17,141,000	84
Facilities Engineering Projects - Plant 1	FE-P1	Planning	19,110,000	6,470,000	1,073,000	1,110,000	10,457,000	85
Facilities Engineering Projects - Plant 2	FE-P2	Planning	19,110,000	4,370,000	732,000	754,000	13,254,000	86
Temporary Upgrades To Plant Security Barriers	J-108	Planning	1,450,000	36,000	309,000	1,105,000	-	87
Laboratory Refurbishment at Plant No. 1	J-97	Planning	417,000	290,000			127,000	88
Regional FOG Control Collection at Plant No. 1	P1-104	Planning	3,150,000	22,000	106,000	456,000	2,566,000	89
Plant No. 2 Landscaping Project	P2-96	Planning	440,000	60,000	190,000	190,000	-	90
Office Space Planning Study	SP-127	Planning	500,000	246,000	254,000			91
Integrated Security Access Control System	SP-128	Planning	450,000		450,000			92
2009 NPDES Permit Renewal	SP-133	Planning	787,000		393,000	394,000	-	93
Small Cap. Equip. Replacement Project	SP-34	Const./Impl.	10,550,000	950,000	1,600,000	1,600,000	6,400,000	94
Asset Management Program	SP-68-2	Design	5,100,000	1,615,000	650,000	650,000	2,185,000	95
Warehouse Reinvention Project	SP-77	Const./Impl.	600,000	390,000	50,000	50,000	110,000	96
Plant 2 Maintenance Building Modifications	SP-98	Design	276,000	208,000	68,000			97
Miscellaneous & Support Projects Total			84,050,000	17,046,000	7,211,000	7,553,000	52,240,000	
Water Management Projects								
Groundwater Replenishment System	J-36	Const./Impl.	248,400,000	245,634,000	2,766,000			98
Water Management Projects Total			248,400,000	245,634,000	2,766,000	-	-	

Summary of Capital Requirements

Summary of Capital Requirements –Treatment System Improvement Projects

	Project Number	Project Phase 7/1/08	Total Project Budget	Est. Cost to Date 6/30/08	2008-09 Cashflow Budget	2009-10 Cashflow Budget	Future Budget	Page Number
Strategic & Master Planning								
Treatment Plant Strategic Plan Update	J-102	Planning	4,500,000	3,600,000	300,000	300,000	300,000	99
Orange County Biosolids Production Siting Study	SP-105	Planning	400,000	130,000	130,000	140,000	-	100
Strategic & Master Planning Total			4,900,000	3,730,000	430,000	440,000	300,000	
Research & Development								
USBR Brine Management Grant Project	SP-116	Planning	230,000	30,000	50,000	100,000	50,000	101
Research Strategic Plan	SP-120	Planning	365,000	265,000	20,000	20,000	60,000	102
Superoxygenation of Primary Influent	SP-121	Planning	850,000	290,000	270,000	290,000	-	103
Digester Optimization	SP-122	Planning	90,000		90,000			104
Digester Pilot Plant Safety and Control System Upg	SP-123	Planning	230,000		230,000			105
Operational Research Projects (annual allocation)	SP-125	Planning	10,040,000	40,000	1,000,000	1,000,000	8,000,000	106
Research & Development Total			11,805,000	625,000	1,660,000	1,410,000	8,110,000	
Total Treatment and Disposal Projects			1,948,823,000	835,359,000	280,568,000	160,118,000	672,778,000	
Capital Equipment Purchases			16,000,000	1,200,000	1,973,000	1,294,000	11,533,000	
Total Collection, Treatment and Disposal Projects			2,484,247,000	1,009,561,000	373,657,000	228,906,000	872,123,000	

2008-09 & 2009-10 Budget

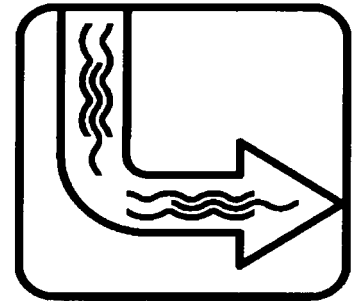
Project Name & Number	Raitt and Bristol Street Sewer Extension - 01-101		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project will replace 2,360 lineal feet of 21-inch City of Santa Ana sewer with a 24-inch Sanitation District's sewer line and a parallel 8-inch City of Santa Ana sewer line to allow for redirecting all house lateral connections. The sewer line is located along Myrtle street, between Raitt and Bristol Streets in the City of Santa Ana.

Justification

The Sanitation District's strategic plan update conducted in 2006 indicated that the Raitt & Bristol Streets Sewer will surcharge under the 2010 wet weather flow conditions, therefore, the existing sewer pipes need to be upsized to eliminate bottlenecks and avoid a potential spill. In addition to the capacity deficiency, this project will transfer ownership of the newly constructed pipeline to the Sanitation District.



**Collections
Facilities**

The project budget has been decreased from \$3,786,571 to \$3,747,998 to reflect the revised project cost estimate.

The project's construction cost budget is \$1,807,136.

This project will increase operational budgets by \$5,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	140,000	140,000						
Preliminary Design	224,000	112,000	112,000					
Design	590,000		527,000	63,000				
Const. & Installation	2,323,000			753,000	1,570,000			
Commission	77,000				77,000			
Close-Out	33,000				5,000	28,000		
Contingency	361,000					361,000		
Total	3,748,000	252,000	639,000	816,000	1,652,000	389,000		

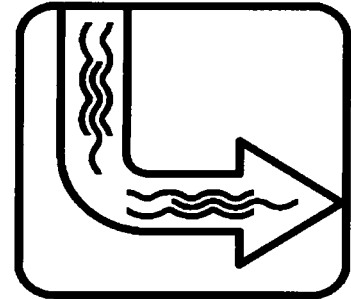
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Santa Ana Trunk Sewer Rehab. - 01-17		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project will rehabilitate the existing Santa Ana Trunk sewer from the Sanitation District's Reclamation Plant 1 to Bristol Street in the Cities of Fountain Valley and Santa Ana. The scope of the project includes rehabilitation of 33 concrete manholes, and approximately 17,000 feet of 42-inch and 48-inch unlined concrete pipe. It is likely that a liner will be installed in the pipe to protect the concrete from hydrogen sulfide corrosion. The manholes may be coated with a protective liner, or replaced. This project will increase the life expectancy of the trunk sewer by 25-30 years. By rehabilitating the sewer rather than replacing the sewer, community disruption will be kept to a minimum and capital savings will be realized.



Collections Facilities

Justification

The sewer was originally constructed in 1955, and the estimated life of this type of pipe is 40 to 50 years. During routine cleaning of the sewer, it has been noted that the sewer and manholes are deteriorating due to corrosive sewer gases. These manholes were not originally constructed with protective linings. The project is timed to allow the sewer and access manholes to be repaired and minimize the risks from potential failures. An inspection of this sewer was performed in 2001. Staff has concluded that a protective liner should be installed in this pipeline by 2010 in order to prevent the corrosion from reaching the reinforcing steel. If corrosion advances to this degree, the method of repair will be significantly more expensive.

The project budget has been increased from \$19,716,607 to \$20,128,591 to reflect the revised project cost estimate.

The project's construction cost budget is \$13,651,875.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	180,000	180,000						
Preliminary Design	1,641,000	295,000	1,006,000	340,000				
Design	1,168,000	30,000		716,000	415,000	7,000		
Const. & Installation	14,866,000	7,000				5,184,000	9,339,000	336,000
Commission	158,000	3,000					56,000	99,000
Close-Out	68,000							68,000
Contingency	2,048,000							2,048,000
Total	20,129,000	515,000	1,006,000	1,056,000	415,000	5,191,000	9,395,000	2,551,000

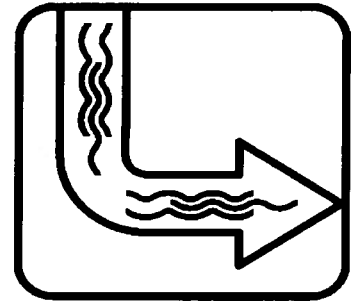
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Carbon Cnyn Sewer and Pump Stn. Abandonment - 02-24-1		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project will construct a gravity trunk sewer to replace the existing Carbon Canyon Dam Pump Station and its associated force main near Carbon Canyon Dam in the City of Brea. The existing sewer flow is currently pumped up over the crest of the dam. The project will abandon the existing pump station, and install more than 7,000 feet of new 21-inch or 24-inch gravity sewer line by micro-tunneling under the ridge that surrounds the Carbon Canyon Basin. This project will also abandon the older pumping station and force main after the new gravity sewer is completed.



**Collections
Facilities**

Justification

The existing pumping station does not comply with current electrical and safety codes and is at capacity. The pumping station would need to be upgraded and expanded to serve new and proposed developments in the City of Brea and the surrounding unincorporated areas of Northern Orange County within two to five years. In lieu of a future pumping station and force main project, this project eliminates the existing pumping station, provides needed capacity via a new sewer, and reduces operating costs. Abandoning this pump station eliminates annual costs of \$50,000, and eliminates the need for pump station rehabilitation. Also, the gravity flow system will be more reliable than a pump station.

The project budget has been increased from \$9,611,791 to \$9,951,607 to reflect the revised project cost estimate.

The project's construction cost budget is \$6,000,000.

This project will decrease operational budgets by \$20,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	13,000	13,000						
Preliminary Design	360,000	360,000						
Design	1,267,000	1,264,000	3,000					
Const. & Installation	7,480,000		2,888,000	4,467,000	125,000			
Commission	74,000	12,000		51,000	11,000			
Close-Out	31,000				31,000			
Contingency	727,000				727,000			
Total	9,952,000	1,649,000	2,891,000	4,518,000	894,000			

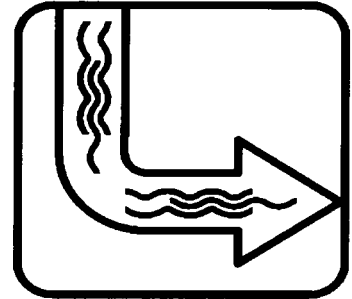
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Santa Ana River Interceptor Realignment and Prot. - 02-41		
Project Category	Collections Facilities	Project Status:	Continuing

Description

This project provides for the protection and relocation of the Santa Ana River Interceptor (SARI), currently located within the floodplain of the Santa Ana River between Weir Canyon Road and the County line. This project is intended to protect approximately 4 miles of pipeline and manholes from failure due to high stormwater releases from Prado Dam in major flood events. The most recent United States Army Corps of Engineers (USACE) study of the project was completed in October 2005. An EIR/EIS is currently being prepared by the USACE. The current budget only reflects funds necessary for OCSD support of the project.



Collections Facilities

Justification

The existing pipeline has been subjected to continued scour of overlying soil and sediments since it was constructed in the mid 1970's. Hydraulic analyses of the river after the Prado Dam improvements are completed indicated that the pipeline could be washed away during dam releases above 5,000 cubic feet per second. The Prado Dam improvements will allow for releases of up to 30,000 cubic feet per second. If this pipeline reach from Weir Canyon Road to the Orange/San Bernardino County line is not relocated or protected prior to the completion of the Prado Dam improvements, then the line could fail during a flood event.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	184,000	184,000						
Preliminary Design	1,766,000	1,731,000	35,000					
Design	6,206,000	5,122,000	787,000	297,000				
Const. & Installation	1,200,000	90,000		258,000	771,000	81,000		
Commission	500,000	234,000			194,000	72,000		
Close-Out	136,000	2,000				134,000		
Contingency	390,000					390,000		
Total	10,382,000	7,363,000	822,000	555,000	965,000	677,000		

Reimbursable Costs \$4,799,000

2008-09 & 2009-10 Budget

Project Name & Number	Santa Ana River Interceptor 2006 Protection Repair - 02-41-5		
Project Category	Collections Facilities	Project Status:	Continuing

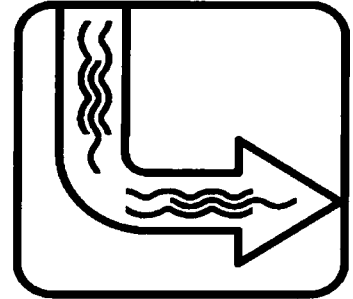
Description

This project provides for emergency repairs to the existing Santa Ana River Interceptor (SARI), currently located within the floodplain of the Santa Ana River between Weir Canyon Road and the County Line. This project is intended to conduct emergency repairs to the pipeline and manholes in the event of a failure or if the pipeline becomes exposed due to major storm water releases from Prado Dam.

Justification

The existing pipeline has been subjected to continued scour of overlying soil and sediments and could be washed away during high storm releases from Prado Dam. If this pipeline reach from Weir Canyon Road to the Orange/San Bernardino County line is not protected while efforts are being made to relocate SARI, then this line could fail during a major flood event causing a wastewater spill of environmentally disastrous proportions.

This project will not have an impact on operational budgets.



**Collections
Facilities**

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	100,000		100,000					
Preliminary Design	100,000		100,000					
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	200,000		200,000					

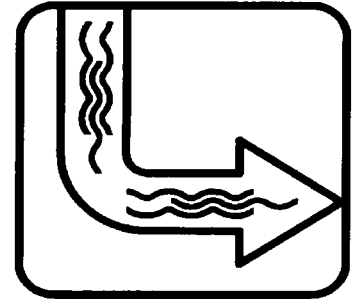
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Euclid Relief Improvements - Reach "A" - 02-52		
Project Category	Collections Facilities	Project Status:	Continuing

Description

This project will increase the size of this section of the Euclid Trunk system by diverting more flow to the improved west branch of the Euclid System to provide additional capacity for future flows projected from the central and northern portion of Orange County for developments like the western portion of the proposed Platinum Triangle development. The project includes replacing approximately 13,700 feet of 36-inch to 42-inch pipe with 48-inch to 54-inch diameter pipe within Euclid Avenue in the City of Fountain Valley, beginning at Reclamation Plant No.1 and ending at Edinger Avenue.



Collections Facilities

Justification

This section of the Euclid Trunk system was originally built in 1966. Based on current flow projections and hydraulic modeling, this project needs to be completed by 2013. These improvements will accommodate the projected increase in flow from planned developments and growth and be designed to convey potential wet weather surcharges.

The project's construction cost budget is \$14,700,000.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	88,000	14,000	74,000					
Preliminary Design	600,000		155,000	445,000				
Design	1,670,000			624,000	981,000	65,000		
Const. & Installation	16,600,000					2,051,000	9,604,000	4,945,000
Commission	236,000							236,000
Close-Out	56,000							56,000
Contingency	2,800,000							2,800,000
Total	22,050,000	14,000	229,000	1,069,000	981,000	2,116,000	9,604,000	8,037,000

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Newhope-Placentia & Cypress Trunk Replacements - 02-65		
Project Category	Collections Facilities	Project Status:	Revised

Description

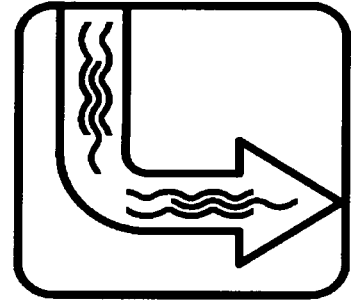
This project will increase the size of a section of the Newhope-Placentia Trunk Sewer to provide additional capacity for future flows projected from the Platinum Triangle of the City Anaheim and developments in the hills above the City of Brea.

Justification

This section of the Newhope-Placentia Trunk Sewer was originally built in 1961. Based on current flow projections and hydraulic modeling, this project needs to be completed by 2015. These improvements will accommodate the projected increase in flow from planned developments and growth and be designed to convey potential wet weather surcharges.

The project budget has been increased from \$6,622,705 to \$8,622,705 to reflect project scope changes and the revised project cost estimate.

The project's construction cost budget is \$6,229,644.



**Collections
Facilities**

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	2,390,000	390,000	984,000	1,016,000				
Preliminary Design								
Design	2,000	2,000						
Const. & Installation	6,231,000						888,000	5,343,000
Commission								
Close-Out								
Contingency								
Total	8,623,000	392,000	984,000	1,016,000			888,000	5,343,000

Reimbursable Costs N/A

CIP Project Detail Sheets

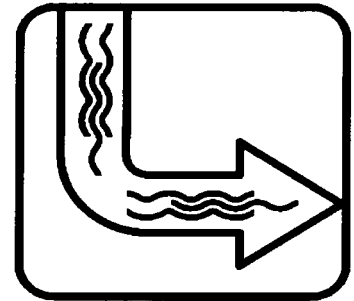
Project Name & Number	Rehabilitate District Siphons By Adding Air Jumper - 02-68		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project installs air jumpers at various siphon locations to provide positive ventilation of sewer gasses which cause odors and corrosion.

Justification

In January 2004, the District completed a siphon assessment study including field inspection that was conducted in late 2003. Based on the findings of this study and an understanding of associated air quality issues, decisions were made to rehabilitate eight siphons that were most in need. This project will prevent odor complaints and reduce future corrosion potential at these eight siphons.



Collections Facilities

The project budget has been decreased from \$7,556,343 to \$7,555,343 to reflect the revised project cost estimate.

The project's construction cost budget is \$4,537,600.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	48,000	48,000						
Preliminary Design	607,000	607,000						
Design	933,000	933,000						
Const. & Installation	5,515,000	3,309,000	2,206,000					
Commission	119,000			119,000				
Close-Out	84,000			84,000				
Contingency	250,000			250,000				
Total	7,556,000	4,897,000	2,206,000	453,000				

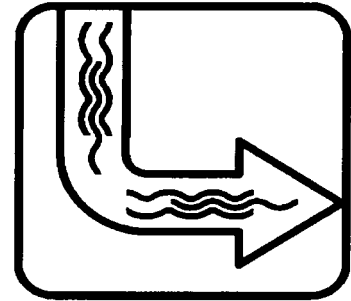
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Rehabilitation of the Westside Pump Station - 03-52		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project will rehabilitate the existing Westside Pump Station and increase the station's capacity to meet current and projected peak wet-weather flows. The existing station is located in Roosmoor. The work includes the addition of pumping capacity and bringing the pumping station into compliance with the latest applicable electrical and safety codes. Compliance requires that the electrical facilities be effectively sealed from the lower sections of the pumping station. At the Westside Pumping Station, this requires the construction of a separate access stairwell to the lower section of the pumping station, replacement of the pumps and controls, and modification of ventilation systems.



**Collections
Facilities**

Justification

The Westside Pump Station was originally constructed in 1970. The existing pumping station does not comply with current electrical and safety codes and is at capacity. The pumping station needs to be upgraded and expanded to serve redevelopment in the City of Seal Beach and the unincorporated area of Orange County known as Rossmoor.

The project budget has been increased from \$8,840,315 to \$9,646,188 to reflect the revised project cost estimate.

The project's construction cost budget is \$5,200,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	70,000	70,000						
Preliminary Design	814,000	814,000						
Design	1,375,000	1,375,000						
Const. & Installation	6,708,000	314,000	4,284,000	2,110,000				
Commission	184,000			184,000				
Close-Out	131,000			131,000				
Contingency	364,000			364,000				
Total	9,646,000	2,573,000	4,284,000	2,789,000				

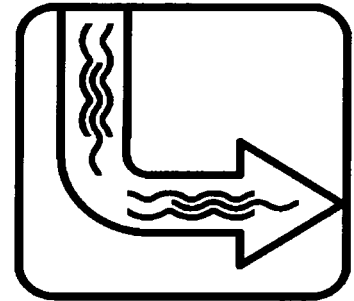
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Rehabilitation of Magnolia Trunk Sewer - 03-58		
Project Category	Collections Facilities	Project Status:	Continuing

Description

This project will perform condition assessment, design and construction to rehabilitate a portion of the existing Magnolia Trunk Sewer, along Bushard and Magnolia Streets and between Ellis Avenue and Westminster Avenue, in the Cities of Fountain Valley, Westminster and Garden Grove. Twelve miles of trunk sewer will be assessed and improvements will be prioritized for design and construction. Based on the District's current understanding of existing conditions, it is anticipated that 2-3 miles of sewer will require rehabilitation or replacement.



Collections Facilities

Justification

The sewer was originally constructed in 1961, and the estimated life of this type of pipe is 40 to 50 years. During routine cleaning of the sewer, it has been noted that the sewer liner had significant defects and the concrete pipe behind the liner was deteriorating due to corrosive sewer gases. The Magnolia Trunk Sewer was to have been rehabilitated under a previous project, Contract No. 03-35R. When repairs were started under that project, the damage to the liner and pipe was found to be more extensive than anticipated, and the original project was cancelled and restarted under this project with a revised budget.

The project's construction cost budget is \$19,500,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	1,033,000	1,033,000						
Preliminary Design	557,000	434,000	123,000					
Design	1,650,000	2,000	1,427,000	221,000				
Const. & Installation	21,561,000			5,995,000	10,146,000	5,420,000		
Commission	325,000					325,000		
Close-Out	175,000					175,000		
Contingency	3,468,000						3,468,000	
Total	28,769,000	1,469,000	1,550,000	6,216,000	10,146,000	5,920,000	3,468,000	

Reimbursable Costs N/A

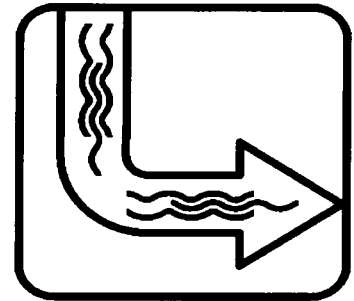
2008-09 & 2009-10 Budget

Project Name & Number	Balboa Trunk Sewer Rehabilitation - 05-47		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project will rehabilitate the existing Balboa Trunk Sewer along Newport and Balboa Boulevards between the "A" Street Pump Station and the Lido Pump Station in the City of Newport Beach. The scope of the project includes approximately 12,600 feet of 15-inch and 24-inch pipe.

It is likely that a liner will be installed in the pipe because sections of the pipe have already had joints sealed and manholes rehabilitated to reduce infiltration and inflow (I/I). The manholes may be coated with a protective liner, or replaced. This project will increase the life expectancy of the trunk sewer by 25-30 years. By rehabilitating the sewer rather than replacing the sewer, community disruption will be kept to a minimum and capital savings will be realized.



**Collections
Facilities**

Justification

The sewer was originally constructed in 1944, and the estimated life of this type of pipe is 40 to 50 years. Several efforts have been employed to limit the amount of I/I including joint repairs and manhole rehabilitations, but the sewer requires more extensive rehabilitation due to its age and current condition. Installing a liner in the pipes will restore the structural integrity of the pipe.

The project budget has been increased from \$7,873,290 to \$8,514,289 to reflect the revised project cost estimate.

The project's construction cost budget is \$5,200,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	120,000	120,000						
Preliminary Design	330,000	94,000	236,000					
Design	782,000		142,000	540,000	100,000			
Const. & Installation	5,986,000				1,147,000	4,792,000	47,000	
Commission	179,000					179,000		
Close-Out	77,000						77,000	
Contingency	1,040,000						1,040,000	
Total	8,514,000	214,000	378,000	540,000	1,247,000	4,971,000	1,164,000	

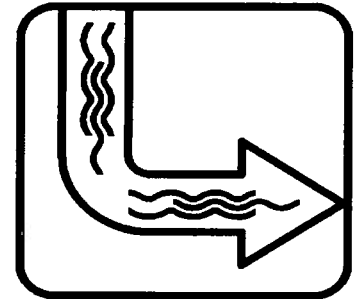
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Replacement of the Bitter Point Pump Station - 05-49		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project will construct a new pump station to replace the existing Bitter Point Pump Station. The new pump station will meet all current national and state codes and District standards. The station will also have the capacity required for the 1999 Strategic Plan projected flows. The station's design will incorporate a new "sound wall" barrier along PCH. The Scope of Work includes demolition of the existing pump station, acquisition of property, construction of specialized excavation, shoring, and dewatering equipment, and the addition of a chemical injection system to combat hydrogen sulfide odors and related corrosion. The Bitter Point Pump Station discharge force mains are also being reconstructed as part of a larger effort to allow for system-wide maintenance of the Newport force main system.



**Collections
Facilities**

Justification

The Bitter Point Pump Station was originally built in 1937 for the City of Newport Beach. The existing station does not comply with current electrical and safety codes, is at capacity, and is landlocked. The existing site cannot accommodate additional pumping capacity for wet weather peak flows and a separated above ground electrical building to comply with current electrical and safety codes for these facilities. Also, this is one of a series of projects along the Newport Beach coastline that will convert the two independent parallel pumping systems into an interconnected pumping system that will allow the string of coastal pump stations to pump into either force main system during maintenance and repairs.

The project budget has been increased from \$34,078,618 to \$36,546,566 to reflect the revised project cost estimate.

The project's construction cost budget is \$26,900,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	42,000	42,000						
Preliminary Design	593,000	593,000						
Design	3,520,000	3,374,000	146,000					
Const. & Installation	29,004,000	15,000	9,037,000	13,100,000	6,852,000			
Commission	584,000	2,000			582,000			
Close-Out	114,000				114,000			
Contingency	2,690,000				2,690,000			
Total	36,547,000	4,026,000	9,183,000	13,100,000	10,238,000			

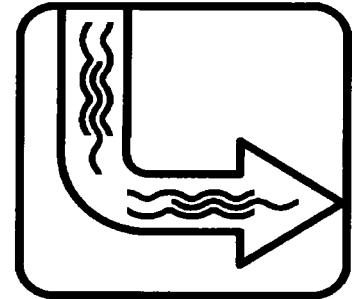
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Replacement of the Rocky Point Pump Station - 05-50		
Project Category	Collections Facilities	Project Status:	Continuing

Description

This project will construct a replacement pumping station to the existing Rocky Point Pump Station in Newport Beach. The existing pumping station is located within the Balboa Bay Club on Pacific Coast Highway. The project includes the acquisition of a new site, the construction of a new and larger station, the reconstruction of a portion of the larger Newport force main system, and the demolition of the existing pump station. Also, the discharge force mains from the facility are being reconstructed as part of a larger effort to allow for system-wide maintenance of the Newport force main system.



Collections Facilities

Justification

The Rocky Point Pump Station was originally built in 1937 for the City of Newport Beach. The existing station does not comply with current electrical and safety codes, is at capacity, and is landlocked. The station needs additional pumping capacity for existing wet weather peak flows and a separated above ground electrical building to comply with current electrical and safety codes. The existing site cannot accommodate these facilities. This is one of a series of projects that will convert the two independent parallel pumping systems into an interconnected pumping system that allows the string of coastal pumping stations to pump into either force main system during maintenance and repairs.

The project's construction cost budget is \$26,900,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	12,000	12,000						
Preliminary Design	2,539,000	2,539,000						
Design	4,323,000	3,998,000	325,000					
Const. & Installation	20,152,000	2,000	1,424,000	18,024,000	702,000			
Commission	529,000				529,000			
Close-Out	92,000	12,000			80,000			
Contingency	3,305,000				3,305,000			
Total	30,952,000	6,563,000	1,749,000	18,024,000	4,616,000			

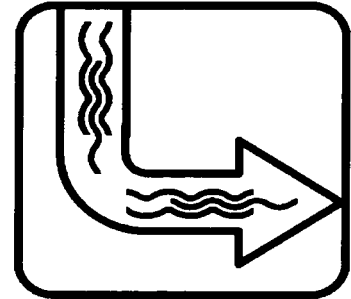
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Bitter Point Force Main Rehabilitation - 05-58		
Project Category	Collections Facilities	Project Status:	Revised

Description

The project will construct a new larger 6,500-foot force main for the proposed Bitter Point Pumping Station replacement project in the City of Newport Beach. This is to replace an existing force main that traverses across oilfields and under the Santa Ana River in the western portion of the City. The project will include approximately 1,400 feet of microtunneling under the river with a 96-inch casing steel pipe to install to 36-inch carrier pipes. The project includes construction of the force main pipeline in the existing force main corridor from the proposed replacement pumping station site to the Sanitation District's Treatment Plant No. 2.



**Collections
Facilities**

Justification

The existing force main to be replaced is undersized and conflicts with the Headworks Replacement Project, Job No. P2-66, at the Sanitation District's Treatment Plant No. 2 in Huntington Beach. As an alternative to rehabilitating the existing force mains, Sanitation District staff evaluated complete replacement with new force mains in Pacific Coast Highway. The current project was found to be the most cost effective alternative. This is one of a series of projects that will convert the two independent parallel pumping systems into two interconnected pumping system that allow the string of coastal pumping stations to pump into either force main system during maintenance and repairs.

The project budget has been increased from \$24,392,019 to \$24,946,619 to reflect the revised project cost estimate.

The project's construction cost budget is \$19,000,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	163,000	163,000						
Preliminary Design	805,000	805,000						
Design	1,270,000	1,270,000						
Const. & Installation	20,668,000	314,000	20,354,000					
Commission	226,000		226,000					
Close-Out	145,000		145,000					
Contingency	1,670,000		1,670,000					
Total	24,947,000	2,552,000	22,395,000					

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Newport Force Main Condition Assessment - 05-60		
Project Category	Collections Facilities	Project Status:	Revised

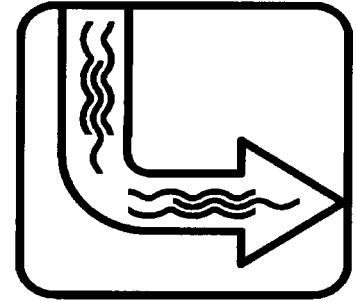
Description

The project will consist of a 2-phase approach. Phase 1 will be to build inspection/access ports. Phase 2 will include the following: perform condition assessment, evaluate capacity requirements, develop an estimate of rehabilitation or replacement costs, and determine rehabilitation and/or replacement schedule.

Justification

An asset management plan is needed for the whole Newport Beach Forcemain System. The work shall be done according to a rational and systematic plan. This requires a condition assessment of the existing forcemains with an estimate of expected remaining life, an evaluation of criticality, an estimate of asset value, and an estimate of rehabilitation or replacement costs.

This project will not have an impact on operational budgets.



Collections Facilities

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	38,000	38,000						
Preliminary Design	622,000	32,000	590,000					
Design	2,000	2,000						
Const. & Installation	1,450,000			12,000	321,000	870,000	241,000	6,000
Commission								
Close-Out								
Contingency								
Total	2,112,000	72,000	590,000	12,000	321,000	870,000	241,000	6,000

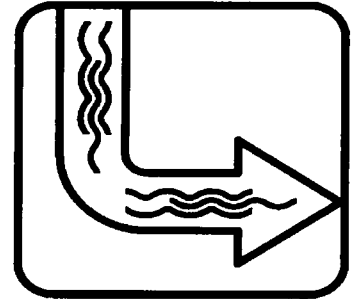
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Bayside Drive Improvement - 05-61		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project will rehabilitate the existing Bayside Drive Trunk sewer along Bayside Drive between Jamboree Road and El Paseo Dr. in the City of Newport Beach. The scope of the project includes the rehabilitation of approximately 3,500 feet of 24-inch pipe and 5 manholes. It is likely that a liner will be installed in the pipe to protect the ductile iron from internal and external corrosion from hydrogen sulfide corrosion and salinity in the groundwater. This project will increase the life expectancy of the trunk sewer by 25-30 years. By rehabilitating the sewer rather than replacing the sewer, community disruption will be kept to a minimum and capital savings will be realized.



**Collections
Facilities**

Justification

The sewer was originally constructed in 1979, and the estimated life of this type of pipe is 20 to 50 years. During CCTV monitoring of this pipe, it has been noted that the sewer is deteriorating due to corrosive sewer gases. Also, a recent evaluation found the soils near the pipeline to be corrosive to ductile iron pipe and that there is evidence of external corrosion. Because the Sanitation District has recently been experiencing failures of this type in Newport Beach, the project was initiated immediately after the external corrosion was found on the pipe. Delaying this project increases the potential for corrosion damage. Deteriorated sewers and manholes risk potential collapse and expensive emergency repairs on the sewer and adjacent roadways.

The project budget has been increased from \$3,317,869 to \$3,750,274 to reflect the revised project cost estimate.

The project's construction cost budget is \$1,868,400. This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	232,000	232,000						
Preliminary Design	424,000	424,000						
Design	383,000	41,000	305,000	37,000				
Const. & Installation	2,227,000			2,227,000				
Commission	54,000			54,000				
Close-Out	56,000			10,000	46,000			
Contingency	374,000				374,000			
Total	3,750,000	697,000	305,000	2,328,000	420,000			

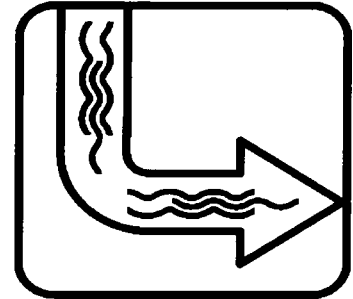
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Dover Drive Trunk Sewer Relief - 05-63		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project consists of conducting a feasibility study to increase the hydraulic capacity for 10,200 lineal feet of existing 15-inch through 21-inch sewer line located along Dover Drive between Irvine Avenue and Pacific Coast Highway in the City of Newport Beach. This project allows for the design and construction of a major trunk sewer within a heavily used city street located in a highly residential/commercial area of the city.



**Collections
Facilities**

Justification

The Sanitation District's strategic plan update conducted in 2006 indicated that the Dover Drive Trunk Sewer will surcharge under the 2010 wet weather flow conditions, therefore, the existing sewer pipes need to be upsized to avoid a potential spill. In addition to the capacity deficiency, Sanitation District staff conducted a CCTV inspection and determined that portions of the existing sewer line have deteriorated and may need to be rehabilitated or replaced.

The project budget has been decreased from \$6,378,000 to \$6,351,040 to reflect the revised project cost estimate.

The project's construction cost budget is \$3,242,241.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	190,000	190,000						
Preliminary Design	228,000	103,000	125,000					
Design	1,056,000		952,000	104,000				
Const. & Installation	4,043,000			1,471,000	2,246,000	326,000		
Commission	131,000				131,000			
Close-Out	55,000				27,000	28,000		
Contingency	648,000					648,000		
Total	6,351,000	293,000	1,077,000	1,575,000	2,404,000	1,002,000		

Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Sewer Access Improv. Big Canyon Nature Park Area - 05-64		
Project Category	Collections Facilities	Project Status:	Continuing

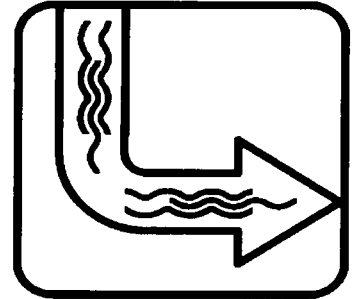
Description

The project consists of providing access improvements for the Big Canyon sewer. The project includes an access road and the extension of a retaining wall near the Big Canyon Creek. The improvements are in the City of Newport Beach and the proposed Big Canyon Creek Restoration area.

Justification

The City of Newport Beach (City) is currently implementing "The Big Canyon Creek Restoration Project" in the area as well. The City staff supports incorporating OCSD's needed access improvements into their project via a reimbursement agreement to ensure that OCSD improvements complement their proposed restoration efforts. Construction will also be performed via the City's contract.

The project's construction cost budget is \$442,517.



**Collections
Facilities**

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	26,000		26,000					
Preliminary Design	22,000		22,000					
Design	140,000			140,000				
Const. & Installation	535,000				535,000			
Commission	33,000				33,000			
Close-Out	9,000				9,000			
Contingency								
Total	765,000		48,000	140,000	577,000			

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Gisler-Redhill System Improvements, Reach B - 07-37		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project will rehabilitate sewers in the Gisler-Redhill System. This will include providing interties, new diversion settings, and sliplining. The project includes repairs of up to 13,200 feet along Redhill Avenue in the Cities of Tustin and Irvine.

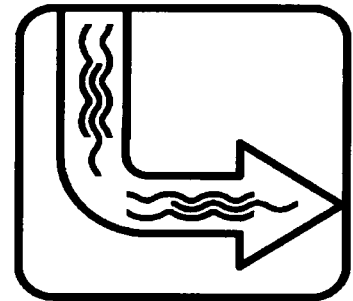
Justification

This section of the Gisler-Redhill System was originally built in the 1960's. Based on condition assessments of the pipes, rehabilitation is needed. To accommodate near-term future flows the project will also reset several diversions to accommodate new flows.

The project budget has been decreased from \$16,120,085 to \$9,437,427 to reflect the revised project cost estimate.

The project's construction cost budget is \$6,000,000.

This project will not have an impact on operational budgets.



**Collections
Facilities**

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	14,000	14,000						
Preliminary Design	292,000	292,000						
Design	827,000	709,000	91,000	27,000				
Const. & Installation	7,376,000	23,000		7,013,000	340,000			
Commission	74,000			60,000	14,000			
Close-Out	24,000				24,000			
Contingency	830,000				830,000			
Total	9,437,000	1,038,000	91,000	7,100,000	1,208,000			

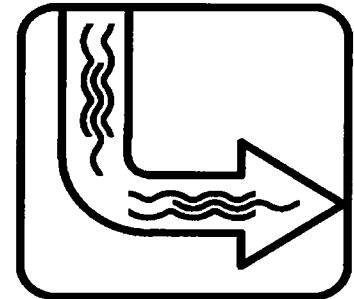
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Rehabilitation of College Ave. Pump Station - 07-47		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project will rehabilitate the existing College Avenue Pump Station and increase the station's capacity to meet current and projected peak wet-weather flows. The existing station is located in the City of Costa Mesa. The work includes the addition of pumping capacity and bringing the pumping station into compliance with the latest applicable electrical and safety codes. Compliance requires that the electrical facilities be effectively sealed from the lower sections of the pumping station. At the College Avenue Pump Station, this requires the construction of a separate access stairwell to the lower section of the pumping station, replacement of the pumps and controls, and modification of ventilation systems.



Collections Facilities

Justification

The College Ave. Pump Station was originally constructed in the 1960's. The existing pumping station does not comply with current electrical and safety codes and is at capacity. The pumping station needs to be upgraded and expanded to serve redevelopment in the Cities of Costa Mesa and Santa Ana.

The project budget has been decreased from \$11,403,533 to \$9,968,698 to reflect the revised project cost estimate.

The project's construction cost budget is \$5,800,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	56,000	56,000						
Preliminary Design	678,000	678,000						
Design	1,046,000	1,046,000						
Const. & Installation	7,389,000	1,060,000	6,189,000	140,000				
Commission	335,000	11,000	298,000	26,000				
Close-Out	140,000			140,000				
Contingency	325,000			325,000				
Total	9,969,000	2,851,000	6,487,000	631,000				

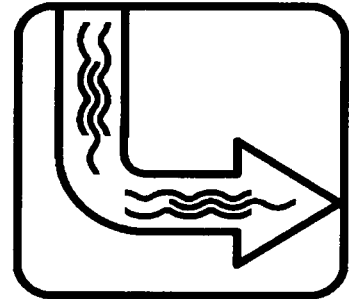
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	County Island Annexation and CEQA Documentation - 07-61		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project is to prepare environmental documentation necessary to evaluate and analyze the environmental effects associated with the annexation of 550 land parcels to the Orange County Sanitation District. The parcels are located in unincorporated portions of the County of Orange known as Cowan Heights, Lemon Heights, and Orange Park Acres. The project will address the remaining developed properties on parcels that have not been annexed to the Sanitation District and are presently on septic tanks. These properties are anticipated to connect directly to a public sewer by the year 2015.



**Collections
Facilities**

Justification

This project reduces the potential for groundwater contamination in accordance with Sanitation District Resolution 99-05, which supports abandonment of septic tanks and connection to sanitary sewers to protect the public health and the environment. The annexation of 550 parcels to the Sanitation District service area requires preparation of an environmental document to determine if there are any significant impacts from the proposed action in compliance with the California Environmental Quality Act (CEQA). This document will also include the various jurisdictional boundary changes and discretionary approvals (e.g. LAFCO and others) that are required before these properties can be annexed or sewer connections made within the Sanitation District's service area. The completion of the environmental documentation will allow sewer service to extend into these unincorporated areas outside the Sanitation District's current boundary.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	178,000	128,000	50,000					
Preliminary Design	5,000	5,000						
Design	14,000	14,000						
Const. & Installation	103,000	53,000	50,000					
Commission								
Close-Out								
Contingency								
Total	300,000	200,000	100,000					

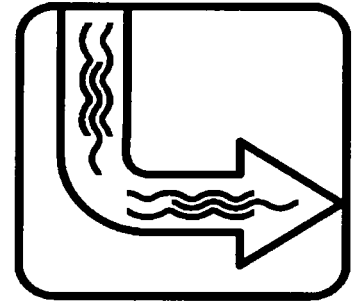
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Coast Trunk Sewer Rehabilitation - 11-26		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project will rehabilitate the existing Coast Trunk Sewer along Pacific Coast Highway between Beach Boulevard and Brookhurst Street, in the City of Huntington Beach. The scope of the project includes rehabilitation of approximately 7,000 feet of 54-inch, 300 feet of 72-inch, and 900 feet of 84-inch pipe. The rehabilitation is needed to protect the concrete from hydrogen sulfide corrosion. This project will increase the life expectancy of the trunk sewer by 25-30 years. By rehabilitating the sewer rather than replacing the sewer, community disruption will be kept to a minimum and capital savings will be realized.



**Collections
Facilities**

Justification

The sewer was originally constructed in 1981, and the estimated life of this type of pipe is 40 to 50 years. During routine cleaning of the sewer, however, it was noted that the sewer was deteriorating at the waterline due to corrosive sewer gases. Video inspection has revealed corrosion of the concrete pipe in the lower portions that are unlined. Video inspection also has limited the scope of work to the lengths of pipe that are being subjected to this corrosive condition.

The project budget has been increased from \$10,460,172 to \$10,830,315 to reflect the revised project cost estimate.

The project's construction cost budget is \$6,820,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	92,000	92,000						
Preliminary Design	1,428,000	1,428,000						
Design	770,000	707,000	63,000					
Const. & Installation	7,638,000	3,000	7,635,000					
Commission	144,000		144,000					
Close-Out	78,000		48,000	30,000				
Contingency	680,000			680,000				
Total	10,830,000	2,230,000	7,890,000	710,000				

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	North County Collections Yard - 15-04		
Project Category	Collections Facilities	Project Status:	Continuing

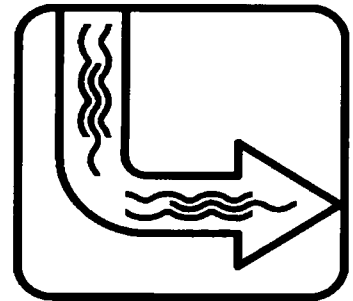
Description

This project will relocate most of the Collection Facilities O&M Division and some other agency support staff to a new location near the geographic center of the Orange County Sanitation District (Sanitation District). The project includes the purchase of land with an industrial type building, tenant improvements as needed for the structure and its systems, and relocation of all equipment.

Justification

Staff are being relocated to the geographic center of the Sanitation District to improve business efficiencies and decrease response times to incidents in the regional and local collection systems. This project will also free up shop and office space for Maintenance Division staff at Treatment Plant No. 2 (Plant No. 2) and the Source Control Division meeting room and office spaces at Reclamation Plant No. 1.

This project will not have an impact on operational budgets.



**Collections
Facilities**

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	6,274,000	6,274,000						
Preliminary Design	583,000	148,000	435,000					
Design	510,000	48,000	462,000					
Const. & Installation	4,066,000	8,000	3,792,000	266,000				
Commission	40,000			40,000				
Close-Out								
Contingency	300,000			300,000				
Total	11,773,000	6,478,000	4,689,000	606,000				

Reimbursable Costs N/A

CIP Project Detail Sheets

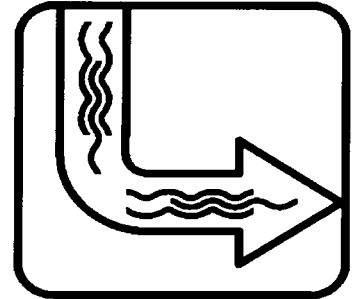
Project Name & Number	Manhole Rehabilitation and Assessment Program - 15-05		
Project Category	Collections Facilities	Project Status:	Continuing

Description

This project will develop a manhole rehabilitation program for the Orange County Sanitation District. The program will include conducting a preliminary assessment of the condition of manholes throughout the collection system and recommending a programmatic approach to maintaining and repairing manholes.

Justification

This project will optimize the approximately \$60 million in repairs that has been estimated in past Capital Improvement Programs and in the Asset Management Plan.



**Collections
Facilities**

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	1,400,000		280,000	280,000	280,000	280,000	280,000	
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency	140,000		140,000					
Total	1,540,000		420,000	280,000	280,000	280,000	280,000	

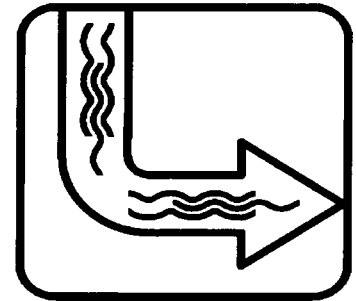
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Facilities Engineering Projects - Collections - FE-Collect		
Project Category	Collections Facilities	Project Status:	Revised

Description

This budget provides funds for miscellaneous collection facilities small capital projects. A small capital project is defined as a miscellaneous capital improvement related to plant safety, reliability, or improvements where the professional design consulting services are less than \$100,000. This project acts as an annual budget placeholder for numerous small collection facilities projects. This system results in a fast-track process for the procurement and execution of engineering and contractor services for smaller, but vital projects.



**Collections
Facilities**

Justification

The Collection Facilities Engineering project allows smaller capital projects to extend the life of the existing treatment works and extend the time between major rehabilitations. These smaller, high priority projects are individually tracked within the larger budget for procurement of engineering and contractor services as needed to maintain reliable operations.

The project budget has been increased from \$7,650,000 to \$7,920,000 to reflect the revised project cost estimate.

The project's construction cost budget is \$4,363,923.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	264,000	264,000						
Preliminary Design	30,000	30,000						
Design	2,087,000	948,000	232,000	241,000	110,000	57,000	54,000	445,000
Const. & Installation	5,495,000	1,436,000	960,000	991,000	426,000	204,000	200,000	1,278,000
Commission	24,000	24,000						
Close-Out	20,000	20,000						
Contingency								
Total	7,920,000	2,722,000	1,192,000	1,232,000	536,000	261,000	254,000	1,723,000

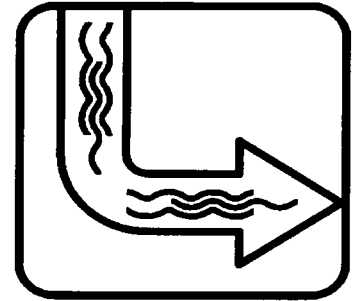
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Replacement of the Ellis Ave. Pump Strn - I-10		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project will construct a new pump station, 66" gravity sewer, and 48" forcemain to replace the existing Ellis Avenue Pump Station and forcemain. The existing station, used to divert flow from upstream of Plant No. 2 to Plant No. 1, is rated for only 10 mgd, receiving flow only from the Magnolia Trunk. The new pump station is to be rated for 50 mgd and will receive flows from the Magnolia and Knott trunk sewers and discharge to the P1 Headworks.



Collections Facilities

Justification

The increase in diversion flows is necessary to balance flows between Plant No.1 and Plant No. 2. The additional flow will compensate for the diversion of the Santa Ana River Interceptor (SARI) flow from Plant No.1 to Plant No. 2. Diversion of the SARI flow is required due to ongoing reclamation at Orange County Water District's Water Factory 21 to minimize future treatment capital improvements at both plants. Flows from the Magnolia and Knott trunk sewers are required to make up the shortfall from the diversion of the SARI. Thus, a new station and forcemain are required. The pump station will also be used to divert flows during the commissioning of the Headworks Replacement Project at Plant No. 2, Job No. P2-66.

The project budget has been decreased from \$78,507,720 to \$77,256,577 to reflect the revised project cost estimate.

The project's construction cost budget is \$59,930,922.

This project will increase operational budgets by \$280,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	152,000	152,000						
Preliminary Design	3,490,000	3,490,000						
Design	3,151,000	3,151,000						
Const. & Installation	67,068,000	49,985,000	17,083,000					
Commission	470,000	14,000	456,000					
Close-Out	252,000	14,000	184,000	54,000				
Contingency	2,674,000			2,674,000				
Total	77,257,000	56,806,000	17,723,000	2,728,000				

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

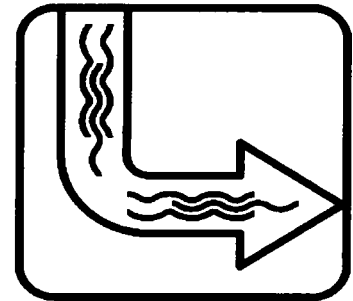
Project Name & Number	Bushard Trunk Sewer Rehabilitation - I-2-4		
Project Category	Collections Facilities	Project Status:	Revised

Description

This project will replace approximately 21,500 feet of existing 54-inch reinforced concrete pipe (RCP) sewer with 21,500 feet of 108-inch RCP sewer in Bushard Avenue from Ellis Avenue to Plant No. 2. The project will address both structural deficiencies and future capacity requirements.

Justification

This project was identified in the 1999 Strategic Plan to replace and/or rehabilitate the existing 54-inch diameter sewer in Bushard Avenue from Ellis Avenue to Plant No. 2. The existing 54-inch Bushard Trunk has severe deterioration on the interior walls of the previously unlined reinforced concrete sewer pipeline. This pipeline is a main trunk sewer line that flows directly into Treatment Plant No. 2 and can receive flow redirected from other trunk lines. It also receives flow directly from the Magnolia Trunk Sewer, making it a critical facility. The 1999 Strategic Plan also recommends diverting Knott Interceptor flows into this line. These diversions will relieve overloading on the Interplant Trunk Sewer.



Collections Facilities

The project budget has been increased from \$68,395,885 to \$68,757,000 to reflect the revised project cost estimate.

The project's construction cost budget is \$50,934,495.

This project will not have a net impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	74,000	74,000						
Preliminary Design	9,000	9,000						
Design	2,178,000	2,178,000						
Const. & Installation	64,416,000	64,416,000						
Commission	308,000	308,000						
Close-Out	198,000	134,000	64,000					
Contingency	1,574,000		1,574,000					
Total	68,757,000	67,119,000	1,638,000					

Reimbursable Costs \$475,000

CIP Project Detail Sheets

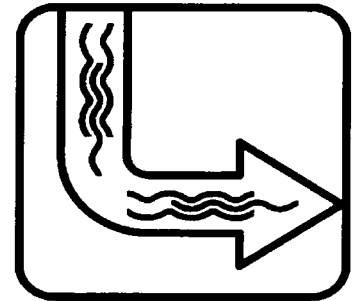
Project Name & Number	Los Alamitos Blvd. Sewers Condition Assessment - SP-126		
Project Category	Collections Facilities	Project Status:	Continuing

Description

This project will conduct an extensive condition assessment of the three sewers in Los Alamitos Boulevard to determine the extent of the existing damage to the sewers, better estimate the timing for needed repairs, and recommend the most cost effective method of rehabilitation.

Justification

In 2006, closed-circuit television (CCTV) work was conducted on these lines in response to sinkholes forming in Los Alamitos Boulevard. The tapes indicate that groundwater and soil are infiltrating into these pipes.



**Collections
Facilities**

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	350,000		350,000					
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	350,000		350,000					

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

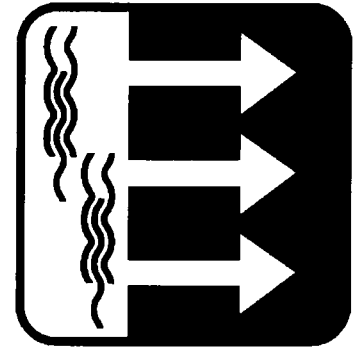
Project Name & Number	Headworks Rehabilitation/Refurbishment - P1-71		
Project Category	Headworks	Project Status:	Continuing

Description

This project replaces the variable frequency drive (VFD) units for the Reclamation Plant No. 1 (Plant No. 1) headworks pumps, which have reached the end of their service life. These units control the speed of the pump motors to accommodate various flow conditions. The items of work include the VFD units, cable tray clean up, new conduit and wiring from the VFDs to the pumps and modifications to Power Building 3A.

Justification

The headworks pumps are critical pieces of equipment. They move wastewater into the plant and prevent flooding in the collection system. The VFD drive units have reached the end of their service life and must be replaced. The vendor has discontinued the manufacture of replacement parts jeopardizing the Sanitation District's ability to keep them operational. Each pump will be out of service at some point during construction, temporarily reducing the plant reliability.



Headworks

The project budget has been increased from \$9,156,399 to \$11,024,341 to reflect the revised project cost estimate.

The project's construction cost budget is \$6,600,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	112,000	112,000						
Preliminary Design	481,000	481,000						
Design	1,107,000	1,095,000	12,000					
Const. & Installation	8,386,000	12,000	3,020,000	5,354,000				
Commission	212,000			212,000				
Close-Out	125,000			125,000				
Contingency	601,000			601,000				
Total	11,024,000	1,700,000	3,032,000	6,292,000				

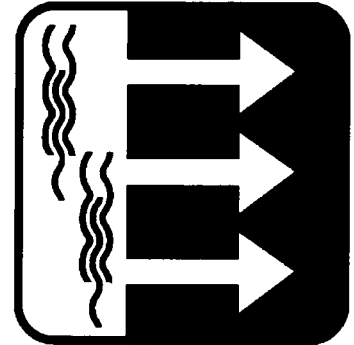
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Headworks Improvements at Plant No. 2 - P2-66		
Project Category	Headworks	Project Status:	Revised

Description

This project will replace the existing headworks at Plant No. 2 and will include the following components: influent diversion and metering structure, bar screens, influent pump station, vortex grit chambers, primary influent splitter and metering structure, ferric chloride feed facilities, headworks and trunk line odor control facilities, screenings handling building including Hycor washer/compactors, grit handling building including cyclone classifiers, electrical building and standby power.



Headworks

Justification

Many key components of the headworks facilities at Plant No. 2 are old and are in need of replacement. Most of the gates are in need of replacement and several have already failed. A metering and diversion structure is necessary to allow calibration and maintenance of the meters. The bar screens and grit chambers are also inefficient and grit screenings are passing into the downstream processes causing increased O&M costs. Space within the existing headworks facility is very limited and modifications for rehabilitation would have been difficult or infeasible to implement.

The project budget has been decreased from \$257,761,600 to \$254,497,702 to reflect the revised project cost estimate.

The project's construction cost budget is \$193,141,700.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	64,000	64,000						
Preliminary Design	3,904,000	3,904,000						
Design	14,992,000	14,992,000						
Const. & Installation	219,014,000	177,156,000	25,751,000	9,809,000	5,964,000	334,000		
Commission	8,580,000	16,000		3,391,000	5,173,000			
Close-Out	218,000	2,000			8,000	208,000		
Contingency	7,726,000					7,726,000		
Total	254,498,000	196,134,000	25,751,000	13,200,000	11,145,000	8,268,000		

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Primary Treatment Rehab/Refurb - P2-80		
Project Category	Primary Treatment	Project Status:	Continuing

Description

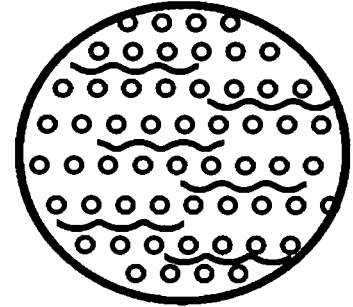
This project replaces the existing sludge pumps with new sludge pumps and grinders in order to provide a more uniform sludge to the digesters. In addition, this project upgrades the scum system and provides for rehabilitation and refurbishment of the concrete and steel in the primary clarifiers.

Justification

The replacement of the sludge pumps with new sludge pumps and grinders is required in order to support the new sludge feed system being installed as part of project P2-91. The installation of this new system will increase reliability of the sludge system. In addition, the upgrade to the scum system and the concrete and steel repairs will provide better operability and reliability of the primary clarifiers.

The project's construction cost budget is \$20,712,500.

This project will not have an impact on operational budgets.



Primary Treatment

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	148,000	148,000						
Preliminary Design	2,937,000	2,937,000						
Design	5,800,000	5,800,000						
Const. & Installation	25,324,000	6,045,000	15,789,000	3,490,000				
Commission	1,135,000	249,000	577,000	309,000				
Close-Out	104,000			104,000				
Contingency	1,782,000			1,782,000				
Total	37,230,000	15,179,000	16,366,000	5,685,000				

Reimbursable Costs N/A

CIP Project Detail Sheets

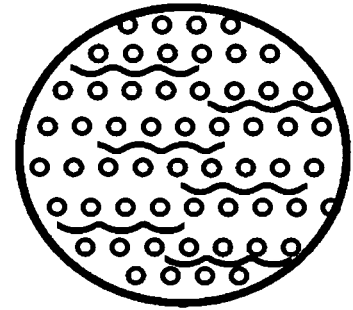
Project Name & Number	Primary Effluent Pump Stations Reliability Study - SP-130		
Project Category	Primary Treatment	Project Status:	New

Description

This project will evaluate each primary effluent pumping station to determine the most cost effective method to ensure compliance with secondary treatment standards after 2012.

Justification

The existing treatment plants were designed to allow primary effluent discharges to the ocean. After 2012, under secondary treatment standards, these pumping stations must operate constantly and reliably. Specifically, the study will need to address power and electrical systems that can trip offline during power spikes and dips.



Primary Treatment

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	100,000		100,000					
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	100,000		100,000					

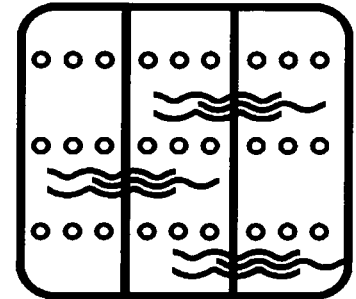
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	New Secondary Treatment System at Plant No. 1 - P1-102		
Project Category	Secondary Treatment	Project Status:	Revised

Description

This project expands secondary treatment facilities at Reclamation Plant No. 1 (Plant No. 1) to meet secondary treatment standards. This project includes construction of aeration basins, clarifiers, a blower building, and return/waste sludge pumping stations for additional secondary treatment capacity of 60 MGD at Plant No. 1. This project is part of the Secondary Treatment Standards Program. The activated sludge process was chosen as the most cost effective process to achieve secondary standards and allow future reclamation activities at Plant No. 1.



Secondary Treatment

Justification

This project is necessary to support the Sanitation District's July 17, 2002 decision to meet secondary treatment standards. This project will enable Plant No. 1 to meet secondary standards by increasing secondary treatment capacity by 60 MGD. Two Secondary Expansion Consent Decree dates for the project have been established in 2006 and 2012 with penalties of up to \$27,000 per day, if the deadlines are not met.

The project budget has been decreased from \$266,789,131 to \$265,862,859 to reflect the revised project cost estimate.

The project's construction cost budget is \$201,904,000.

This project will increase operational budgets by \$4,000,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	140,000	140,000						
Preliminary Design	5,257,000	5,257,000						
Design	13,047,000	13,047,000						
Const. & Installation	230,605,000	95,064,000	100,050,000	21,474,000	13,027,000	990,000		
Commission	3,235,000				3,039,000	196,000		
Close-Out	430,000					430,000		
Contingency	13,149,000					13,149,000		
Total	265,863,000	113,508,000	100,050,000	21,474,000	16,066,000	14,765,000		

Reimbursable Costs N/A

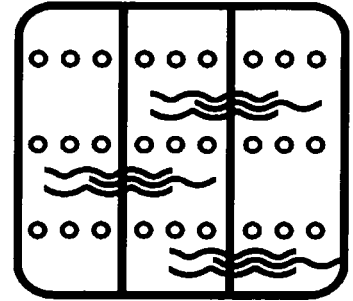
CIP Project Detail Sheets

Project Name & Number	Activated Sludge Plant Rehabilitation - P1-82		
Project Category	Secondary Treatment	Project Status:	Continuing

Description

This project will rehabilitate activated sludge secondary treatment facilities at Plant No. 1, including the following:

- 1) Rehabilitate Aeration Basin Influent Splitter Box, Step & Plug Flow Feed Gates;
- 2) Replace aeration piping and diffusers within the Step Feed Channels;
- 3) Replace RAS piping and improve RAS distribution;
- 4) Rehabilitate mixed liquor channel aeration piping and valves;
- 5) Rehabilitate Secondary Clarifiers 1-14 including replacement of chain and flight, cross collectors, drives, and stub shafts;
- 6) Provide standby power and rehabilitate/upgrade existing power supply to increase reliability/serviceability and to meet new codes and standards;
- 7) Add two new secondary clarifiers for improved reliability;
- 8) Incorporate J-42 reinvention ideas applicable to activated sludge; and
- 9) Incorporate J-25-4 electrical system improvements within process area.



Secondary Treatment

Justification

The purpose of this project is to ensure that the existing activated sludge plant can operate at its design capacity with a high degree of reliability. By replacing equipment that has reached the end of its useful life and by restoring the entire process facility, the District will be able to reliably treat the amount of wastewater required by its permittees and those relying on the supply of secondary treated water.

The project's construction cost budget is \$33,623,168.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	82,000	82,000						
Preliminary Design	126,000	126,000						
Design	4,356,000	4,356,000						
Const. & Installation	39,468,000	39,468,000						
Commission	804,000	804,000						
Close-Out	191,000	161,000	30,000					
Contingency	1,106,000		1,106,000					
Total	46,133,000	44,997,000	1,136,000					

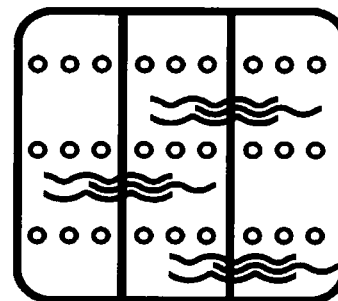
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Rehabilitation of Activated Sludge Plant at Plant 2 - P2-74		
Project Category	Secondary Treatment	Project Status:	Revised

Description

This project rehabilitates secondary treatment facilities at Plant No. 2 to provide reliable secondary treatment. This project includes replacement of major mechanical equipment items (gates, valves, operators, impeller blades, piping, etc.) that have begun to fail or are at the end of their useful life, relines the large diameter pipes that convey wastewater to the activated sludge plant, adds odor control to the aeration basin splitter box, installs bleach pipelines and injection points, and replaces and upgrades instrumentation and controls.



Secondary Treatment

Justification

This secondary plant was constructed in 1982. Much of the mechanical equipment has exceeded its useful life and is in need of rehabilitation. The required modifications will increase reliability during operations at secondary treatment standards. This project is also necessary to support the Orange County Sanitation District's July 17, 2002 decision to meet secondary treatment standards. This project will enable Plant No. 2 to meet secondary standards by increasing reliability of the existing activated sludge plant. This project has one Secondary Expansion Consent Decree date for construction completion in 2009 with penalties of up to \$27,000 per day if the deadline is not met.

The project budget has been decreased from \$17,305,626 to \$16,400,525 to reflect the revised project cost estimate.

The project's construction cost budget is \$10,300,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	310,000	310,000						
Preliminary Design	208,000	208,000						
Design	2,435,000	2,435,000						
Const. & Installation	12,750,000	12,750,000						
Commission	515,000	515,000						
Close-Out	60,000	22,000	38,000					
Contingency	123,000		123,000					
Total	16,401,000	16,240,000	161,000					

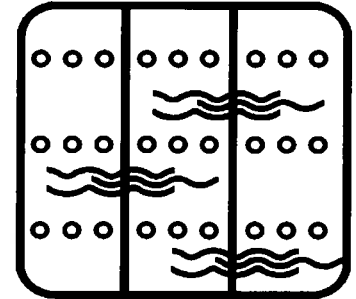
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Trickling Filters at Plant No. 2 - P2-90		
Project Category	Secondary Treatment	Project Status:	Continuing

Description

This project expands secondary treatment facilities at Treatment Plant No. 2 to meet secondary treatment standards. This project includes construction of three trickling filters, a solids contact basin, and six clarifiers for additional secondary treatment capacity of 60 MGD at Plant No. 2. This project is part of the Secondary Standards Program. The trickling filter/solids contact process was chosen after preliminary design as the most cost effective process to achieve secondary standards at Plant No. 2.



Secondary Treatment

Justification

This project is necessary to support the Sanitation District's July 17, 2002 decision to meet secondary treatment standards. This project will enable Plant No. 2 to meet secondary standards by increasing secondary treatment capacity by 60 MGD. Two Secondary Expansion Consent Decree dates have been established for this project, in 2007 and 2011, with penalties of up to \$27,000 per day, if the deadlines are not met.

The project's construction cost budget is \$181,000,000.

This project will increase operational budgets by \$3,290,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	294,000	294,000						
Preliminary Design	3,474,000	3,474,000						
Design	8,831,000	8,831,000						
Const. & Installation	198,109,000	39,380,000	73,660,000	56,872,000	28,197,000			
Commission	2,530,000				2,530,000			
Close-Out	732,000				281,000	431,000	20,000	
Contingency	7,222,000						7,222,000	
Total	221,192,000	51,979,000	73,660,000	56,872,000	31,008,000	431,000	7,242,000	

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

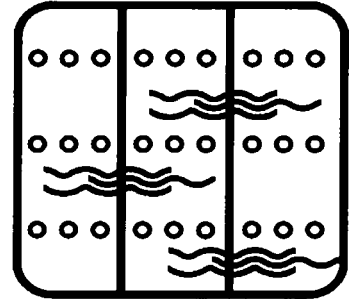
Project Name & Number	Oxygen Plant Rehabilitation at Plant No. 2 - SP-129		
Project Category	Secondary Treatment	Project Status:	New

Description

This project will rehabilitate the deteriorating oxygen plant at Plant No. 2. This includes general repairs and upgrades to the instrumentation and controls and the oxygen plant generating equipment.

Justification

O&M recently prepared an evaluation of the oxygen plant in response to repairs needed at the plant. The resulting report identified the scope and magnitude of the needed repairs. Also, these repairs are needed to allow for the next solicitation for services to operate the facility after the existing contract expires.



Secondary Treatment

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev								
Preliminary Design	94,000		94,000					
Design	433,000		433,000					
Const. & Installation	1,639,000			1,639,000				
Commission	41,000			41,000				
Close-Out	16,000			16,000				
Contingency	277,000			277,000				
Total	2,500,000		527,000	1,973,000				

Reimbursable Costs N/A

CIP Project Detail Sheets

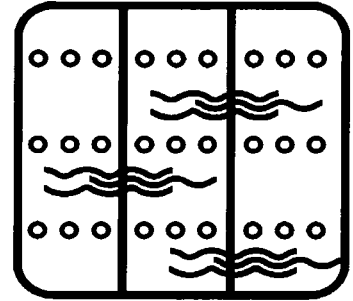
Project Name & Number	Oxygen Plant Rehabilitation - SP-72-1		
Project Category	Secondary Treatment	Project Status:	Continuing

Description

Under this project, an assessment will be conducted to identify the rehabilitation/upgrade needs of the various elements of the cryogenic oxygen plant including the cold box, the main air compressor and the cooling water systems. All necessary upgrades and repairs to the cryogenic plant as identified from this project, will be done as part of CIP project - SP-129.

Justification

In fiscal year 2009-10 when the District's private Operations and Maintenance Agreement with Air Products and Chemicals Inc. expires, the Oxygen Generation Facility will be over 25 years old and many of the major pieces of equipment will have reached the end of their useful life.



Secondary Treatment

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev								
Preliminary Design								
Design								
Const. & Installation	150,000	30,000	120,000					
Commission								
Close-Out								
Contingency								
Total	150,000	30,000	120,000					

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

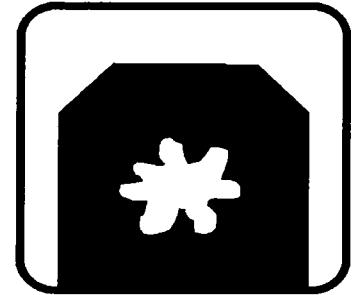
Project Name & Number	Sludge Digester Rehabilitation at Plant 1 - P1-100		
Project Category	Solids Handling & Digestion	Project Status:	Revised

Description

The project rehabilitates Digesters No. 5 through No. 16 at Plant No. 1 to replace aging equipment and improve solids handling capacity. The equipment rehabilitation includes sludge pumping, heating, structural systems, mechanical systems, and electrical and control systems.

Justification

This project is needed in order to handle the additional solids produced by the New Secondary Treatment System at Plant No. 1, Job No. P1-102, which is necessary to support the Orange County Sanitation District's July 17, 2002 decision to meet secondary treatment standards. Job No. P1-102 has two Secondary Expansion Consent Decree dates established that could result in penalties and fines of up to \$27,000 per day. Thus, this project is considered a vital component of the Sanitation District's Capital Improvement Program. Additional solids handling capacity will be needed at Plant No. 1 to accommodate the increased sludge volumes from expanded secondary treatment operations.



**Solids Handling
& Digestion**

The project budget has been increased from \$56,410,258 to \$60,397,763 to reflect project scope changes and the revised project cost estimate.

The project's construction cost budget is \$42,500,000.

This project will increase operational budgets by \$400,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	218,000	218,000						
Preliminary Design	3,062,000	3,062,000						
Design	3,605,000	2,315,000	1,290,000					
Const. & Installation	48,415,000		69,000	8,668,000	29,660,000	9,877,000	141,000	
Commission	717,000				373,000	344,000		
Close-Out	130,000					43,000	87,000	
Contingency	4,250,000						4,250,000	
Total	60,397,000	5,595,000	1,359,000	8,668,000	30,033,000	10,264,000	4,478,000	

Reimbursable Costs N/A

CIP Project Detail Sheets

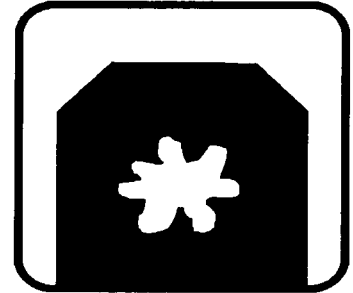
Project Name & Number	Sludge Dewatering and Odor control at Plant 1 - P1-101		
Project Category	Solids Handling & Digestion	Project Status:	Continuing

Description

This project constructs primary sludge thickening facilities to improve solids handling capacity, replaces sludge dewatering facilities to replace aging equipment and reduce biosolids handling and disposal, rehabilitates solids handling odor control equipment to replace aging equipment, and temporarily expands sludge dewatering facilities to accommodate temporary construction needs.

Justification

This project is needed in order to handle the additional solids produced by the New Secondary Treatment System at Plant No. 1, Job No. P1-102, which is necessary to support the Orange County Sanitation District's July 17, 2002 decision to meet secondary treatment standards. Job No. P1-102 has two Secondary Expansion Consent Decree dates established that could result in penalties and fines of up to \$27,000 per day. Thus, this project is considered a vital component of the Sanitation District's Capital Improvement Program.



**Solids Handling
& Digestion**

The project's construction cost budget is \$101,903,000.

This project will increase operational budgets by \$1,600,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	399,000	399,000						
Preliminary Design	6,631,000	6,631,000						
Design	11,503,000	1,981,000	7,603,000	1,919,000				
Const. & Installation	113,043,000	2,000		158,000	14,934,000	62,843,000	32,177,000	2,929,000
Commission	1,442,000						998,000	444,000
Close-Out	163,000							163,000
Contingency	10,366,000							10,366,000
Total	143,547,000	9,013,000	7,603,000	2,077,000	14,934,000	62,843,000	33,175,000	13,902,000

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

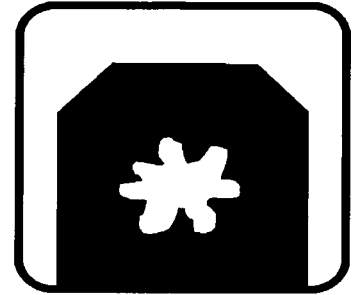
Project Name & Number	Truck Wash and Dewatering Beds at Plant No. 1 - P1-106		
Project Category	Solids Handling & Digestion	Project Status:	Continuing

Description

This project will relocate the several sludge drying beds that are scheduled to be demolished as the Orange County Sanitation District expands its secondary treatment capacity. The new drying beds will be located south of the existing drying beds. The project will also install a truck washing station to allow the Sanitation District and local sewer agencies to clean their trucks after dumping grit and sand collected from the regional and local sewer systems into the drying beds.

Justification

These facilities are being demolished to make room for the expanded secondary treatment works. They are vital parts of the treatment system, and must be replaced to maintain plant operations. The drying beds are also used by the Sanitation District and local sewer agencies to dewater sand and grit removed from the collection system during cleaning operations. After the material is dewatered, it is transported to a landfill. These beds also store sludge removed from Biosolids hauling trucks that were overloaded or begin leaking during the truck loading process. The truck washing station allows for the cleaning of trucks which have dumped into the drying beds to ensure cleanliness and to reduce odors.



**Solids Handling
& Digestion**

The project's construction cost budget is \$1,950,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	76,000	76,000						
Preliminary Design	188,000	188,000						
Design	280,000	280,000						
Const. & Installation	2,405,000	2,395,000	10,000					
Commission	51,000	51,000						
Close-Out	30,000	6,000	24,000					
Contingency	116,000		116,000					
Total	3,146,000	2,996,000	150,000					

Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Solids Thickening and Processing Upgrades - P2-89		
Project Category	Solids Handling & Digestion	Project Status:	Revised

Description

This project will provide sludge thickening treatment to treat the current Activated Sludge Plant solids as well as the additional solids that will be generated from the new secondary TF/SC process. This project is still in the Project Development phase, and the sludge thickening treatment is yet to be decided. Options include upgrades to the existing Dissolved Air Flootation Thickeners (DAFTs) or construction of new centrifuges. This project will also convert "holding" digesters into "working" digesters to also accommodate the increased production of sludge coming from the new secondary TF/SC process.

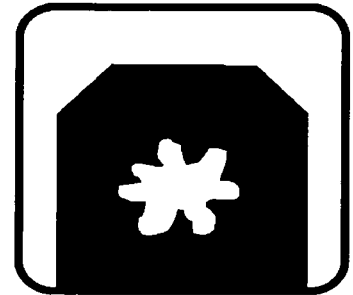
Justification

This project is required to accommodate the additional sludge handling that will be generated from the Trickling Filters at Plant No. 2, Job No. P2-90, which is necessary to support the Sanitation District's July 17, 2002 decision to meet secondary treatment standards. This additional sludge volume will exceed the available capacity of the existing operational Dissolved Air Flootation Thickeners (DAFTs) and digesters. Thus, this project is considered a vital component of the Sanitation District's Capital Improvement Program.

The project budget has been increased from \$23,143,364 to \$73,020,000 to reflect project scope changes and the revised project cost estimate.

The project's construction cost budget is \$46,000,000.

The impacts to operational budgets have not yet been determined.



Solids Handling & Digestion

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	164,000	164,000						
Preliminary Design	910,000	303,000	607,000					
Design	3,168,000		1,134,000	1,983,000	51,000			
Const. & Installation	58,835,000				1,000,000	1,000,000	10,369,000	46,466,000
Commission	619,000						333,000	286,000
Close-Out	124,000						18,000	106,000
Contingency	9,200,000							9,200,000
Total	73,020,000	467,000	1,741,000	1,983,000	1,051,000	1,000,000	10,720,000	56,058,000

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

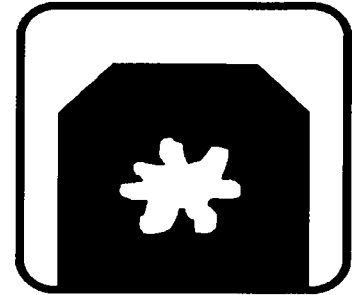
Project Name & Number	Plant No. 2 Primary Sludge Feed System Project - P2-91		
Project Category	Solids Handling & Digestion	Project Status:	Continuing

Description

This project provides piping at Plant No. 2 to interconnect the primary sludge systems and digesters feed system. Also a new sludge blending facility is being constructed to provide more consistent sludge to the digesters.

Justification

At Plant No. 2, there are three groups of clarifiers. Each group, called a "bank" is directly connected to a small group of digesters. Currently, there are no provisions to feed sludge from one bank of clarifiers to the other banks of digesters. Moreover, during maintenance, repairs, and plant upsets the banks limit the amount of treatment plant capacity because the digester banks can become overloaded. This project will install piping to route primary sludge from any clarifier bank to another digester bank.



**Solids Handling
& Digestion**

The project's construction cost budget is \$16,314,500.

This project will increase operational budgets by \$110,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	619,000	619,000						
Preliminary Design	1,606,000	1,606,000						
Design	2,312,000	2,312,000						
Const. & Installation	19,354,000	4,990,000	12,441,000	1,923,000				
Commission	445,000			445,000				
Close-Out	58,000			58,000				
Contingency	1,372,000			1,372,000				
Total	25,766,000	9,527,000	12,441,000	3,798,000				

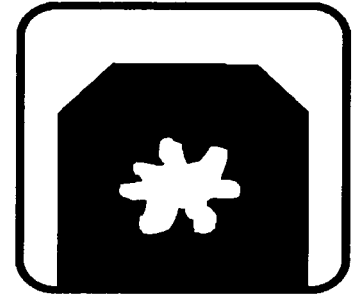
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Digester Rehabilitation at Plant No. 2 - P2-91-1		
Project Category	Solids Handling & Digestion	Project Status:	Revised

Description

This project rehabilitates digester facilities at Plant No. 2 to replace aging equipment, increase operational flexibility, and restore solids handling capacity. This includes Digesters C, D, E, F, G, H, P, Q, R, S and T. The scope includes the following: digester cleaning; lining of the digester walls; replacement of ferric chloride lines, steam system, hot water system, view ports, access covers, and flame arresters; and addition of digester feed flow meters, digester feed piping, in-line grinder pumps, and automated controls. The extent of the components to be rehabilitated, however, will be based on the results of the condition assessment and asset management evaluation completed as part of the P2-91 project.



Solids Handling & Digestion

Justification

This project is needed in order to handle the additional solids produced by the Trickling Filters at Plant No. 2, Job No. P2-90, which is necessary to support the Orange County Sanitation District's July 17, 2002 decision to meet secondary treatment standards. Job No. P2-90 has two Secondary Expansion Consent Decree dates established that could result in penalties and fines of up to \$27,000 per day. Thus, this project is considered a vital component of the Sanitation District's Capital Improvement Program. Additional solids handling capacity will be needed at Plant No. 2 to accommodate the increased sludge volumes from expanded secondary treatment operations.

The project budget has been increased from \$33,145,995 to \$36,398,272 to reflect inflation due to postponement.

The project's construction cost budget is \$23,885,277.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	729,000	729,000						
Preliminary Design	768,000				52,000	295,000	421,000	
Design	2,555,000	2,000						2,553,000
Const. & Installation	27,179,000							27,179,000
Commission	844,000							844,000
Close-Out	196,000							196,000
Contingency	4,127,000							4,127,000
Total	36,398,000	731,000			52,000	295,000	421,000	34,899,000

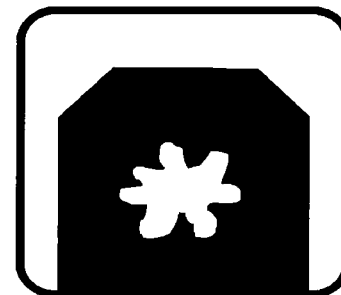
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Replacement of Drying Beds and Truck Wash at Plant - P2-97		
Project Category	Solids Handling & Digestion	Project Status:	Revised

Description

This project is to construct two sludge drying beds and a truck washing facility at Plant No. 2. The area will be fenced and any drainage from the drying beds and truck wash will be directed to a nearby plant sewer. The new drying beds will be located near existing Digesters R and S. The project will also install a truck washing station to allow Sanitation District and local agency sewer cleaning crews to clean their trucks after disposing into the drying beds.



Solids Handling & Digestion

Justification

In 2005, the drying beds and truck wash facilities at Plant No. 2 were demolished to make room for the new headworks facility. Since that time, disposal, drying, and cleaning operations at Plant No. 2 have been supported by temporary facilities until new permanent facilities can be built. The drying beds and truck washing facilities are vital parts of the treatment system that must be replaced with permanent facilities to maintain regulatory compliance and plant operations. The drying beds will allow Sanitation District and local agency sewer cleaning crews to dispose of materials collected in the sewer system during cleaning operations.

The project budget has been decreased from \$4,651,000 to \$4,442,964 to reflect the revised project cost estimate.

The project's construction cost budget is \$2,546,775.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	74,000	74,000						
Preliminary Design	261,000				58,000	203,000		
Design	389,000					158,000	231,000	
Const. & Installation	3,145,000						86,000	3,059,000
Commission	79,000							79,000
Close-Out	45,000							45,000
Contingency	450,000							450,000
Total	4,443,000	74,000			58,000	361,000	317,000	3,633,000

Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Final Effluent Sampler and Building Area Upgrades - J-110		
Project Category	Ocean Outfall Systems	Project Status:	New

Description

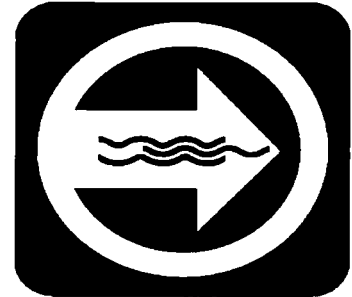
This project will renovate, replace, or demolish facilities surrounding the final effluent sample trailer. These facilities need significant renovations due to age and exposure to ocean air. This includes replacement of the final effluent sampler pumping and sampling systems, sampling trailer, adjacent unused buildings, and the ocean sample storage building, and landscaping.

Justification

Several repairs and upgrades have been attempted to correct deficient sampling equipment. Similarly, a number of repairs have been made to existing structures. Those past projects have extended the life of the equipment and structures, however, those past repairs are now at the end of their useful lives too. Thus, the buildings and equipment need large-scale renovations and replacement. Also, other structures are not used anymore and have fallen into disrepair, or are unsightly.

This project will not have an impact on operational budgets.

The construction budget for the project is \$1,000,000.



**Ocean Outfall
Systems**

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	16,000		16,000					
Preliminary Design	67,000		67,000					
Design	313,000			313,000				
Const. & Installation	1,238,000			619,000	619,000			
Commission	39,000					39,000		
Close-Out	17,000					17,000		
Contingency	200,000					200,000		
Total	1,890,000		83,000	932,000	619,000	256,000		

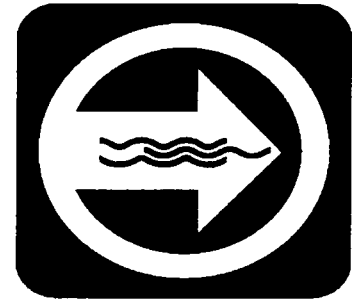
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Effluent Pumping Station Annex - J-77		
Project Category	Ocean Outfall Systems	Project Status:	Continuing

Description

This project will construct a new Effluent Pumping Station at Plant No. 2 to replace the existing Foster Pump Station. The project addresses deficiencies in the existing Foster Pump Station and will be designed to meet pumping requirements for peak flow events. The new pump station will be capable of providing back-up to the Ocean Outfall Booster Station (OOBS) and of pumping secondary effluent exclusively through the existing 78-inch outfall during peak flow emergencies. The project is in the construction phase and is expected to be completed by August 2008.



Ocean Outfall Systems

Justification

The existing Foster Pump Station is not capable of serving as standby to the Ocean Outfall Booster Station (OOBS). An analysis was prepared comparing pump station upgrade with replacement. The cost to completely replace the Foster Pump Station was estimated to be within 3% of upgrade costs for this facility. Therefore, a new Effluent Pump Station Annex (EPSA) was designed to replace Foster Pump Station.

The project's construction cost budget is \$44,597,334.

This project will increase operational budgets by \$55,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	4,000	4,000						
Preliminary Design	62,000	62,000						
Design	4,588,000	4,588,000						
Const. & Installation	53,871,000	53,871,000						
Commission	685,000	685,000						
Close-Out	208,000	104,000	104,000					
Contingency	1,069,000		1,069,000					
Total	60,487,000	59,314,000	1,173,000					

Reimbursable Costs N/A

CIP Project Detail Sheets

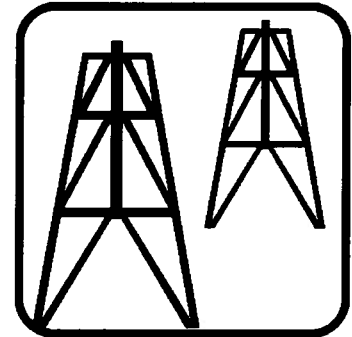
Project Name & Number	Interplant Gas Line Rehabilitation - J-106		
Project Category	Utility Systems	Project Status:	Continuing

Description

This project rehabilitates the Interplant Gas Line. The line transports digester gas between Reclamation Plant No. 1 (Plant No. 1) and Treatment Plant No. 2 (Plant No. 2). A liner will be installed within the existing pipe to protect the pipeline from corrosion, and to prevent future pipe failures.

Justification

The interplant gas line has suffered several corrosion related failures, and repairs were made in 2003. This pipeline falls under the requirements of the Department of Transportation (DOT) Office of Pipeline Safety. DOT is requiring that the Sanitation District demonstrate that the pipeline is sound. At this time, a complete inspection or sliplining is necessary to allow Sanitation District to demonstrate the status of the pipe to the DOT. The inspection requires costly mediations to the pipeline in order to determine the wall thickness of the pipe. This pipeline is regularly used to transport gas from Reclamation Plant No. 1 to avoid flaring gas. This is because Treatment Plant No. 2 has a larger electrical load and has more generating capacity than Plant No. 1.



Utility Systems

The project's construction cost budget is \$2,680,191.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	64,000	64,000						
Preliminary Design	192,000	192,000						
Design	251,000	165,000	86,000					
Const. & Installation	2,913,000	1,000	2,860,000	52,000				
Commission	26,000		18,000	8,000				
Close-Out	8,000			8,000				
Contingency	298,000			298,000				
Total	3,752,000	422,000	2,964,000	366,000				

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

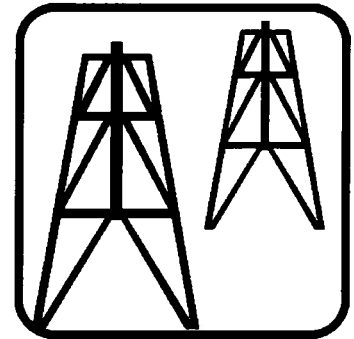
Project Name & Number	Cengen Cooling Water System Replacement - J-109		
Project Category	Utility Systems	Project Status:	Continuing

Description

This project will improve the efficiency of existing cooling system equipment at both plants. It will improve heat recovery from the Central Generation Engines and reduce water consumption by replacing the existing once-through cooling systems with a more efficient system.

Justification

This project will substantially reduce the amount of water consumed by process equipment/systems, resulting in an estimated savings of \$500,000 annually. The district currently buys OCWD reclaimed water to cool mechanical equipment. This water is expensive and contains chemicals that damage equipment. The contract is set to expire in 2012. This project will eliminate the need to purchase reclaimed water due to use of a closed loop system with cooling towers.



Utility Systems

The projects construction cost budget is \$4,735,000.

This Project will decrease operational budgets by \$500,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	77,000	77,000						
Preliminary Design	320,000	61,000	259,000					
Design	1,480,000		449,000	994,000	37,000			
Const. & Installation	6,009,000				4,691,000	1,318,000		
Commission	184,000				6,000	178,000		
Close-Out	77,000					77,000		
Contingency	947,000					947,000		
Total	9,094,000	138,000	708,000	994,000	4,734,000	2,520,000		

Reimbursable Costs N/A

CIP Project Detail Sheets

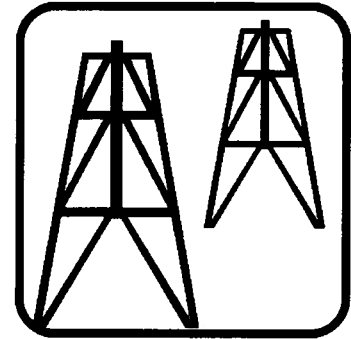
Project Name & Number	Cable Tray Improvements at Plants 1 & 2 - J-47		
Project Category	Utility Systems	Project Status:	Revised

Description

This project will rehabilitate electrical cable and cable tray systems at Plant Nos. 1 and 2. Cable trays are used to route power and control signal electrical cables between process areas, power buildings, and control centers. This project will bring cable tray systems, which are in urgent need of upgrade, into compliance with code requirements and will improve the operational safety and reliability of these systems. The project will also document power and control cables in the cable trays.

Justification

Treatment Plant Nos. 1 and 2 cable trays installed prior to 1987 do not comply with the current National Electrical Code (NEC). The Sanitation District did not require compliance with the NEC prior to 1987. This project will upgrade the older cable tray systems to comply with both current NEC and OSHA codes. These older cable trays are overloaded and contain wiring that is not designed for cable tray use and, as a result, are at risk for overheating and deteriorating due to environmental conditions. Overloaded trays do not allow heat to properly dissipate representing a fire hazard.



Utility Systems

The project budget has been increased from \$29,898,693 to \$31,744,000 to reflect the revised project cost estimate.

The project's construction cost budget is \$22,600,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	32,000	32,000						
Preliminary Design	3,416,000	3,416,000						
Design	285,000	285,000						
Const. & Installation	24,617,000	816,000	2,000	2,000	3,752,000	2,663,000	1,705,000	15,677,000
Commission	353,000	4,000						349,000
Close-Out	97,000	4,000						93,000
Contingency	2,944,000							2,944,000
Total	31,744,000	4,557,000	2,000	2,000	3,752,000	2,663,000	1,705,000	19,063,000

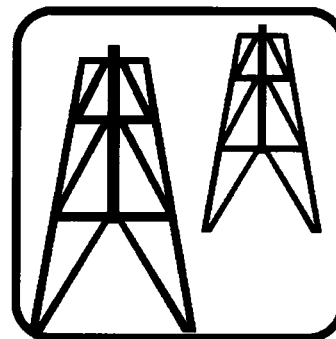
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Air Quality Improvements - J-79		
Project Category	Utility Systems	Project Status:	Continuing

Description

This project evaluated options for modification of Central Generation Facilities, at Plants 1 & 2, to meet air emission standards. The project scope includes a study to determine the impacts that new air quality regulations have on existing power generation systems and evaluates the cost of upgrades necessary to meet the regulations. The project includes health risk assessments for Plants 1 & 2 for years 2006 and 2012, and eight outlying pump stations for the year 2006. The Consultant will also be conducting combustion and post combustion pilot testing for VOC reduction. The current scope of work includes a post combustion pilot study to evaluate technologies for reducing NOX, CO and VOC.



Utility Systems

Justification

This project is necessary to maintain compliance with South Coast Air Quality Management District (SCAQMD) for continued operation of the central generation plants and renewal of the air quality permits for wastewater treatment Plant Nos. 1 & 2.

The project's construction cost budget is \$2,338,431.

This project will increase operational budgets by \$100,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	80,000	80,000						
Preliminary Design	417,000	417,000						
Design	5,521,000	3,794,000	128,000	1,599,000				
Const. & Installation	2,945,000	2,945,000						
Commission	2,000	2,000						
Close-Out	26,000	6,000	8,000	12,000				
Contingency	177,000			177,000				
Total	9,168,000	7,244,000	136,000	1,788,000				

Reimbursable Costs N/A

CIP Project Detail Sheets

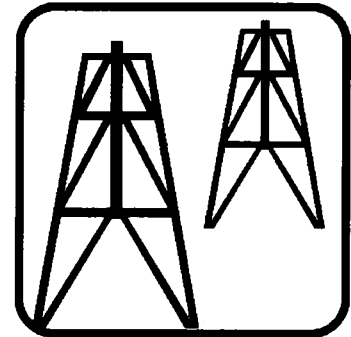
Project Name & Number	Central Generation Automation - J-79-1		
Project Category	Utility Systems	Project Status:	Revised

Description

The Project will replace the engine control systems (FT-100, FT-210) for the Central Generation Systems at Plant 1 & 2. The project will also provide improved electrical load management, operating communications between Plants 1 & 2, and improved control of exhaust emissions. A sub-project J-79-1A, will provide new CEMS units on each engine at both Plant No.1 and Plant No.2

Justification

The existing engine control systems are no longer manufactured or supported by the original equipment manufacturer and timely replacement of parts is not reliable. The existing controls do not provide emissions monitoring feedback signals to the engines for the control of exhaust emissions. The existing control system does not effectively manage electrical loads. The engines do not start or stop or vary loads automatically and can fail when utility power is lost. The new system will provide automatic load management capability, as well as emissions monitoring feedback signals for exhaust emissions control.



Utility Systems

The project budget has been increased from \$18,755,180 to \$20,331,643 to reflect the revised project cost estimate.

The project's construction cost budget is \$12,000,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	24,000	24,000						
Preliminary Design	815,000	815,000						
Design	1,589,000	1,589,000						
Const. & Installation	15,630,000	258,000	4,543,000	9,257,000	1,572,000			
Commission	1,042,000			719,000	323,000			
Close-Out	32,000				32,000			
Contingency	1,200,000				1,200,000			
Total	20,332,000	2,686,000	4,543,000	9,976,000	3,127,000			

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Fire Suppression for Servers and Equip at P1 & P2 - J-96		
Project Category	Utility Systems	Project Status:	Continuing

Description

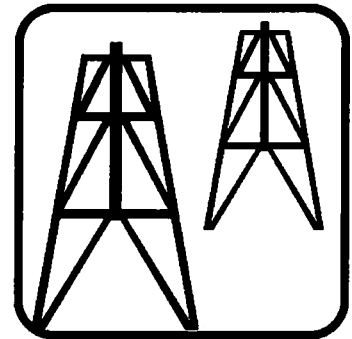
This project replaces several wet fire suppression systems with an inert gas fire suppression system in IT critical areas at both Plants 1 & 2.

Justification

In the event of a fire, the currently installed wet-type fire suppression systems may cause significant damage to electronics equipment currently installed in the server, PBX and UPS rooms. If the fire suppression system is activated, damage to hardware and software may result in shutdown of the Sanitation District's electronic communications system with immediate impact to plant monitoring and control systems.

The project's construction cost budget is \$609,933.

This project will not have an impact on operational budgets.



Utility Systems

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev								
Preliminary Design								
Design	265,000	265,000						
Const. & Installation	676,000	625,000	51,000					
Commission								
Close-Out								
Contingency	24,000		24,000					
Total	965,000	890,000	75,000					

Reimbursable Costs N/A

CIP Project Detail Sheets

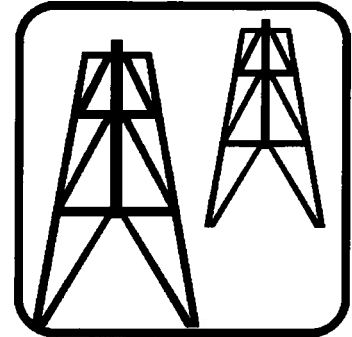
Project Name & Number	Power Building 3A Backup Power Reliability Project - P1-111		
Project Category	Utility Systems	Project Status:	New

Description

This project will ensure adequate standby generator capacity at the Plant No. 1, Power Building 3A (PB-3A). This may consist of installing additional generators, replacing the existing generators with larger generators, bringing in additional generation capacity from another power building, or moving some electrical loads off the existing generators. An initial study effort needs to be conducted to determine the best option, considering cost and reliability.

Justification

This project is needed to provide adequate power supply for a possible SCE power outage. Diesel generators are needed at PB-3A when SCE power is lost, because restoring power from Cengen may not occur quickly enough for the needs at PB-3A. Power from diesel generators can be provided within seconds. The Energy Master Plan has determined that recent increases in the loads connected to PB-3A result in a situation where the generators could be overloaded. Depending on the flow condition, a sewage spill in the collection system could occur within minutes if PB-3A is without power.



Utility Systems

This project will not have an impact on operational budgets.

The construction budget for the project is \$264,000.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	5,000		5,000					
Preliminary Design	19,000		19,000					
Design	82,000			82,000				
Const. & Installation	327,000				327,000			
Commission	11,000					11,000		
Close-Out	5,000					5,000		
Contingency	53,000					53,000		
Total	502,000		24,000	82,000	327,000	69,000		

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

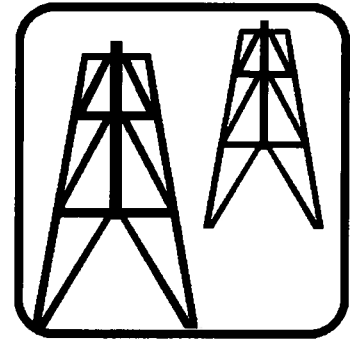
Project Name & Number	Plant 1 66kV Substation - P1-97		
Project Category	Utility Systems	Project Status:	Revised

Description

This project will replace the Reclamation Plant No. 1 (Plant No. 1) electrical service main from the Southern California Edison Company (Edison), to increase the capacity and reliability, and minimize costs. The voltage will increase from 12,470 Volts to 66,000 Volts. Edison will be supplying the service lines, metering and connection switches at the Sanitation District's expense.

Justification

This project is required for the New Secondary Treatment System at Plant No. 1, Job No. P1-102, which is necessary to support the Orange County Sanitation District's July 17, 2002 decision to meet secondary treatment standards. Job No. P1-102 has two Secondary Expansion Consent Decree dates established that could result in penalties and fines of up to \$27,000 per day. Thus, this project is considered a vital component of the Sanitation District's Capital Improvement Program.



Utility Systems

The project budget has been decreased from \$15,892,540 to \$14,779,987 to reflect the revised project cost estimate.

The project's construction cost budget is \$11,945,440.

This project will decrease operational budgets by \$750,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	116,000	116,000						
Preliminary Design	24,000	24,000						
Design	953,000	953,000						
Const. & Installation	13,018,000	8,125,000	4,893,000					
Commission	241,000		202,000	39,000				
Close-Out	103,000		56,000	47,000				
Contingency	325,000			325,000				
Total	14,780,000	9,218,000	5,151,000	411,000				

Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Plant Water System Rehabilitation at Plant No.2 - P2-101		
Project Category	Utility Systems	Project Status:	New

Description

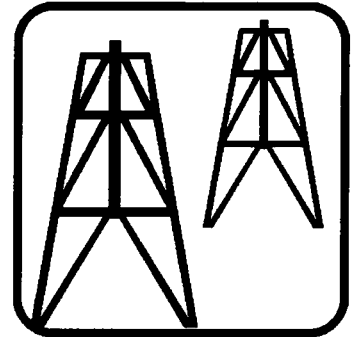
This project will rehabilitate or replace deteriorating plant water pipe that is in need of replacement due to corrosion. This includes the valves that have become unserviceable or have exceeded their useful lives. The project will need to install temporary measures to ensure that the treatment plant maintains continuous operations during the repairs.

Justification

O&M recently prepared an evaluation of the plant water systems for each plant in response to an increasing number of emergency repairs to the plant water systems. The resulting report identified the scope and magnitude of the needed repairs. These repairs were packaged into the projects for each plant.

This project will not have an impact on operational budgets.

The construction budget for the project is \$2,200,000.



Utility Systems

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	36,000		36,000					
Preliminary Design	148,000		148,000					
Design	689,000			689,000				
Const. & Installation	2,685,000				2,685,000			
Commission	75,000					75,000		
Close-Out	35,000					35,000		
Contingency	440,000					440,000		
Total	4,108,000		184,000	689,000	2,685,000	550,000		

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

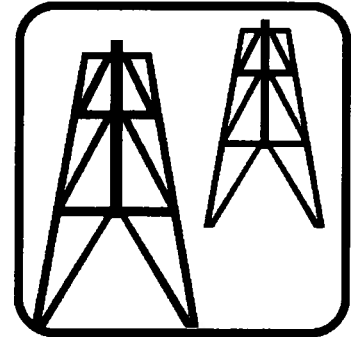
Project Name & Number	Solids Area Cable Tray Improvements at Plant No. 2 - P2-104		
Project Category	Utility Systems	Project Status:	Continuing

Description

This project will rehabilitate electrical cable and cable tray systems in the solids area of Plant No. 1. This includes bringing the cable tray systems, which are in urgent need of upgrade, into compliance with code requirements and will improve the operational safety and reliability of these systems. The project will also document power and control cables in the cable trays.

Justification

Treatment Plant Nos. 1 and 2 cable trays installed prior to 1987 do not comply with the current National Electrical Code (NEC). The Sanitation District did not require compliance with the NEC prior to 1987. This project will upgrade the older cable tray systems to comply with both current NEC and OSHA codes. These older cable trays are overloaded and contain wiring that is not designed for cable tray use and, as a result, are at risk for overheating and deteriorating due to environmental conditions. Overloaded trays do not allow heat to properly dissipate representing a fire hazard.



Utility Systems

The construction budget is \$4,500,000.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev								
Preliminary Design								
Design								
Const. & Installation	5,458,000		2,729,000	2,729,000				
Commission	175,000			175,000				
Close-Out	73,000			55,000	18,000			
Contingency	450,000				450,000			
Total	6,156,000		2,729,000	2,959,000	468,000			

Reimbursable Costs N/A

CIP Project Detail Sheets

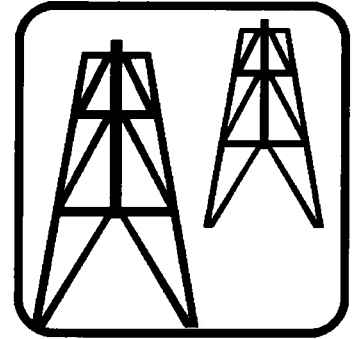
Project Name & Number	Fuel Cell Feasibility Study - SP-132		
Project Category	Utility Systems	Project Status:	New

Description

This project will further develop costing information and layouts for large fuel cell facilities. This will include researching grant funding opportunities, developing lifecycle costs and layouts, defining utility requirements, and evaluating increased efficiency impacts to OCSD facilities. Several options should be developed to look at phased replacements and options that may also comply with existing and proposed air quality regulations affecting the existing Central Generation internal combustions engines.

Justification

Recent grants for multi-megawatt facilities have become available; also several improvements have been made in the technology. Both of these items may allow a future alternative to costly air quality upgrades to the existing internal combustion engines.



Utility Systems

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	100,000		100,000					
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	100,000		100,000					

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

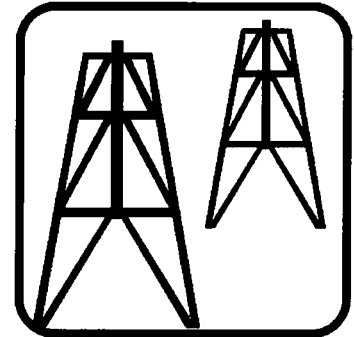
Project Name & Number	Fuel Cell Hydrogen Gas Generation Research - SP-134		
Project Category	Utility Systems	Project Status:	New

Description

This project is a collaborative project between UCI, California Department of Transportation, Air Products, and Fuel Cell Technologies to create hydrogen gas from OCSD's digester gas and provide a mobil hydrogen auto fueling station at Plant No.1. OCSD's portion of the larger project is for the installation of utilities and site preparation for the equipment at Plant No. 1.

Justification

OCSD Staff has indicated to UCI and several partnering technology vendors that a test could be conducted using digester gas at Plant No.1. There is an increased power generation efficiency associated with Fuel Cell technology that is estimated to offset the diversion of digester gas from the Central Generation station. Thus, the scope of this effort is to operate a Fuel Cell to create power and heat for OCSD, but hydrogen gas will be extracted from the unit and used at an onsite hydrogen car fueling station.



Utility Systems

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	4,000		4,000					
Preliminary Design	18,000		18,000					
Design	82,000		82,000					
Const. & Installation	328,000		164,000	164,000				
Commission	11,000			11,000				
Close-Out	4,000			4,000				
Contingency	53,000			53,000				
Total	500,000		268,000	232,000				

Reimbursable Costs N/A

CIP Project Detail Sheets

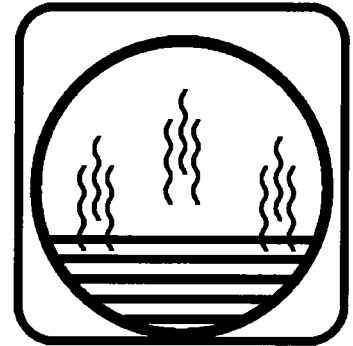
Project Name & Number	Rehabilitation of Odor Control Facilities - J-71-8		
Project Category	Odor Control Related Projects	Project Status:	Revised

Description

This project rehabilitates and upgrades the foul air collection and treatment facilities for the Headworks and Primary treatment areas at Plant No. 1. This includes rehabilitation of existing single-stage scrubbers, systems and appurtenant equipment which serve the primary treatment systems, and replacement of existing scrubbers which serve the headworks facilities.

Justification

This project will rehabilitate existing odor control facilities and will make process improvements to reduce the number of off-site odor impacts. This project is based on the recommendations from the 2002 Odor Control Master Plan and the Orange County Sanitation District's Plant Automation and Reinvention Project.



Odor Control

The project budget has been decreased from \$42,807,048 to \$38,706,566 to reflect the revised project cost estimate.

The project's construction cost budget is \$27,194,172.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	46,000	46,000						
Preliminary Design	1,365,000	1,365,000						
Design	5,844,000	4,900,000		940,000	4,000			
Const. & Installation	28,336,000	164,000			8,324,000	19,572,000	276,000	
Commission	309,000	-20,000					329,000	
Close-Out	87,000						87,000	
Contingency	2,720,000						2,720,000	
Total	38,707,000	6,455,000		940,000	8,328,000	19,572,000	3,412,000	

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

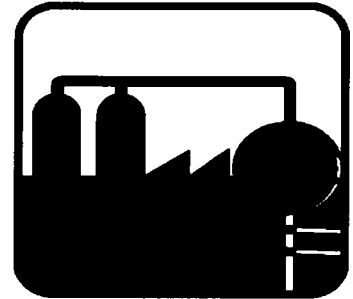
Project Name & Number	Corrosion Management - SP-68-1		
Project Category	Process Related Special Projects	Project Status:	Continuing

Description

The Corrosion Management project consists of a corrosion assessment study of the District's two treatment plants, interplant pipelines, and collections systems, and the establishment of the requirements for implementation of a comprehensive Corrosion Management Program.

Justification

The proposed work is being conducted in order to determine the most cost effective approach for managing the life cycle of the District's facilities while minimizing failures due to corrosion and to develop a plan to implement this new program.



**Process Related
Special Project**

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	231,000	56,000	75,000	74,000	26,000			
Preliminary Design	463,000	111,000	150,000	148,000	54,000			
Design	1,651,000	417,000	529,000	521,000	184,000			
Const. & Installation	2,322,000	566,000	754,000	744,000	258,000			
Commission								
Close-Out								
Contingency								
Total	4,667,000	1,150,000	1,508,000	1,487,000	522,000			

Reimbursable Costs N/A

CIP Project Detail Sheets

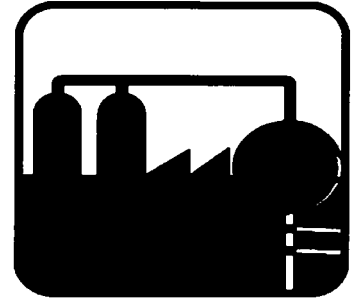
Project Name & Number	Special Projects: Biotrickling Filter (BTF) - SP-90-7		
Project Category	Process Related Special Projects	Project Status:	Revised

Description

This project investigates converting chemical scrubbers for foul air into biological scrubbers (biotrickling filters). The requirements for successful conversions are determined, and the process conditions for converted scrubbers are optimized to provide effective removal of various odorous substances before the air is discharged from the scrubbing system.

Justification

Biological scrubbers reduce operating costs by eliminating chemical usage for air cleaning and by reducing energy costs for pumping water and chemicals. They also increase safety by eliminating workers' contact with the toxic and corrosive chemicals used in wet chemical scrubbers.



**Process Related
Special Project**

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	1,027,000	907,000	30,000	30,000	30,000	30,000		
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	1,027,000	907,000	30,000	30,000	30,000	30,000		

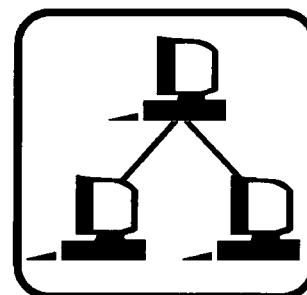
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Power Monitoring and Control Systems - J-33-3		
Project Category	Plant Automation & Computerization	Project Status:	Revised

Description

This project installs electrical power monitoring and control equipment at Plant 1, which will protect the plants from power outage problems, and will reduce the recovery time when problems do occur. These systems will continuously evaluate the power supply, and adjust the plant electrical systems to prevent power variations and outages from causing process failures. The new system will allow the operation of critical electrical equipment from a single location at Plant 1.



Plant Automation & Computerization

Justification

The Southern California Edison Company (SCE) supplies electricity to Plant No. 1 at 12,000 volts and Plant No. 2 at 66,000 volts. The plant distribution systems have sophisticated controls to protect workers and equipment from the serious problems that can occur with these high voltages. In the past, Central Generation (Cengen) facilities in the plants typically produced all the plant power, using SCE to cushion demand fluctuations. Due to recent air emissions limitations, however, the Cengen facilities have limited production and the plants now rely on SCE as a primary power source. With future expansion, the plants will be more dependent on SCE and more vulnerable to power variations and outages than previously.

The project budget has been increased from \$8,034,790 to \$10,899,435 to reflect project scope changes and the revised project cost estimate.

The project's construction cost budget is \$5,400,000. This project will decrease operational budgets by \$170,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	192,000	192,000						
Preliminary Design	460,000	460,000						
Design	2,128,000	1,862,000	266,000					
Const. & Installation	7,218,000		702,000	5,084,000	1,432,000			
Commission	160,000				160,000			
Close-Out	28,000				28,000			
Contingency	713,000				713,000			
Total	10,899,000	2,514,000	968,000	5,084,000	2,333,000			

Reimbursable Costs N/A

CIP Project Detail Sheets

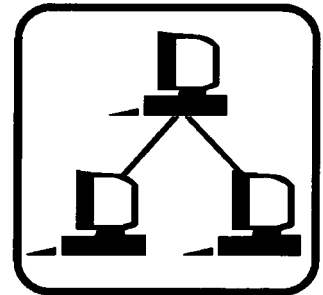
Project Name & Number	Strategic Information Architecture (SIA) - SP-03		
Project Category	Plant Automation & Computerization	Project Status:	Continuing

Description

The Strategic Information Architecture (SIA) is the bridge between the District's strategic goals, the Strategic Information Plan (SIP) and the implementation of Information Technology projects. The SIA supports the data, process and application architecture changes needed to support the business plan and the needs of the business units.

Justification

Each Department leverages information technology to accomplish its mission. This project supports the alignment of information technology resources with the business.



Plant Automation & Computerization

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	338,000	138,000	40,000	40,000	40,000	40,000	40,000	
Preliminary Design								
Design	550,000	200,000	70,000	70,000	70,000	70,000	70,000	
Const. & Installation	1,007,000	300,000	140,000	140,000	140,000	140,000	147,000	
Commission	100,000		20,000	20,000	20,000	20,000	20,000	
Close-Out								
Contingency								
Total	1,995,000	638,000	270,000	270,000	270,000	270,000	277,000	

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

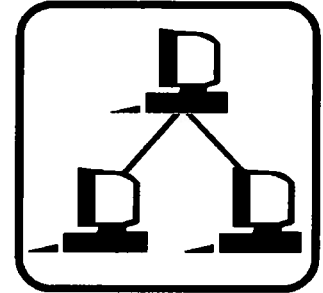
Project Name & Number	Internet/Intranet Development - SP-09		
Project Category	Plant Automation & Computerization	Project Status:	Continuing

Description

This project makes improvements to both the District's public-facing Internet site and the internally used Intranet site.

Justification

The Internet continues to grow in importance as a preferred communications tool. In 2006, the Pew Institute found that 73% of American adults use the Internet and 34% of users now regularly use wireless internet connections. These numbers are expected to keep growing in the coming months and years. As such, it is essential that OCSD continue to reexamine our existing efforts, design, and content. It is essential that our sites be available in the most user-friendly alignment with the needs of our audiences.



Plant Automation & Computerization

The District website is used to provide information to a variety of people and organizations. These include Orange County residents, Board Members, companies seeking to do business with the District, students and other agencies. Furthermore, our waiver requires that certain information be made available and periodically updated through this medium. Additionally, via the intranet, staff will access information on employee benefits, and internal job announcements.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	42,000	28,000	6,000	4,000	4,000			
Preliminary Design								
Design	143,000	112,000	15,000	9,000	7,000			
Const. & Installation	381,000	336,000	20,000	15,000	10,000			
Commission	56,000	56,000						
Close-Out	28,000	28,000						
Contingency								
Total	650,000	560,000	41,000	28,000	21,000			

Reimbursable Costs N/A

CIP Project Detail Sheets

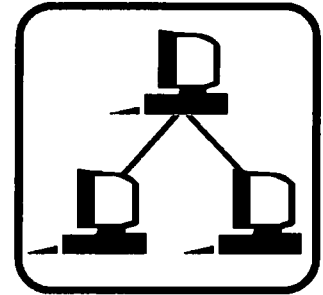
Project Name & Number	CMMS System Replacement - SP-100		
Project Category	Plant Automation & Computerization	Project Status:	Continuing

Description

This project is designed to assist with the needs assessment and requirements definition phase along with the other project needs which include: system purchase, migration of existing data, system configuration and customization, business process re-engineering, technical training, and integration with other District systems (i.e. SCADA, FIS, GIS, and Data Warehouse).

Justification

The District's Asset Management Strategic Plan and Framework Analysis report identified the need to replace the District's existing CMMS. The Asset Management project does not fund the cost of the replacement software or the implementation and training activities.



Plant Automation & Computerization

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	683,000	683,000						
Preliminary Design	11,000	11,000						
Design	371,000	5,000	366,000					
Const. & Installation	2,448,000	6,000	1,188,000	500,000	377,000	377,000		
Commission	184,000		184,000					
Close-Out	92,000		92,000					
Contingency								
Total	3,789,000	705,000	1,830,000	500,000	377,000	377,000		

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

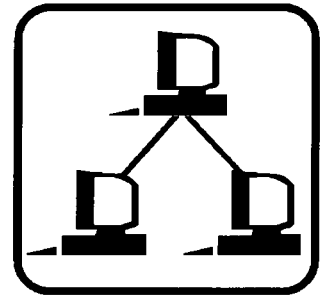
Project Name & Number	PDS2D Software Replacement - SP-103		
Project Category	Plant Automation & Computerization	Project Status:	Continuing

Description

This project provides a replacement to the Process and Instrumentation Diagram (P&ID) software used at the Sanitation District, which will not be supported by the vendor, and will eventually become inoperable. The software provides for the electronic storage and updating of diagrams which document the configuration of critical processes and equipment at the Sanitation District. The scope includes finding the replacement software, and implementing the new software, including converting data to the new software.

Justification

This software maintains the drawings which document the configuration of critical treatment processes and equipment. These drawings are needed for plant expansion, and are required by the EPA for plant maintenance. An electronic system of this nature is the only feasible system for this purpose. The software will eventually become obsolete and inoperable. A replacement is needed because no update to this software will be provided. The data must be converted to the new software format before the software becomes inoperable.



Plant Automation & Computerization

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	250,000							250,000
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	250,000							250,000

Reimbursable Costs N/A

CIP Project Detail Sheets

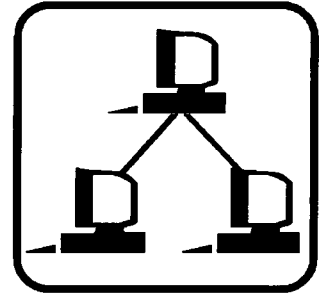
Project Name & Number	Environmental Compliance Awareness Program - SP-104		
Project Category	Plant Automation & Computerization	Project Status:	Continuing

Description

The project is an Environmental Compliance Awareness Program (ECAP). This program will enable staff to determine the status of environmental compliance in an up-to-date, effective, and efficient manner. It is anticipated that the ECAP will consist of using the District's existing Information Systems software (SharePoint) in order to obtain this ability.

Justification

An ECAP needs assessment (Phase I) was completed in June, 2006. The ECAP team (comprised of several staff members from different divisions) recommended an Air Quality pilot test (Phase II) be performed before full implementation. The Air Quality Pilot test was completed March, 2008 and resulted in the decision to move forward to Phase III of ECAP using SharePoint as the software. ECRA and IT will be working closely together to assure the success of ECAP. The ECAP budget has been revised to include ECAP continuation and possible professional services. Phase III will incorporate Biosolids and Underground Storage Tanks. It is anticipated that this will be completed by July this year. We will continue with this tiered approach and incorporate other compliance areas.



Plant Automation & Computerization

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	286,000	286,000						
Preliminary Design	694,000	2,000	465,000	227,000				
Design								
Const. & Installation	2,000	2,000						
Commission								
Close-Out								
Contingency								
Total	982,000	290,000	465,000	227,000				

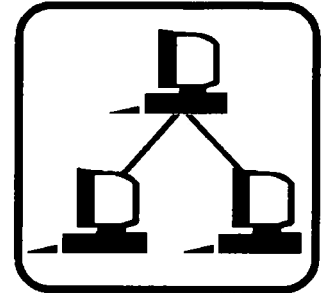
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Geographic Information System - SP-15		
Project Category	Plant Automation & Computerization	Project Status:	Continuing

Description

Geographic Information Systems (GIS) can be utilized at the District for any works project such as collections, ocean monitoring, flow studies, rate structure studies or construction. The GIS can be a planning tool for Asset Management, a reporting tool for Permits and Sewer Shed Modeling. Other regional programs that would utilize the GIS are Bacteria Investigations, Air Quality, Special Purpose Discharge Permits, Connection Permits and Source Control Permits. A goal of the project would be to enable Internet access to the District's GIS and Electronic Data Management System (EDMS) by consultants to collect data for projects and to check out and check in drawings. The public would also benefit through Internet access to reports and news about District projects.



Plant Automation & Computerization

Justification

There is a need and an opportunity for cost savings, spatial data control, and a reporting tool that can graphically display the District's data on maps via the Internet to reporting agencies, the public and across the organization.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	3,062,000	200,000	135,000	310,000	360,000	400,000	430,000	1,227,000
Preliminary Design	10,000		10,000					
Design	320,000	300,000	20,000					
Const. & Installation	755,000	660,000	95,000					
Commission	10,000		10,000					
Close-Out								
Contingency								
Total	4,157,000	1,160,000	270,000	310,000	360,000	400,000	430,000	1,227,000

Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Network Equipment Upgrade - SP-89		
Project Category	Plant Automation & Computerization	Project Status:	Continuing

Description

This project involves implementing the Sanitation District's Ethernet standards for computer network backbone equipment. This includes the plan, design and upgrade of the computer network equipment. This will ensure that the network equipment is compatible with industry standard networking devices.

Justification

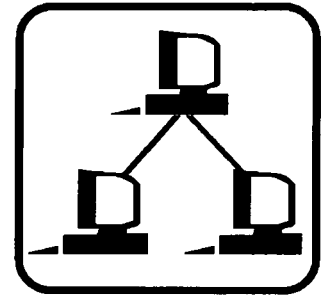
To further expand and automate the OCSD network, a new strategy has to be adopted. The proposed strategy is to incorporate OCSD's Ethernet standard and the ability to proactively manage all devices. This project seeks to produce and document a Network Infrastructure Design that best meets these requirements.

Proposed design goals include:

- A fully redundant and fault tolerant system that can guarantee 100% uptime.
- The ability to expand to meet future size and feature requirements.
- Utilization of technologies based on a stable industry-leading manufacturer with a proven record of accomplishment.
- Utilization of technologies requiring skill sets readily available in the marketplace.
- Maintenance and upgrades able to be performed without downtime.

More specific design goals proposed include:

- More efficient flow of data for the CRISP system.
- Re-architecture of the SCADA system to allow for remote management through existing skill sets in IT.



Plant Automation & Computerization

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev								
Preliminary Design								
Design	107,000	50,000	57,000					
Const. & Installation	2,687,000	1,244,000	725,000	400,000	318,000			
Commission	2,000	2,000						
Close-Out	10,000	10,000						
Contingency								
Total	2,806,000	1,306,000	782,000	400,000	318,000			

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

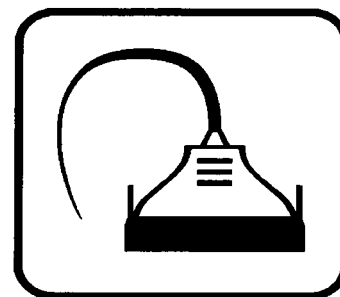
Project Name & Number	Facilities Engineering Projects - Joint - FE-J		
Project Category	Miscellaneous & Support Projects	Project Status:	Revised

Description

This budget provides funds for miscellaneous joint facilities small capital projects. A small capital project is defined as a miscellaneous capital improvement related to plant safety, reliability, or improvements where the professional design consulting services are less than \$100,000. This project acts as an annual budget placeholder for numerous small joint facilities projects. This system results in a fast-track process for the procurement and execution of engineering and contractor services for smaller, but vital projects.

Justification

The Joint Facilities Engineering project allows smaller capital projects to extend the life of the existing treatment works and extend the time between major rehabilitations. These smaller, high priority projects are individually tracked within the larger budget for procurement of engineering and contractor services as needed to maintain reliable operations.



Misc. & Support Projects

The project budget has been increased from \$21,200,000 to \$22,110,000 to reflect the revised project cost estimate.

The project's construction cost budget is \$12,361,590.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	10,000	10,000						
Preliminary Design	170,000	170,000						
Design	6,525,000	878,000	279,000	287,000	289,000	275,000	193,000	4,324,000
Const. & Installation	15,330,000	1,256,000	1,057,000	957,000	819,000	810,000	845,000	9,586,000
Commission	55,000	55,000						
Close-Out	20,000	20,000						
Contingency								
Total	22,110,000	2,389,000	1,336,000	1,244,000	1,108,000	1,085,000	1,038,000	13,910,000

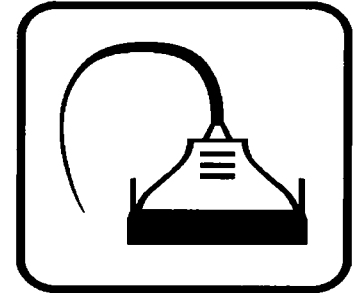
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Facilities Engineering Projects - Plant 1 - FE-P1		
Project Category	Miscellaneous & Support Projects	Project Status:	Revised

Description

This budget provides funds for miscellaneous Reclamation Plant No. 1 facilities small capital projects. A small capital project is defined as a miscellaneous capital improvement related to plant safety, reliability, or improvements where the professional design consulting services are less than \$100,000. This project acts as an annual budget placeholder for numerous small joint facilities projects. This system results in a fast-track process for the procurement and execution of engineering and contractor services for smaller, but vital projects.



**Misc. &
Support Projects**

Justification

The Reclamation Plant No. 1 Facilities Engineering project allows smaller capital projects to extend the life of the existing treatment works and extend the time between major rehabilitations. These smaller, high priority projects are individually tracked within the larger budget for procurement of engineering and contractor services as needed to maintain reliable operations.

The project budget has been increased from \$18,200,000 to \$19,110,000 to reflect the revised project cost estimate.

The project's construction cost budget is \$8,799,612.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	15,000	15,000						
Preliminary Design	34,000	34,000						
Design	6,670,000	1,787,000	301,000	311,000	313,000	302,000	247,000	3,409,000
Const. & Installation	12,307,000	4,550,000	772,000	799,000	798,000	794,000	780,000	3,814,000
Commission	40,000	40,000						
Close-Out	44,000	44,000						
Contingency								
Total	19,110,000	6,470,000	1,073,000	1,110,000	1,111,000	1,096,000	1,027,000	7,223,000

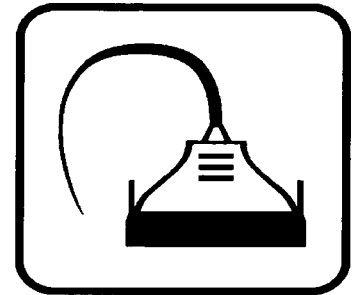
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Facilities Engineering Projects - Plant 2 - FE-P2		
Project Category	Miscellaneous & Support Projects	Project Status:	Revised

Description

This budget provides funds for miscellaneous Treatment Plant No. 2 facilities small capital projects. A small capital project is defined as a miscellaneous capital improvement related to plant safety, reliability, or improvements where the professional design consulting services are less than \$100,000. This project acts as an annual budget placeholder for numerous small joint facilities projects. This system results in a fast-track process for the procurement and execution of engineering and contractor services for smaller, but vital projects.



Misc. & Support Projects

Justification

The Treatment Plant No. 2 Facilities Engineering project allows smaller capital projects to extend the life of the existing treatment works and extend the time between major rehabilitations. These smaller, high priority projects are individually tracked within the larger budget for procurement of engineering and contractor services as needed to maintain reliable operations.

The project budget has been increased from \$18,200,000 to \$19,110,000 to reflect the revised project cost estimate.

The project's construction cost budget is \$8,449,786.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	10,000	10,000						
Preliminary Design	24,000	24,000						
Design	6,509,000	905,000	279,000	287,000	287,000	275,000	193,000	4,283,000
Const. & Installation	12,408,000	3,272,000	453,000	467,000	467,000	445,000	309,000	6,995,000
Commission	137,000	137,000						
Close-Out	22,000	22,000						
Contingency								
Total	19,110,000	4,370,000	732,000	754,000	754,000	720,000	502,000	11,278,000

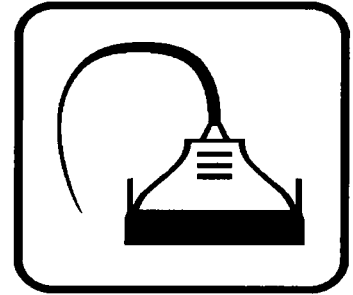
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Temporary Upgrades To Plant Security Barriers - J-108		
Project Category	Miscellaneous & Support Projects	Project Status:	Revised

Description

This project provides approximately 13,000 feet of perimeter security fencing around each of the treatment plants. The fencing will replace or enhance deficient areas to improve site security at the each of the treatment works. At Reclamation Plant No.1, fencing will be provided on the front and backsides of the plant along Ellis, Ward and Garfield Avenues. Perimeter fencing will also be installed along the Santa Ana River Channel and portions of the Talbert Marsh of Treatment Plant No.2.



**Misc. &
Support Projects**

Justification

In 2005, OCSD conducted a security assessment survey to determine the District's security vulnerabilities. One of the major recommended security improvements for the District's facilities was a perimeter barrier design at Plant Nos. 1 & 2. An improved barrier will serve as a structural barrier against intruders and protect vital plant infrastructure and District personnel. These temporary measures will allow OCSD to immediately be in compliance with a number of proposed regulations and will be in place until permanent structures can be designed and funded.

The project budget has been increased from \$1,350,378 to \$1,450,378 to reflect the revised project cost estimate.

The project's construction cost budget is \$715,000.

This project will not have an impact on operational budgets.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	12,000	12,000						
Preliminary Design	48,000	24,000	24,000					
Design	323,000		285,000	38,000				
Const. & Installation	884,000			884,000				
Commission	28,000			28,000				
Close-Out	12,000			12,000				
Contingency	143,000			143,000				
Total	1,450,000	36,000	309,000	1,105,000				

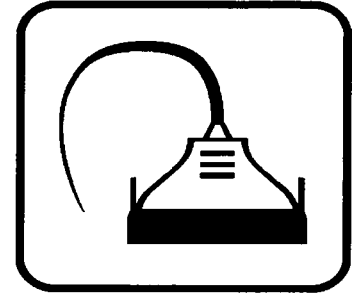
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Laboratory Refurbishment at Plant No. 1 - J-97		
Project Category	Miscellaneous & Support Projects	Project Status:	Continuing

Description

The current project for the laboratory building at Plant No. 1 consists of a feasibility study to determine what modifications and upgrades need to be done in order to bring the building up to current building codes. The City of Fountain Valley requires that the building obtain a permit. Some of the systems that need to be evaluated to be in compliance are the HVAC system; Water System & Plumbing; Fire Protection; Electrical; Seismic requirements of Zone 4 earthquake and soils loading for liquefaction requirements. In addition, the feasibility study will determine the cost and feasibility of modifying several rooms within the laboratory, the addition of an odor panel room for evaluating plant nuisance odors; a remodeled lunch room; increased office spaces for new employees; and safe bench space for handling acids.



Misc. & Support Projects

Justification

These upgrades and renovations will increase the office spaces for new employees being added to support the compliance efforts anticipated for secondary treatment operations and increased reclamation. Modifications are also necessary to secure state certifications to allow in-house compliance testing of newly anticipated compounds related to reclamation and secondary treatment standards. The existing safety ventilation systems must also be expanded to support the new and expanded lab facilities. The cost to bring the laboratory building up to current building codes will be determined and this cost figure will then provide input to a decision as to whether a new laboratory is required.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	333,000	256,000				77,000		
Preliminary Design	34,000	34,000						
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency	50,000					50,000		
Total	417,000	290,000				127,000		

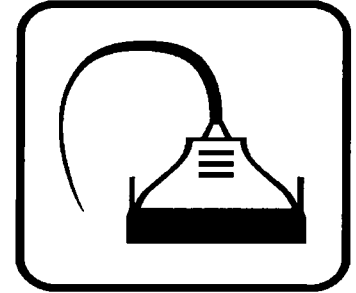
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Regional FOG Control Collection at Plant No. 1 - P1-104		
Project Category	Miscellaneous & Support Projects	Project Status:	Continuing

Description

This project constructs a collection station at Plant No. 1 to accept fat, oil and grease (FOG) wastes collected from restaurants and other industries. The FOG Collection Station would be adjacent to the existing waste hauler collection facility near the main gate, and would convey these high fuel grade wastes directly to the existing digester systems for additional methane gas generation.



Misc. & Support Projects

Justification

In April 2002 the California Regional Water Quality Control Board issued Order No. R8-2002-0014, General Waste Discharge Requirements, requiring Orange County cities and wastewater treatment agencies to monitor and control sanitary sewer overflows (SSO). This was in response to a Grand Jury Report of April 2002 that stated that fats, oils and grease (FOG) were a major contributors to SSO's. The Order named the Sanitation District as the lead to "facilitate regional compliance" with the order. In 2003, the Sanitation District conducted an evaluation of multiple options for the Sanitation District and the local member agencies. The report's findings recommend that a dedicated collection depot be constructed at Plant No. 1 to the serve the Sanitation District's member agencies.

The project's construction cost budget is \$1,650,000.

The impacts to operational budgets have not yet been determined.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	28,000	22,000	6,000					
Preliminary Design	117,000		100,000	17,000				
Design	543,000			439,000	104,000			
Const. & Installation	2,044,000				194,000	1,502,000	348,000	
Commission	67,000						67,000	
Close-Out	29,000						29,000	
Contingency	322,000						322,000	
Total	3,150,000	22,000	106,000	456,000	298,000	1,502,000	766,000	

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

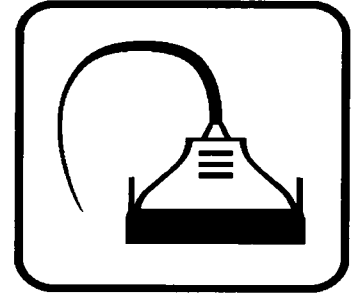
Project Name & Number	Plant No. 2 Landscaping Project - P2-96		
Project Category	Miscellaneous & Support Projects	Project Status:	Revised

Description

This project will develop conceptual plans for the beautification and visual screening of Plant No. 2 from areas east of the Santa Ana River in Newport Beach and Costa Mesa.

Justification

The visual screening provided by this project is needed in order to mitigate the visual impacts of existing and future expansion at Plant No. 2.



Misc. & Support Projects

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	440,000	60,000	190,000	190,000				
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	440,000	60,000	190,000	190,000				

Reimbursable Costs N/A

CIP Project Detail Sheets

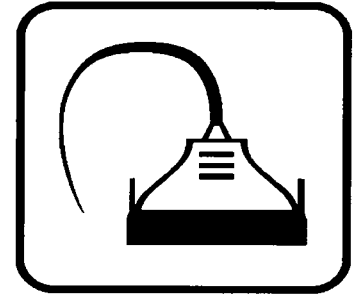
Project Name & Number	Office Space Planning Study - SP-127		
Project Category	Miscellaneous & Support Projects	Project Status:	Continuing

Description

This project is necessary to fulfill the following objectives: Solve long-term space needs and inconsistencies in space usage; provide more efficient work environment for employees offering work group functionality and better circulation; provide permanent offices and adequate training facilities for IT Department, HR and Finance; and provide safe and sufficient parking for staff and visitors.

Justification

Upgrades and renovations are needed to balance the need for new employees to support the District's future operations and the ramping down of the secondary treatment upgrades in the Capital Improvement Program. The project will also allow appropriate work groups to be co-located for more efficient use of existing spaces. It is anticipated that additional space needs will be determined, but several alternatives will be developed for future consideration and improvements.



**Misc. &
Support Projects**

This project will not have an impact on operational budgets

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	138,000	104,000	34,000					
Preliminary Design								
Design								
Const. & Installation	362,000	142,000	220,000					
Commission								
Close-Out								
Contingency								
Total	500,000	246,000	254,000					

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

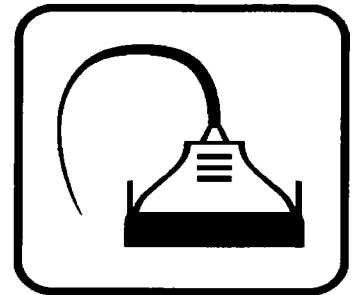
Project Name & Number	Integrated Security Access Control System - SP-128		
Project Category	Miscellaneous & Support Projects	Project Status:	Continuing

Description

This project will replace the existing access control system. The first phase of this project will be to lay out and design a new system to provide needed security for the treatment works. The design consultant will incorporate new technologies for card reader systems, badge systems, and camera surveillance to ensure that the overall security system is integrated. Also, the existing control center should have access to all security systems for monitoring and security maintenance.

Justification

In 2005, the District conducted a security assessment survey to determine the District's security vulnerabilities. The focus of the study was to ensure that the District could comply with proposed regulations for critical infrastructure. One of the major recommendations was to replace the existing security systems to minimize intrusions due to antiquated security technologies. The other recommendation was to provide for a central location where security could be effectively monitored and maintained.



Misc. & Support Projects

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	450,000		450,000					
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	450,000		450,000					

Reimbursable Costs N/A

CIP Project Detail Sheets

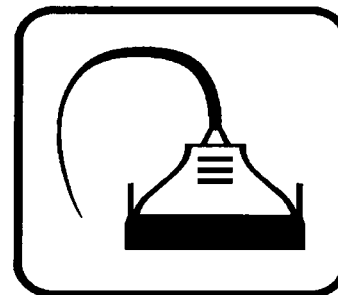
Project Name & Number	2009 NPDES Permit Renewal - SP-133		
Project Category	Miscellaneous & Support Projects	Project Status:	New

Description

This project is to prepare the National Pollutant Discharge Elimination System (NPDES) Permit renewal application due in 2009.

Justification

A renewal application is required every five years in order to maintain a NPDES Permit. The NPDES Permit allows the District to discharge effluent through its ocean outfall(s). The NPDES Permit is a regulatory requirement under the Federal Clean Water Act and complies with the requirements of the California Ocean Plan.



**Misc. &
Support Projects**

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	787,000		393,000	394,000				
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	787,000		393,000	394,000				

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

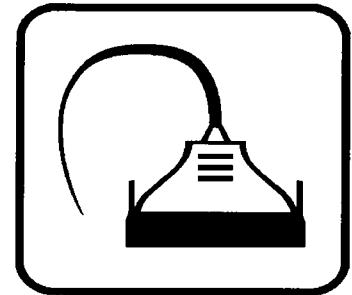
Project Name & Number	Small Cap. Equip. Replacement Project - SP-34		
Project Category	Miscellaneous & Support Projects	Project Status:	Revised

Description

This project will provide for the replacement of various plant process equipment that meets the criteria for capital replacement. The criteria for an equipment replacement to be eligible for capitalization are a value in excess of \$5,000 and a useful life of five (5) or more years.

Justification

These funds are needed to replace broken equipment that is replaced when it is beyond economical repair or is at the end of its useful life and is not included or has been cut from an existing capital improvement project. It is also used to replace equipment when parts or services needed for repair can no longer be purchased.



Misc. & Support Projects

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev								
Preliminary Design								
Design								
Const. & Installation	10,550,000	950,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Commission								
Close-Out								
Contingency								
Total	10,550,000	950,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000

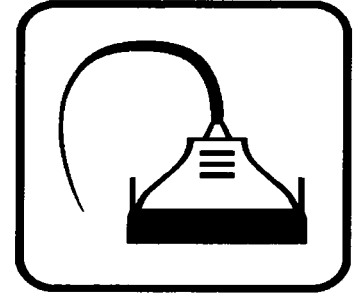
Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Asset Management Program - SP-68-2		
Project Category	Miscellaneous & Support Projects	Project Status:	Continuing

Description

This project develops and implements the asset management program for the Sanitation District. This project has developed the goals and objectives of the program, identified major components, charted existing practices, developed proposed processes for each major component of the program and developed a strategic plan. The current phase of the project consists of implementing tools and better decision making processes for each affected Department at the Sanitation District. To date, over \$30 million in documented savings have been realized over the past two years.



Misc. & Support Projects

Justification

The Asset Management Program will provide the District with a process to more effectively plan, create, operate, maintain, rehabilitate and/or replace and eventually dispose of capital assets. The program will also provide the policies and procedures for establishing required level of service, performing asset life cycle cost analysis, assessing asset condition, assessing asset performance and analyzing risk-cost tradeoffs. Staff will continue the asset management effort to move the program forward with minimal if any consultant support.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	165,000	165,000						
Preliminary Design	67,000	67,000						
Design	4,703,000	1,218,000	650,000	650,000	650,000	535,000	500,000	500,000
Const. & Installation	162,000	162,000						
Commission	3,000	3,000						
Close-Out								
Contingency								
Total	5,100,000	1,615,000	650,000	650,000	650,000	535,000	500,000	500,000

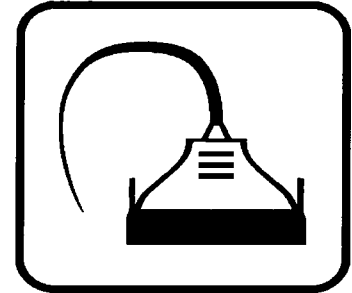
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Warehouse Reinvention Project - SP-77		
Project Category	Miscellaneous & Support Projects	Project Status:	Continuing

Description

As part of this project, all stock in satellite warehouses will be gathered and placed into the warehouse inventory and all dormant and some excess stock will be removed from inventory. Once these changes have been made, the Operations and Maintenance field divisions and the Warehouse and Purchasing Division will implement the picking and staging of equipment and parts for the O&M planning and scheduling program. At the completion of the warehousing modifications, the consolidated purchasing practices will be reviewed and, finally, policies and procedures will be developed to memorialize the changes that have been implemented and to ensure that personnel responsible for the process will have the proper documentation to review as needed.



Misc. & Support Projects

Justification

The warehouse and purchasing reinvention project will reorganize and improve the way Operations and Maintenance field divisions and the Warehouse and Purchasing interface to accomplish tasks. The picking and staging process will improve the labor efficiency of all personnel responsible for completing scheduled maintenance activities.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev								
Preliminary Design								
Design								
Const. & Installation	600,000	390,000	50,000	50,000	50,000	50,000	10,000	
Commission								
Close-Out								
Contingency								
Total	600,000	390,000	50,000	50,000	50,000	50,000	10,000	

Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	Plant 2 Maintenance Building Modifications - SP-98		
Project Category	Miscellaneous & Support Projects	Project Status:	Revised

Description

This project will provide site improvements necessary to correct drainage issues around the Plant No. 2 Maintenance Building.

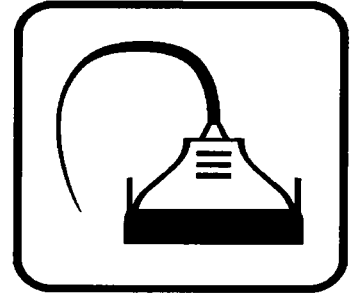
Justification

This building space is subject to flooding during rain events. This presents a safety hazard with regard to water intrusion into electronic devices such as computers and electrical outlets.

The project budget has been decreased from \$339,462 to \$276,392 to reflect the revised project cost estimate.

The project's construction cost budget is \$75,000.

This project will not have an impact on operational budgets.



**Misc. &
Support Projects**

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	6,000	6,000						
Preliminary Design	6,000	6,000						
Design	141,000	141,000						
Const. & Installation	98,000	55,000	43,000					
Commission								
Close-Out								
Contingency	25,000		25,000					
Total	276,000	208,000	68,000					

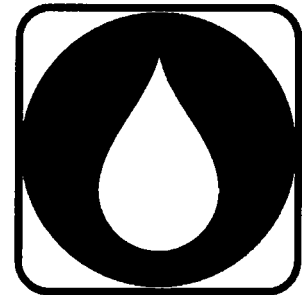
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Groundwater Replenishment System - J-36		
Project Category	Water Management Projects	Project Status:	Revised

Description

The Groundwater Replenishment (GWR) System is a joint effort of the Orange County Water District and the Orange County Sanitation District to provide reclaimed water for replenishment of the Orange County Groundwater Basin and to augment the seawater intrusion barrier. The GWR System is planned for three phases: Phase 1 is operational since January 2008 with the capacity to produce an annual average of 72,000 acre-feet per year of recycled water; Phase 2 will increase the total capacity to an estimated 112,000 acre-feet per year; and Phase 3 will increase the total capacity to an estimated 145,600 acre-feet per year. The actual capacity and year of implementation of the future phases depends on water availability. This project budget represents the Sanitation District's 50% share of the total cost of Phase 1. Funding sources for Phases 2 and 3 have not been identified.



Water Management Projects

Justification

By diverting up to 100 million gallons per day of flow from the Sanitation District's effluent during peak winter storms, Phase 1 of the GWR System can help the Sanitation District defer construction of a new ocean outfall, estimated at \$170 million (in year 2000 Dollars). The GWR System is part of the Strategic Plan preferred alternative. OCSD anticipates \$45,000,000 in grants from the EPA, Bureau of Reclamation and the State Water Bond to offset project costs.

The project budget has been increased from \$246,094,037 to \$248,400,229 to reflect the revised project cost estimate.

The project's construction cost budget is \$206,489,039.

This project will increase operational budgets by \$1,000,000 annually.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	10,000	10,000						
Preliminary Design	3,320,000	3,320,000						
Design	15,616,000	15,616,000						
Const. & Installation	224,907,000	224,907,000						
Commission	1,571,000	1,571,000						
Close-Out	256,000	210,000	46,000					
Contingency	2,720,000		2,720,000					
Total	248,400,000	245,634,000	2,766,000					

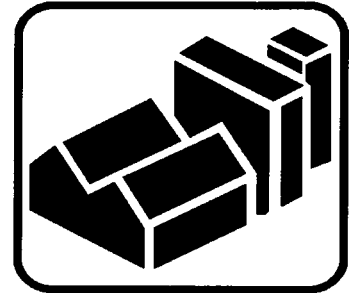
Reimbursable Costs \$44,328,165

CIP Project Detail Sheets

Project Name & Number	Treatment Plant Strategic Plan Update - J-102		
Project Category	Strategic & Master Planning	Project Status:	Revised

Description

This project will update the District's two recent master planning efforts, the 1999 Strategic Plan and the 2002 Interim Strategic Plan Update. This update will incorporate all the follow-up site planning and special studies resulting from the level of treatment decision made by the Board of Directors in 2002. The result will be a completely updated Strategic Plan which determines future treatment facilities, biosolids management options, water reclamation options, and an implementation plan for constructing these facilities. Two reports will be created under this effort: an Electrical Master Plan and a fully updated Strategic Plan.



Strategic & Master Planning

Justification

The new Waste Discharger Requirements (WDR) regulations require that the Sanitation District maintain and update its capacity plan for the treatment system. Also, this update will address recent changes in regulations, potential application of new technologies for future secondary treatment needs, odor control, disinfection and solids management to minimize future lifecycle costs for the Sanitation District.

The project budget has been increased from \$3,620,000 to \$4,520,000 to reflect the revised project cost estimate.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	4,500,000	3,600,000	300,000	300,000	300,000			
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	4,500,000	3,600,000	300,000	300,000	300,000			

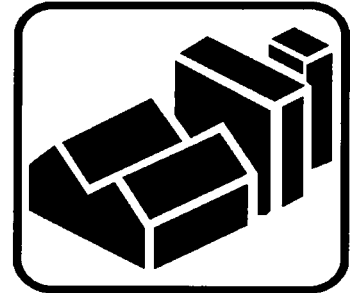
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Orange County Biosolids Production Siting Study - SP-105		
Project Category	Strategic & Master Planning	Project Status:	Continuing

Description

This study will focus on further identifying and developing in-county reuse sites and backup land filling proposals developed under the Long Range Biosolids Management Plan. This effort will seek out and develop support from participants and potential partners within the County. The ultimate goal would be an economical biosolids production facility within the service area, possibly in the next few years, and definitely within the next 10 to 15 years. Anticipated activities under this effort will include developing business plans, site renderings, presentations to stakeholders, further developing marketing plans, and delivery of sample products to potential end users.



Strategic & Master Planning

Justification

As costs and land application bans limit the District's ability to maintain existing biosolids management options, the District needs to develop other options for managing biosolids. The Board's policy for biosolids encourages local agencies to utilize biosolids based products. To make the products available to the local agencies at a reasonable price, a production facility must be located within the County. In addition, the potential move to an in-county processing facility is an attempt to reduce the overall cost of biosolids management by reducing the hauling costs. Hauling costs currently account for about 70-80% of the management fees for existing Class B options.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	400,000	130,000	130,000	140,000				
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	400,000	130,000	130,000	140,000				

Reimbursable Costs N/A

CIP Project Detail Sheets

Project Name & Number	USBR Brine Management Grant Project - SP-116		
Project Category	Research & Development	Project Status:	Revised

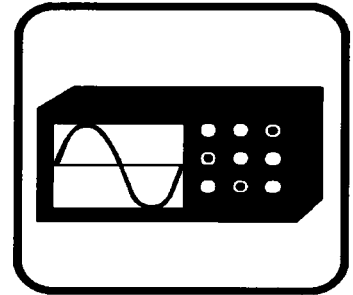
Description

This project is part of a regional effort to locate additional sources of water including brackish fresh water requiring treatment, wastewater, and potentially greywater. The project is being supported by the United States Bureau of Reclamation and is investigating the construction of additional brine-only sewers.

Justification

This project may eventually lead to OCSD's managing and/or constructing brine-only sewers in Orange County. At this time, the project budget only includes funds to allow OCSD staff to participate in the on-going regional efforts to ensure OCSD's needs and expectations are incorporated.

The project budget has been increased from \$100,000 to \$230,000 to reflect the revised project cost estimate.



Research & Development

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	230,000	30,000	50,000	100,000	50,000			
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	230,000	30,000	50,000	100,000	50,000			

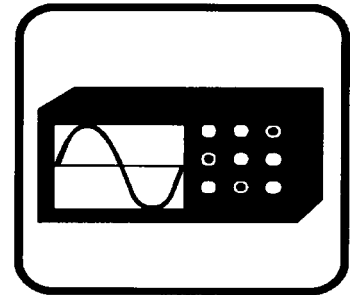
Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Research Strategic Plan - SP-120		
Project Category	Research & Development	Project Status:	Continuing

Description

This project will produce a Research Strategic Plan to define OCSD's overall research direction and serve as a guide for the research projects that will be undertaken. Its preparation will involve both OCSD staff and an experienced outside consultant to ensure that the planning is comprehensive and not limited to specific topics that might be most familiar to OCSD staff, yet is grounded in the realities of OCSD's operations and future activities. The consultant will be familiar with developments and trends in the wastewater industry domestically and internationally and will understand the nature of research, rather than being strictly a traditional engineering & construction firm that just executes established designs for treatment plants. The Plan will identify knowledge gaps in planned capital projects, regulatory directions that might require research input to address, opportunities for improved treatment approaches, and areas for valuable short-range and long-range investigations.



Research & Development

Justification

The research efforts at OCSD historically have not been parts of a coordinated program. That is, there has not been an agreed-upon vision about the needs, goals, and direction for the various projects that are research-oriented. With the realignment of the research efforts to provide a coherent program, a targeted Strategic Plan is needed to define and guide the research program for the upcoming years. This will require contributions from both inside and outside OCSD to ensure the resulting plan is visionary and forward-looking while still being reasonable and specific for OCSD.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	365,000	265,000	20,000	20,000	20,000	20,000	20,000	
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	365,000	265,000	20,000	20,000	20,000	20,000	20,000	

Reimbursable Costs N/A

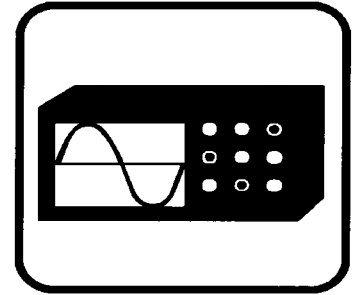
CIP Project Detail Sheets

Project Name & Number	Superoxygenation of Primary Influent - SP-121		
Project Category	Research & Development	Project Status:	Continuing

Description

An innovative technology was tested at the Seal Beach pump station, to force oxygen into wastewater. This project used a high-volume pumping system and an advanced retention tank to dissolve large quantities of pure oxygen into the wastewater flow, which was then released into the force main.

The same technology could be applied to the primary influent in a treatment plant. By placing the system at the grit chamber discharge, oxygen could be forced into the wastewater either to oxidize the odorous compounds that are present or meet the total oxygen demand throughout primary treatment. The best approach would depend on the relative costs of oxygenation and odor scrubbing and could be affected by limitations on the amount of oxygen that could be forced into the water. An engineering feasibility study was started in FY 07-08 to evaluate the technical feasibility and associated costs of applying this technology to either treatment plant.



Research & Development

Justification

Odors produced in the primary clarifiers must be treated before the air is released. This requires electricity for fans and (usually) chemicals for wet scrubbers. If the odor production could be prevented, then operating costs could be reduced and perhaps some capital construction could be avoided. The potential life cycle cost savings from reduced operating costs and avoided capital costs could be millions of dollars annually based on the expenditures that occur now, but quantifying the actual savings will require operating data from a process test.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	850,000	290,000	270,000	290,000				
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	850,000	290,000	270,000	290,000				

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

Project Name & Number	Digester Optimization - SP-122		
Project Category	Research & Development	Project Status:	Continuing

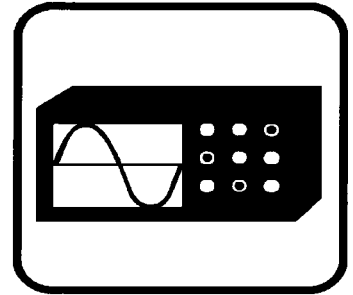
Description

Optimizing the operation of OCSD's digesters to improve volatile solids destruction and increase gas production could provide cost savings through reduced natural gas purchases and reduced biosolids disposal costs. Various investigations into the effects of digester operating conditions (such as residence time and feed composition) on gas production have been reported in the literature, but it is not necessarily clear how to apply the results directly to OCSD's operations.

This project would use two digesters as experimental and control units. Lithium tracer tests would be performed to investigate the mixing comparability of the digesters. Flow meters would be installed on the gas lines, and the operating conditions would be varied. The amount of gas produced and various analytical tests would be used to determine whether the digesters' efficiency could be improved by changing the operating conditions in ways that would be consistent with OCSD's operating needs and capabilities.

Justification

Offsetting natural gas purchases and reducing the amount of residual solids that must be treated and managed could save millions of dollars annually. The cost for achieving this could be negligible if it only involves changes in operating practices.



Research & Development

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	90,000		90,000					
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	90,000		90,000					

Reimbursable Costs N/A

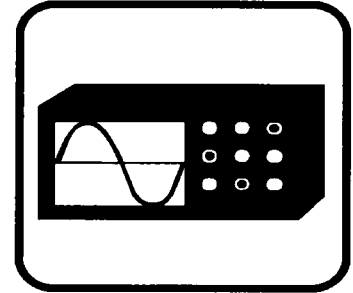
CIP Project Detail Sheets

Project Name & Number	Digester Pilot Plant Safety and Control System Upg - SP-123		
Project Category	Research & Development	Project Status:	Continuing

Description

A general purpose digester pilot plant was constructed at Plant 1 several years ago. After this was designed and substantially constructed, OCSD determined that it should be upgraded to meet NFPA 820 requirements and OCSD's design standards for wastewater treatment facilities. Safety-related modifications were done immediately, and other modifications were postponed until an ongoing test project was completed.

This CIP project to complete the modifications that were postponed includes items such as upgrading the electrical system, updating the equipment documentation and asset management information to meet the requirements for maintenance activities, and changing the control system to a PLC-based (or similarly robust) system to eliminate reliability problems that have been experienced with the current equipment and to make the control system more maintainable for the District's maintenance staff.



Research & Development

Justification

This pilot test facility is the only one of its kind at OCSD and provides process evaluation capabilities that cannot be duplicated in the laboratory or with full-scale equipment. (Laboratory-scale tests use batch systems that cannot duplicate actual digester feeding and mixing systems, and full-scale production digesters cannot be removed from service to allow testing that could adversely affect the overall treatment plant's performance.) Potential projects for this facility include tests of digester additives and modified operating practices to improve biosolids dewatering.

The pilot facility was designed to operate for up to 15 years, so Operations agreed with Engineering's request to bring it into compliance with OCSD's design standards. These tests also revealed deficiencies with the control system that made the facility difficult to operate and maintain, which can be corrected by installing controls that are more similar to the ones used in OCSD's treatment plants.

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	230,000		230,000					
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	230,000		230,000					

Reimbursable Costs N/A

2008-09 & 2009-10 Budget

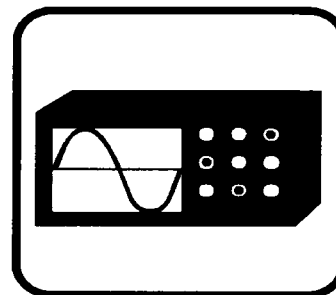
Project Name & Number	Operational Research Projects (annual allocation) - SP-125		
Project Category	Research & Development	Project Status:	Continuing

Description

This is a fund for operational research projects that have not yet been identified. As directed by OCSD management, an annual allocation will be made to fund research projects. The Research Strategic Plan developed during 2007-08 will identify projects and topics for research. Specific projects then will be identified and developed to be funded from this budget.

Justification

These funds will be used for various research projects designed to improve operational efficiency, reduce costs, improve safety, or fill important information gaps. The results will support O&M and provide information needed by Engineering for future planning and design work. The projects will be individually budgeted and tracked within the overall line item allocation.



Research & Development

Budget Projections

Budget Phase	Total Project Budget	Cost To-Date	2008-09	2009-10	2010-11	2011-12	2012-13	Thereafter
Project Dev	10,040,000	40,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Preliminary Design								
Design								
Const. & Installation								
Commission								
Close-Out								
Contingency								
Total	10,040,000	40,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000

Reimbursable Costs N/A

Summary by Revenue Program Category

Collection System Improvement Projects

Project Name	Total Project Budget	Percentage Allocation				Total Project Cost Budget			
		Repl/Rehab	Imp Treatment	Additional Capacity	Support	Repl/Rehab	Imp Treatment	Additional Capacity	Support
Collections Facilities									
Raitt and Bristol Street Sewer Extension	3,748,000			100		-	-	3,748,000	-
Santa Ana Trunk Sewer Rehab.	20,129,000	100				20,129,000	-	-	-
Carbon Cnyn Sewer and Pump Stn. Abandonment	9,952,000	50		50		4,976,000	-	4,976,000	-
Santa Ana River Interceptor Realignment and Prot.	10,382,000	100				10,382,000	-	-	-
Santa Ana River Interceptor 2006 Protection Repair	200,000	100				200,000	-	-	-
Taft Branch Improvements	1,121,000	50		50		560,500	-	560,500	-
Euclid Relief Improvements - Reach "A"	22,050,000	50		50		11,025,000	-	11,025,000	-
Newhope-Placentia & Cypress Trunk Replacements	8,623,000	25		75		2,155,750	-	6,467,250	-
Rehabilitate District Siphons By Adding Air Jumper	7,556,000	50	50			3,778,000	3,778,000	-	-
Fullerton-Brea Interceptor Sewer Relief	946,000			100		-	-	946,000	-
Rehabilitation of the Westside Pump Station	9,646,000	100				9,646,000	-	-	-
Westside Relief Interceptor/ Los Alamitos MH Rehab	13,038,000	25		75		3,259,500	-	9,778,500	-
Rehabilitation of Magnolia Trunk Sewer	28,769,000	100				28,769,000	-	-	-
Miller-Holder Trunk Sewer Relief	12,169,000			100		-	-	12,169,000	-
Beach Trunk/Knott Interceptor Sewer Relief	25,605,000			100		-	-	25,605,000	-
Balboa Trunk Sewer Rehabilitation	8,514,000	100				8,514,000	-	-	-
Replacement of the Bitter Point Pump Station	36,547,000	90		10		32,892,300	-	3,654,700	-
Replacement of the Rocky Point Pump Station	30,952,000	90		10		27,856,800	-	3,095,200	-
Bitter Point Force Main Rehabilitation	24,947,000	100				24,947,000	-	-	-
Newport Force Main Condition Assessment	2,112,000	100				2,112,000	-	-	-
Bayside Drive Improvement	3,750,000	100				3,750,000	-	-	-
Dover Drive Trunk Sewer Relief	6,351,000			100		-	-	6,351,000	-
Sewer Access Improv. Big Canyon Nature Park Area	765,000				100	-	-	-	765,000
District 6 Trunk Sewer Relief	2,050,000			100		-	-	2,050,000	-
Fairview Road Trunk Sewer Relief	10,029,000			100		-	-	10,029,000	-
Southwest Costa Mesa Trunk	12,600,000			100		-	-	12,600,000	-
Gisler-Redhill System Improvements, Reach B	9,437,000	50		50		4,718,500	-	4,718,500	-
Rehabilitation of College Ave. Pump Station	9,969,000	70		30		6,978,300	-	2,990,700	-
Browning Subtrunk Sewer Relief	3,920,000			100		-	-	3,920,000	-
County Island Annexation and CEQA Documentation	300,000				100	-	-	-	300,000
Von Karman Trunk Sewer Relief	409,000			100		-	-	409,000	-
Edinger/Bolsa Chica Trunk Improvements	4,411,000	25		75		1,102,750	-	3,308,250	-
Coast Trunk Sewer Rehabilitation	10,830,000	100				10,830,000	-	-	-
Continued									

2008-09 & 2009-10 Budget

Collection System Improvement Projects

Project Name	Total Project Budget	Percentage Allocation				Total Project Cost Budget			
		Repl/ Rehab	Imp Treatment	Additional Capacity	Support	Repl/ Rehab	Imp Treatment	Additional Capacity	Support
Collections Facilities (Continued)									
North County Collections Yard	11,773,000				100	-	-	-	11,773,000
Manhole Rehabilitation and Assessment Program	1,540,000	100				1,540,000	-	-	-
Facilities Engineering Projects - Collections	7,920,000	70	15		15	5,544,000	1,188,000	-	1,188,000
Replacement of the Ellis Ave. Pump Stn	77,257,000	10		90		7,725,700	-	69,531,300	-
Bushard Trunk Sewer Rehabilitation	68,757,000	100				68,757,000	-	-	-
Los Alamitos Blvd. Sewers Condition Assessment	350,000	100				350,000	-	-	-
Collections Facilities Improvement Projects Total	519,424,000					302,499,100	4,966,000	197,932,900	14,026,000

Summary by Revenue Program Category

Treatment & Disposal Improvement Projects

Project Name	Total Project Budget	Percentage Allocation				Total Project Cost Budget			
		Repl/ Rehab	Imp Treatment	Additional Capacity	Support	Repl/ Rehab	Imp Treatment	Additional Capacity	Support
Headworks									
Headworks Rehab. and Expansion at Plant No. 1	20,202,000	65	5	30		13,131,300	1,010,100	6,060,600	-
Headworks Rehabilitation/Refurbishment	11,024,000	70		30		7,716,800	-	3,307,200	-
Headworks Improvements at Plant No. 2	254,498,000	75	25			190,873,500	63,624,500	-	-
Headworks Projects Total	285,724,000					211,721,600	64,634,600	9,367,800	-
Primary Treatment									
Primary Treatment Rehab/Refurb	37,230,000	100				37,230,000	-	-	-
Primary Effluent Pump Stations Reliability Study	100,000	100				100,000	-	-	-
Primary Treatment Projects Total	37,330,000					37,330,000	-	-	-
Secondary Treatment									
New Secondary Treatment System at Plant No. 1	265,863,000		67	33		-	178,128,210	87,734,790	-
Activated Sludge Plant Rehabilitation	46,133,000	50	25	25		23,066,500	11,533,250	11,533,250	-
Rehabilitation of Activated Sludge Plant at Plant 2	16,401,000	100				16,401,000	-	-	-
Trickling Filters at Plant No. 2	221,192,000		100			-	221,192,000	-	-
Oxygen Plant Rehabilitation at Plant No. 2	2,500,000	100				2,500,000	-	-	-
Oxygen Plant Rehabilitation	150,000	100				150,000	-	-	-
Secondary Treatment Projects Total	552,239,000					42,117,500	410,853,460	99,268,040	-
Solids Handling & Digestion									
Sludge Digester Rehabilitation at Plant 1	60,397,000	100				60,397,000	-	-	-
Sludge Dewatering and Odor control at Plant 1	143,547,000		35	65		-	50,241,450	93,305,550	-
Truck Wash and Dewatering Beds at Plant No. 1	3,146,000	100				3,146,000	-	-	-
Solids Thickening and Processing Upgrades	73,020,000	50	50			36,510,000	36,510,000	-	-
Plant No. 2 Primary Sludge Feed System Project	25,766,000	25	75			6,441,500	19,324,500	-	-
Digester Rehabilitation at Plant No. 2	36,398,000	80	10	10		29,118,400	3,639,800	3,639,800	-
Sludge Dewatering and Odor Control at Plant 2	51,696,000	100				51,696,000	-	-	-
Replacement of Drying Beds and Truck Wash at Plant	4,443,000	100				4,443,000	-	-	-
Solids Handling & Digestion Projects Total	398,413,000					191,751,900	109,715,750	96,945,350	-
Ocean Outfall Systems									
Final Effluent Sampler and Building Area Upgrades	1,890,000	100				1,890,000	-	-	-
Effluent Pumping Station Annex	60,487,000	50		50		30,243,500	-	30,243,500	-
Ocean Outfall Systems Projects Total	62,377,000					32,133,500	-	30,243,500	-

2008-09 & 2009-10 Budget

Treatment & Disposal Improvement Projects

Project Name	Total Project Budget	Percentage Allocation				Total Project Cost Budget			
		Repl/ Rehab	Imp Treatment	Additional Capacity	Support	Repl/ Rehab	Imp Treatment	Additional Capacity	Support
Utility Systems									
Interplant Gas Line Rehabilitation	3,752,000	100				3,752,000	-	-	-
Cengen Cooling Water System Replacement	9,094,000	100				9,094,000	-	-	-
Cengen Emissions Control Project	31,000,000		100			-	31,000,000	-	-
Cable Tray Improvements at Plants 1 & 2	31,744,000	100				31,744,000	-	-	-
Air Quality Improvements	9,168,000		100			-	9,168,000	-	-
Central Generation Automation	20,332,000	25	75			5,083,000	15,249,000	-	-
Fire Suppression for Servers and Equip at P1 & P2	965,000				100	-	-	-	965,000
Electrical Power Distribution System Improvements	8,992,000	60	20	20		5,395,200	1,798,400	1,798,400	-
Power Building 3A Backup Power Reliability Project	502,000		100			-	502,000	-	-
Plant Water System Rehabilitation at Plant No.1	3,538,000	100				3,538,000	-	-	-
Plant 1 66kV Substation	14,780,000			50	50	-	-	7,390,000	7,390,000
Plant Water System Rehabilitation at Plant No.2	4,108,000	100				4,108,000	-	-	-
Flare System Expansion and Upgrades	1,500,000	30		70		450,000	-	1,050,000	-
Solids Area Cable Tray Improvements at Plant No. 2	6,156,000	100				6,156,000	-	-	-
Fuel Cell Feasibility Study	100,000				100	-	-	-	100,000
Fuel Cell Hydrogen Gas Generation Research	500,000				100	-	-	-	500,000
Utility Systems Projects Total	146,231,000					69,320,200	57,717,400	10,238,400	8,955,000
Odor Control Related Projects									
Rehabilitation of Odor Control Facilities	38,707,000	20	80			7,741,400	30,965,600	-	-
Trickling Filter Odor Control at Plant No. 1	4,582,000		100			-	4,582,000	-	-
Primary Scrubber Rehabilitation at Plant No.1	4,200,000	100				4,200,000	-	-	-
Solids Storage Building Odor Control Project	10,183,000		100			-	10,183,000	-	-
Primary Treatment Odor Control Upgrades	28,460,000	50	50			14,230,000	14,230,000	-	-
Odor Control Related Projects Projects Total	86,132,000					26,171,400	59,960,600	-	-
Process Related Special Projects									
Corrosion Management	4,667,000				100	-	-	-	4,667,000
Special Projects: Biotrickling Filter (BTF)	1,027,000		100			-	1,027,000	-	-
Process Related Special Projects Projects Total	5,694,000					-	1,027,000	-	4,667,000
Plant Automation & Computerization									
Power Monitoring and Control Systems	10,899,000	50			50	5,449,500	-	-	5,449,500
Strategic Information Architecture (SIA)	1,995,000				100	-	-	-	1,995,000
Internet/Intranet Development	650,000				100	-	-	-	650,000
CMMS System Replacement	3,789,000	50		25	25	1,894,500	-	947,250	947,250
PDS2D Software Replacement	250,000				100	-	-	-	250,000
Environmental Compliance Awareness Program	982,000				100	-	-	-	982,000
Geographic Information System	4,157,000				100	-	-	-	4,157,000
Network Equipment Upgrade	2,806,000	85			15	2,385,100	-	-	420,900
Plant Automation & Computerization Projects Total	25,528,000					9,729,100	-	947,250	14,851,650

Summary by Revenue Program Category

Treatment & Disposal Improvement Projects

Project Name	Total Project Budget	Percentage Allocation				Total Project Cost Budget			
		Repl/Rehab	Imp Treatment	Additional Capacity	Support	Repl/Rehab	Imp Treatment	Additional Capacity	Support
Miscellaneous & Support Projects									
Facilities Engineering Projects - Joint	22,110,000	70	15		15	15,477,000	3,316,500	-	3,316,500
Facilities Engineering Projects - Plant 1	19,110,000	70	15		15	13,377,000	2,866,500	-	2,866,500
Facilities Engineering Projects - Plant 2	19,110,000	70	15		15	13,377,000	2,866,500	-	2,866,500
Temporary Upgrades To Plant Security Barriers	1,450,000				100	-	-	-	1,450,000
Laboratory Refurbishment at Plant No. 1	417,000	25	25	25	25	104,250	104,250	104,250	104,250
Regional FOG Control Collection at Plant No. 1	3,150,000				100	-	-	-	3,150,000
Plant No. 2 Landscaping Project	440,000		100			-	440,000	-	-
Office Space Planning Study	500,000				100	-	-	-	500,000
Integrated Security Access Control System	450,000				100	-	-	-	450,000
2009 NPDES Permit Renewal	787,000				100	-	-	-	787,000
Small Cap. Equip. Replacement Project	10,550,000	100				10,550,000	-	-	-
Asset Management Program	5,100,000				100	-	-	-	5,100,000
Warehouse Reinvention Project	600,000				100	-	-	-	600,000
Plant 2 Maintenance Building Modifications	276,000				100	-	-	-	276,000
Miscellaneous & Support Projects Projects Total	84,050,000					52,885,250	9,593,750	104,250	21,466,750
Water Management Projects									
Groundwater Replenishment System	248,400,000		100			-	248,400,000	-	-
Water Management Projects Projects Total	248,400,000					-	248,400,000	-	-
Strategic & Master Planning									
Treatment Plant Strategic Plan Update	4,500,000	25	25	25	25	1,125,000	1,125,000	1,125,000	1,125,000
Orange County Biosolids Production Siting Study	400,000		100			-	400,000	-	-
Strategic & Master Planning Projects Total	4,900,000					1,125,000	1,525,000	1,125,000	1,125,000
Research & Development									
USBR Brine Management Grant Project	230,000		100			-	230,000	-	-
Research Strategic Plan	365,000		40	30	30	-	146,000	109,500	109,500
Superoxygenation of Primary Influent	850,000		80	20		-	680,000	170,000	-
Digester Optimization	90,000		100			-	90,000	-	-
Digester Pilot Plant Safety and Control System Upg	230,000		35	35	30	-	80,500	80,500	69,000
Operational Research Projects (annual allocation)	10,040,000	25	25	25	25	2,510,000	2,510,000	2,510,000	2,510,000
Research & Development Projects Total	11,805,000					2,510,000	3,736,500	2,870,000	2,688,500
Treatment and Disposal Improvement Projects Total	1,948,823,000					676,795,450	967,164,060	251,109,590	53,753,900
Capital Equipment	16,000,000	25	25	25	25	4,000,000	4,000,000	4,000,000	4,000,000
Total Capital Improvement Program	2,484,247,000					983,294,550	976,130,060	453,042,490	71,779,900

2008-09 & 2009-10 Budget

Collections System Improvement Projects – Budget By Project Status

Proj. #	Title	Total Budget	New	Continuing	Revised	Future
Collections Facilities						
02-41	Santa Ana River Interceptor Realignment and Prot.	10,382,000		10,382,000		
02-41-5	Santa Ana River Interceptor 2006 Protection Repair	200,000		200,000		
02-52	Euclid Relief Improvements - Reach "A"	22,050,000		22,050,000		
03-58	Rehabilitation of Magnolia Trunk Sewer	28,769,000		28,769,000		
05-50	Replacement of the Rocky Point Pump Station	30,952,000		30,952,000		
05-64	Sewer Access Improv. Big Canyon Nature Park Area	765,000		765,000		
15-04	North County Collections Yard	11,773,000		11,773,000		
15-05	Manhole Rehabilitation and Assessment Program	1,540,000		1,540,000		
SP-126	Los Alamitos Blvd. Sewers Condition Assessment	350,000		350,000		
01-101	Raitt and Bristol Street Sewer Extension	3,748,000			3,748,000	
01-17	Santa Ana Trunk Sewer Rehab.	20,129,000			20,129,000	
02-24-1	Carbon Cnyn Sewer and Pump Stn. Abandonment	9,952,000			9,952,000	
02-65	Newhope-Placentia & Cypress Trunk Replacements	8,623,000			8,623,000	
02-68	Rehabilitate District Siphons By Adding Air Jumper	7,556,000			7,556,000	
03-52	Rehabilitation of the Westside Pump Station	9,646,000			9,646,000	
05-47	Balboa Trunk Sewer Rehabilitation	8,514,000			8,514,000	
05-49	Replacement of the Bitter Point Pump Station	36,547,000			36,547,000	
05-58	Bitter Point Force Main Rehabilitation	24,947,000			24,947,000	
05-60	Newport Force Main Condition Assessment	2,112,000			2,112,000	
05-61	Bayside Drive Improvement	3,750,000			3,750,000	
05-63	Dover Drive Trunk Sewer Relief	6,351,000			6,351,000	
07-37	Gisler-Redhill System Improvements, Reach B	9,437,000			9,437,000	
07-47	Rehabilitation of College Ave. Pump Station	9,969,000			9,969,000	
07-61	County Island Annexation and CEQA Documentation	300,000			300,000	
11-26	Coast Trunk Sewer Rehabilitation	10,830,000			10,830,000	
FE-Collect	Facilities Engineering Projects - Collections	7,920,000			7,920,000	
I-10	Replacement of the Ellis Ave. Pump Stn	77,257,000			77,257,000	
I-2-4	Bushard Trunk Sewer Rehabilitation	68,757,000			68,757,000	
02-49	Taft Branch Improvements	1,121,000				1,121,000
02-71	Fullerton-Brea Interceptor Sewer Relief	946,000				946,000
03-55	Westside Relief Interceptor/ Los Alamitos MH Rehab	13,038,000				13,038,000
03-59	Miller-Holder Trunk Sewer Relief	12,169,000				12,169,000
03-60	Beach Trunk/Knott Interceptor Sewer Relief	25,605,000				25,605,000

Continued

Summary by Project Status

Collections System Improvement Projects – Budget By Project Status

<u>Proj. #</u>	<u>Title</u>	<u>Total Budget</u>	<u>New</u>	<u>Continuing</u>	<u>Revised</u>	<u>Future</u>
Collections Facilities (Continued)						
06-17	District 6 Trunk Sewer Relief	2,050,000				2,050,000
06-18	Fairview Road Trunk Sewer Relief	10,029,000				10,029,000
06-19	Southwest Costa Mesa Trunk	12,600,000				12,600,000
07-60	Browning Subtrunk Sewer Relief	3,920,000				3,920,000
07-62	Von Karman Trunk Sewer Relief	409,000				409,000
11-25	Edinger/Bolsa Chica Trunk Improvements	4,411,000				4,411,000
Collections Facilities Improvement Projects Total Budget		<u>519,424,000</u>	<u>-</u>	<u>106,781,000</u>	<u>326,345,000</u>	<u>86,298,000</u>

2008-09 & 2009-10 Budget

Treatment & Disposal Projects – Budget By Project Status

Proj. #	Title	Total Budget	New	Continuing	Revised	Future
Headworks						
P1-71	Headworks Rehabilitation/Refurbishment	11,024,000		11,024,000		
P2-66	Headworks Improvements at Plant No. 2	254,498,000			254,498,000	
P1-105	Headworks Rehab. and Expansion at Plant No. 1	20,202,000				20,202,000
Headworks Total Budget		285,724,000	-	11,024,000	254,498,000	20,202,000
Primary Treatment						
SP-130	Primary Effluent Pump Stations Reliability Study	100,000	100,000			
P2-80	Primary Treatment Rehab/Refurb	37,230,000		37,230,000		
Primary Treatment Total Budget		37,330,000	100,000	37,230,000	-	-
Secondary Treatment						
SP-129	Oxygen Plant Rehabilitation at Plant No. 2	2,500,000	2,500,000			
P1-82	Activated Sludge Plant Rehabilitation	46,133,000		46,133,000		
P2-90	Trickling Filters at Plant No. 2	221,192,000		221,192,000		
SP-72-1	Oxygen Plant Rehabilitation	150,000		150,000		
P1-102	New Secondary Treatment System at Plant No. 1	265,863,000			265,863,000	
P2-74	Rehabilitation of Activated Sludge Plant at Plant 2	16,401,000			16,401,000	
Secondary Treatment Total Budget		552,239,000	2,500,000	267,475,000	282,264,000	-
Solids Handling & Digestion						
P1-101	Sludge Dewatering and Odor control at Plant 1	143,547,000		143,547,000		
P1-106	Truck Wash and Dewatering Beds at Plant No. 1	3,146,000		3,146,000		
P2-91	Plant No. 2 Primary Sludge Feed System Project	25,766,000		25,766,000		
P1-100	Sludge Digester Rehabilitation at Plant 1	60,397,000			60,397,000	
P2-89	Solids Thickening and Processing Upgrades	73,020,000			73,020,000	
P2-91-1	Digester Rehabilitation at Plant No. 2	36,398,000			36,398,000	
P2-97	Replacement of Drying Beds and Truck Wash at Plant	4,443,000			4,443,000	
P2-92	Sludge Dewatering and Odor Control at Plant 2	51,696,000				51,696,000
Solids Handling & Digestion Total Budget		398,413,000	-	172,459,000	174,258,000	51,696,000
Ocean Outfall Systems						
J-110	Final Effluent Sampler and Building Area Upgrades	1,890,000	1,890,000			
J-77	Effluent Pumping Station Annex	60,487,000		60,487,000		
Ocean Outfall Systems Total Budget		62,377,000	1,890,000	60,487,000	-	-

Summary by Project Status

Treatment & Disposal Projects – Budget By Project Status

Proj. #	Title	Total Budget	New	Continuing	Revised	Future
Utility Systems						
P1-111	Power Building 3A Backup Power Reliability Project	502,000	502,000			
P2-101	Plant Water System Rehabilitation at Plant No.2	4,108,000	4,108,000			
SP-132	Fuel Cell Feasibility Study	100,000	100,000			
SP-134	Fuel Cell Hydrogen Gas Generation Research	500,000	500,000			
J-106	Interplant Gas Line Rehabilitation	3,752,000		3,752,000		
J-109	Cengen Cooling Water System Replacement	9,094,000		9,094,000		
J-79	Air Quality Improvements	9,168,000		9,168,000		
J-96	Fire Suppression for Servers and Equip at P1 & P2	965,000		965,000		
P2-104	Solids Area Cable Tray Improvements at Plant No. 2	6,156,000		6,156,000		
J-47	Cable Tray Improvements at Plants 1 & 2	31,744,000			31,744,000	
J-79-1	Central Generation Automation	20,332,000			20,332,000	
P1-97	Plant 1 66kV Substation	14,780,000			14,780,000	
J-111	Cengen Emissions Control Project	31,000,000				31,000,000
J-98	Electrical Power Distribution System Improvements	8,992,000				8,992,000
P1-112	Plant Water System Rehabilitation at Plant No.1	3,538,000				3,538,000
P2-103	Flare System Expansion and Upgrades	1,500,000				1,500,000
Utility Systems Total Budget		146,231,000	5,210,000	29,135,000	66,856,000	45,030,000
Odor Control Related Projects						
J-71-8	Rehabilitation of Odor Control Facilities	38,707,000			38,707,000	
P1-113	Trickling Filter Odor Control at Plant No. 1	4,582,000				4,582,000
P1-114	Primary Scrubber Rehabilitation at Plant No.1	4,200,000				4,200,000
P2-102	Solids Storage Building Odor Control Project	10,183,000				10,183,000
P2-98	Primary Treatment Odor Control Upgrades	28,460,000				28,460,000
Odor Control Related Projects Total Budget		86,132,000	-	-	38,707,000	47,425,000
Process Related Special Projects						
SP-68-1	Corrosion Management	4,667,000		4,667,000		
SP-90-7	Special Projects: Biotrickling Filter (BTF)	1,027,000			1,027,000	
Process Related Special Projects Total Budget		5,694,000	-	4,667,000	1,027,000	-

2008-09 & 2009-10 Budget

Treatment & Disposal Projects – Budget By Project Status

Proj. #	Title	Total Budget	New	Continuing	Revised	Future
Plant Automation & Computerization						
SP-03	Strategic Information Architecture (SIA)	1,995,000		1,995,000		
SP-09	Internet/Intranet Development	650,000		650,000		
SP-100	CMMS System Replacement	3,789,000		3,789,000		
SP-103	PDS2D Software Replacement	250,000		250,000		
SP-104	Environmental Compliance Awareness Program	982,000		982,000		
SP-15	Geographic Information System	4,157,000		4,157,000		
SP-89	Network Equipment Upgrade	2,806,000		2,806,000		
J-33-3	Power Monitoring and Control Systems	10,899,000			10,899,000	
Plant Automation & Computerization Total Budget		25,528,000	-	14,629,000	10,899,000	-
Miscellaneous & Support Projects						
SP-133	2009 NPDES Permit Renewal	787,000	787,000			
J-97	Laboratory Refurbishment at Plant No. 1	417,000		417,000		
P1-104	Regional FOG Control Collection at Plant No. 1	3,150,000		3,150,000		
SP-127	Office Space Planning Study	500,000		500,000		
SP-128	Integrated Security Access Control System	450,000		450,000		
SP-68-2	Asset Management Program	5,100,000		5,100,000		
SP-77	Warehouse Reinvention Project	600,000		600,000		
FE-J	Facilities Engineering Projects - Joint	22,110,000			22,110,000	
FE-P1	Facilities Engineering Projects - Plant 1	19,110,000			19,110,000	
FE-P2	Facilities Engineering Projects - Plant 2	19,110,000			19,110,000	
J-108	Temporary Upgrades To Plant Security Barriers	1,450,000			1,450,000	
P2-96	Plant No. 2 Landscaping Project	440,000			440,000	
SP-34	Small Cap. Equip. Replacement Project	10,550,000			10,550,000	
SP-98	Plant 2 Maintenance Building Modifications	276,000			276,000	
Miscellaneous & Support Projects Total Budget		84,050,000	787,000	10,217,000	73,046,000	-
Water Management Projects						
J-36	Groundwater Replenishment System	248,400,000			248,400,000	
Water Management Projects Total Budget		248,400,000	-	-	248,400,000	-

Summary by Project Status

Treatment & Disposal Projects – Budget By Project Status

Proj. #	Title	Total Budget	New	Continuing	Revised	Future
Strategic & Master Planning						
SP-105	Orange County Biosolids Production Siting Study	400,000		400,000		
J-102	Treatment Plant Strategic Plan Update	4,500,000			4,500,000	
Strategic & Master Planning Total Budget		4,900,000	-	400,000	4,500,000	-
Research & Development						
SP-120	Research Strategic Plan	365,000		365,000		
SP-121	Superoxygenation of Primary Influent	850,000		850,000		
SP-122	Digester Optimization	90,000		90,000		
SP-123	Digester Pilot Plant Safety and Control System Upg	230,000		230,000		
SP-125	Operational Research Projects (annual allocation)	10,040,000		10,040,000		
SP-116	USBR Brine Management Grant Project	230,000			230,000	
Research & Development Projects Total Budget		11,805,000	-	11,575,000	230,000	-
Treatment and Disposal Projects Total Budget		1,948,823,000	10,487,000	619,298,000	1,154,685,000	164,353,000
Equipment Total Budget		16,000,000	-	16,000,000	-	-
Total Capital Improvement Program Budget		2,484,247,000	10,487,000	742,079,000	1,481,030,000	250,651,000

2008-09 & 2009-10 Budget

Proposed Equipment Budget 2008-09

Department	Trucks & Vehicles 09410000	Other Mobile Eq 09410001	Machine Eq & Tools 09410002	Comm Equipment 09410003
Information Technology	-	-	-	105,000
Facilities Maintenance & Fleet Services	336,800	227,800	-	-
Environmental Laboratory & Ocean Monitoring	-	-	-	-
Operations & Maintenance Process Engineering	-	-	375,000	-
Plant No. 2 Operations	-	-	-	-
Mechanical, Reliability & Maint. Support Services	-	-	203,500	-
Instrumentation & Electrical Maintenance	-	-	-	35,000
Total Proposed Capital Equipment	<u>336,800</u>	<u>227,800</u>	<u>578,500</u>	<u>140,000</u>

Proposed Equipment Budget Summary

Proposed Equipment Budget 2008-09

Department	Instr / Test Equipment 09410004	Safety & Traffic Eq 09410005	Office Fix & Eq 09410006	Computer Equipment 09410007	2008-09 Proposed Budget
Information Technology	-	40,000	-	225,900	370,900
Facilities Maintenance & Fleet Services	-	-	-	-	564,600
Environmental Laboratory & Ocean Monitoring	113,200	-	36,000	-	149,200
Operations & Maintenance Process Engineering	-	-	-	-	375,000
Plant No. 2 Operations	18,000	-	-	-	18,000
Mechanical, Reliability & Maint. Support Services	-	-	-	-	203,500
Instrumentation & Electrical Maintenance	7,100	250,000	-	-	292,100
Total Proposed Capital Equipment	138,300	290,000	36,000	225,900	1,973,300

2008-09 & 2009-10 Budget

Proposed Equipment Budget Detail

<u>Division</u>	<u>Equipment Type</u>	<u>Proposed Equip. Budget</u>
<u>250 - Information Technology</u>		
	Server/Storage/Back-ups	125,000
	Archiving Equipment	5,000
	Storage Equipment	10,000
	SCADA Storage	30,000
	Video Monitoring/Recording Equip.	25,000
	Video Monitoring/Recording Equip.	60,000
	Portable Video Monitoring Equip.	20,000
	Plotters & Scanners	35,900
	Vehicle/License Plate Recognition Equip.	20,000
	Video Monitoring Solution	20,000
	Scanner 11 x 17	10,000
	E Size Plotter	10,000
	Total	<u>370,900</u>
<u>430 - Facilities Maintenance & Fleet Services</u>		
	Electric Carts (4) - Replace #625, 850, 851, 984	36,000
	Sedan - Replace V# 390	22,600
	Twelve-Passenger Van Pool Van - Replace V# 0528	39,800
	Tour Bus with Handicap Access - Replace V# 0292	157,700
	Full Size Pickup Truck - Replace V# 0483	33,800
	Manlift Replacement	130,800
	Wheel Tractor - Replace E# 1029	61,000
	Generator Truck - Replace V# 0217	51,000
	Service Body for Flatbed Truck Purchased in FY 07-08 (Re-budget)	31,900
	Total	<u>564,600</u>
<u>630 - Environmental Laboratory & Ocean Monitoring</u>		
	Samplers (4)	28,700
	Gas Chromatograph Mass Spectrometer (GCMS)	72,500
	Miele Dishwasher	12,000
	Cubicle Spaces (6) for Infaunal Taxonomy Workstations (New Program)	36,000
	Total	<u>149,200</u>
<u>820 - Operations & Maintenance Process Engineering</u>		
	Odor Treatment System (Re-budget)	<u>375,000</u>
<u>840 - Plant No. 2 Operations</u>		
	Hydrogen Sulfide Meter	<u>18,000</u>
<u>850 - Mechanical, Reliability & Maintenance Support Services</u>		
	Gantry Crane and Trolley, 4,000 lb.	7,500
	Electric Grease Pump	8,000
	Air Motor, Reversible with Geared Head Multiplier & 1" Torque Driver Kit	10,000
	Puller Set	22,000
	20" Abrasive Double Mitering Cut-off Saw with Dust Collector	17,000
	Precision Engine Lathe 14x40 with Associated Tooling	20,000
	Rebuild Tool Sets (2)	28,000
	Lubrication Filter Carts (5)	32,000
	Fixturlaser Express Alignment System (XA)	24,000
	SpectraQuest Turnkey Vibration Training System	35,000
	Total	<u>203,500</u>

Proposed Equipment Budget Detail

Proposed Equipment Budget Detail

<u>Division</u>	<u>Equipment Type</u>	<u>Proposed Equip. Budget</u>
<u>860 - Instrumentation & Electrical Maintenance</u>		
	Personal Hazardous Air Monitoring System (45)	250,000
	Portable Generator System	7,100
	Programmable Logic Controller CPUs and Racks Upgraded	35,000
	Total	292,100
	Total Proposed 2008-09 CORF Equipment Budget	1,973,300

2008-09 & 2009-10 Budget

Proposed Equipment Budget 2009-10

Department	Trucks & Vehicles 09410000	Other Mobile Eq 09410001	Machine Eq & Tools 09410002	Comm Equipment 09410003
Information Technology	-	-	-	65,000
Collection Facilities Operations & Maintenance	-	-	14,500	-
Facilities Maintenance & Fleet Services	544,100	158,100	-	-
Environmental Laboratory & Ocean Monitoring	-	-	-	-
Operations & Maintenance Process Engineering	-	-	-	-
Instrumentation & Electrical Maintenance	-	-	-	57,000
Total Proposed Capital Equipment	<u>544,100</u>	<u>158,100</u>	<u>14,500</u>	<u>122,000</u>

Proposed Equipment Budget Summary

Proposed Equipment Budget 2009-10

Department	Instr / Test Equipment 09410004	Safety & Traffic Eq 09410005	Office Fix & Eq 09410006	Computer Equipment 09410007	2009-10 Proposed Budget
Information Technology	-	20,000	-	132,500	217,500
Collection Facilities Operations & Maintenance	-	-	-	-	14,500
Facilities Maintenance & Fleet Services	-	-	-	-	702,200
Environmental Laboratory & Ocean Monitoring	94,400	-	-	-	94,400
Operations & Maintenance Process Engineering	209,000	-	-	-	209,000
Instrumentation & Electrical Maintenance	-	-	-	-	57,000
Total Proposed Capital Equipment	<u>303,400</u>	<u>20,000</u>	<u>-</u>	<u>132,500</u>	<u>1,294,600</u>

2008-09 & 2009-10 Budget

Proposed Equipment Budget Detail

<u>Division</u>	<u>Equipment Type</u>	<u>Proposed Equip. Budget</u>
<u>250 - Information Technology</u>		
	Agenda Automation Equip.	60,000
	Control Center Video Display	11,600
	Imaging Equipment	15,000
	Video Monitoring/Recording Equip.	25,000
	Video Monitoring/Recording Equip.	40,000
	Remote Capture Equipment	10,000
	Scanner hardware	35,900
	Vehicle/License Plate Recognition Equip.	20,000
	Total	<u>217,500</u>
<u>420 - Collection Facilities Operations & Maintenance</u>		
	Hot/Cold High Pressure Washer; Parts Cleaning Tank & Bead Blaster	8,500
	Washer and Dryer for North County Yard	6,000
	Total	<u>14,500</u>
<u>430 - Facilities Maintenance & Fleet Services</u>		
	Generator Truck - Replace V# 0237	61,000
	Twelve-Passenger Van Pool Van - Replace V# 0525	41,800
	Scissor Lift - Replace E# 0829	27,300
	Manlift - Replace E# 09808	130,800
	Pickup Truck - Replace V# 0425	33,800
	Vactor Jet Rodder - Replace V# 0396	383,900
	Pickup Truck - Replace V# 0452	23,600
	Total	<u>702,200</u>
<u>630 - Environmental Laboratory & Ocean Monitoring</u>		
	Samplers (4)	29,500
	Acoustic Doppler Current Meters (ADCP) (2)	64,900
	Total	<u>94,400</u>
<u>820 - Operations & Maintenance Process Engineering</u>		
	Handheld VOC Meter	9,000
	Electronic Odor Sensing Device (OdoWatch)	200,000
	Total	<u>209,000</u>
<u>860 - Instrumentation & Electrical Maintenance</u>		
	Programmable Logic Controller CPUs and Racks Upgraded	35,000
	Infrared Camera System	22,000
	Total	<u>57,000</u>
	Total Proposed 2009-10 CORF Equipment Budget	<u>1,294,600</u>

Debt Financing Program

CERTIFICATES OF PARTICIPATION **DEBT FINANCING PROGRAM**

During 1988, the County Sanitation Districts of Orange County ("the Districts"), the nine (9) predecessor individual Districts to the current Orange County Sanitation District, embarked upon a 30-year planning program referred to as the "2020 VISION" Master Plan because it considers the planning needs of the District to the year 2020. The Master Plan was produced following the most comprehensive wastewater management study ever undertaken by the Districts. The two-year, \$4.5 million evaluation of the engineering, environmental, public health, social and economic aspects of our wastewater collection treatment and disposal activities was conducted by a team of consultants in partnership with District staff.

The "2020 VISION" Master Plan established a Capital Improvement Plan (CIP) that identified significant annual expenses for the construction of Joint Works and trunk sewer projects, as well as ongoing operation and maintenance (O&M).

The Board adopted the "2020 Vision" Master Plan in 1989 based on the Districts' then-current treatment level, which assumed continuation of its current National Pollutant Discharge Elimination System (NPDES) permit concentration limits under Section 301(h) of the Clean Water Act. The treatment level allowed under this permit was a blend of 50 percent advanced primary and 50 percent secondary, a waiver from the Clean Water Act standard of full secondary treatment.

Prior to the 1989 Master Plan, the Districts had been able to meet capital requirements and O&M expenses from a combination of property tax revenues, user fees, connection fees, interest earnings, and federal and state grants.

Due to the magnitude of identified future annual capital and operations and maintenance expenditures, and the discontinuation of federal and state grant programs, the Master Plan concluded that it was necessary to utilize debt financing to meet our obligations. Debt financing, recommended by the Master Plan, would enable each District to meet projected construction schedules while achieving the lowest possible user fees, as well as long-term stability for the user fees.

A Ten-Year Financial Plan is maintained to establish financing parameters regarding the issuance of debt, the levying of user charges and the funding level for the four-part reserve structure. The Financial Plan is revised annually to reflect the most current cost and revenue figures resulting from capital program revisions and operating changes.

During 1998 and 1999, a new strategic plan was developed for the period 2000 to 2020. Strategic planning represents a shift from the traditional "size and build" approach to developing master plans to a more broadbased, multi-agency cooperative solution. The planning process included collection, treatment, and disposal facilities, management of peak flows, equitable financial charges and fee schedules, reuse of wastewater and biosolids, advances in technology and regulatory concerns and requirements.

Four treatment scenarios were evaluated by citizen groups, staff, consultants and Directors before a Preferred Alternative was selected. The projected capital cost of the Preferred Alternative was \$1.53 billion through 2020 and included the Groundwater Replenishment System, a \$472 million wastewater reclamation project with construction costs to be shared equally with the Orange County Water District.

In 2002, the District completed an Interim Strategic Plan Update that evaluated the advantages and disadvantages of several possible wastewater treatment alternatives. In July 2002, the Board of Directors approved a change from the existing level of treatment, a blend of 50 percent advanced primary and 50 percent secondary treated wastewater, to full secondary treatment standards. The reasoning behind the decision to move to secondary discharge standards included (1) the possibility that bacteria from the ocean outfall may at times reach the shoreline, (2) upgraded treatment will aid additional water reclamation with the Orange County Water District, (3) and the public clearly favored upgrading wastewater treatment at this time. The 2002 Interim Strategic Plan Update identified \$422 million of additional capital improvements needed to move to full secondary standards over the next 9.5 years.

2008-09 & 2009-10 Budget

In preparation for the FY 2008-09 and FY 2009-10 Budget, District staff conducted strategic planning workshops with the Board of Directors to layout a capital program to deliver the levels of service desired by the Board of Directors. These levels of service and resulting capital projects are included in the District's 5-year Strategic Plan. This includes approximately \$50 million of new CIP projects over the next 10 years. In addition, District staff has reviewed each CIP project to ensure that the scope of the project was appropriate, and that the cost estimates were accurate. The validated CIP includes 86 large capital projects and 28 special projects with a 15-year expenditure of \$1.47 billion. This total represents a \$149 million

increase from the 2007-08 CIP estimate. This increase includes \$50 million from the District's 5-year Strategic Plan, \$28 million in newly identified rehabilitation and renewal needs, and \$71 million in project budget revisions for on-going projects.

The Series 2006 and Series 2007B were issued to fund current and future capital improvement expenditures. The Series 2007A and Series 2008A were issued to take advantage of the low interest rate market environment and partially refund the higher interest earning bonds of the Series 2003 and all of Series 1993. Figure 1 shows the status of all outstanding COPs at June 30, 2008.

Figure 1

Summary of Certificates of Participation				
Series	1993 Series	2000 Series	2003 Series	2006 Series
Issue Name	Refunding COPs	Refunding COPs	COPs	COPs
Issue Date	09-21-1993	08-31-2000	08-26-2003	03-08-2006
Original Par	\$46,000,000	\$218,600,000	\$280,000,000	\$200,000,000
Outstanding Par	\$26,900,000	\$196,600,000	\$191,500,000	\$196,600,000
Payment Date	August 1	August 1	February 1	February 1
Use of Proceeds	Advance Refunding	Refund/Reimb.	Reimb./Future CIP	Current/Future CIP
Lien or Tier	Open Senior	Open Senior	Open Senior	Open Senior
Interest Rate Mode	Synthetic Fixed	Variable	Fixed	Variable
Final Maturity Date	08-01-2016	08-01-2030	02-01-2033	02-01-2036
Series	2007A Series	2007B Series	2008A	
Issue Name	Refunding COPs	COPs	Refunding COPs	
Issue Date	05-22-2007	12-20-2007	05-29-08	
Original Par	\$95,180,000	\$300,000,000	\$77,165,000	
Outstanding Par	\$93,655,000	\$300,000,000	\$77,165,000	
Payment Date	February 1	February 1	August 1	
Use of Proceeds	Advance Refunding	Current/Future CIP	Advance Refunding	
Lien or Tier	Open Senior	Open Senior	Open Senior	
Interest Rate Mode	Fixed	Fixed	Fixed	
Final Maturity Date	02-01-2030	02-01-2032	08-01-2013	

The Districts embarked upon its Debt Financing and Management Program, and specifically its Variable and Fixed Rate Debt Program (the "Program"), in 1990 with the issuance of \$100 million in Certificates of Participation ("COP"), Capital Improvement Program, 1990 Series "A." The Program was established to accomplish:

- To finance assets with long useful lives with long-term debt;
- To achieve the lowest possible interest costs and highest investment returns, commensurate with the appropriate risk;
- To recoup reserve monies that had previously been spent.

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. Accordingly, the District is not subject to the usual State restrictions surrounding the issuance of debt. COPs can be issued with fixed or variable interest rates.

Debt Financing Program

Fixed-rate debt can be either traditional or synthetic in form:

- **Fixed-Rate Debt** traditionally has a final maturity between 20 and 30 years from the date of issuance. Generally, principal is amortized annually. Principal maturing in early years typically has a lower interest rate ("coupon") than later maturities. This structure typically produces a level debt service. The District's 2003 series is a traditional fixed-rate debt issuance.
- **Synthetic Fixed-Rate Debt:** Long-term, variable-rate debt can be issued and then the interest component can be swapped to a fixed rate. This form of fixed-rate debt achieves a balance between short and long-term interest costs and is frequently a less expensive form of debt. In some markets, this form of fixed-rate debt is less expensive to issue than the more traditional form of fixed-rate debt described above. The District's COP Refunding Series 1993 is a synthetic fixed rate debt issue.

Variable-rate debt can be traditional or synthetic:

- **Variable-Rate Debt:** has either a long or short nominal maturity, but periodic interest rate resets. Typically, the intervals for interest rate resets are daily, weekly or monthly, but any period is possible. Both the District's Series 2000 COPs and Series 2006 are variable-rate debt maturing in 30 years, but with sinking funds to retire a portion of the principal annually, and a daily interest rate reset.
- **Synthetic Variable-Rate Debt:** As described above for fixed-rate debt, variable-rate debt can be created from a fixed-rate issue by means of a floating-rate swap.

An important factor to keep in mind, however, when reviewing the historical difference between variable rate and fixed rate debt is that there are two fees that occur with variable rate debt in addition to the interest rate, liquidity fees and remarketing fees. Even including these extra fees, variable rates have been lower than fixed rates over the past several years.

The maximum level of variable rate obligations incurred by the District should not exceed the level of invested reserves available. This policy will allow a hedge to be maintained between

variable rate obligations and short-term investments. The periodic change in interest earnings on the District's unrestricted reserve funds (invested in short-term securities like Treasury Bills) will move in a fashion similar to the movement of the yield on the District's variable rate obligations.

This "floating hedge" will result in a generally consistent and predictable spread between the District's financing cost and the yield on the invested funds. Moreover, since the District's obligations are tax-exempt, while its reserves earn taxable yields, there is a potential legal arbitrage benefit which may actually lower the District's cost of funds. There are complex federal regulations that limit the interest (arbitrage) earnings on tax exempt financings and the District complies with them.

The District has entered into two types of swaps since 1990: fixed-to-floating and floating-to-fixed. Fixed-to-floating interest rate swaps allow an issuer to convert all or a portion of its fixed rate debt to a floating rate. This is accomplished as the issuer receives a fixed payment from a counterparty and makes floating rate based payments to that counterparty.

A floating-to-fixed interest rate swap allows the issuer to convert floating rate debt to fixed rate. The counterparty makes floating rate based payments to the issuer and, in return, the issuer makes fixed payments to the counterparty. The certificate holder, in both cases, receives the payment that the counterparty pays to the issuer. The certificate holder, or investor, always receives the original stream of payments.

Through discussions with the Rating Agencies, the District has been permitted to maintain an overall fixed versus variable rate debt mix of approximately 50:50. "Synthetic" fixed transactions are considered as fixed rate transaction by the Rating Agencies since the swap duration matches the maturity of the COP.

These ratios are higher than those traditionally allowed for most issuers, in part because of the District's reserve policy.

The District currently has outstanding synthetic fixed-rate and fixed-rate COPs of \$689.2 million and variable-rate COPs of \$393.0 million, for a ratio of 64:36.

2008-09 & 2009-10 Budget

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.

Up until FY 2003-04, property tax revenues alone had been sufficient to meet current debt service payments. However, since the \$280 million COP Series 2003 debt issuance, this revenue source now has to be augmented by sewer service charges or user fees. Annual increases in these user fees to offset property tax revenue shortfalls, as well as to assist in the funding of the CIP expansion, are projected for the next several years.

Establishment of Debt Policy

In 2001, the District developed a written debt policy for the following underlying reasons:

- promoting consistency and continuity;
- rationalizing the decision making process;
- committing to long-term financial planning;
- enhancing the quality of decisions; and
- promoting credit quality to rating agencies.

This Board adopted policy serves as the agency's guide in the management of existing debt and in the issuance of future debt.

Debt Coverage Ratios

The only legal debt limits pertaining to the District are those that are provided within the

existing COP indenture agreements requiring 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 2.51 and 2.22 for FY 2008-09 and FY 2009-10, respectively.

Future Debt Financings

In May 2008, the District issued \$77.2 million of COP fixed rate debt to retire the outstanding amount owed on Series 1993. As the result of having a well-funded reserve policy, experienced management, and prudent planning, the District was able to secure "AAA" credit rating from Standard and Poors while maintaining "Aa" ratings from the other two rating agencies.

The District's long-range financing plan is designed to maintain these high ratings. Over the next 12 years, the District is projecting an additional \$2.4 billion in future treatment plant and collection system capital improvements. In accordance with the District's long-term debt fiscal policy, the District will confine long-term borrowing to capital improvements that cannot be financed from current revenue. Before any new debt is issued, the impact of debt service payments on total annual fixed costs will be analyzed.

The District's cash flow forecast calls for the issuance of \$200 million and \$120 million of COP in FY 2008-09 and FY 2009-10, respectively, to help offset the CIP cash outlays scheduled to occur over this time period. A total of \$550 million in COP debt issuance is being proposed over the next five years. These financings are needed early in the capital program scheduled out to 2020 because the bulk of the construction is scheduled during the next six years.

Figure 2

Schedule of Future Certificates of Participation Issues and CIP Cash Flows										
(in millions)										
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
New COP Issues	\$200.0	\$120.0	\$ 90.0	\$ 60.0	\$ 80.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
CIP Outlays	\$373.7	\$228.9	\$182.5	\$169.8	\$188.7	\$197.3	\$168.1	\$156.2	\$167.0	\$165.3

Debt Financing Program

Total Certificates of Participation Debt Service Requirements

Principal and Interest Combined

Fiscal Year Of Payments	1993 Refunding (Series B Term)	2000 Refunding (Series A)	2000 Refunding CIP Reimb	2003 Acquisition/ Construction	2006 Acquisition/ Construction	2007A Refunding (partial 2003)	2007B Acquisition/ Construction	2008A Refunding (1992 Series)	Total Payment Per Fiscal Year
2008-09	1,370,370	6,605,648	1,995,777	9,575,000	7,569,100	4,365,911	19,403,337	17,805,094	68,690,237
2009-10	1,363,530	6,636,000	2,066,016	9,575,000	7,569,100	4,368,144	19,446,737	16,943,128	67,967,655
2010-11	1,356,690	6,636,000	2,030,016	9,575,000	7,569,100	4,365,061	19,490,371	16,969,602	67,991,840
2011-12	1,349,850	17,667,542	1,996,012	9,575,000	7,569,100	4,366,694	19,543,671	5,668,472	67,736,341
2012-13	1,390,920	16,157,694	2,058,487	9,575,000	7,569,100	4,367,927	19,591,087	7,103,694	67,813,909
2013-14	1,381,800	17,641,074	2,011,704	9,575,000	7,569,100	4,368,761	19,621,566	19,243,761	81,412,766
2014-15	9,038,280	15,895,079	2,068,592	9,575,000	7,569,100	4,369,194	19,612,962	-	68,128,207
2015-16	9,047,640	15,864,241	2,029,041	9,575,000	7,569,100	4,369,227	19,601,634	-	68,055,883
2016-17	9,134,580	20,226,504	1,981,726	9,575,000	7,569,100	4,368,861	19,581,025	-	72,436,796
2017-18	-	24,894,400	2,036,022	9,575,000	7,569,100	4,368,094	19,578,025	-	68,020,641
2018-19	-	24,899,025	1,992,296	9,575,000	7,569,100	4,366,927	19,566,817	-	67,969,165
2019-20	-	24,837,651	2,033,763	9,575,000	7,569,100	4,365,361	19,595,900	-	67,976,775
2020-21	-	24,864,667	1,983,427	9,575,000	7,569,100	8,780,978	19,633,646	-	72,406,818
2021-22	-	-	2,029,359	24,360,417	16,523,121	4,130,753	19,622,437	-	66,666,087
2022-23	-	-	2,070,027	24,295,729	16,566,354	4,129,179	19,614,209	-	66,675,498
2023-24	-	-	2,013,677	24,323,084	16,692,583	4,127,041	19,602,813	-	66,759,198
2024-25	-	-	2,044,323	24,259,730	16,799,563	4,129,239	19,597,042	-	66,829,897
2025-26	-	-	1,981,501	24,294,208	16,985,688	4,130,667	19,585,604	-	66,977,668
2026-27	-	-	2,015,364	5,409,000	17,148,713	23,030,094	19,572,396	-	67,175,567
2027-28	-	-	2,044,458	5,409,000	17,288,638	22,972,569	19,561,062	-	67,275,727
2028-29	-	-	2,068,381	5,409,000	17,405,463	22,916,494	19,545,209	-	67,344,547
2029-30	-	-	1,993,140	5,409,000	17,499,188	23,762,819	19,533,376	-	68,197,523
2030-31	-	-	2,012,932	30,451,188	17,668,208	-	19,518,917	-	69,651,245
2031-32	-	-	-	30,494,313	17,810,279	-	19,505,229	-	67,809,821
2032-33	-	-	-	57,304,000	17,925,400	-	19,490,563	-	94,719,963
2033-34	-	-	-	-	18,013,571	-	19,473,167	-	37,486,738
2034-35	-	-	-	-	18,173,188	-	19,456,188	-	37,629,376
2035-36	-	-	-	-	18,302,004	-	19,437,625	-	37,739,629
2036-37	-	-	-	-	-	-	19,420,375	-	19,420,375
Totals	\$ 35,433,660	\$ 222,825,525	\$ 46,556,041	\$ 385,893,669	\$ 359,200,261	\$ 174,519,995	\$ 566,802,990	\$ 83,733,751	\$ 1,874,965,892

2008-09 & 2009-10 Budget

Certificates of Participation Debt Service Requirements

Annual Interest Payments

Fiscal Year Of Payments	1993 Refunding (Series B Term)	2000 Refunding (Series A)	2000 Refunding CIP Reimb	2003 Acquisition/ Construction	2006 Acquisition/ Construction	2007A Refunding (partial 2003)	2007B Acquisition/ Construction	2008A Refunding (1992 Series)	Total Interest Per Fiscal Year
2008-09	1,220,370	6,605,648	1,195,777	9,575,000	7,569,100	4,175,911	14,588,337	2,305,094	47,235,237
2009-10	1,213,530	6,636,000	1,166,016	9,575,000	7,569,100	4,168,144	14,391,737	1,708,128	46,427,655
2010-11	1,206,690	6,636,000	1,130,016	9,575,000	7,569,100	4,160,061	14,185,371	1,074,602	45,536,840
2011-12	1,199,850	6,267,542	1,096,012	9,575,000	7,569,100	4,151,694	13,968,671	843,472	44,671,341
2012-13	1,190,920	5,857,694	1,058,487	9,575,000	7,569,100	4,142,927	13,741,087	588,694	43,723,909
2013-14	1,181,800	5,341,074	1,011,704	9,575,000	7,569,100	4,133,761	13,476,566	48,761	42,337,766
2014-15	838,280	4,895,079	968,592	9,575,000	7,569,100	4,124,194	13,162,962	-	41,133,207
2015-16	447,640	4,464,241	929,041	9,575,000	7,569,100	4,114,227	12,826,634	-	39,925,883
2016-17	34,580	3,826,504	881,726	9,575,000	7,569,100	4,103,861	12,471,025	-	38,461,796
2017-18	-	2,994,400	836,022	9,575,000	7,569,100	4,093,094	12,108,025	-	37,175,641
2018-19	-	2,099,025	792,296	9,575,000	7,569,100	4,081,927	11,726,817	-	35,844,165
2019-20	-	1,137,651	733,763	9,575,000	7,569,100	4,070,361	11,360,900	-	34,446,775
2020-21	-	164,667	683,427	9,575,000	7,569,100	3,980,978	10,988,646	-	32,961,818
2021-22	-	-	629,359	9,260,417	7,423,121	3,860,753	10,547,437	-	31,721,087
2022-23	-	-	570,027	8,490,729	7,066,354	3,849,179	10,084,209	-	30,060,498
2023-24	-	-	513,677	7,683,084	6,692,583	3,837,041	9,597,813	-	28,324,198
2024-25	-	-	444,323	6,834,730	6,299,563	3,824,239	9,087,042	-	26,489,897
2025-26	-	-	381,501	5,944,208	5,885,688	3,810,667	8,550,604	-	24,572,668
2026-27	-	-	315,364	5,409,000	5,448,713	3,435,094	7,987,396	-	22,595,567
2027-28	-	-	244,458	5,409,000	4,988,638	2,537,569	7,396,062	-	20,575,727
2028-29	-	-	168,381	5,409,000	4,505,463	1,601,494	6,775,209	-	18,459,547
2029-30	-	-	93,140	5,409,000	3,999,188	607,819	6,123,376	-	16,232,523
2030-31	-	-	12,932	4,876,188	3,468,208	-	5,438,917	-	13,796,245
2031-32	-	-	-	3,569,313	2,910,279	-	4,720,229	-	11,199,821
2032-33	-	-	-	1,624,000	2,325,400	-	3,965,563	-	7,914,963
2033-34	-	-	-	-	1,713,571	-	3,173,167	-	4,886,738
2034-35	-	-	-	-	1,073,188	-	2,341,188	-	3,414,376
2035-36	-	-	-	-	402,004	-	1,467,625	-	1,869,629
2036-37	-	-	-	-	-	-	550,375	-	550,375
Totals	\$ 8,533,660	\$ 56,925,525	\$ 15,856,041	\$ 194,393,669	\$ 162,600,261	\$ 80,864,995	\$ 266,802,990	\$ 6,568,751	\$ 792,545,892

Debt Financing Program

Certificates of Participation Debt Service Requirements

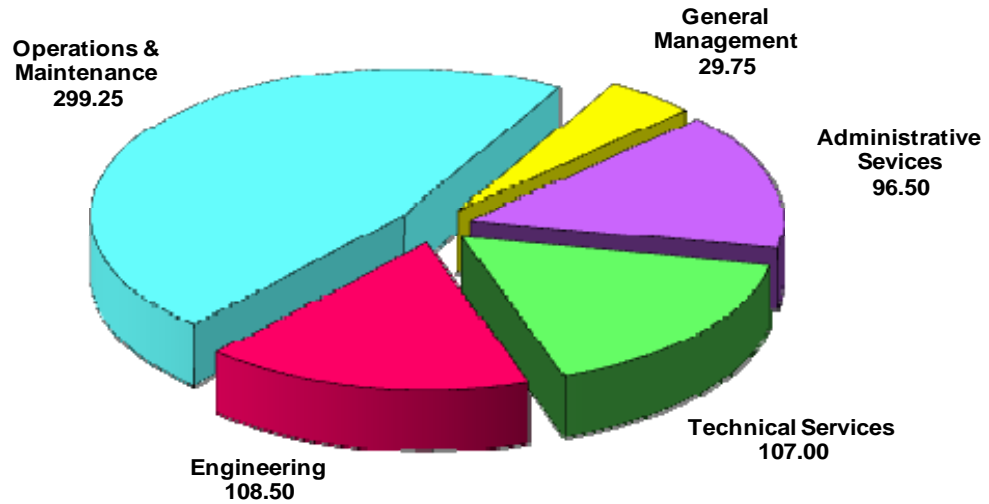
Annual Principal Payments

Fiscal Year Of Payments	1993 Refunding (Series B Term)	2000 Refunding (Series A)	2000 Refunding CIP Reimb	2003 Acquisition/ Construction	2006 Acquisition/ Construction	2007A Refunding (partial 2003)	2007B Acquisition/ Construction	2008A Refunding (1992 Series)	Total Principal Per Fiscal Year
2008-09	150,000	-	800,000	-	-	190,000	4,815,000	15,500,000	21,455,000
2009-10	150,000	-	900,000	-	-	200,000	5,055,000	15,235,000	21,540,000
2010-11	150,000	-	900,000	-	-	205,000	5,305,000	15,895,000	22,455,000
2011-12	150,000	11,400,000	900,000	-	-	215,000	5,575,000	4,825,000	23,065,000
2012-13	200,000	10,300,000	1,000,000	-	-	225,000	5,850,000	6,515,000	24,090,000
2013-14	200,000	12,300,000	1,000,000	-	-	235,000	6,145,000	19,195,000	39,075,000
2014-15	8,200,000	11,000,000	1,100,000	-	-	245,000	6,450,000	-	26,995,000
2015-16	8,600,000	11,400,000	1,100,000	-	-	255,000	6,775,000	-	28,130,000
2016-17	9,100,000	16,400,000	1,100,000	-	-	265,000	7,110,000	-	33,975,000
2017-18	-	21,900,000	1,200,000	-	-	275,000	7,470,000	-	30,845,000
2018-19	-	22,800,000	1,200,000	-	-	285,000	7,840,000	-	32,125,000
2019-20	-	23,700,000	1,300,000	-	-	295,000	8,235,000	-	33,530,000
2020-21	-	24,700,000	1,300,000	-	-	4,800,000	8,645,000	-	39,445,000
2021-22	-	-	1,400,000	15,100,000	9,100,000	270,000	9,075,000	-	34,945,000
2022-23	-	-	1,500,000	15,805,000	9,500,000	280,000	9,530,000	-	36,615,000
2023-24	-	-	1,500,000	16,640,000	10,000,000	290,000	10,005,000	-	38,435,000
2024-25	-	-	1,600,000	17,425,000	10,500,000	305,000	10,510,000	-	40,340,000
2025-26	-	-	1,600,000	18,350,000	11,100,000	320,000	11,035,000	-	42,405,000
2026-27	-	-	1,700,000	-	11,700,000	19,595,000	11,585,000	-	44,580,000
2027-28	-	-	1,800,000	-	12,300,000	20,435,000	12,165,000	-	46,700,000
2028-29	-	-	1,900,000	-	12,900,000	21,315,000	12,770,000	-	48,885,000
2029-30	-	-	1,900,000	-	13,500,000	23,155,000	13,410,000	-	51,965,000
2030-31	-	-	2,000,000	25,575,000	14,200,000	-	14,080,000	-	55,855,000
2031-32	-	-	-	26,925,000	14,900,000	-	14,785,000	-	56,610,000
2032-33	-	-	-	55,680,000	15,600,000	-	15,525,000	-	86,805,000
2033-34	-	-	-	-	16,300,000	-	16,300,000	-	32,600,000
2034-35	-	-	-	-	17,100,000	-	17,115,000	-	34,215,000
2035-36	-	-	-	-	17,900,000	-	17,970,000	-	35,870,000
2036-37	-	-	-	-	-	-	18,870,000	-	18,870,000
Totals	\$ 26,900,000	\$ 165,900,000	\$ 30,700,000	\$ 191,500,000	\$ 196,600,000	\$ 93,655,000	\$ 300,000,000	\$ 77,165,000	\$ 1,082,420,000

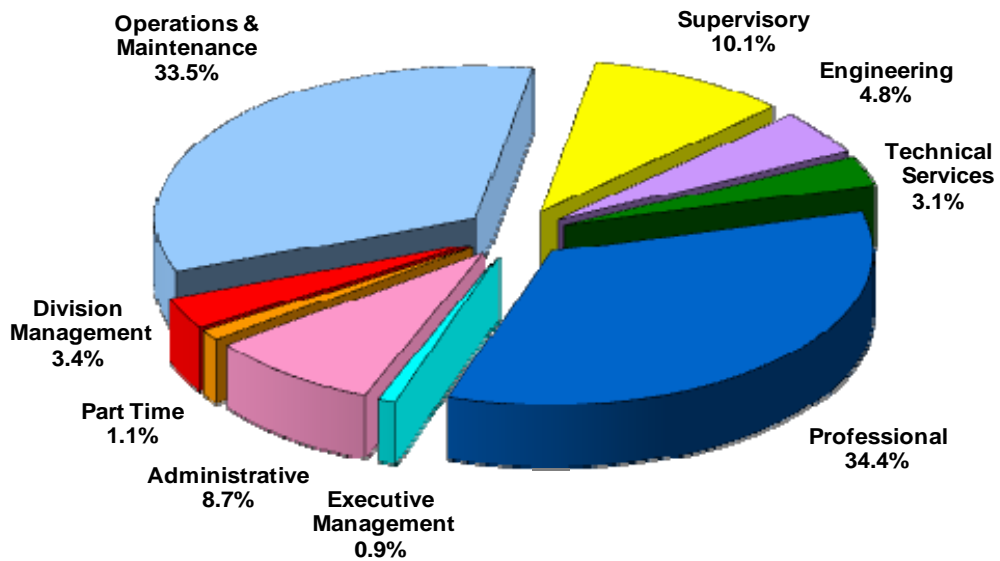
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Staffing Allocation

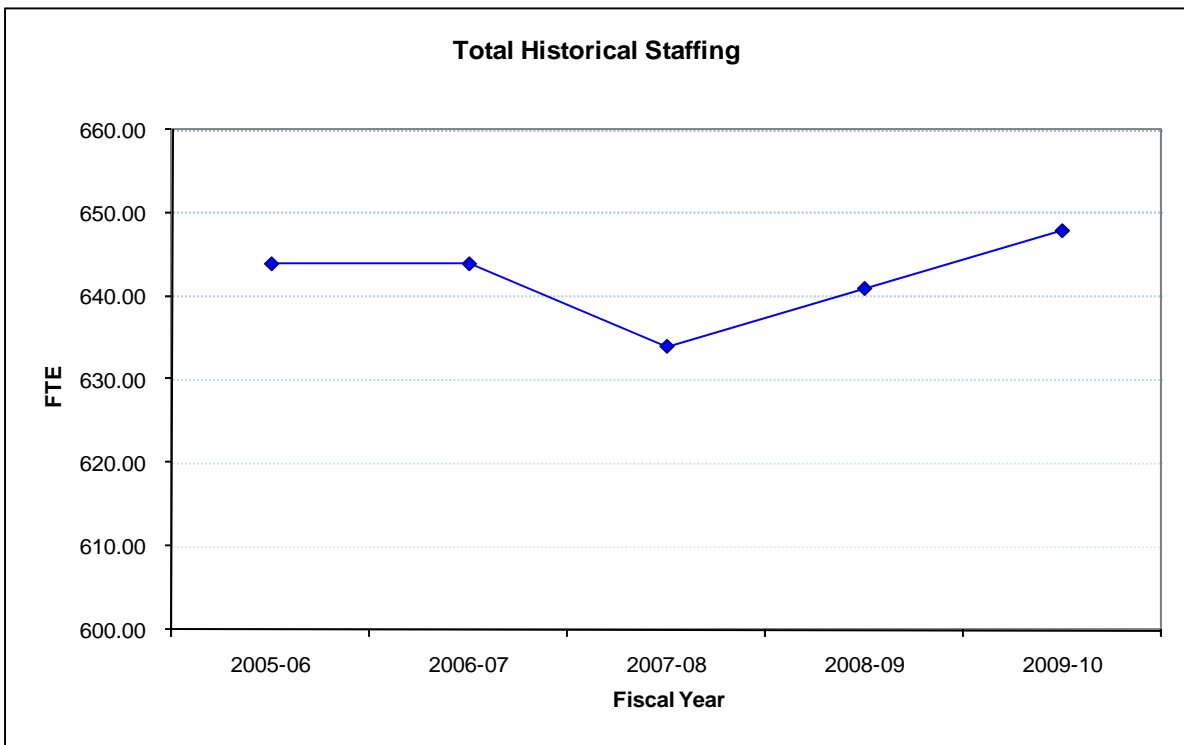
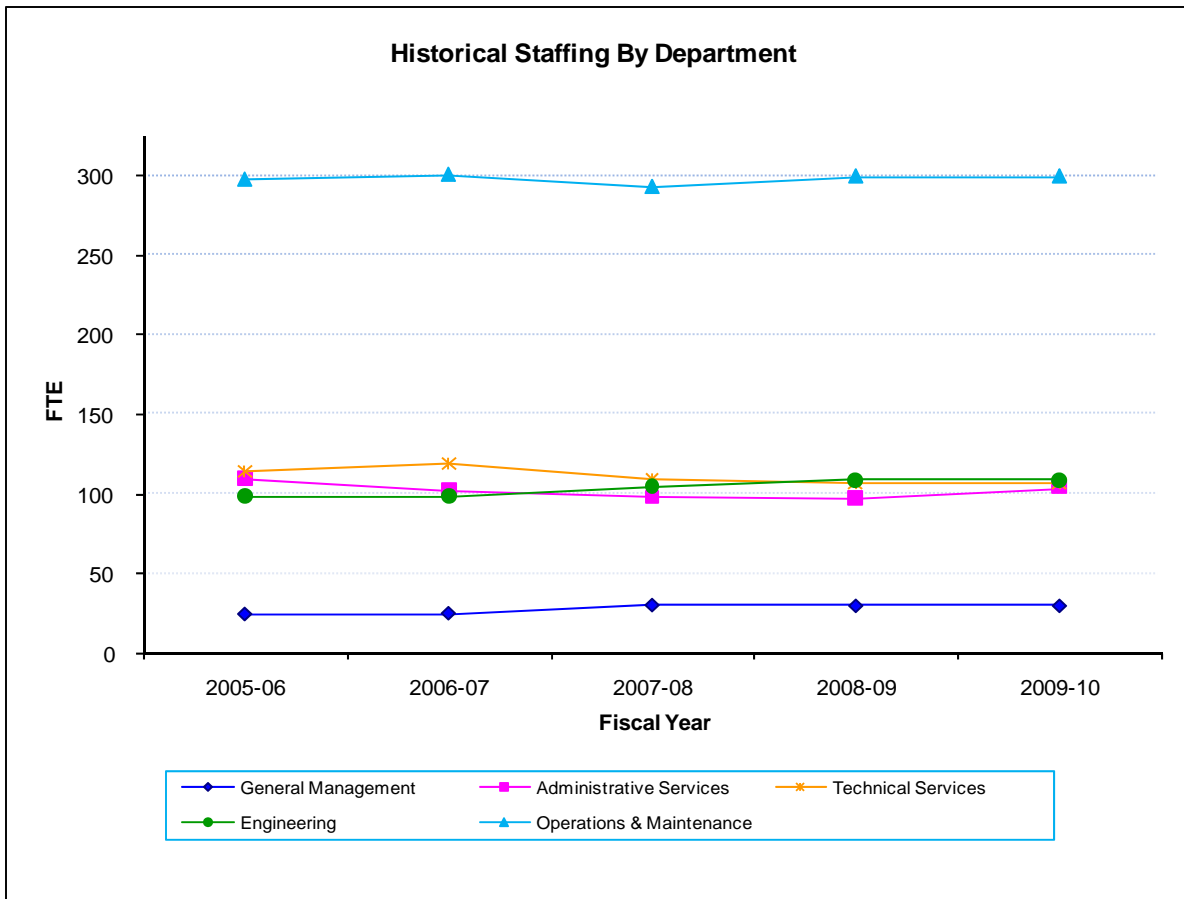
Staffing by Department



Staffing by Category



2008-09 & 2009-10 Budget



Historical Staffing Summary

Department and Division Name	Authorized FTE 2005-06	Authorized FTE 2006-07	Authorized FTE 2007-08	Proposed FTEs 2008-09	Proposed FTEs 2009-10
Office of the General Manager					
General Management Administration	2.00	3.00	6.50	6.50	6.50
Assistant General Manager Administration	-	-	3.00	3.00	3.00
Board Services	5.50	6.50	5.25	5.25	5.25
Public Information Office	9.00	7.50	7.00	7.00	7.00
Safety & Health	8.00	8.00	8.50	8.00	8.00
Department Subtotal	24.50	25.00	30.25	29.75	29.75
Administrative Services Department					
Administrative Services	2.00	2.00	2.00	2.00	2.00
Financial Management	20.00	19.00	18.00	18.00	18.00
Contracts, Purchasing & Materials Management	27.50	29.50	31.50	29.50	29.50
Human Resources	28.00	19.00	16.00	16.00	23.00
Information Technology	32.00	32.00	30.00	31.00	31.00
Department Subtotal	109.50	101.50	97.50	96.50	103.50
Technical Services Department					
Technical Services Administration	4.00	4.50	3.00	4.00	4.00
Environmental Compliance & Regulatory Affairs	15.00	16.00	18.50	16.50	16.50
Environmental Laboratory & Ocean Monitoring	37.00	38.00	48.50	46.50	46.50
Source Control	40.00	39.00	39.00	40.00	40.00
Environmental Compliance Services	18.00	21.50	-	-	-
Department Subtotal	114.00	119.00	109.00	107.00	107.00
Engineering Department					
Engineering Administration	3.00	3.00	2.00	2.00	2.00
Planning	16.00	16.00	16.00	19.00	19.00
Project Management Office	15.75	15.75	17.00	17.00	17.00
Engineering & Construction	64.00	63.50	58.50	60.50	60.50
Facilities Engineering	-	-	11.00	10.00	10.00
Department Subtotal	98.75	98.25	104.50	108.50	108.50
Operations & Maintenance Department					
Operations & Maintenance Administration	5.00	4.00	2.00	2.00	2.00
Operations & Maintenance Process Engineering	14.50	14.50	12.00	14.50	14.50
Plant No. 1 Operations	42.25	42.25	41.75	44.75	44.75
Plant No. 2 Operations	47.50	47.50	46.00	48.00	48.00
Mechanical and Reliability Maintenance	58.50	73.00	74.00	57.00	57.00
Instrumentation & Electrical Maintenance	54.50	68.00	71.00	75.00	75.00
Process Controls Integration	13.00	-	-	-	-
Regional Assets & Services	8.00	8.00	6.00	-	-
Collection Facilities Operations & Maintenance	24.00	24.00	23.00	24.00	24.00
Facilities Maintenance Services	30.00	19.00	17.00	34.00	34.00
Department Subtotal	297.25	300.25	292.75	299.25	299.25
Grand Total - All Departments	644.00	644.00	634.00	641.00	648.00

2008-09 & 2009-10 Budget

Division & Position	Authorized FTEs 2005-06	Authorized FTEs 2006-07	Authorized FTEs 2007-08	Proposed FTEs 2008-09	Proposed FTEs 2009-10
Office of the General Manager					
110 General Management Administration					
General Manager	1.00	1.00	1.00	1.00	1.00
Assistant General Manager	-	1.00	-	-	-
Management Discretion	-	-	4.00	4.00	4.00
Secretary to the General Manager	1.00	1.00	1.00	1.00	1.00
Intern	-	-	0.50	0.50	0.50
Total General Management Administration	2.00	3.00	6.50	6.50	6.50
150 Assistant General Manager Administration					
Assistant General Manager	-	-	1.00	1.00	1.00
Legislative Affairs Liaison	-	-	1.00	1.00	1.00
Principal Financial Analyst	-	-	1.00	1.00	1.00
Total Asst. General Management Administration	-	-	3.00	3.00	3.00
151 Board Services (formerly division 570)					
Board Services Supervisor	-	1.00	-	-	-
Clerk of the Board	-	-	1.00	1.00	1.00
Secretary to the Board of Directors	1.00	1.00	-	-	-
Records Management Specialist	1.00	1.00	1.00	1.00	1.00
Associate Clerk of the Board II	-	-	1.00	1.00	1.00
Assistant Secretary to the Board of Directors	1.00	1.00	-	-	-
Administrative Assistant	-	-	-	0.25	0.25
Program Assistant	0.50	0.50	0.25	-	-
Office Assistant	2.00	2.00	2.00	2.00	2.00
Total Board Services	5.50	6.50	5.25	5.25	5.25
152 Public Information Office (formerly division 560)					
Public Information Manager	1.00	1.00	1.00	1.00	1.00
Public Affairs Supervisor	1.00	-	-	-	-
Principal Public Information Specialist	1.00	1.00	1.00	1.00	1.00
Senior Public Information Specialist	2.00	2.00	2.00	2.00	2.00
Public Information Specialist	2.00	2.00	2.00	2.00	2.00
Executive Assistant	1.00	-	-	-	-
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Intern	-	0.50	-	-	-
Total Public Information Office	9.00	7.50	7.00	7.00	7.00
153 Safety & Health (formerly division 530)					
Safety & Health Manager	-	-	1.00	1.00	1.00
Safety & Health Supervisor	1.00	1.00	1.00	1.00	1.00
Safety & Health Specialist	2.00	2.00	2.00	2.00	2.00
Security & Emergency Planning Specialist	1.00	1.00	1.00	1.00	1.00
Senior Safety & Health Representative	2.00	2.00	-	-	-
Safety & Health Representative	1.00	1.00	2.00	2.00	2.00
Human Resources Assistant	1.00	1.00	1.00	1.00	1.00
Intern	-	-	0.50	-	-
Total Safety & Health	8.00	8.00	8.50	8.00	8.00
Total Office of the General Manager	24.50	25.00	30.25	29.75	29.75

Historical Staffing Detail

Division & Position	Authorized FTEs 2005-06	Authorized FTEs 2006-07	Authorized FTEs 2007-08	Proposed FTEs 2008-09	Proposed FTEs 2009-10
Administrative Services Department					
210 Administrative Services					
Director of Finance & Administrative Services / Treasurer	1.00	1.00	1.00	1.00	1.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Total Finance Administration	2.00	2.00	2.00	2.00	2.00
220 Financial Management					
Controller	1.00	1.00	1.00	1.00	1.00
Accounting Manager	2.00	2.00	2.00	2.00	2.00
Accounting Supervisor	1.00	1.00	1.00	1.00	1.00
Principal Accountant	4.00	4.00	3.00	3.00	3.00
Principal Financial Analyst	1.00	2.00	2.00	2.00	2.00
Senior Staff Analyst	1.00	1.00	1.00	1.00	1.00
Accountant/Staff Analyst	-	-	1.00	1.00	1.00
Payroll Technician	2.00	2.00	2.00	2.00	2.00
Accounting Assistant II	8.00	6.00	5.00	5.00	5.00
Total Accounting	20.00	19.00	18.00	18.00	18.00
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
Purchasing Supervisor	1.00	1.00	1.00	1.00	1.00
Principal Contracts Administrator	1.00	1.00	1.00	2.00	2.00
Materials Control Supervisor	1.00	1.00	1.00	1.00	1.00
Senior Contracts Administrator	4.50	4.50	5.50	3.50	3.50
Contracts Administrator	1.00	3.00	4.00	3.00	3.00
Senior Buyer	2.00	3.00	2.00	2.00	2.00
Buyer	2.00	1.00	2.00	2.00	2.00
Administrative Assistant	4.00	4.00	5.00	3.00	3.00
Contracts/Purchasing Assistant	-	-	-	2.00	2.00
Lead Storekeeper	3.00	3.00	3.00	3.00	3.00
Senior Storekeeper	4.00	4.00	3.00	3.00	3.00
Inventory Control Technician	1.00	1.00	-	-	-
Storekeeper	1.00	1.00	2.00	2.00	2.00
Total Contracts, Purchasing & Materials Management	27.50	29.50	31.50	29.50	29.50
240 Human Resources (formerly division 510,520,540,550)					
Director of Human Resources	1.00	1.00	-	-	-
Human Resources & Employee Relations Manager	-	-	1.00	1.00	1.00
Human Resources Manager	1.00	1.00	-	-	-
Human Resources Supervisor	2.00	2.00	2.00	2.00	2.00
Principal Human Resources Analyst	1.00	1.00	1.00	1.00	1.00
New Positions (TBD)	-	-	-	-	7.00
Senior Human Resources Analyst	4.00	4.00	5.00	5.00	5.00
Human Resources Analyst	4.00	4.00	3.00	3.00	3.00
Executive Assistant	1.00	1.00	-	-	-
Human Resources Assistant	2.00	2.00	3.00	3.00	3.00
Program Assistant	-	-	1.00	1.00	1.00
Office Assistant	1.00	1.00	-	-	-
Intems for agency	9.00	-	-	-	-
Planned Recruitment Position Pool (\$ max)	2.00	2.00	-	-	-
Total Human Resources	28.00	19.00	16.00	16.00	23.00

2008-09 & 2009-10 Budget

Division & Position	Authorized FTEs 2005-06	Authorized FTEs 2006-07	Authorized FTEs 2007-08	Proposed FTEs 2008-09	Proposed FTEs 2009-10
250 Information Technology (formerly divisions 910, 920, 930, and 940)					
Director of Information Technology	1.00	1.00	-	-	-
Information Technology Systems & Operations Manager	-	-	1.00	1.00	1.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Office Assistant	1.00	1.00	-	-	-
Information Technology Manager	1.00	1.00	1.00	2.00	2.00
Information Technology Supervisor	1.00	1.00	-	-	-
Principal Information Technology Analyst	1.00	1.00	2.00	7.00	7.00
Senior Information Technology Analyst	3.00	5.00	4.00	8.00	8.00
Information Technology Analyst III	7.00	5.00	3.00	5.00	5.00
Information Technology Analyst II	1.00	1.00	1.00	2.00	2.00
Engineering Data Management Technician II	-	-	-	-	-
Information Technology Analyst I	1.00	1.00	2.00	2.00	2.00
Staff Analyst	-	-	1.00	1.00	1.00
Information Technology Technician II	-	1.00	2.00	2.00	2.00
Information Technology Technician I	2.00	1.00	-	-	-
Total Administration, Customer & Network Support	20.00	20.00	18.00	31.00	31.00
940 Information Technology Programming & Database Systems					
Information Technology Manager	1.00	1.00	1.00	-	-
Principal Information Technology Analyst	3.00	5.00	5.00	-	-
Senior Information Technology Analyst	4.00	4.00	4.00	-	-
Information Technology Analyst III	4.00	2.00	2.00	-	-
Total Programming & Database Systems	12.00	12.00	12.00	-	-
950 Information Technology Process Controls Integration					
Process Controls Manager	1.00	-	-	-	-
Senior Engineer	1.00	-	-	-	-
Principal Information Technology Analyst	1.00	-	-	-	-
Engineer	4.00	-	-	-	-
Senior Information Technology Analyst	2.00	-	-	-	-
Information Technology Analyst III	4.00	-	-	-	-
Total Process Controls Integration	13.00	-	-	-	-
Total Administrative Services Department	122.50	101.50	97.50	96.50	103.50
Technical Services Department					
610 Technical Services Administration					
Director of Technical Services	1.00	1.00	1.00	1.00	1.00
Legislative Affairs Liaison	1.00	1.00	-	-	-
Senior Engineer	-	-	1.00	1.00	1.00
Associate Engineer II	-	-	-	1.00	1.00
Grants Specialist	-	1.00	-	-	-
Senior Environmental Specialist	1.00	-	-	-	-
Source Control Inspector II	-	-	-	-	-
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Intern	-	0.50	-	-	-
Total Technical Services Administration	4.00	4.50	3.00	4.00	4.00

Historical Staffing Detail

Division & Position	Authorized FTEs 2005-06	Authorized FTEs 2006-07	Authorized FTEs 2007-08	Proposed FTEs 2008-09	Proposed FTEs 2009-10
620 Environmental Compliance & Regulatory Affairs					
Environmental Assessment Manager	1.00	1.00	1.00	1.00	1.00
Environmental Supervisor	-	-	3.00	2.00	2.00
Legal & Regulatory Affairs Liaison	1.00	1.00	-	-	-
Senior Engineer	-	-	1.00	1.00	1.00
Senior Scientist	2.00	2.00	1.00	1.00	1.00
Engineer	-	-	1.00	1.00	1.00
Boat Captain	1.00	1.00	-	-	-
Regulatory Specialist	1.00	1.00	3.00	2.00	2.00
Associate Engineer III	-	-	1.00	1.00	1.00
Principal Environmental Specialist	3.00	3.00	2.00	1.50	1.50
Senior Environmental Specialist	3.00	3.00	3.00	3.50	3.50
Environmental Specialist	2.00	2.00	-	-	-
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Intern	-	1.00	1.50	1.50	1.50
Total Environmental Assessment	15.00	16.00	18.50	16.50	16.50
630 Environmental Laboratory and Ocean Monitoring					
Laboratory Manager	1.00	1.00	1.00	1.00	1.00
Laboratory Section Supervisor	4.00	4.00	3.00	3.00	3.00
Environmental Supervisor	-	-	1.00	1.00	1.00
LIMS Administrator	2.00	2.00	1.00	1.00	1.00
Senior Scientist	1.00	1.00	3.00	3.00	3.00
Boat Captain	-	-	1.00	-	-
Scientist	2.00	2.00	2.00	2.00	2.00
Principal Environmental Specialist	-	-	2.00	2.00	2.00
Principal Laboratory Analyst	9.00	9.00	10.00	10.00	10.00
Senior Environmental Specialist	-	-	3.00	4.00	4.00
Senior Laboratory Analyst	7.00	8.00	11.00	11.00	11.00
Environmental Specialist	-	-	1.00	1.00	1.00
Laboratory Analyst	6.00	5.00	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
Program Assistant	1.00	1.00	1.00	-	-
Intern	-	1.00	1.50	0.50	0.50
Total Environmental Sciences Laboratory	37.00	38.00	48.50	46.50	46.50
640 Source Control					
Source Control Manager	1.00	1.00	1.00	1.00	1.00
Engineering Supervisor	2.00	2.00	2.00	2.00	2.00
Senior Regulatory Specialist	1.00	1.00	1.00	1.00	1.00
Engineer	7.00	7.00	6.00	6.00	6.00
Regulatory Specialist	1.00	1.00	1.00	1.00	1.00
Source Control Supervisor	1.00	1.00	1.00	1.00	1.00
Associate Engineer III	3.00	3.00	3.00	3.00	3.00
Principal Environmental Specialist	3.00	2.00	2.00	2.00	2.00
Senior Environmental Specialist	-	-	1.00	2.00	2.00
Source Control Inspector II	12.00	12.00	12.00	11.00	11.00
Environmental Specialist	1.00	1.00	-	-	-
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Environmental Technician	2.00	2.00	3.00	3.00	3.00
Program Assistant	4.00	4.00	4.00	5.00	5.00
Office Assistant	1.00	1.00	1.00	1.00	1.00
Total Source Control	40.00	39.00	39.00	40.00	40.00

2008-09 & 2009-10 Budget

Division & Position	Authorized FTEs 2005-06	Authorized FTEs 2006-07	Authorized FTEs 2007-08	Proposed FTEs 2008-09	Proposed FTEs 2009-10
660 Environmental Compliance Services					
Engineering Manager	1.00	1.00	-	-	-
Engineering Supervisor	1.00	1.00	-	-	-
Legal & Regulatory Affairs Liaison	1.00	1.00	-	-	-
Senior Engineer	1.00	1.00	-	-	-
Senior Scientist	1.00	1.00	-	-	-
Engineer	2.00	3.00	-	-	-
Regulatory Specialist	2.00	1.00	-	-	-
Associate Engineer III	2.00	2.00	-	-	-
Principal Environmental Specialist	1.00	1.00	-	-	-
Associate Engineer II	-	1.00	-	-	-
Senior Environmental Specialist	3.00	4.00	-	-	-
Environmental Specialist	1.00	1.00	-	-	-
Administrative Assistant	1.00	1.00	-	-	-
Environmental Technician	1.00	1.00	-	-	-
Intern	-	1.50	-	-	-
Total Environmental Compliance Services	18.00	21.50	-	-	-
Total Technical Services Department	114.00	119.00	109.00	107.00	107.00
Engineering Department					
710 Engineering Administration					
Director of Engineering	1.00	1.00	1.00	1.00	1.00
Senior Engineer	1.00	1.00	-	-	-
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Total Engineering Administration	3.00	3.00	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	2.00	2.00
Senior Engineer	1.00	1.00	-	1.00	1.00
Engineer	1.00	1.00	2.00	3.00	3.00
Principal Engineering Data Management Specialist	-	1.00	-	-	-
Senior Engineering Data Management Specialist	1.00	1.00	1.00	1.00	1.00
Engineering Data Management Specialist	1.00	-	-	-	-
Associate Engineer III	1.00	1.00	1.00	-	-
Senior Engineering Associate	2.00	2.00	2.00	3.00	3.00
Engineering Associate	1.00	1.00	2.00	2.00	2.00
Engineering Data Management Technician II	3.00	3.00	3.00	2.00	2.00
Engineering Assistant II	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	1.00	2.00	2.00	2.00
Total Planning	16.00	16.00	16.00	19.00	19.00
750 Project Management Office					
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 Capital Improvement Program Project Manager	-	-	1.00	1.00	1.00
Capital Improvement Program Project Manager	8.00	8.00	6.00	6.00	6.00
Senior Engineer	-	-	-	1.00	1.00
Principal Engineering Data Management Specialist	-	-	1.00	1.00	1.00
Principal Staff Analyst	2.00	2.00	2.00	2.00	2.00
Cost Estimator	-	-	1.00	1.00	1.00
Planner/Scheduler	1.00	1.00	1.00	1.00	1.00
Engineering Assistant II	0.75	0.75	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	-	-
Office Assistant	1.00	1.00	1.00	1.00	1.00
Total Project Management Office	15.75	15.75	17.00	17.00	17.00

Historical Staffing Detail

Division & Position	Authorized FTEs 2005-06	Authorized FTEs 2006-07	Authorized FTEs 2007-08	Proposed FTEs 2008-09	Proposed FTEs 2009-10
760 Engineering & Construction					
Engineering Manager	1.00	1.00	1.00	1.00	1.00
Engineering Supervisor	4.00	4.00	4.00	4.00	4.00
Senior Construction Inspection Supervisor	1.00	1.00	1.00	1.00	1.00
Senior Engineer	6.00	7.00	8.00	9.00	9.00
Construction Inspection Supervisor	3.00	3.00	3.00	2.00	2.00
Engineer	13.00	12.00	10.00	12.00	12.00
Principal Staff Analyst	-	-	-	1.00	1.00
Associate Engineer III	4.00	4.00	4.00	5.00	5.00
Cost Estimator	1.00	1.00	-	-	-
Planner/Scheduler	-	1.00	-	-	-
Senior Engineering Associate	2.00	2.00	1.00	1.00	1.00
Senior Construction Inspector	9.00	9.00	7.00	7.00	7.00
Associate Engineer II	1.00	-	-	-	-
Engineering Associate	1.00	1.00	-	-	-
Construction Inspector	9.00	8.00	10.00	10.00	10.00
Engineering Assistant II	3.00	3.00	3.00	2.00	2.00
Administrative Assistant	4.00	3.00	3.00	4.00	4.00
Engineering Assistant I	1.00	1.00	1.00	1.00	1.00
Office Assistant	1.00	1.00	1.00	-	-
Intern	-	1.50	1.50	0.50	0.50
Total Engineering & Construction	64.00	63.50	58.50	60.50	60.50
770 Facilities Engineering					
Engineering Manager	-	-	1.00	1.00	1.00
Engineering Supervisor	-	-	1.00	1.00	1.00
Senior Engineer	-	-	1.00	-	-
Engineer	-	-	5.00	5.00	5.00
Associate Engineer III	-	-	1.00	1.00	1.00
Associate Engineer II	-	-	1.00	-	-
Engineering Associate	-	-	-	1.00	1.00
Administrative Assistant	-	-	1.00	1.00	1.00
Total Facilities Engineering	-	-	11.00	10.00	10.00
Total Engineering Department	98.75	98.25	104.50	108.50	108.50
Operations & Maintenance Department					
810 Operations & Maintenance Administration					
Director of Operations & Maintenance	1.00	1.00	1.00	1.00	1.00
Principal Financial Analyst	1.00	1.00	-	-	-
Utilities Management Specialist	2.00	1.00	-	-	-
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Total Operations & Maintenance Administration	5.00	4.00	2.00	2.00	2.00
410 Regional Assets & Services					
Director of Regional Assets & Services	1.00	1.00	-	-	-
Engineering Supervisor	1.00	1.00	1.00	-	-
Senior Engineer	1.00	1.00	1.00	-	-
Engineer	1.00	1.00	-	-	-
Principal Financial Analyst	1.00	1.00	1.00	-	-
Principal Staff Analyst	1.00	1.00	1.00	-	-
Senior Engineering Associate	1.00	1.00	1.00	-	-
Executive Assistant	1.00	1.00	1.00	-	-
Total Regional Assets & Services	8.00	8.00	6.00	-	-

2008-09 & 2009-10 Budget

Division & Position	Authorized FTEs 2005-06	Authorized FTEs 2006-07	Authorized FTEs 2007-08	Proposed FTEs 2008-09	Proposed FTEs 2009-10
420 Collection Facilities Operations & Maintenance					
Engineering Manager	-	1.00	1.00	1.00	1.00
Senior Maintenance Supervisor	1.00	1.00	-	-	-
Maintenance Supervisor	2.00	2.00	2.00	2.00	2.00
Senior Engineering Associate	-	-	-	-	-
CMMS Technician II	1.00	-	-	-	-
Lead Mechanic	4.00	4.00	4.00	4.00	4.00
Senior Mechanic	8.00	9.00	9.00	9.00	9.00
Executive Assistant	-	-	-	-	-
Administrative Assistant	-	-	-	1.00	1.00
Mechanic	8.00	7.00	7.00	7.00	7.00
Total Collection Facilities Operations & Maintenance	24.00	24.00	23.00	24.00	24.00
430 Facilities Maintenance Services					
Facilities Manager	-	1.00	1.00	1.00	1.00
Senior Maintenance Supervisor	1.00	1.00	-	-	-
Maintenance Supervisor	3.00	2.00	2.00	4.00	4.00
Maintenance Specialist	2.00	-	-	7.00	7.00
CMMS Technician II	1.00	-	-	6.00	6.00
Lead Mechanic	2.00	1.00	1.00	1.00	1.00
Lead Welder/Fabricator	1.00	-	-	-	-
Machinist	1.00	-	-	-	-
Automotive/ Heavy Equipment Technician	3.00	3.00	3.00	3.00	3.00
Equipment Operator	3.00	3.00	2.00	2.00	2.00
Senior Mechanic	3.00	-	-	-	-
Welder/Fabricator	2.00	-	-	-	-
Engineering Assistant I	-	-	-	1.00	1.00
Lead Facilities Worker	3.00	3.00	3.00	3.00	3.00
Facilities Worker/Builder	2.00	2.00	2.00	2.00	2.00
Facilities Worker/Painter	2.00	2.00	2.00	2.00	2.00
Automotive/ Heavy Equipment Assistant	1.00	1.00	1.00	1.00	1.00
Office Assistant	-	-	-	1.00	1.00
Total Facilities Maintenance Services	30.00	19.00	17.00	34.00	34.00
820 Operations & Maintenance Process Engineering					
Engineering Manager	1.00	1.00	1.00	-	-
Engineering Supervisor	1.00	1.00	1.00	1.00	1.00
Senior Engineer	3.00	3.00	2.00	3.00	3.00
Senior Scientist	0.50	0.50	0.50	1.00	1.00
Engineer	5.00	5.00	-	1.00	1.00
Principal Financial Analyst	-	-	-	1.00	1.00
Regulatory Specialist	-	-	1.00	1.00	1.00
Associate Engineer III	2.00	2.00	2.00	2.00	2.00
Senior Environmental Specialist	1.00	1.00	3.00	3.00	3.00
Administrative Assistant	1.00	1.00	-	-	-
Environmental Technician	-	-	1.00	1.00	1.00
Intern	-	-	0.50	0.50	0.50
Total Operations & Maintenance Process Engineering	14.50	14.50	12.00	14.50	14.50

Historical Staffing Detail

Division & Position	Authorized FTEs 2005-06	Authorized FTEs 2006-07	Authorized FTEs 2007-08	Proposed FTEs 2008-09	Proposed FTEs 2009-10
830 Plant No. 1 Operations					
Engineering Manager	-	-	-	1.00	1.00
Operations Manager	0.50	0.50	-	-	-
Chief Plant Operator	1.00	1.00	1.00	1.00	1.00
Operations Supervisor	7.00	7.00	7.00	7.00	7.00
Lead Plant Operator	-	-	5.00	5.00	5.00
Senior Plant Operator	16.00	16.00	16.00	17.00	17.00
Administrative Assistant	0.75	0.75	0.75	0.75	0.75
Plant Operator	14.00	14.00	9.00	10.00	10.00
Control Center Technician	3.00	3.00	3.00	3.00	3.00
Total Plant No. 1 Operations	42.25	42.25	41.75	44.75	44.75
840 Plant No. 2 Operations					
Operations Manager	0.50	0.50	-	-	-
Chief Plant Operator	1.00	1.00	1.00	1.00	1.00
Operations Supervisor	8.00	7.00	7.00	7.00	7.00
Lead Plant Operator	-	-	5.00	5.00	5.00
Senior Plant Operator	11.00	12.00	12.00	13.00	13.00
Plant Operator	24.00	24.00	18.00	19.00	19.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Equipment Operator	1.00	1.00	1.00	1.00	1.00
Control Center Technician	1.00	1.00	1.00	1.00	1.00
Total Plant No. 2 Operations	47.50	47.50	46.00	48.00	48.00
850 Mechanical and Reliability Maintenance					
Maintenance Manager	0.50	1.00	1.00	1.00	1.00
Senior Engineer	-	-	2.00	-	-
Senior Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00
Engineer	1.00	1.00	2.00	-	-
Utilities Management Specialist	-	-	1.00	1.00	1.00
Maintenance Supervisor	5.00	7.00	7.00	5.00	5.00
Associate Engineer III	-	-	1.00	1.00	1.00
Maintenance Specialist	3.00	7.00	7.00	-	-
Reliability Technician	-	-	-	1.00	1.00
CMMS Technician II	2.00	6.00	6.00	-	-
Lead Electrical Technician	-	1.00	-	-	-
Lead Power Plant Operator	1.00	-	-	-	-
Electrical Technician II	-	2.00	-	-	-
Lead Mechanic	3.00	5.00	5.00	5.00	5.00
Lead Welder/Fabricator	-	1.00	1.00	1.00	1.00
Power Plant Operator II	9.00	-	-	-	-
Machinist	-	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Senior Mechanic	30.00	34.00	33.00	33.00	33.00
Welder/Fabricator	-	2.00	2.00	2.00	2.00
Engineering Assistant I	1.00	1.00	1.00	-	-
Senior Maintenance Worker	1.00	1.00	-	-	-
Mechanic	-	-	1.00	2.00	2.00
Maintenance Worker	-	-	-	2.00	2.00
Office Assistant	-	1.00	1.00	-	-
Total Mechanical and Reliability Maintenance	58.50	73.00	74.00	57.00	57.00

2008-09 & 2009-10 Budget

Division & Position	Authorized FTEs 2005-06	Authorized FTEs 2006-07	Authorized FTEs 2007-08	Proposed FTEs 2008-09	Proposed FTEs 2009-10
860 Instrumentation & Electrical Maintenance					
Maintenance Manager	0.50	-	-	-	-
Process Controls Manager	-	1.00	1.00	1.00	1.00
Engineering Supervisor	-	1.00	1.00	2.00	2.00
Senior Engineer	-	1.00	2.00	2.00	2.00
Principal Information Technology Analyst	-	2.00	2.00	2.00	2.00
Senior Maintenance Supervisor	1.00	1.00	-	-	-
Engineer	-	4.00	2.00	2.00	2.00
Senior Information Technology Analyst	-	2.00	3.00	3.00	3.00
Maintenance Supervisor	6.00	5.00	5.00	5.00	5.00
Maintenance Specialist	3.00	-	-	-	-
Information Technology Analyst III	-	3.00	2.00	2.00	2.00
CMMS Technician II	2.00	-	-	-	-
Information Technology Analyst II	-	-	2.00	1.00	1.00
Lead Electrical Technician	3.00	2.00	4.00	4.00	4.00
Lead Instrumentation Technician	2.00	2.00	2.00	3.00	3.00
Lead Power Plant Operator	-	1.00	1.00	1.00	1.00
Electrical Technician II	16.00	14.00	15.00	15.00	15.00
Instrumentation Technician II	19.00	19.00	19.00	19.00	19.00
Power Plant Operator II	-	9.00	9.00	9.00	9.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Electrical Technician I	-	-	-	1.00	1.00
Instrumentation Technician I	-	-	-	2.00	2.00
Office Assistant	1.00	-	-	-	-
Total Instrumentation & Electrical Maintenance	54.50	68.00	71.00	75.00	75.00
Total Operations & Maintenance Department	284.25	300.25	292.75	299.25	299.25
Grand Total, All Departments	644.00	644.00	634.00	641.00	648.00

Appropriations Limit

Appropriations Limit

Article XIII B 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 2008-09 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 2008-09. The increase in the limit is based upon population changes ranging from 0.34% to 2.58% for major cities within the District as provided by the State Department of Finance and a per capita personal income change of 4.29% as provided by the State Department of Finance.

Annual Appropriation Limits:	
2006-07	\$71,515,000
2007-08	\$75,209,000
2008-09	\$79,153,000

Proceeds of Taxes (Appropriations)	
2008-09	\$26,416,000

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.

2008-09 & 2009-10 Budget

Budget Glossary

Accounting System:

The set of records and procedures which are used to record, classify, and report information on the financial status and operations of an entity.

Accrual Basis Accounting:

Under this accounting method, transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements.

Administrative and Clerical:

An employee group that provides administrative and clerical support.

Ad Valorem Taxes:

The District's allocated share of the property taxes assessed by the County representing a 2% annual increase in assessed values of property taxes.

Annual Budget:

A budget applicable to a single fiscal year.

Appropriation Ordinance:

The official legal document approved by the District's Board of Directors authorizing officials to obligate and expend resources.

Appropriation:

An authorization made by the District's Board of Directors which permits officials to incur obligations against and to make expenditures of governmental resources. Operating appropriations are typically granted for a one-year period.

Assessed Valuation:

The estimated value of real and personal property used by the Orange County Assessor as the basis for levying property taxes.

Balanced Budget:

A budget in which the sum of estimated net revenues and appropriated fund balances is equal to appropriations.

Biennial Budget:

A budget applicable to two individual fiscal years.

Budget Document:

The official financial spending and resource plan submitted by the General Manager, adopted by the Board of Directors, and made available to the public and other interested parties.

Budget Message:

A written explanation by the General Manager of the proposed budget. The budget message explains principal budget and policy issues and presents an overview of the General Manager's budget recommendations.

Budget Calendar:

The schedule of key dates which the District follows in preparing and adopting the budget.

Capital Facilities Capacity Charge:

A one-time, nondiscriminatory charge imposed at the time a building or structure is newly connected to the District's system, directly or indirectly, or an existing structure or category of use is expanded or increased. This charge is to pay for District facilities in existence at the time the charge is imposed, or to pay for new facilities to be constructed in the future, that are of benefit to the property being charged. This charge does not apply to temporary facilities.

Capital Improvement Program:

A plan over a period of five years setting forth each capital project, the amount to be expended in each year, and the method of financing capital expenditures.

Capital Outlay:

Cash outlays which result in the acquisition of or additions to capital assets. Examples include land, buildings, machinery, equipment, and other improvements.

Capital Assets:

Assets of significant value which have a useful life of several years. Examples are land, buildings, other improvements, machinery, and equipment.

Cash Basis Accounting:

A basis of accounting under which transactions are recognized only when cash is received or disbursed.

Budget Glossary

Certificates of Participation (COPs):

A type of debt financing in which certificates are issued which represent an investor's participation in the stream of lease payments paid by the issuer. COPs are secured by the lease payments. Voter approval is not required prior to issuance.

Comprehensive Annual Financial Report (CAFR):

The official financial report of a government. It includes an audit opinion as well as basic financial statements and supporting schedules necessary to demonstrate compliance with legal and contractual requirements of the District.

Contingency:

A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contingent Liabilities:

Items which may become liabilities of the District but are undetermined at a given date, such as pending law suits, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts.

Contractual Services:

Personal services provided to the District from the private sector or other public agencies.

Debt Service:

Payment of interest and repayment of principal to holders of the District's debt instruments.

Decision Package:

A standardized format whereby departments may request budgetary consideration for new programs, positions, capital equipment, and position reclassification.

Deficit:

The excess of an entity's liabilities over its assets.

Encumbrance:

An amount of money committed for the payment of goods and services not yet received or paid for.

Engineers:

A professional engineers/employee group.

Enterprise Fund:

In governmental accounting, a fund that provides goods or services to the public for a fee that makes the entity self-supporting.

Executive Manager:

The group of employees which head each department.

Expenditures / Expenses:

Where accounts are kept on the accrual basis of accounting, expenses are recognized when goods are received or services rendered. Where accounts are kept on a cash basis, expenditures are recognized only when the cash payments are made.

FEMA:

Federal Emergency Management Agency. This agency provides federal grant monies for disaster relief.

Fiscal Year:

A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and results of its operations. The District's fiscal year runs from July 1 - June 30.

Five-Year Financial Forecast:

Estimates of future revenues and expenditures to help predict the future financial condition of the community.

FLSA:

The Fair Labor Standards Act sets minimum wage, overtime pay, equal pay, and Child Labor Standards to private and public sector employees. Enforcement of the FLSA is assigned to the Department of Labor (DOL), Wage and Hour Division.

Full-Time Equivalents (FTE):

The amount of time a regular, full-time employee normally works in a year. For example, a full-time employee (1 FTE) is budgeted to work 2,080 hours per year, while a .5 FTE is budgeted to work 1,040 hours per year.

Fund:

An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities.

2008-09 & 2009-10 Budget

Fund Accounting:

System used by nonprofit organizations, particularly governments. Since there is no profit motive, accountability is measured instead of profitability. The main purpose is stewardship of financial resources received and expended in compliance with legal requirements.

Fund Equity:

The excess of an entity's assets over liabilities.

General Obligation Bonds:

Bonds for which the full faith and credit of the insuring government are pledged for payment. Ad valorem property taxes are pledged to pay the bonds. A two-thirds voter approval is required prior to bond issuance.

Generally Accepted Accounting Principles (GAAP):

Uniform standards for financial accounting and reporting. They govern the form and content of the basic financial statements of an entity.

Government Finance Officers Association (GFOA):

A nonprofit, professional association, serving 13,000 government finance professionals through the United States and Canada.

GFOA's Distinguished Budget Presentation Award Program:

The only national awards program in governmental budgeting. It represents a significant accomplishment in meeting the highest principles of governmental budgeting and satisfying nationally recognized guidelines for effective budget presentation.

GFOA's Recommended Practices:

A listing of the Accounting, Auditing, and Financial Reporting practices recommended by the Government Finance Officers Association of the United States and Canada.

Groundwater Replenishment System (GWR):

A joint project by the Orange County Water District (OCWD) and the District, the GWR will reclaim up to 100 million gallons a day of the District's secondary effluent. It is in the final year of construction and when completed will be the largest water reclamation project in the nation.

Improvements:

Buildings, structures, or attachments to land such as sidewalks, trees, drives, tunnels, drains and sewers.

Interest:

Revenue derived from the investment of idle cash and/or reserves.

Intergovernmental Services:

Purchases from other governments of those specialized services typically performed by local governments.

Intergovernmental Revenue:

Revenue received from other governmental agencies and municipalities.

Levy:

(Verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments, or service charges imposed by a government levying property taxes.

Long-Term Debt or Long-Term Liabilities:

Debt borrowed from a source outside the District with a maturity of more than one year after the date of issuance.

Maintenance Employees:

An employee group of the District.

Manager Employees:

The group of employees who assume management responsibilities for operating divisions.

NPDES (National Pollution Discharge Elimination System):

Permit system established by the U.S. Environmental Protection Agency to regulate discharge of treated sewage, storm water, and urban runoff.

Object:

An expenditure classification which refers to the type of item purchased or the service obtained. Examples include personnel, supplies, or contract services.

Budget Glossary

OES:

State Office of Emergency Services. This agency provides state grant monies for disaster relief.

Operating Engineers:

An employee group of the District.

Operating Budget:

The operating budget is the primary means by which most of the financing of acquisition, spending, and service delivery activities of a government are controlled.

Other Revenues:

Revenues from sources, other than those specifically identified, that are immaterial in amount and do not justify reporting as separate line items.

Other Charges:

Expenditures that do not fit in other categories, are immaterial in amount, and do not justify reporting as separate line items.

Performance Measure:

Represents the objectives of each department along with a target date for achieving the objective.

Performance Results:

A summary of major accomplishments and objectives that were met during the fiscal year.

Permits:

Revenues earned by the issuance of permits levied in accordance with the benefits conferred by the permit.

Personnel:

Salaries and benefits paid to the District's employees. Included are items such as special duty pay, insurance, and retirement.

Personnel Benefits:

Those benefits paid by the District as conditions of employment. Examples include insurance and retirement benefits.

Professional Employees:

An employee group consisting of technical experts, analysts, and planners.

Program:

Organizational units directed to attain specific purposes or objectives.

Reserve:

A term used to indicate that a portion of fund equity is restricted for a specific purpose.

Resources:

Total dollars available for appropriations including estimated revenues and beginning fund equity.

Revenue Bonds:

Bonds issued pledging future revenues such as sewer charges to cover debt payments. A majority voter approval is required prior to bond issuance.

Revenue Estimate:

A formal estimate of how much revenue will be earned from a specific revenue source for some future period, typically a fiscal year.

Revenue:

Income received by the District to support wastewater treatment services. This income may be in the form of property taxes, fees, user charges, grants, and interest.

Service Charges:

Charges for specific services rendered.

Service Description:

A description of the services or functions provided by each department or division.

Significant Changes:

This section provides an overview of the changes adopted in the budget. Additionally, the significant impacts of budgetary changes are outlined (Budget Impact) along with dollar amounts (Increase/Decrease).

Strategic Goals:

District-wide goals that demonstrate the District's long-term commitment to excellence and that establish the framework necessary to maintain the District's high standards.

2008-09 & 2009-10 Budget

Strategic Plan:

A planning effort to define the District's goals, responsibilities, and requirements over a specified future period. Key factors used in the planning effort include estimates for population growth, new construction, the volume of wastewater delivered to the plants, and viable water conservation and reclamation programs.

Supervisory Employees:

An employee group whose members have responsibility for directing the work of line employees.

Supplemental Appropriation:

An appropriation approved by the Directors after the initial budget is adopted.

Supplies:

An expenditure classification for articles and commodities purchased for consumption or resale. Examples include office and operating supplies, fuel, power, water, gas inventory, or small tools and equipment.

Taxes:

Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.

Technical Services:

Support services to the District's wastewater management program through environmental sampling, analysis and research, source control of industrial users, administration of compliance programs to meet federal, state and local environmental standards; provides leadership and influence in the development and implementation of environmental policies, laws, and regulations.

Miscellaneous Statistics

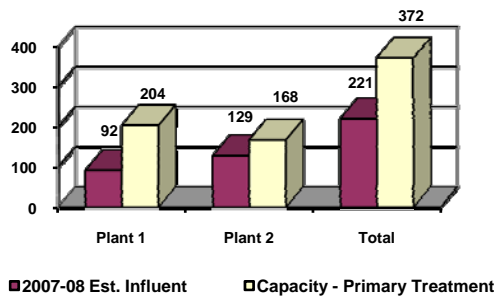
General Information

Year of Formation 1948
 Form of Government County Sanitation District
 Authority Section 4700 et. seq.
 California Health & Safety Code
 Service Area 471 sq. miles
 Service Population Approximately 2.5 million
 2007-08 Assessed Value \$292.7 billion

Miles of Sewers 568 miles
 On-Plant Pump Station 1
 Off-Plant Pump Stations 16
 Operating Authority RWQCB/NPDES Permit No.
 CA0110604
 Statewide WDR Order No. 2006-0003
 Authorized Staff (Full-Time Equivalent) 641.00

Treatment Information

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



2006-07 Influent BOD:

Plant No. 1 290 milligrams per liter
 Plant No. 2 230 milligrams per liter

2006-07 Influent Suspended Solids:

Plant No. 1 273 milligrams per liter
 Plant No. 2 270 milligrams per liter

2006-07 Effluent BOD 48 milligrams per liter

2006-07 Effluent Suspended Solids.. 33 milligrams per liter

2006-07 Biosolids Beneficially Used 231,480 wet tons

Primary Treatment Capacity (includes standby):

Plant No. 1 204 mgd
 Plant No. 2 168 mgd
 TOTAL 372 mgd

2007-08 Estimated Average Daily Influent:

Plant No. 1 92 mgd
 Plant No. 2 129 mgd
 TOTAL 221 mgd

Secondary Treatment Capacity:

Plant No. 1 110 mgd
 Plant No. 2 90 mgd
 TOTAL 200 mgd

2007-08 estimated Electricity Generated:

Plant No. 1 36,624,000 kwh
 Plant No. 2 57,888,000 kwh
 TOTAL 94,512,000 kwh

Legend:

mgd – million gallons per day
 kwh – kilowatts per hour

Financial Information

	2006-07 Actual	2007-08 Projected	2008-09 Proposed	2009-10 Proposed
Fees and Charges:				
One-Time 3-Bedroom Residence Connection	\$4,360.00	\$4,517.00	\$4,671.00	\$4,834.00
Average Annual Single-Family Residence Fee	\$165.80	\$182.00	\$201.00	\$221.00
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	\$1,268.38	\$ 1,516.06	\$ 1,654.98	\$ 1,738.13

Summary of COP Issues:

September 1993 Refunding	\$ 26,900,000	May 2007A Refunding	\$ 93,655,000
August 2000 Refunding / New Money	196,600,000	December 2007B New Money	300,000,000
August 2003 New Money	191,500,000	May 2008A Refunding	77,165,000
March 2006 New Money	196,600,000	Total Outstanding COP Balance 7/1/08	1,082,420,000

2008-09 & 2009-10 Budget

Population Information

ORANGE COUNTY SANITATION DISTRICT
Estimated Populations of Cities*
Served by the Orange County Sanitation District
January 1, 2008

<u>City</u>	<u>Population</u>	<u>City</u>	<u>Population</u>
Anaheim	346,820	Los Alamitos	12,190
Brea	40,080	Newport Beach	84,550
Buena Park	82,770	Orange	140,850
Costa Mesa	113,960	Placentia	51,730
Cypress	49,540	Santa Ana	353,180
Fountain Valley	57,930	Seal Beach	25,990
Fullerton	137,440	Stanton	39,280
Garden Grove	173,070	Tustin	74,220
Huntington Beach	201,990	Villa Park	6,260
Irvine	209,810	Westminster	93,030
La Habra	62,640	Yorba Linda	68,310
La Palma	16,180		
		Total	<u>2,441,820</u>

* The District also serves some unincorporated areas with an estimated population of 81,000.

Source: Demographic Research Unit, California Department of Finance.

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