

For The Year Ended
JUNE 30,
2024

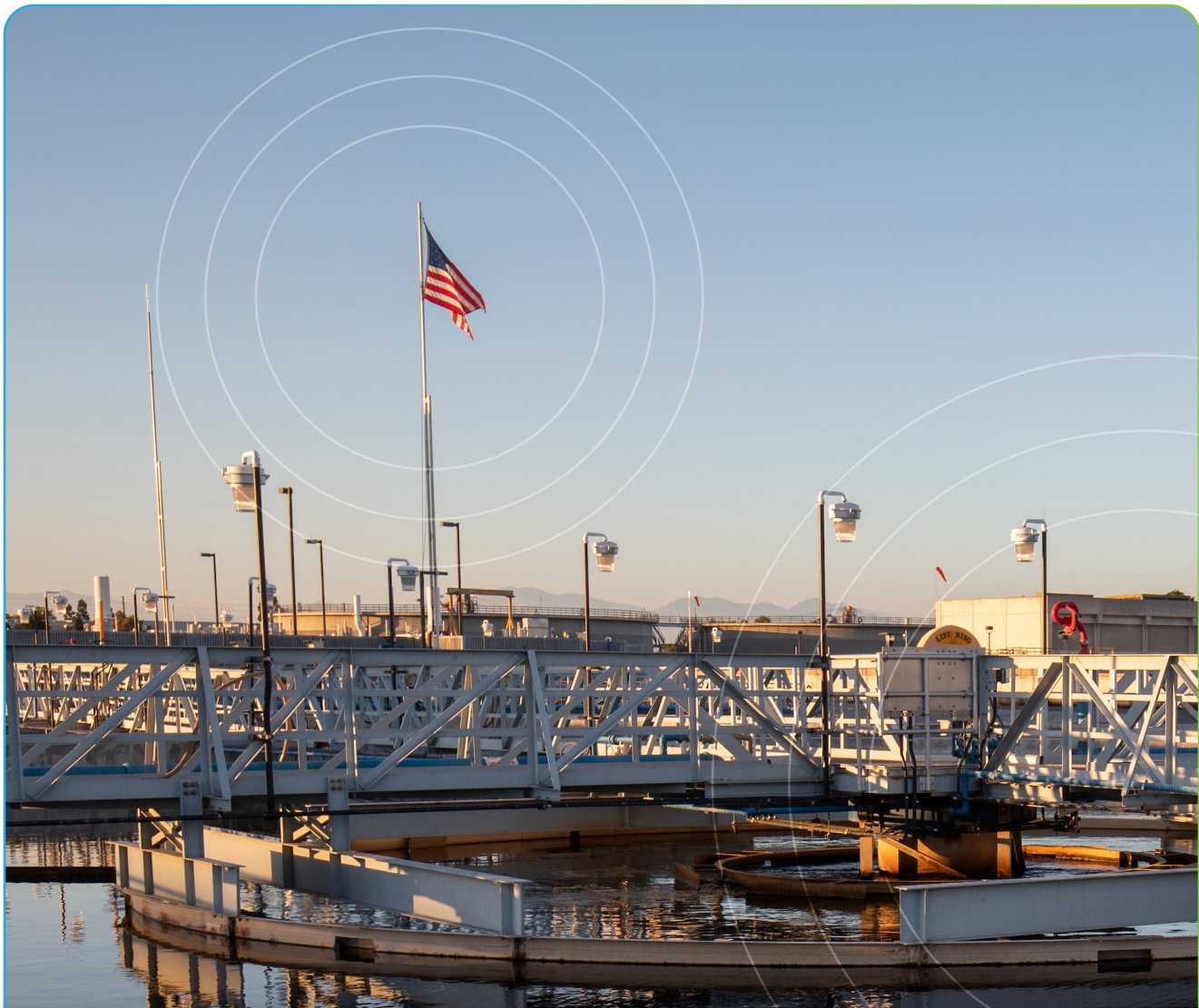
POPULAR ANNUAL FINANCIAL REPORT



ORANGE COUNTY SANITATION DISTRICT

18480





OUR MISSION



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

OUR VISION



Orange County Sanitation District Will Be A Leader In:

Providing reliable, responsive, and affordable services in line with customer needs and expectations.

Protecting public health and the environment utilizing all practical and effective means for wastewater, energy, and solids resource recovery.

Continually seeking efficiencies to ensure that the public's money is wisely spent.

Communicating our mission and strategies with those we serve and all other stakeholders.

Partnering with others to benefit our customers, this region, and our industry.

Creating the best possible workforce in terms of safety, productivity, customer service, and training.

INTRODUCTION LETTER



We are proud to present Orange County Sanitation District's (OC San) Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2024. The PAFR provides an easily accessible overview of the financial details contained in our 100-page Annual Comprehensive Financial Report (ACFR).

The PAFR draws directly from the ACFR, which provides a more detailed breakdown of our financial data and undergoes a rigorous audit process conducted by Davis Farr. The ACFR is prepared in conformity with generally accepted accounting principles. You can find the complete 2024 ACFR available for review on OC San's official website at www.ocsan.gov.

This report, along with the ACFR, could not have been accomplished without the dedicated services of the Financial Management Division staff who assisted in its preparation. I would also like to thank OC San's Board of Directors and the General Manager for their interest and support in conducting the financial operations of OC San in a responsible and progressive manner.

I hope this new report will continue to demonstrate OC San's commitment to transparency and fiduciary responsibility as we continue to provide wastewater collection, treatment, and recycling for approximately 2.6 million people in central and northwest Orange County. Please do not hesitate to contact OC San if you have any questions, comments and or feedback at 714.962.2411 or via e-mail: ForInformation@ocsan.gov.



Ruth Zintzun
Finance Manager

BOARD OF DIRECTORS



CITIES

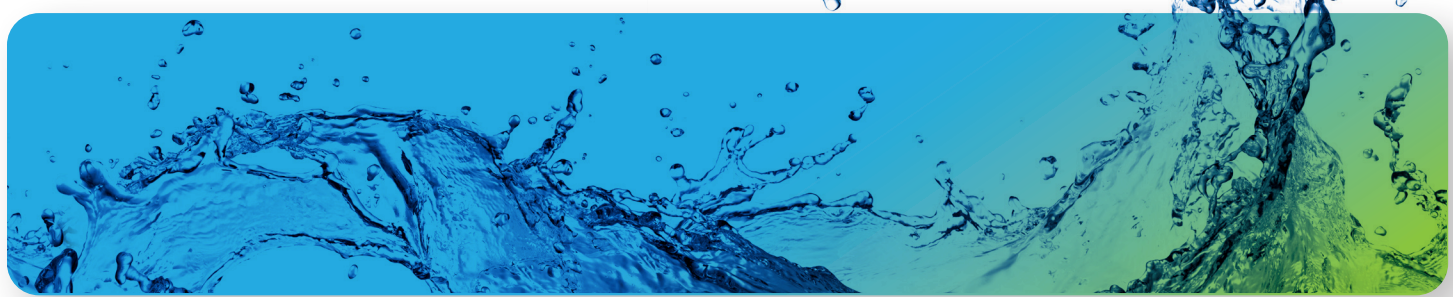
ACTIVE DIRECTOR

Anaheim	Stephen Faessel
Brea	Christine Marick
Buena Park	Joyce Ahn
Cypress	Scott Minikus
Fountain Valley	Glenn Grandis
Fullerton	Bruce Whitaker
Garden Grove	Stephanie Klopfenstein
Huntington Beach	Pat Burns
Irvine	Farrah N. Khan
La Habra	Rose Espinoza
La Palma	Debbie Baker
Los Alamitos	Jordan Nefulda
Newport Beach	Brad Avery
Orange	Jon Dumitru (Vice-Chairman)
Placentia	Chad Wanke
Santa Ana	Johnathan Ryan Hernandez
Seal Beach	Schelly Sustarsic
Stanton	David Shawver
Tustin	Ryan Gallagher (Chairman)
Villa Park	Robbie Pitts

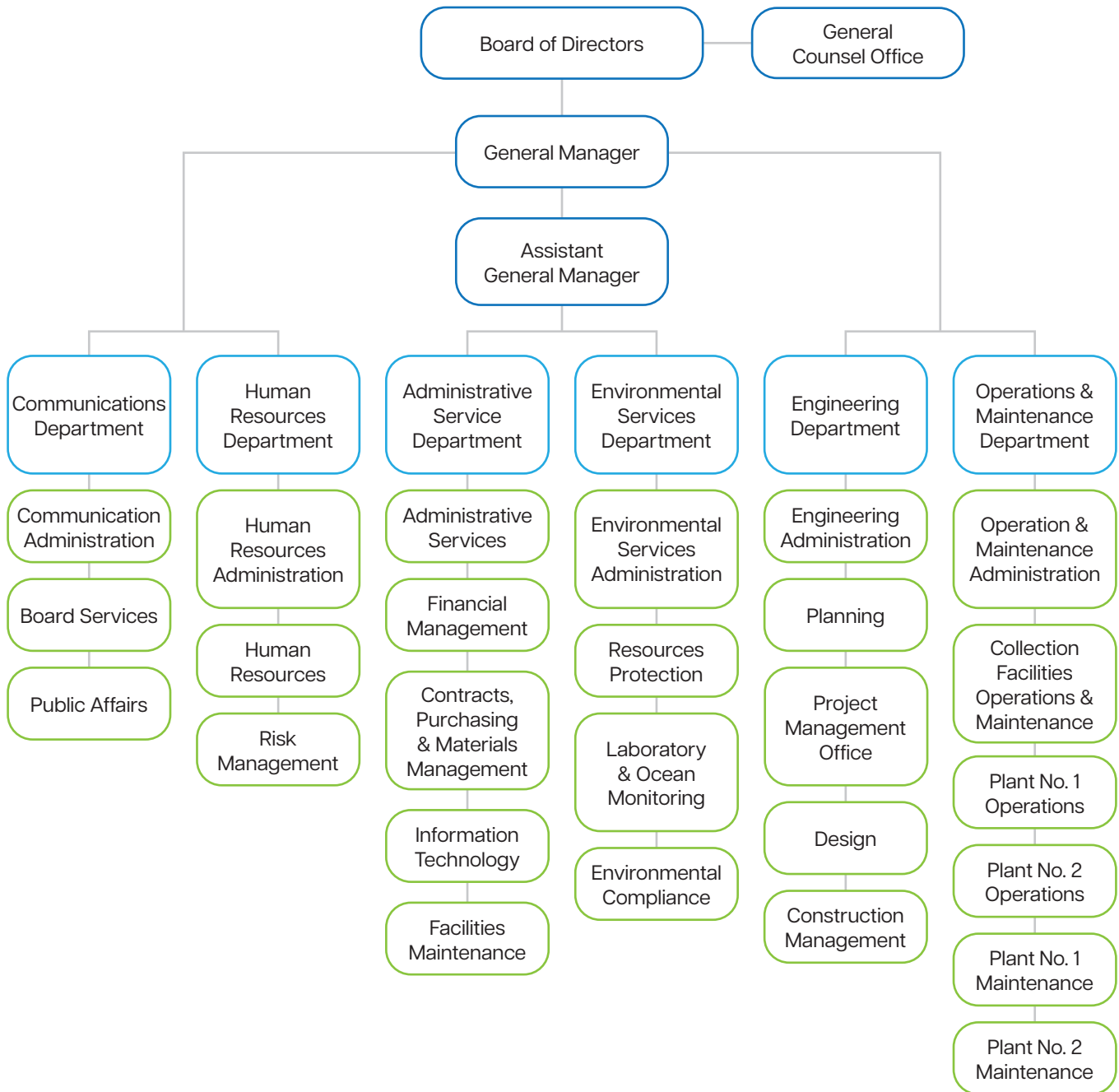
AGENCIES

ACTIVE DIRECTOR

Costa Mesa Sanitary District	Robert Ooten
Midway City Sanitary District	Andrew Nguyen
Irvine Ranch Water District	John Withers
Yorba Linda Water District	Phil Hawkins
Member of the Board of Supervisors	Doug Chaffee

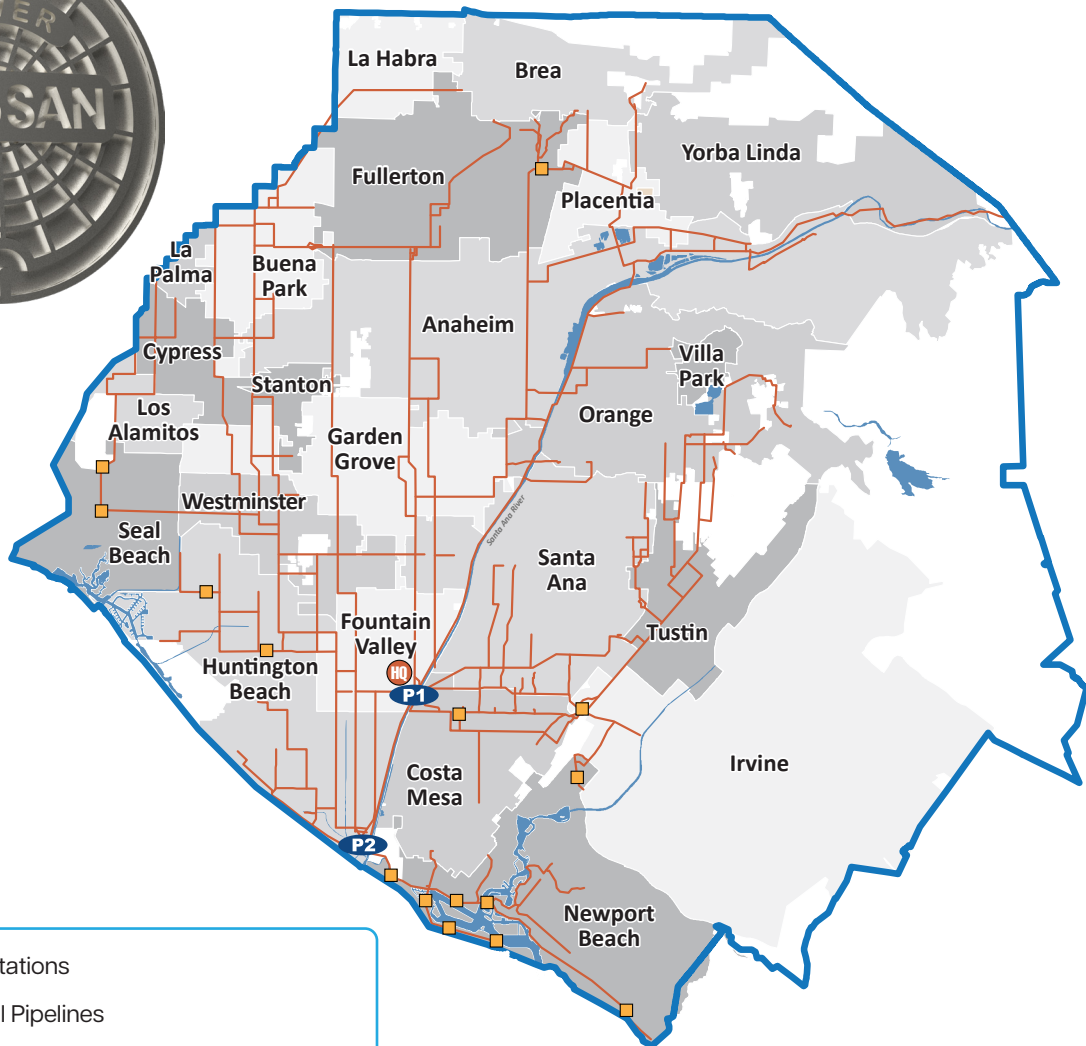


ORGANIZATIONAL CHART







OC SAN BY THE NUMBERS

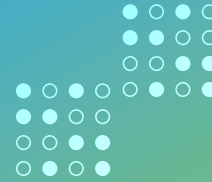
- + 479 Total Service Area In Square Miles
- + 2.6 Million People Served
- + 100% Of Reclaimable Flow Recycled
- + Over 380 Miles Of Regional Sewers
- + 2 Reclamation Plants
- + 193 Million Gallons Per Day Processed



LEGEND

-  Pump Stations
-  Regional Pipelines
-  OC San Headquarters
-  Reclamation Plants Nos. 1 and 2 (P1 & P2)

STRATEGIC PLAN



Preparing and planning for the future of OC San and the community we serve is the essence of who we are. As part of the planning process, OC San has created a guiding document – the OC San Strategic Plan.

Strategic planning is the first step in defining OC San's ability to have people and assets in the right place at the right time to meet its agreed upon mission and levels of service.

Key policies are focused on four broad categories:



BUSINESS PRINCIPLES



ENVIRONMENTAL STEWARDSHIP



WASTEWATER MANAGEMENT



WORKPLACE ENVIRONMENT



Read the **OC San Strategic Plan.**

CORE VALUES

The Core Values support our 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.



INTEGRITY, INCLUSION, HONESTY, AND RESPECT

We aspire to the highest degree of integrity, inclusion, honesty, and respect in our interaction with each other, our suppliers, our customers, and our community. We strive to demonstrate these values in our actions, commitments, and service.

LEADERSHIP, TEAMWORK, AND PROBLEM SOLVING

We lead by example, acknowledging the value of our resources and using them wisely to achieve our mission. We strive to reach OC San goals through cooperative efforts and collaboration with each other and our constituencies. We work to solve problems in a creative, cost-effective, and safe manner, and we acknowledge team and individual efforts.

CUSTOMER SERVICE, TRANSPARENCY, AND ACCOUNTABILITY

We are committed to acting in a timely, accurate, accessible, and transparent manner through excellent customer service. We are committed to act in the best interest of our internal and external stakeholders.

RESILIENCY, INNOVATION, AND LEARNING

We continuously develop ourselves, enhancing our talents, skills, and abilities. We recognize that only through personal growth and development will we progress as an agency and as individuals.

SAFETY

We are committed to providing a safe work environment. We will demonstrate leadership, promote individual accountability, and participate actively in the advancement of our health and safety practices.

CONSTRUCTION PROGRAM

OC San's Asset Management Plan drives our 20-year Capital Improvement Program (CIP) and determines the proper timing of our projects to maximize the life of our assets. The Asset Management Group works continuously with our Operations and Maintenance Department to properly define the timing of large CIP projects and the execution of many small projects essential to the day-to-day operations of the collections and plants to maintain reliable and resilient facilities.

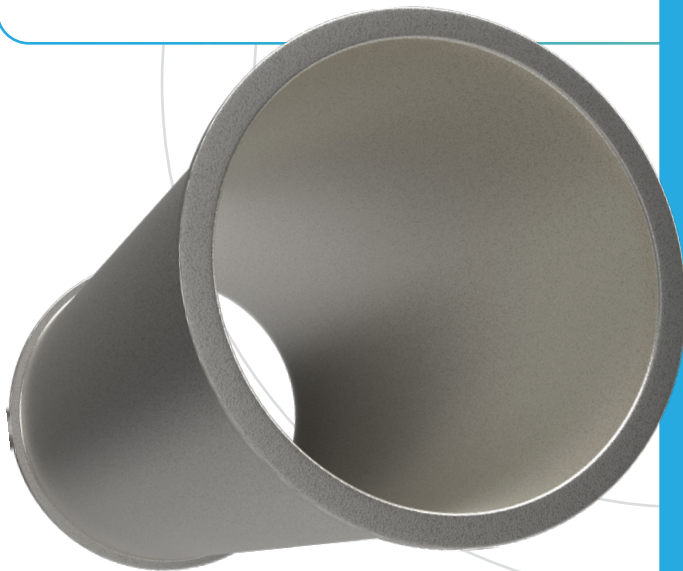
Some project highlights from the fiscal year ended June 30, 2024 include:



Gisler-Red Hill Interceptor and Baker Force Main Rehabilitation (Project No. 7-65)

🕒 Construction 2023-2026 📊 Construction Budget \$43.5 million

The Gisler-Red Hill Interceptor was constructed in the early 1960's and consists of approximately 3 ½ miles of vitrified clay pipe. It crosses several high-volume roads including Interstate 405, Highway 55, and Highway 73. The Baker Force Mains were constructed in 1991 and consists of one mile of dual force mains. The force mains are used to transport wastewater flows from the Main Street Pump Station. The project also includes replacing valves and piping at the Main Street Pump Station located in the City of Irvine.





Headworks Rehabilitation at Plant No. 1 (Project No. P1-105)

🕒 Construction 2021-2028 📊 Construction Budget \$225.0 million

This is a comprehensive rehabilitation effort to the headworks facilities, the first point of entry of wastewater into Plant No. 1. The headworks facilities were built in 1989. The work needs to occur all while still treating the average 124 million gallons per day of wastewater received at Plant No. 1. The project includes rehabilitation of the metering and diversion structure, bar screen building, main sewage pumps, and grit handling facility and new grit pump station, power building, electrical building, standby generation facility, and odor control. This complex project requires extensive coordination with plant operations for shutdowns, confined space entries, and working with live flows.



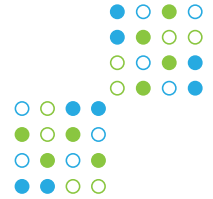
Headquarters Complex at Plant No. 1 (Project No. P1-128A)

🕒 Construction 2021-2024 📊 Construction Budget \$106.0 million

OC San has a new Headquarters in Fountain Valley. As we celebrate 70 years of history, we have also expanded our footprint in the city with the new Headquarters across the street from Plant No. 1. This will allow us to preserve Plant No. 1 for future process treatment facilities while still having administrative staff closely connected with a pedestrian skybridge spanning over a heavy traffic road. City residents have adopted the motto “A Nice Place to Live.” Following the city motto, the addition of the Headquarters is “A Nice Place to Work” for the workforce of over 300 professionals who relocated to the new building in June 2024. The remaining workforce are located at the two reclamation facilities.

A noticeable design feature is the use of mass timber combined with steel-braced frames. The wood elements provide a natural warmth to the interior of the building while reducing the overall carbon footprint of its construction. Other sustainable design features that target LEED (Leadership in Energy and Environmental Design) Gold certification and net-zero energy certification include photovoltaic panels on the roof and parking lot, sun-shading and building orientation to maximize daylighting while reducing glare and solar heat gain, and as a resource recovery agency, 100 percent of the Headquarters heat is provided from the plant operations.





Outfall Low Flow Pump Station (Project No. J-117B)

🕒 Construction 2019-2025 📊 Construction Budget \$95.4 million

Currently the longest duration project under construction at Plant No. 2. This project rehabilitates the mechanical, electrical, and instrumentation systems of the ocean outfall pump station that discharges non-reclaimable flows to the ocean outfall system. Because we are now able to recycle 100 percent of reclaimable flows, the flow through the ocean outfall is lower and requires a smaller pump station to handle the lower daily flows. This project also replaces the plant water pump station to allow it to use reclaimable water that can be recycled, replaces the electrical equipment in the CenGen facility, provides a plant-wide electrical power monitoring and control system, provides a new plant-wide fiber optic network, and provides new server rooms for process and IT equipment.



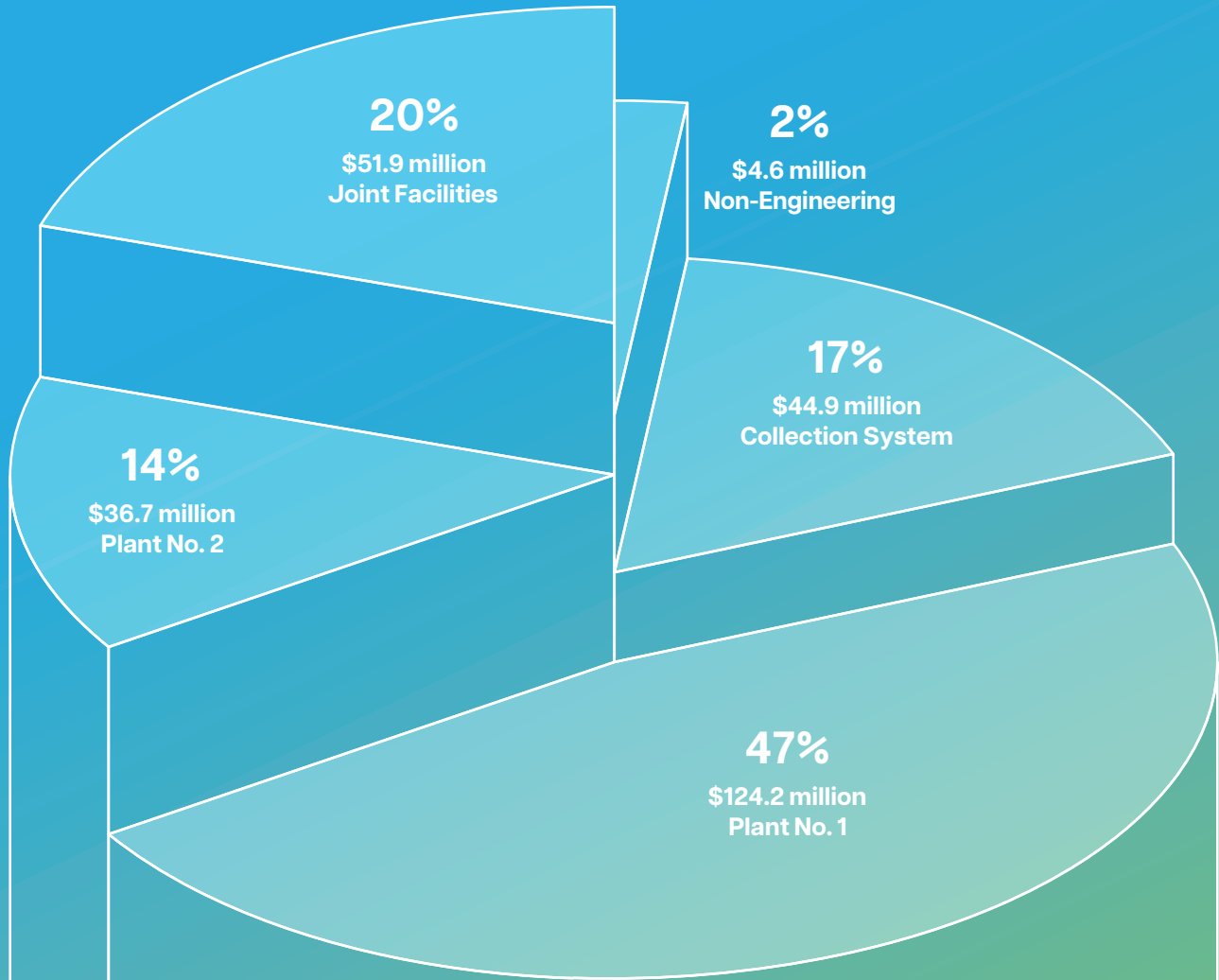
A-Side Primary Clarifiers Replacement at Plant 2 (Project No. P2-98A)

🕒 Construction 2021-2027 📊 Construction Budget \$112.3 million

Four primary clarifiers dating back to the 1960's are being replaced along with the existing odor control facility. Once construction is completed, the existing primary clarifiers will be demolished.

CIP EXPENDITURES

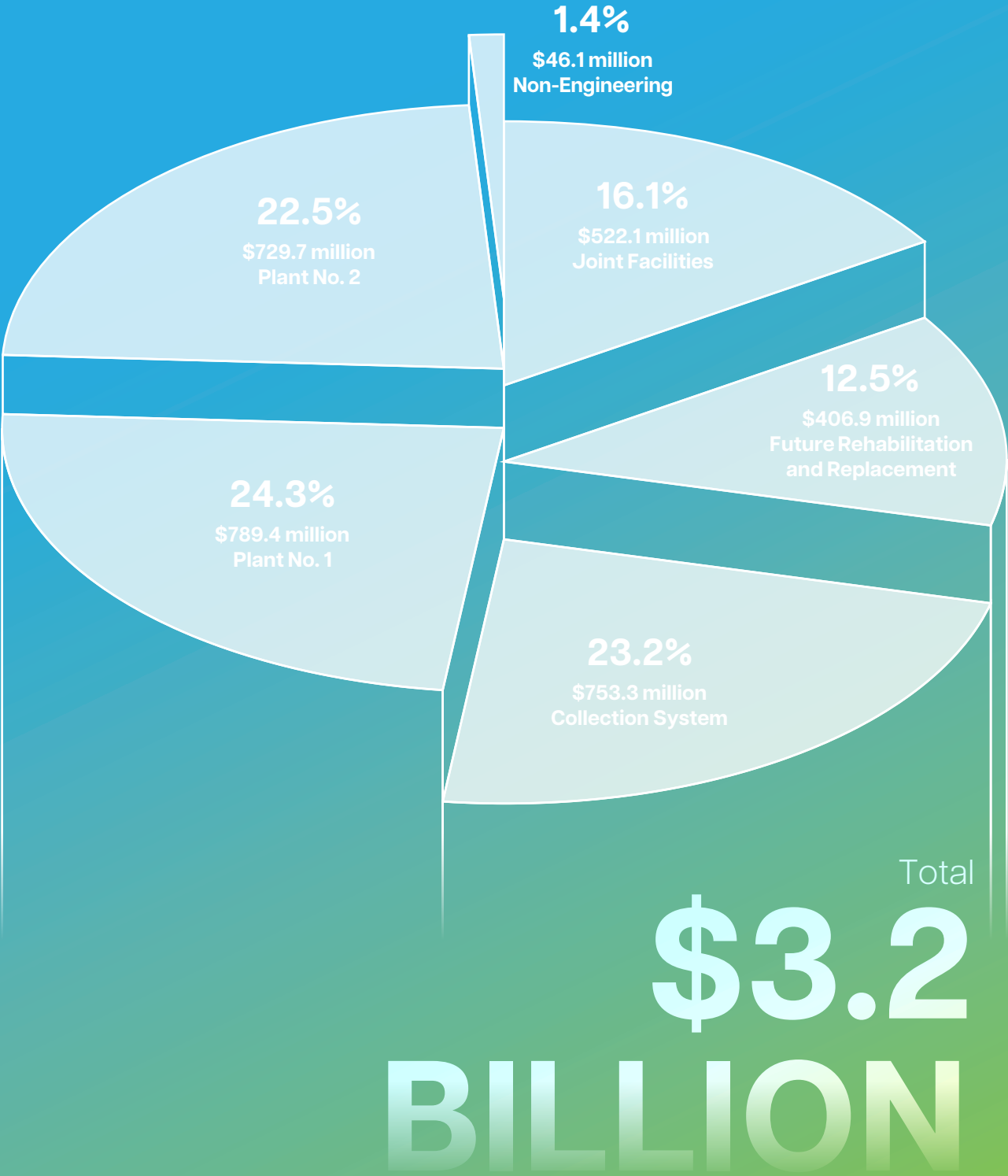
Fiscal Year 2023/24



Total
\$262.3
MILLION

10-YEAR NET CIP OUTLAY

Fiscal Year 2024/25 Through 2033/34

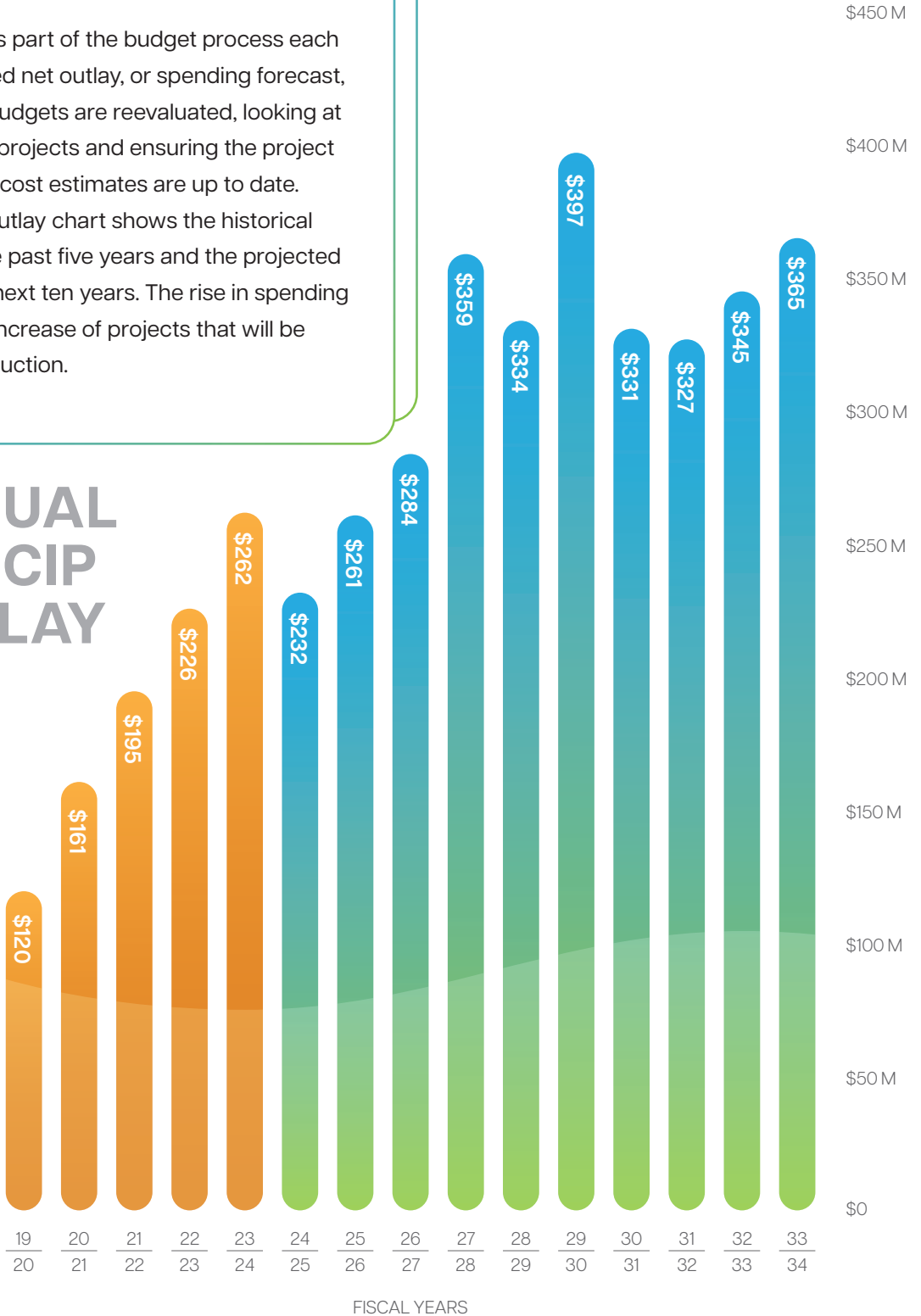


PROGRAM CASH FLOW

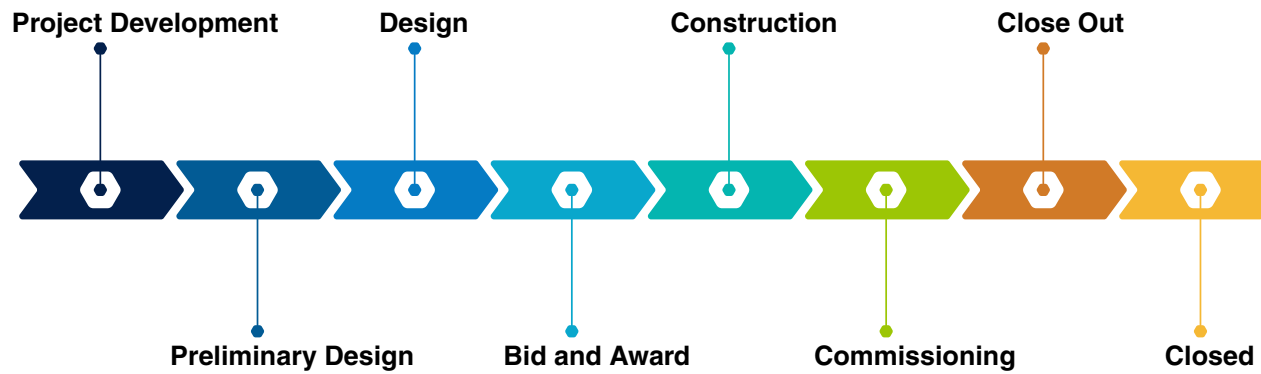
The CIP is validated as part of the budget process each year. The CIP projected net outlay, or spending forecast, is refined as project budgets are reevaluated, looking at active and future CIP projects and ensuring the project scope, schedule, and cost estimates are up to date. The Annual Net CIP Outlay chart shows the historical expenditures over the past five years and the projected CIP spending for the next ten years. The rise in spending is contributed to the increase of projects that will be transitioning in construction.

ANNUAL NET CIP OUTLAY

■ Actuals
■ Projected



The project life cycle consists of various phases that make up the path a project takes from start to finish.



The active studies and projects during the FY 2023-24 reporting period are from various phases of the project. The project budget includes costs for construction services, design costs, and administrative costs throughout the life cycle of the project.

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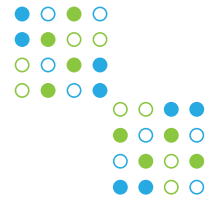
ACTIVE CIP PROJECTS

33

PROJECTS IN CONSTRUCTION

LARGEST PROJECT BUDGET

\$555M



FINANCIAL REPORTING

OC San operates as a utility enterprise and the financial information is presented accordingly. All financial information and data are based on OC San's Annual Comprehensive Financial Report for the year ended June 30, 2024.

Report can be found
at www.ocsan.gov.



SOURCES OF REVENUE



User Fees
\$339,654,219

Taxes Levied
\$131,607,529

Interest Income
\$46,640,438

Other
\$35,942,537

TOTAL

\$553,844,723

EXPENSES



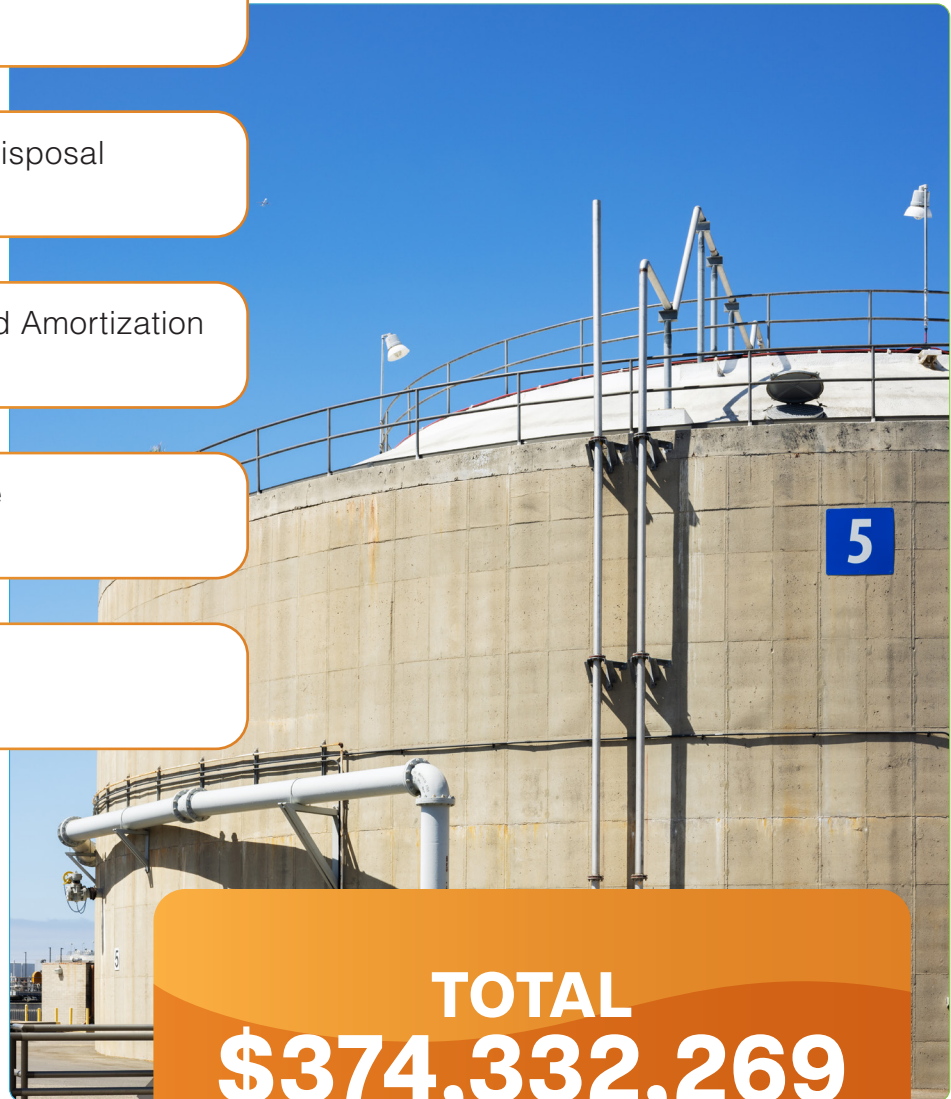
Collection System
\$37,478,258

Treatment and Disposal
\$185,195,122

Depreciation and Amortization
\$116,204,812

Interest Expense
\$31,066,678

Other
\$4,387,399



TOTAL
\$374,332,269

LONG TERM DEBT

OC San strives to maintain financial stability while keeping our sewer rates affordable. OC San consistently has its AAA rating affirmed on all obligations by Fitch Ratings, Standard & Poor's, and Moody's Investors Service Incorporated.

These ratings are based on our management practices and financial strength. The AAA rating is the highest possible credit rating an agency can receive, which means that we have access to low interest rates on financing our infrastructure improvements, resulting in cost savings for our customers. OC San is the only California utility with a AAA rating from all three major rating agencies.

WASTEWATER REVENUE OBLIGATIONS

2010A \$80,000,000

2010C \$22,830,000

WASTEWATER REFUNDING REVENUE OBLIGATIONS

2016A \$121,485,000

2017A \$65,815,000

2021A \$94,645,000

2022A \$81,620,000

2024A \$139,720,000



FitchRatings

STANDARD & POOR'S

MOODY'S INVESTORS SERVICE

TOTAL CERTIFICATES OF PARTICIPATION / REVENUE OBLIGATIONS

\$606,115,000

NET POSITION



Assets:

a resource with economic value that OC San owns or controls with the expectation that it will provide a future benefit.

\$3,912,740,009

—



Liabilities:

debts or obligations that arise during business operations.

\$810,947,750

+



Deferred Outflow/Inflow of Resources:

consumption or acquisition of assets that are applicable to a future reporting period.

\$75,654,807

=

**Net Position:
\$3,177,447,066**





Orange County Sanitation District
Financial Management Division

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