

299 - INTEGRATED WASTE MANAGEMENT DEPARTMENT ENTERPRISE

Operational Summary

Mission:

To meet the solid waste disposal needs of Orange County through efficient operations, sound environmental practices, strategic planning, innovation and technology.

At a Glance:

Total FY 2006-2007 Actual Expenditure + Encumbrance:	107,315,715
Total Final FY 2007-2008	182,999,593
Percent of County General Fund:	N/A
Total Employees:	290.00

Strategic Goals:

- Maintain a competitive rate for waste disposal in Orange County.
- Protect water, air and habitat in the management of the Orange County disposal system.
- Financially support the County of Orange's bankruptcy recovery plan.

Key Outcome Indicators:

Performance Measure	2006 Business Plan	2007 Business Plan	How are we doing?
	Results	Target	
DISPOSAL FEE COMPARISON WITH SOUTHERN CALIFORNIA REGION. What: Comparison of disposal rate of the OC landfill system compared with other landfills in the region. Why: To ensure that Orange County residents are provided a competitive disposal rate.	The \$22 per ton rate is a contracted rate that is anticipated to stay in effect until 2010.	Evaluate disposal rates and adjust operating strategies as needed.	IWMD continues to offer a competitive rate for waste disposal in Orange County.
NUMBER OF YEARS OF REMAINING LANDFILL CAPACITY. What: Measures if Orange County meets state minimum standard of providing 15 years of landfill capacity. Why: To ensure that Orange County residents are provided with adequate landfill capacity.	Obtain necessary permits to provide for approximately 46 years of permitted landfill disposal capacity.	Perform remaining landfill capacity calculations and compare results against the state minimum standard of fifteen years' capacity to ensure adequate capacity.	IWMD has more than adequate capacity to fulfill requirement.
TOTAL VOLUME OF LEACHATE AND IMPACTED GROUND WATER COLLECTED THROUGH THE LEACHATE RECOVERY SYSTEM. What: Measure the amount of leachate and ground water collected. Why: To protect water quality from the effects of leachate. Mandated by law.	The total volume of leachate and impacted ground water to be collected through the leachate collection and recovery system during FY 06-07 is estimated to be at least 3,922,890 gallons.	Continue to install landfill liner systems, and optimize leachate and groundwater collection for water quality protection.	IWMD currently has collection and recovery systems in place at each landfill to collect leachate and impacted ground water.



Key Outcome Indicators: (Continued)

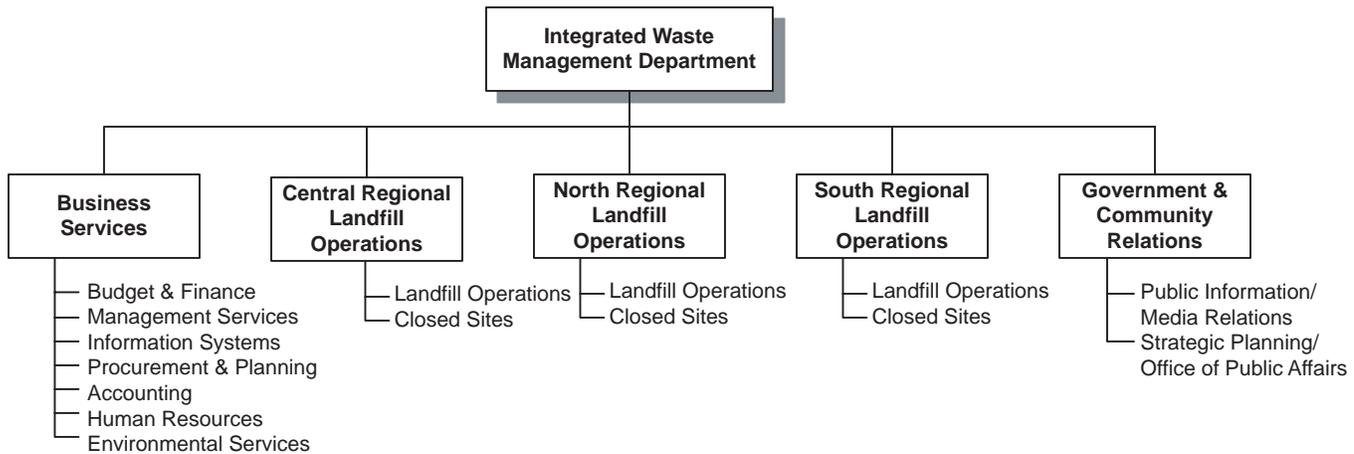
Performance Measure	2006 Business Plan	2007 Business Plan	How are we doing?
	Results	Target	
<p>AMOUNT OF LANDFILL GAS COLLECTED AND PUT TO BENEFICIAL REUSE.</p> <p>What: Collection of landfill gas and put to beneficial reuse that would have emitted into the atmosphere.</p> <p>Why: To protect the air from the effects of landfill gas. Regulations require landfill gas management.</p>	Continue to collect landfill gas and work towards increasing the amount that is put to beneficial reuse.	Expand landfill gas collection systems. Collect landfill gas - put to beneficial use and for protection of air quality.	Currently, IWMD has operational Landfill Gas-to-Energy systems at Olinda Alpha and Prima Deshecha Landfills. System constructed at FRB; currently undergoing start-up procedures.
<p>NUMBER OF HABITAT ACRES CURRENTLY UNDER RESTORATION / MITIGATION.</p> <p>What: Measures the number of landfill acres under restoration to recreate natural habitats.</p> <p>Why: To comply with the Natural Community Conservation Program (NCCP) and protect habitat.</p>	Frank R. Bowerman Landfill: Obtain biological permits and secure Central/Coastal NCCP Major Amendments. Work toward early Resource Agency sign-off of habitat mitigation projects. Prima Deshecha Landfill: Habitat mitigation projects will continue in Sites A, B, C, and D.	Continue to implement adaptive management strategies, and continue the proposed pre-mitigation project within the habitat areas.	FRB Landfill: Mitigation sites are benefiting from their fourth year under the new weed abatement program. Prima Landfill: Present CSS Mitigation has shown successful rates of narrative species cover in the first year of monitoring. Retained full-time bio resources monitor and consultant.
<p>NET IMPORTATION REVENUE AMOUNT TRANSFERRED TO THE COUNTY GENERAL FUND PER YEAR.</p> <p>What: Revenue transferred to the County General Fund from imported waste.</p> <p>Why: To support the County's Bankruptcy Recovery Plan.</p>	Funds are transferred quarterly to the County General Fund - funds are based on the actual amount of tonnage received. IWMD anticipates transferring \$12.6 million to the General Fund.	The amount to be transferred this year will be determined during the FY 07-08 budget development process.	As of June 30, 2006, \$130 million or an average of \$12.9 per year has been transferred to the General Fund. IWMD secured additional tonnage commitments that guarantee a minimum of 867,000 tons per year of imported waste through December 31, 2013.

FY 2006-07 Key Project Accomplishments:

- For the years ended June 30, 2006 and 2005, Macias Gini & O'Connell LLP independently audited IWMD financial statements and found that the financial statements for this period were presented fairly and were in conformity with accounting principles generally accepted in the United States of America.
- Reached a cooperative agreement with the City of Irvine to extend the closure date of the FRB Landfill through 2053.
- Instituted a recycling surcharge on self haul vehicles to encourage recycling efforts countywide.
- Diverted 220 tons of reusable household hazardous materials from hazardous waste disposal through the Household Hazardous Waste Program's Materials Exchange Program, providing an estimated savings in disposal cost of nearly \$225,000.
- Completed Phase II of the Landfill Information Systems Technology Study at FRB Landfill. By using radio frequency technology and issuing transponders to deferred-account customers, unattended lanes were implemented, reducing overall fee collection operating costs.
- Completed Phase C2 Groundwater protection liner project providing in excess of 16 months of landfill capacity at the Prima Deshecha Landfill.
- Certification of the Environmental Impact Report (EIR) for the Southern Subregion Natural Community Conservation Plan (SNCCP) which allowed IWMD to expedite landfill permits for the Prima Deshecha Landfill through Phase 4.



Organizational Summary



Business Services - Conducts Department accounting, budget, finance, and procurement activities; implements and maintains Department information systems; manages the human resources needs of the Department; provides general support services; administers the Waste Disposal Agreements; manages contracts for solid waste and collection services in the unincorporated areas.

Central Regional Landfill Operations - Operates and manages daily activities at the Frank R. Bowerman Landfill which accepts and disposes of residential, commercial and industrial non-hazardous waste; manages and maintains various closed landfill sites.

North Regional Landfill Operations - Operates and manages daily activities at the Olinda Alpha Landfill which accepts and disposes of residential, commercial and industrial non-hazardous waste; manages and maintains various closed landfill sites.

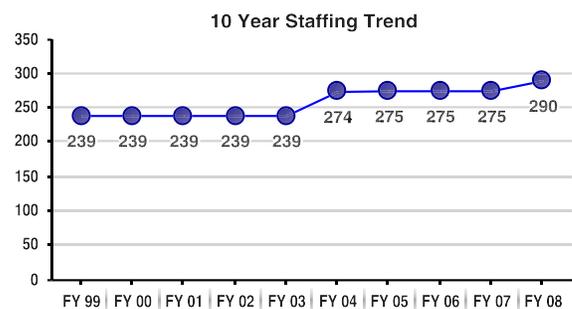
South Regional Landfill Operations - Operates and manages daily activities at the Prima Deshecha Landfill which accepts and disposes of residential, commercial and industrial non-hazardous waste; manages and maintains various closed landfill sites.

Government & Community Relations - Develops and manages the Department short and long-term risk/liability program related to active and closed landfill sites; manages Department recycling and source reduction legislative, program, and intergovernmental relations mandates; AB 939 compliance; manages household hazardous waste collection

and disposal, hazardous materials assessment programs; administrative support of the Waste Management Commission/Local Task Force and development of the County Integrated Waste Management Plan (CIWMP); directs the Department's intergovernmental relations and negotiations with federal, state and local governments on matters related to habitat management, endangered species, and waste diversion.

IWMD Director - Directs the administrative management activities of the Department to accomplish Department goals and strategic priorities.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

■ In FY 03/04, 35 positions were converted from extra-help to regular positions due to expansion of the landfills, increased regulations and increasing habitat mitigation requirements. In FY 04/05 one regular position was added to perform the records management func-



tion. In FY 06/07, 15 regular positions were added for greater operational support, to ensure that regulatory standards are met, and to decrease the usage of overtime and temporary promotions.

Budget Summary

Plan for Support of the County's Strategic Priorities:

The Department will continue to provide available landfill capacity as needed for importation of waste and transfer net importation revenue to the General Fund for bankruptcy related obligations.

Changes Included in the Base Budget:

Operating costs increased by \$22.8 million due to new capital projects, landfill expansion costs, additional take acreage purchases and higher maintenance costs.

Final Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev ⁽¹⁾ As of 6/30/07	Final Budget	Actual Amount	Percent
Total Positions	275	290	290	290	0	0.00
Total Revenues	163,479,903	152,753,231	167,360,778	182,999,593	15,638,815	9.34
Total Requirements	107,160,511	147,926,900	108,633,084	182,999,593	74,366,509	68.46
Balance	56,319,392	4,826,331	58,727,694	0	(58,727,694)	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2006-07 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Integrated Waste Management Department Enterprise in the Appendix on page A234

Highlights of Key Trends:

- IWMD continues to support the County General Fund in FY 07/08 with an estimated transfer of \$12.9 million for bankruptcy recovery debt obligations.
- IWMD continues strategic planning via the Regional Landfill Options for Orange County (RELOOC) project which looks beyond current capacity and plans for future disposal needs of the County.
- IWMD continues to work on the Landfill Information Systems Technology Automation Study (LISTS), implementing additional unattended fee collection lanes, improving its landfill gas and water monitoring systems, and improving upon the management of all landfill operations through computer operations.
- IWMD will continue to manage risk and liabilities associated with operating solid waste landfills in state and federally recognized nature preserves.

Budget Units Under Agency Control:

No.	Agency Name	Business Services	Central Regional Landfill Operations	North Regional Landfill Operations	South Regional Landfill Operations	Government & Community Relations	IWMD Director	Total
274	IWMD Corrective Action Escrow	61,182	0	0	0	0	0	61,182
275	IWMD - Environmental Reserve	10,167,866	0	0	0	0	0	10,167,866
277	IWMD - Rate Stabilization	9,421,000	0	0	0	0	0	9,421,000
279	IWMD - Landfill Post-Closure Maintenance	7,954,016	0	0	0	0	0	7,954,016
284	Frank R. Bowerman/ Bee Canyon Landfill Escrow	6,176,421	0	0	0	0	0	6,176,421
285	IWMD Bankruptcy Recovery Plan	22,424,710	0	0	0	0	0	22,424,710
286	Brea-Olinda Landfill Escrow	3,608,377	0	0	0	0	0	3,608,377
287	Prima Deshecha Landfill Escrow	2,821,185	0	0	0	0	0	2,821,185
299	Integrated Waste Management Department Enterprise	54,636,701	62,636,195	25,620,354	28,565,674	11,154,954	385,715	182,999,593
	Total	117,271,458	62,636,195	25,620,354	28,565,674	11,154,954	385,715	245,634,350



299 - Integrated Waste Management Department Enterprise

Operation of Enterprise Fund 299 Operational Statement for the Fiscal Year 2007-2008

Operating Detail (1)		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
		Actual (2)	Actual (3)	Proposed Budget (4)	Final Budget (5)
OPERATING REVENUE					
6460	Other Licenses and Permits	1,484	0	0	0
6470	Franchises	63,886	78,387	77,000	77,000
6620	Rents and Concessions	600	36,938	62,304	62,304
6630	Royalties	407,769	473,018	490,000	490,000
7380	Planning and Engineering Services	40	0	0	0
7520	Sanitation Services	90,180,212	88,350,794	90,164,196	90,164,196
7590	Other Charges for Services	236,659	701	130,000	130,000
7662	Other Sales - Non-Taxable - Resale	30,424	25,908	25,000	25,000
7670	Miscellaneous Revenue	560,669	854,068	15,000	15,000
Total Operating Revenue		91,481,743	89,819,814	90,963,500	90,963,500
OPERATING EXPENSES					
Salaries & Benefits					
0100	Salaries and Wages	(438,036)	66,977	0	0
0101	Regular Salaries	13,353,597	14,289,959	15,248,491	15,248,491
0102	Extra Help	35,259	139,602	174,560	174,560
0103	Overtime	825,891	859,908	841,911	841,911
0104	Annual Leave Payoffs	290,501	184,271	355,744	355,744
0105	Vacation Payoff	86,827	66,914	15,310	15,310
0106	Sick Leave Payoff	311,408	113,867	28,796	28,796
0110	Performance Incentive Pay	1,333	2,188	28,516	28,516
0111	Other Pay	63,437	78,551	34,056	34,056
0200	Retirement	2,105,318	3,218,327	3,618,503	3,618,503
0204	County Paid Executive Deferred Compensation Plan	5,884	4,552	4,074	4,074
0301	Unemployment Insurance	22,428	18,790	18,241	18,241
0305	Salary Continuance Insurance	14,141	15,380	16,486	16,486
0306	Health Insurance	1,693,341	1,751,370	2,049,768	2,049,768
0308	Dental Insurance	27,671	26,747	29,916	29,916
0309	Life Insurance	5,859	5,727	6,396	6,396
0310	Accidental Death and Dismemberment Insurance	1,068	1,044	1,200	1,200
0319	Other Insurance	126,370	154,951	145,476	145,476
0352	Workers Compensation - General	1,328,832	1,024,764	871,066	871,066
0401	Medicare	154,354	175,961	181,282	181,282
0450	Accrued Salaries and Benefits	0	(56,326)	0	0

Operation of Enterprise Fund 299 Operational Statement for the Fiscal Year 2007-2008

Operating Detail (1)		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
		Actual (2)	Actual (3)	Proposed Budget (4)	Final Budget (5)
Total Salaries & Benefits		20,015,484	22,143,523	23,669,792	23,669,792
Services & Supplies					
0600	Clothing and Personal Supplies	54,634	71,020	94,753	94,753
0700	Communications	42,849	42,457	632,430	632,430
0701	Telephone/Telegraph - Interfund Transfer	123,263	124,818	122,700	122,700
0900	Food	0	59	580	580
1000	Household Expense	40,502	43,459	83,450	83,450
1001	Household Expense - Trash	12,654	13,947	16,200	16,200
1100	Insurance	5,219,296	265,075	344,488	344,488
1300	Maintenance - Equipment	7,683,772	6,630,182	9,882,818	9,882,818
1302	Parts Not Direct Billed To Customer	861	0	0	0
1400	Maintenance - Buildings and Improvements	2,405,833	2,749,707	7,399,050	7,399,050
1402	Minor Alterations and Improvements	834	5,008	20,000	20,000
1500	Medical, Dental and Laboratory Supplies	675	348	6,400	6,400
1600	Memberships	4,857	4,334	6,287	6,287
1701	Cash Difference	950	621	1,500	1,500
1702	Cash Losses	300	100	50	50
1800	Office Expense	505,731	223,490	811,545	811,545
1801	Duplicating Services (RDMD/Reprographics)	32,155	13,156	30,700	30,700
1802	Periodicals and Journals	2,445	2,784	4,448	4,448
1803	Postage	5,000	5,000	0	0
1805	Purchasing Stores Office Supplies	0	56	5,000	5,000
1806	Printing Costs - Outside Vendors	7,648	8,604	14,000	14,000
1809	Minor Office Equipment to be Controlled	12,613	200,042	0	0
1900	Professional and Specialized Services	14,491,620	12,277,400	19,212,778	19,212,778
1901	Data Processing Services	275	0	107,152	107,152
1908	Temporary Help	157,247	41,708	64,500	64,500
1909	Contracts	(647,911)	0	0	0
1911	CWCAP Charges	776,198	961,318	900,000	900,000
2000	Publications and Legal Notices	10,217	11,181	31,200	31,200
2100	Rents and Leases - Equipment	299,757	249,445	594,670	594,670
2200	Rents and Leases - Buildings and Improvements	477,268	490,365	820,800	820,800
2300	Small Tools and Instruments	90,153	73,563	156,891	156,891
2400	Special Departmental Expense	1,076,949	2,104,006	15,485,117	15,485,117
2405	Optional Benefit Plan	95,590	122,065	121,380	121,380
2490	Landfill Closure/Postclosure Costs	(10,590,866)	0	0	0
2600	Transportation and Travel - General	2,911,105	2,708,179	3,224,579	3,224,579
2601	Private Auto Mileage	32,214	35,002	43,405	43,405
2602	Garage Expense	407,750	322,482	452,460	452,460
2603	Executive Car Allowance	7,200	7,200	7,200	7,200

Operation of Enterprise Fund 299 Operational Statement for the Fiscal Year 2007-2008

Operating Detail (1)		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
		Actual (2)	Actual (3)	Proposed Budget (4)	Final Budget (5)
2700	Transportation and Travel - Meetings/ Conferences	69,452	91,233	212,033	212,033
2800	Utilities	803	694	46,220	46,220
2801	Utilities - Purchased Electricity	182,081	205,523	274,500	274,500
2802	Utilities - Purchased Gas	21,542	15,234	24,000	24,000
2803	Utilities - Purchased Water	76,570	207,608	217,280	217,280
Total Services & Supplies		26,102,088	30,328,472	61,472,564	61,472,564
Fixed Assets					
4000	Equipment	0	0	7,281,350	7,281,350
4200	Buildings and Improvements	0	0	48,185,000	48,185,000
Total Fixed Assets		0	0	55,466,350	55,466,350
Miscellaneous					
5300	Depreciation	13,031,044	14,547,197	0	0
Total Miscellaneous		13,031,044	14,547,197	0	0
Total Operating Expenses		59,148,616	67,019,192	140,608,706	140,608,706
Net Operating Income (Loss) *		32,333,127	22,800,623	(49,645,206)	(49,645,206)
NON-OPERATING REVENUE					
6530	Forfeitures and Penalties	13,962	16,064	20,000	20,000
6610	Interest	6,574,003	8,698,342	6,000,000	6,000,000
6970	State - Other	32,087	(20,999)	30,000	30,000
7130	Other Governmental Agencies	(2,072)	0	0	0
7680	Six-Month Expired (Outlawed) Checks	0	6,231	0	0
7690	Returned Check Charges	5,359	3,315	3,000	3,000
7852	Fixed Asset Sales - Non-Taxable - Resale	0	0	35,000	35,000
Total Non-Operating Revenue		6,623,339	8,702,953	6,088,000	6,088,000
NON-OPERATING EXPENSES					
1912	Investment Administrative Fees	137,117	159,025	252,800	252,800
3300	Interest on Bonds	3,067,727	2,787,907	2,502,638	2,502,638
3410	Debt Issuance Costs	106,393	97,759	86,665	86,665
3700	Taxes and Assessments	5,676,969	5,282,060	5,462,870	5,462,870
5400	Loss or Gain on Disposition of Assets	399,395	(273,838)	0	0
Total Non-Operating Expenses		9,387,602	8,052,913	8,304,973	8,304,973
Net Non-Operating Income (Loss)		(2,764,262)	650,041	(2,216,973)	(2,216,973)
Income (Loss) Before Contributions & Transfers **		29,568,864	23,450,664	(51,862,179)	(51,862,179)
CAPITAL ASSETS					
4000	Equipment	7,940,029	10,026,663	7,281,350	7,281,350

Operation of Enterprise Fund 299 Operational Statement for the Fiscal Year 2007-2008

Operating Detail (1)	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
	Actual (2)	Actual (3)	Proposed Budget (4)	Final Budget (5)
4200 Buildings and Improvements				
<u>North Regional Landfill Operations</u>				
P559 Flare (Construction)	13,422	0	0	0
P560 Olinda - Additional Water Storage	0	341,398	0	0
P561 Brea Soil Removal Project	0	3,884,372	0	0
P563 Olinda Groundwater Control System Upgrade	0	0	500,000	500,000
P564 Olinda Truck Scales Installation	0	0	1,600,000	1,600,000
P565 Olinda Main Access Road Improvement	0	0	750,000	750,000
P566 Olinda Drainage Channel Improvements	0	0	200,000	200,000
P569 Olinda Gas Collection and Control	149,954	0	0	0
P573 Olinda Lower East Drainage Channel Constructi	14,206	0	0	0
P575 Olinda Main Access Road Ext/Improvement	739,703	0	0	0
<u>South Regional Landfill Operations</u>				
P585 Prima Horizontal Gas Collection Pipe	61,500	0	0	0
P586 Prima ZN 1 PHC3 Masexc-Grndwtr	0	0	11,500,000	11,500,000
P587 Prima Install Portable Truck Scale	0	0	60,000	60,000
P588 Prima Gas Perimeter Probe Construction	0	0	200,000	200,000
P589 Prima Constr Admin/Crew Quarters	0	121,942	0	0
P810 Prima-Fee Booth Replacement	37,099	0	0	0
P813 Prima-Zone 1 Phase C2 Mass Excavation/ GW Prot	0	3,973,139	0	0
P820 Prima Zn1 Ph B1/A2 & DesiltBasin	6,224,157	0	0	0
P835 Prima Firewater Pump Const	0	377,125	0	0
P991 Prima Access Road Grading/Repair	(6,055)	0	0	0
P992 Prima Zone 1 & 4 Permits/Design/MP Update	408,630	529,587	0	0
P993 Prima Zone 1 CM/CQA/A/P Services	569,630	220,613	0	0
<u>Central Regional Landfill Operations</u>				
P001 FRB Archeo Paleo	39,480	91,448	175,000	175,000
P884 FRB Potable Water System Improvements	0	4,460	0	0
P885 FRB Hder Install North Of PH7B	0	0	700,000	700,000
P887 FRB CM,CQA,ES Svcs-Ph8 Forward	151,258	238,283	0	0
P888 FRB Ph8 Landslide Backcut Design	127,457	146,036	0	0
P889 FRB Temp Landslide Backcut Excavation	0	0	32,500,000	32,500,000
P949 FRB-Phase 7B Construction Follow-up	3,404,999	0	0	0
P950 FRB-Westface Rd Realign-Repair/Extend	0	459,829	0	0
P967 FRB Gas Lease Agreement	0	65,805	0	0
P998 FRB Phase VIIA Construction	1,155,995	0	0	0
P999 FRB CM/CQA/ES Services	442,892	0	0	0
Total Buildings and Improvements	13,534,327	10,454,037	48,185,000	48,185,000



Operation of Enterprise Fund 299 Operational Statement for the Fiscal Year 2007-2008

Operating Detail (1)	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
	Actual	Actual	Proposed Budget	Final Budget
	(2)	(3)	(4)	(5)
Total Capital Assets	21,474,356	20,480,700	55,466,350	55,466,350
STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED				
Income (Loss) Before Contributions & Transfers	29,568,864	23,450,664	(51,862,179)	(51,862,179)
7805 Capital Contributions	0	3,950,000	0	0
7812 Interfund Transfers In - from Funds 2AA-299	13,085,275	2,876,610	4,400,000	4,400,000
4802 Interfund Transfers Out - to Funds 2AA-299	(12,714,256)	(18,963,885)	(14,085,914)	(14,085,914)
Changes to Reserves - Encumbrance - (Inc)/Dec.	9,640,404	(12,189,880)	0	0
Changes to Reserves - Net Assets - Reserved (Inc)/Dec.	(14,180,409)	4,842,007	41,331,556	41,331,556
Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.	(11,729,629)	(13,747,095)	(20,000,000)	(20,000,000)
Increase (Decrease) in Net Assets - Unrestricted	13,670,249	(9,781,580)	(40,216,537)	(40,216,537)
Net Assets - Unrestricted - Beginning of Year	42,649,145	56,319,393	40,216,537	40,216,537
Net Assets - Unrestricted - End of Year	56,319,393	46,537,813	0	0

*Note - Net Operating Loss is overstated in the FY 2007-08 Proposed and Final Budget columns due to budgeted fixed asset expenditures that will be capitalized at year-end.

**Note - Loss Before Contributions and Transfers is overstated in the FY 2007-08 Proposed and Final Budget columns due to budgeted fixed asset expenditures that will be capitalized at year-end.