

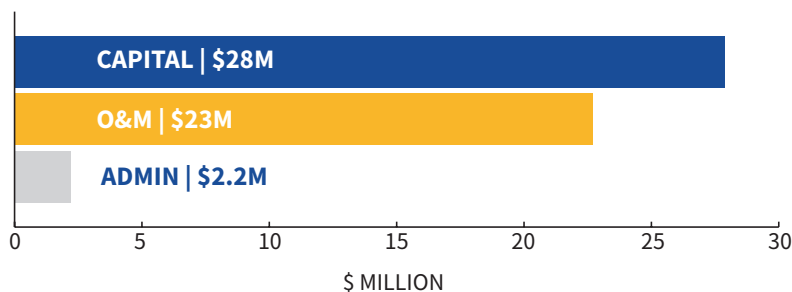
# YOUR VALUES. YOUR BUDGET.

## Fiscal Year 2021-2022



### OVERVIEW

This year, SOCWA celebrates its 20th anniversary and two decades of protecting South Orange County's oceans, canyons and creeks. The agency's Fiscal Year 2021/22 budget reflects this mission by funding major infrastructure reliability projects while successfully moving forward from the challenges of COVID-19. SOCWA's Capital budget will invest nearly \$28M across SOCWA facilities and focus on operational efficiencies.



### BUDGET HIGHLIGHTS



Approximately \$25M of direct capital investments into SOCWA's three major treatment plants – Regional, Coastal and JB Latham



Funding to complete necessary operational upgrades



Completing critical multi-year environmental permitting, including NPDES permits, for member agencies and municipalities



Required payments toward pension obligations to ensure long-term fiscal health







## CAPITAL BUDGET: CONTINUING PROGRESS ON INFRASTRUCTURE UPDATES

Each year, SOCWA invests in its assets to ensure sustainable, safe and efficient operations. These budgets reflect capital plans reviewed and approved by member agencies through project committees. This Fiscal Year will initiate and complete projects that have completed planning and design phases. More than 95 percent of these investments are designated for major projects at the three core treatment facilities. The balance is for the outfalls or “small capital” across SOCWA facilities.

### FY 2021/22: A YEAR OF CONTINUING INVESTMENT

COASTAL	REGIONAL	JB LATHAM	ADDITIONAL
Export Sludge Force Main Upgrade	Aeration System Upgrade	Energy Building and Effluent Pump Upgrades	Trail Bridge and Air Valve Replacements (PC 21)
Aeration Design and Diffuser Upgrade	Lighting Upgrades	Drainage Pump Station Reconstruction	Air Valves (PC 21)
Facility Improvements, including completion of basin upgrades and major electrical improvements	Energy Building Improvements	Facility Upgrades, including Restoration of Facilities for Solids Handling	Techite ETM Replacement Design (PC 24)

### WHY DO ANNUAL CAPITAL BUDGETS CHANGE FROM YEAR-TO-YEAR?

Capital budgets fluctuate each year based on multi-year capital plans approved by the project committees. In many cases, capital investments are deferred until a project is deemed absolutely necessary or repairs become more costly than replacement. Today, approximately two-thirds of SOCWA’s assets are fully depreciated and/or have aged beyond their useful life. As a result, this budget invests in numerous projects that have been deferred or otherwise postponed, in many cases for several years. This has helped provide maximum value to member agencies while ensuring facilities perform to optimal standards to achieve SOCWA’s mission.



## FUTURE CHALLENGES & OPPORTUNITIES

### PENSION

Lower financial rate of return for Calpers Investments and corresponding increased costs  
Actuary estimates and adjustments  
Implementation of state requirements for all local governments (e.g. PEPR)

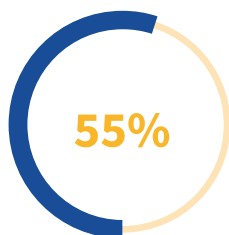
### REGULATION

Future efforts to limit or eliminate ocean discharges  
Increased permitting costs  
Cost of proposed regulatory actions & Future Laboratory Upgrades

### UPCOMING

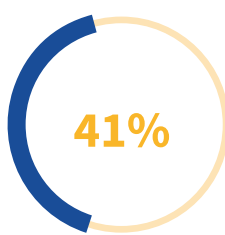
Retirements and recruitment of new employees  
Continuing strong safety record  
New regulatory permits

## CORE AREAS & COST DRIVERS OF SOCWA'S BUDGET



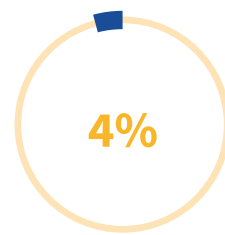
### CAPITAL

Project Engineering  
Project Construction  
Materials & Labor



### OPERATIONS & MAINTENANCE

Facility Operations  
Chemicals  
Energy & Utilities  
Biosolids Management & Disposal



### ADMINISTRATIVE

Service Center to All Departments  
Human Resources & IT  
General Fund Expenses  
Accounts Payable  
Financial & Use Audits  
Statutory Reporting  
Contracts & Procurement  
Budget Development & Management

*Draft document: information is approximate and subject to change based on vote by SOCWA Board of Directors*

## ABOUT SOCWA

SOCWA was formed in 2001 as a Joint Powers Authority to consolidate efforts and provide stronger operational efficiency in wastewater treatment and water recycling in the South Orange County region. Through collaborative partnerships with member agencies, shared facilities and efficient use of resources and water recycling programs, SOCWA protects the environment and maintains the public's health.

