

**NOTICE OF SPECIAL MEETING
OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
FINANCE COMMITTEE**

**March 19, 2024
10:30 a.m.**

NOTICE IS HEREBY GIVEN that a Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee was called to be held on **March 19, 2024, at 10:30 a.m.** SOCWA staff will be present and conducting the meeting at the SOCWA Administrative Office located at 34156 Del Obispo Street, Dana Point, California.

THE SOCWA MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5452 AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SCHEDULED MEETING TO REQUEST SUCH ACCOMMODATIONS. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON REQUEST TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY'S SECRETARY AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SCHEDULED MEETING. MEMBERS OF THE PUBLIC HAVE THE OPTION TO PARTICIPATE IN AND MAY JOIN THE MEETING REMOTELY VIA VIDEO CONFERENCE FOR VISUAL INFORMATION ONLY (USE ZOOM LINK BELOW) AND BY TELECONFERENCE FOR AUDIO PARTICIPATION (USE PHONE NUMBERS BELOW). THIS IS A PHONE-CALL MEETING AND NOT A WEB-CAST MEETING, SO PLEASE REFER TO AGENDA MATERIALS AS POSTED ON THE WEBSITE AT WWW.SOCWA.COM, ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. FOR PARTIES PARTICIPATING REMOTELY, PUBLIC COMMENTS WILL BE TAKEN DURING THE MEETING FOR ORAL COMMUNICATION IN ADDITION TO PUBLIC COMMENTS RECEIVED BY PARTIES PARTICIPATING IN PERSON. COMMENTS MAY BE SUBMITTED PRIOR TO THE MEETING VIA EMAIL TO ASSISTANT SECRETARY DANITA HIRSH AT DHIRSH@SOCWA.COM WITH THE SUBJECT LINE "REQUEST TO PROVIDE PUBLIC COMMENT." IN THE EMAIL, PLEASE INCLUDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER YOU WILL BE CALLING FROM SO THAT THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. THOSE MAKING PUBLIC COMMENT REQUESTS REMOTELY VIA TELEPHONE IN REAL-TIME WILL BE ASKED TO PROVIDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER THAT YOU ARE CALLING FROM SO THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. ONCE THE MEETING HAS COMMENCED, THE CHAIR WILL INVITE YOU TO SPEAK AND ASK THE COORDINATOR TO UN-MUTE YOUR LINE AT THE APPROPRIATE TIME.

AGENDA ATTACHMENTS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY FINANCE COMMITTEE IN CONNECTION WITH A MATTER SUBJECT FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE FINANCE COMMITTEE ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY ADMINISTRATIVE OFFICE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE") OR BY PHONE REQUEST MADE TO THE AUTHORITY OFFICE AT 949-234-5452. IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE FINANCE COMMITTEE LESS THAN TWENTY-FOUR (24) HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE FINANCE COMMITTEE AND SENT TO ANY REMOTE PARTICIPANTS REQUESTING EMAIL DELIVERY OR POSTED ON SOCWA'S WEBSITE. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE MEETING ROOM OR IMMEDIATELY UPON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES PARTICIPATING REMOTELY.

**THE PUBLIC MAY PARTICIPATE REMOTELY BY VIRTUAL MEANS FOR AUDIO OF MEETING USE
THE CALL IN PHONE NUMBERS BELOW AND FOR VIDEO USE THE ZOOM LINK BELOW.**

Join Zoom Meeting
<https://socwa.zoom.us/>

Meeting ID: 833 6734 4897
Passcode: 394698

Dial by your location:
+1 669 900 6833 US (San Jose) +1 253 215 8782 US (Tacoma)
+1 346 248 7799 US (Houston) +1 312 626 6799 US (Chicago)
Find your local number: <https://socwa.zoom.us/j/kqR20ZcgG>

AGENDA

1. Call Meeting to Order

2. Public Comments

THOSE WISHING TO ADDRESS THE FINANCE COMMITTEE ON ANY ITEM LISTED ON THE AGENDA WILL BE REQUESTED TO IDENTIFY AT THE OPENING OF THE MEETING AND PRIOR TO THE CLOSE OF THE MEETING. THE AUTHORITY REQUESTS THAT YOU STATE YOUR NAME WHEN MAKING THE REQUEST IN ORDER THAT YOUR NAME MAY BE CALLED TO SPEAK ON THE ITEM OF INTEREST. THE CHAIR OF THE MEETING WILL RECOGNIZE SPEAKERS FOR COMMENT AND GENERAL MEETING DECORUM SHOULD BE OBSERVED IN ORDER THAT SPEAKERS ARE NOT TALKING OVER EACH OTHER DURING THE CALL.

PAGE NO.

3. Approval of Minutes..... 1

- Finance Committee Meeting of February 20, 2024

Recommended Action: Staff recommends that the Finance Committee approve the subject minutes as submitted.

4. Financial Reports for the Month of January 2024 4

- The financial reports included are as follows:
 - a. Summary of Disbursements for January 2024 (Exhibit A);
 - b. Schedule of Funds Available for Reinvestment (Exhibit B)
 - Local Agency Investment Fund (LAIF)
 - c. Schedule of Cash and Investments (Exhibit C)
 - d. Capital Schedule (Exhibit D)
 - Capital Projects – Graph (Exhibit D-1)
 - e. Budget vs. Actual Expenses:
 - Operations and Environmental Summary (Exhibit E-1)
 - Operations and Environmental by PC (E-1.2)
 - Residual Engineering, after transfer to Capital (Exhibit E-2)
 - Administration (Exhibit E-3)
 - Information Technology (IT) (Exhibit E-4)

Recommended Action: Staff recommends that the Finance Committee recommend that the Board of Directors (i) receive and file the January 2024 Financial Reports, (ii) ratify the January 2024 disbursement for the period from January 1, 2024, through January 31, 2024, totaling \$5,096,522.

5. Investment Policy for Public Funds Review 2024 22

Recommended Action: Staff recommends that the Finance Committee recommend that the Board of Directors adopt Resolution 2024-03, A Resolution of the South Orange County Wastewater Authority (SOCWA) Adopting Investment Policy for Public Funds, based on the annual review.

6. FY 2024-25 Budget Update.....34

- Presentation

Recommended Action: Committee Discussion/Direction/Action

Adjournment

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the SOCWA Finance Committee at least 24 hours prior to the scheduled time of the Special Meeting referred to above.

I hereby certify that the foregoing Notice was posted at least 24 hours prior to the time of the above-referenced Finance Committee meeting at the usual agenda posting location of the South Orange County Wastewater Authority and at www.socwa.com.

Dated this 13th day of March 2024.



Danita Hirsh, Assistant Secretary
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

**MINUTES OF SPECIAL MEETING
OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY**

Finance Committee

February 20, 2024

DRAFT

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on February 20, 2024, at 10:30 a.m. in-person and via teleconference from the Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Finance Committee were present via Zoom Meeting:

GAVIN CURRAN	City of Laguna Beach	Alternate Director
DENNIS CAFFERTY	El Toro Water District	Alternate Director
ERICA CASTILLO	Santa Margarita Water District	Alternate Director
PAM ARENDS-KING	South Coast Water District	Alternate Director

Absent:

MATT COLLINGS	Moulton Niguel Water District	Director
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Staff Participation:

JIM BURROR	Acting General Manager
MARY CAREY	Finance Controller
AMBER BOONE	Director of Environmental Compliance
RONI GRANT	Associate Engineer
JACK BECK	Staff Accountant
KONSTANTIN SHILKOV	Senior Accountant
ANNA SUTHERLAND	Accounts Payable
DINA ASH	HR Administrator
MATT CLARKE	IT Administrator

Also Participating:

ADRIANA OCHOA	Procopio Law
SCOTT GOLDMAN	South Coast Water District
KATHRYN FRESHLEY	El Toro Water District
KELSEY DECASAS	Moulton Niguel Water District
SAUNDRA JACOBS	Santa Margarita Water District

1. Call Meeting to Order

Chairperson Castillo called the meeting to order at 10:30 a.m.

2. Public Comments

None.

3. Approval of Minutes

- Finance Committee Meeting of January 16, 2024.

ACTION TAKEN

A motion was made by Director Cafferty and seconded by Director Curran to approve the Minutes for January 16, 2024, as corrected.

Motion carried: Aye 4, Nay 0, Abstained 0, Absent 1
Director Castillo Aye
Director Curran Aye
Director Cafferty Aye
Director Collings Absent
Director Arends-King Aye

4. Financial Reports for the Month of October and November 2023

ACTION TAKEN

A motion was made by Director Castillo and seconded by Director Arends-King recommends that the Board of Directors (i) receive and file the October and November 2023 Financial Reports, (ii) ratify the October 2023 disbursement for the period from October 1, 2023, through October 31, 2023, totaling \$2,317,317, (iii) ratify the November 2023 disbursement for the period from November 1, 2023, through November 30, 2023, totaling \$2,919,463.

Motion carried: Aye 4, Nay 0, Abstained 0, Absent 1
Director Castillo Aye
Director Curran Aye
Director Cafferty Aye
Director Collings Absent
Director Arends-King Aye

5. Financial Reports for the Month of December 2023

ACTION TAKEN

A motion was made by Director Cafferty and seconded by Director Arends-King recommends that the Board of Directors (i) receive and file the December 2023 Financial Reports, (ii) ratify the December 2023 disbursement for the period from December 1, 2023, through December 31, 2023, totaling \$2,505,237, (iii) receive and file the Fiscal Year 2023-24 Q2 Cash Roll Forward as submitted.

Motion carried: Aye 4, Nay 0, Abstained 0, Absent 1
Director Castillo Aye
Director Curran Aye
Director Cafferty Aye
Director Collings Absent
Director Arends-King Aye

6. Key Budget Assumption for Preparing the Draft FY 2024-25 Budget

An open discussion ensued during the FY2024-25 Budget Update presentation by Ms. Mary Carey, Finance Controller. Staff discussed financial reports, budget planning, and laboratory operations while providing an overview of financial reports. Ms. Carey and Mr. Jim Burror, Acting General Manager, also discussed the budget for the year and the anticipated spending of collected funds, managing retiree health insurance costs, and tracking and managing employee time off and fringe benefits. Finally, the speakers discussed organizational planning for potential treatment plant operations by the member agencies and the budget allocation and cost management for the upcoming year.

Ms. Amber Boone, Director of Environmental Compliance, presented a memo highlighting key areas and drivers for the laboratory's operations.

There was consensus among the Finance Committee Members directing staff to present the Budget Update presentation and the two (2) memos to the full Board at its next meeting. There was also a consensus that two (2) memos included policy questions that should be considered by the Board before the Committee evaluates their financial impact. The two memos being titled "Department 02 Full-Time Employee Request Background" and "Administrative Staff Labor Allocations Summary."

Adjournment

There being no further business, Chairperson Castillo adjourned the meeting at 12:05 p.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Special Meeting of the South Orange County Wastewater Authority Finance Committee of February 20, 2024, and approved by the Finance Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

Danita Hirsh / Assistant Secretary
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Agenda Item

4

Finance Committee Meeting

Meeting Date: March 19, 2024

TO: Finance Committee

FROM: Jim Burror, General Manager/Director of Operations

STAFF CONTACT: Mary Carey, Finance Controller

SUBJECT: Financial Reports for the Month of January 2024

Summary/Discussion

The following selected financial reports are routinely provided monthly to the Finance Committee for recommendation to the Board of Directors to ratify Cash Disbursements and receive and file the remaining documents.

The reports included are as follows:

- a. Summary of Disbursements for January 2024 (Exhibit A)
- b. Schedule of Funds Available for Reinvestment (Exhibit B)
 - Local Agency Investment Fund (LAIF)
- c. Schedule of Cash and Investments (Exhibit C)
- d. Capital Schedule (Exhibit D)
 - Capital Projects – Graph (Exhibit D-1)
- e. Budget vs. Actual Expenses:
 - Operations and Environmental Summary (Exhibit E-1)
 - Operations and Environmental by PC (E-1.2)
 - Residual Engineering, after transfer to Capital (Exhibit E-2)
 - Administration (Exhibit E-3)
 - Information Technology (IT) (Exhibit E-4)

Fiscal Impact

January 2024 cash disbursements were: \$5,096,522.

- Monthly disbursements are summarized in the attached Exhibit A.
- The attached Exhibits B, C, D, and E are informational reports only.

Recommended Action: Staff recommends that the Finance Committee recommend that the Board of Directors (i) receive and file the January 2024 Financial Reports, (ii) ratify the January 2024 disbursement for the period from January 1, 2024, through January 31, 2024, totaling \$5,096,522.

Exhibit A

South Orange County Wastewater Authority Summary of Disbursements for January 2024 Staff Recommendation of Fiscal Matters

	Actual¹
General Fund ²	\$ (1,206,538)
PC 2 - Jay B. Latham Plant	(1,190,602)
PC 5 - San Juan Creek Ocean Outfall	(86,255)
PC 8 - Pretreatment Program	(39,764)
PC 12 SO - Water Reclamation Permits	(131,890)
PC 15 - Coastal Treatment Plant/AWT	(578,873)
PC 17 - Joint Regional Wastewater Reclamation	(1,651,227)
PC 21 - Effluent Transmission Main	(28,354)
PC 23 - North Coast Interceptor	(5,600)
PC 24 - Aliso Creek Ocean Outfall	(177,420)
Total	\$ (5,096,522)

¹Cash disbursements include payouts for the Use Audit Settlement FY 2022-23 to Member Agencies, totaling \$2,295,815.

²The month of January includes three payroll payouts totalling \$958,046.

**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
SCHEDULE OF FUNDS AVAILABLE FOR REINVESTMENT
as of January 31, 2024**

CASH IN BANK: (BEGINNING BAL.)	\$ 2,024,367
L.A.I.F. FUNDS: (BEGINNING BAL.)	11,910,916
DEPOSITS, TRANSFERS & ADJUSTMENTS:	2,795,198 ¹
FUND REQUIREMENTS:	
BILLS FOR CONSIDERATION ¹	<u>(5,096,522)</u>
TOTAL CASH IN BANK	<u>\$ 11,633,959</u>

¹ Received payment for Q2 Billings on Jan 1

In accordance with Government Code 53646(c), since all funds are placed in the State LAIF, staff has included in the Financial Packet, the most current statement from the State LAIF, in lieu of the report required by Government Code 53646(b)(1).

In accordance with requirements of the Government Code and the "SOCWA Investment Policy", I hereby certify that:

- 1). All investment actions executed since the last report have been made in full compliance with the Investment Policy.
- 2). SOCWA does not have sufficient funds currently on hand to meet its expenditure obligations for the next six months (see note) due to the fact that SOCWA bills and receives operational funds on a quarterly basis only.

Jim Burror
Acting General Manager/Director of Operations

Note: Operational funds are collected on a quarterly basis at the beginning of the quarter. Capital funds are collected on a quarterly basis in connection with projected needs. Member agencies have pledged to have funds available to meet all obligations.



PMIA/LAIF Performance Report as of 3/06/24



Quarterly Performance Quarter Ended 12/31/23

LAIF Apportionment Rate ⁽²⁾ :	4.00
LAIF Earnings Ratio ⁽²⁾ :	0.00010932476863589
LAIF Administrative Cost ^{(1)*} :	0.29
LAIF Fair Value Factor ⁽¹⁾ :	0.993543131
PMIA Daily ⁽¹⁾ :	3.96
PMIA Quarter to Date ⁽¹⁾ :	3.81
PMIA Average Life ⁽¹⁾ :	230

PMIA Average Monthly Effective Yields⁽¹⁾

February	4.122
January	4.012
December	3.929
November	3.843
October	3.670
September	3.534

Pooled Money Investment Account Monthly Portfolio Composition ⁽¹⁾ 1/31/24 \$165.8 billion

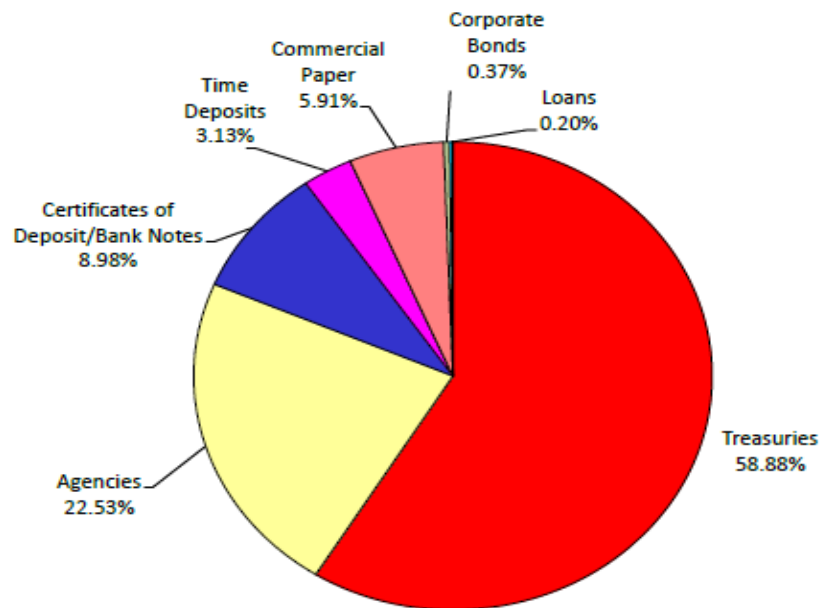


Chart does not include \$2,112,000.00 in mortgages, which equates to 0.001%. Percentages may not total 100% due to rounding.

Exhibit C

**South Orange County Wastewater Authority
Schedule of Cash and Investments
as of January 31, 2024**

MVA	\$ 2,845	(A)
A/P Checking	1,180,598	(B)
Payroll Checking	134,598	(C)
State LAIF	10,315,918	(D)
Total Cash in Bank¹	\$ 11,633,959	
Petty Cash	1,600	(E)
Total Operating Cash	\$ 11,635,559	
OPEB Trust	6,623,470	(F)
Total Cash and Investments	\$ 18,259,029	

¹Bank balance at the end of a month may differ from an accounting closing balance as there may be in-transit items that haven't cleared the bank.

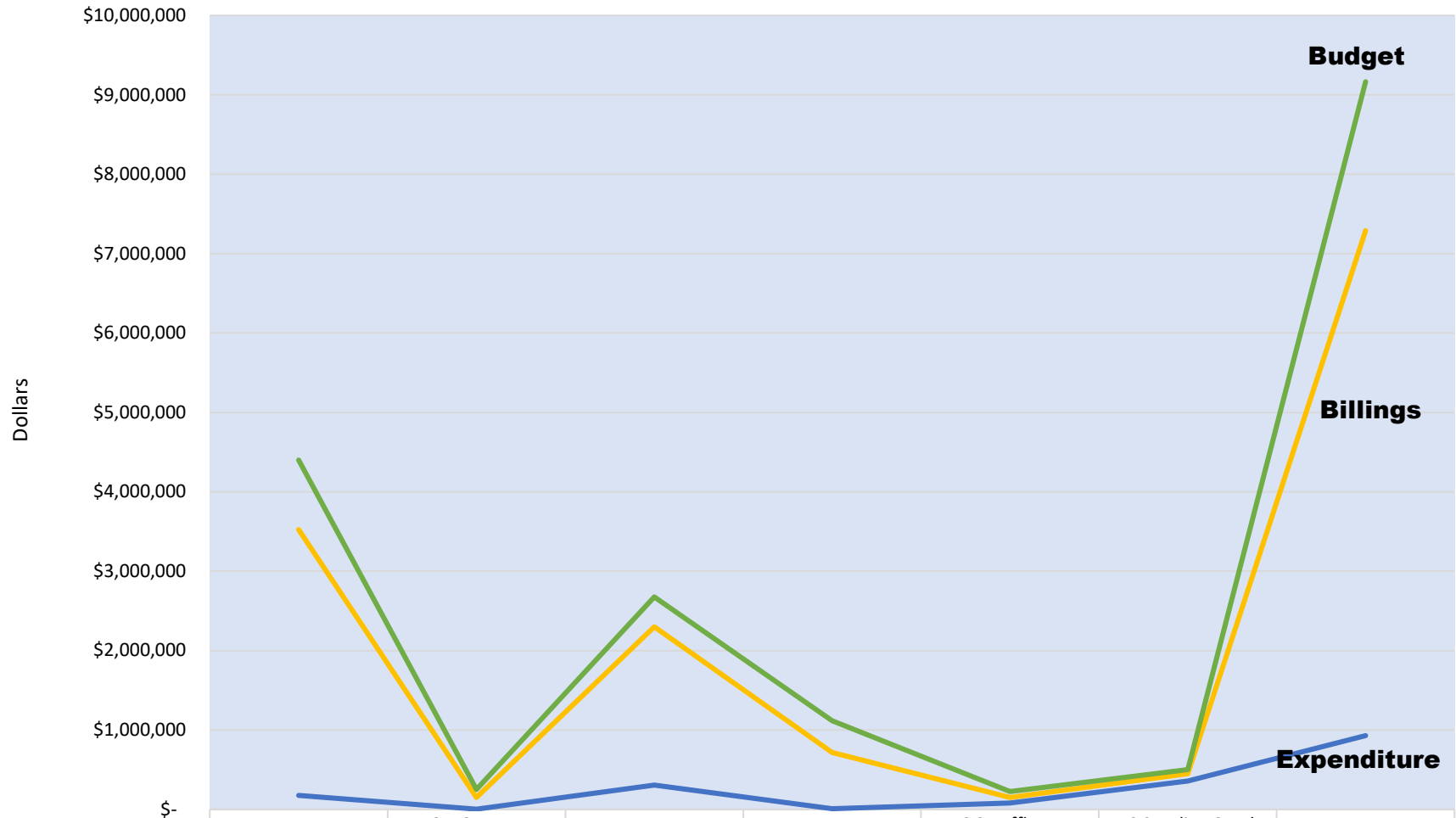
Notes:

- (A) Interest bearing account; all cash receipts are deposited in this account and later moved to the LAIF account.
- (B) Accounts Payable Checks are drawn against this account; money is transferred to this account, as needed, from the LAIF account.
- (C) Payroll including payroll taxes and related liabilities are drawn against this account; money is transferred into this account, as needed, from the LAIF account.
- (D) California State Local Agency Investment Fund (LAIF) balance.
- (E) Cash on hand with GM's office and held by Chief Operators at each Treatment facility.
- (F) OPEB Trust Fund; these funds can only be used for Retiree Health Benefits.

**South Orange County Wastewater Authority
Capital Projects Summaries
For the Period Ended January 31, 2024
(in dollars)**

FY 2023-24 Budget vs. Actual Spending								
Description	Capital Budget	Fiscal Year Spending	(Over)/ Under Budget	% Expended	Member Agency Billed	Member Agency Collections	Open Receivables	% Expended vs. Billed
PC 2-JB Latham	\$ 4,400,000	\$ 176,540	\$ 4,223,460	4.0%	\$ 3,525,000	\$ 3,400,000	\$ 125,000	5.0%
PC 5-San Juan Creek Outfall	250,000	2,665	247,335	1.1%	150,000	100,000	50,000	1.8%
PC 15-Coastal	2,675,000	305,905	2,369,095	11.4%	2,300,000	2,275,000	25,000	13.3%
PC 17-Regional	1,115,000	7,215	1,107,785	0.6%	715,000	715,000	-	1.0%
PC 21 Effluent Transmission	225,000	80,805	144,195	35.9%	150,000	150,000	-	53.9%
PC 24 Aliso Creek Outfall	500,000	355,933	144,067	71.2%	450,000	350,000	100,000	79.1%
Total Large Capital	\$ 9,165,000	\$ 929,063	\$ 8,235,937	10.1%	\$ 7,290,000	\$ 6,990,000	\$ 300,000	12.7%
Non-Capital Engineering	905,000	33,694	871,306	3.7%	497,500	427,500	70,000	6.8%
Non-Capital Misc Engineering	-	-	-	-	-	-	-	-
Small Internal Capital	2,013,000	1,000,325	1,012,675	49.7%	1,509,750	1,006,500	503,250	66.3%
Total Capital	\$ 12,083,000	\$ 1,963,082	\$ 10,119,918	16.2%	\$ 9,297,250	\$ 8,424,000	\$ 873,250	21.1%

Large Capital Projects Fiscal Year 2023-24 Budget vs. Exhibit D-1 Year-to-Date Expenditures & Billings as of 01/31/2024



	PC 2-JB Latham	PC 5-San Juan Creek Outfall	PC 15-Coastal	PC 17-Regional	PC 21 Effluent Transmission	PC 24 Aliso Creek Outfall	Total Large Capital
Spent - YTD 01/31/2024	\$176,540	\$2,665	\$305,905	\$7,215	\$80,805	\$355,933	\$929,063
FY 23-24 Billings	\$3,525,000	\$150,000	\$2,300,000	\$715,000	\$150,000	\$450,000	\$7,290,000
Capital Budget FY 23-24	\$4,400,000	\$250,000	\$2,675,000	\$1,115,000	\$225,000	\$500,000	\$9,165,000

South Orange County Wastewater Authority
O & M & Environmental Safety Costs Summary¹
For the Period Ended January 31, 2024
(in dollars)

		FY 2023-24 Budget	Board Approved Expenditures*	Adjusted Budget	Actual	(Over)/Under Budget	% Expended	
Salary and Fringe								
5000..*.*.*	Regular Salaries-O&M	5,065,446		5,065,446	2,775,752	2,289,694	54.8%	
5001..*.*.*	Overtime Salaries-O&M	82,008		82,008	97,038	(15,030)	118.3%	(1)
5306..*.*.*	Scheduled Holiday Work	68,376		68,376	56,049	12,327	82.0%	
5315..*.*.*	Comp Time - O&M	17,628		17,628	28,239	(10,611)	160.2%	
5401..*.*.*	Fringe Benefits IN to PC's & Depts.	2,731,721		2,731,721	1,665,349	1,066,372	61.0%	
5700..*.*.*	Standby Pay	104,000		104,000	60,900	43,100	58.6%	
	Total Payroll Costs	8,069,179	-	8,069,179	4,683,327	3,385,853	58.0%	
Other Expenses								
5002..*.*.*	Electricity	1,260,000		1,260,000	883,554	376,446	70.1%	(2)
5003..*.*.*	Natural Gas	490,500		490,500	250,531	239,969	51.1%	
5004..*.*.*	Potable & Reclaimed Water	78,000		78,000	41,502	36,498	53.2%	
5005..*.*.*	Co-generation Power Credit	(1,302,000)		(1,302,000)	(712,039)	(589,961)	54.7%	
5006..*.*.*	Chlorine/Sodium Hypochlorite	181,000		181,000	157,623	23,377	87.1%	(3)
5007..*.*.*	Polymer Products	1,040,000		1,040,000	747,056	292,944	71.8%	
5008..*.*.*	Ferric Chloride	880,000		880,000	688,843	191,157	78.3%	(4)
5009..*.*.*	Odor Control Chemicals	155,000		155,000	151,608	3,392	97.8%	
5010..*.*.*	Other Chemicals - Misc.	2,000		2,000	126	1,874	6.3%	
5011..*.*.*	Laboratory Services	56,632		56,632	33,418	23,214	59.0%	
5012..*.*.*	Grit Hauling	132,500		132,500	89,150	43,350	67.3%	
5013..*.*.*	Landscaping	211,000		211,000	122,333	88,667	58.0%	
5015..*.*.*	Management Support Services	527,000	52,987	579,987	88,776	491,211	15.3%	
5016..*.*.*	Audit - Environmental	1,304		1,304	-	1,304	0.0%	
5017..*.*.*	Legal Fees	30,672		30,672	5,906	24,767	19.3%	
5018..*.*.*	Public Notices/ Public Relations	1,500		1,500	-	1,500	0.0%	
5019..*.*.*	Contract Services Misc.	372,996		372,996	194,517	178,479	52.1%	
5021..*.*.*	Small Vehicle Expense	24,128		24,128	35,897	(11,769)	148.8%	
5022..*.*.*	Miscellaneous Expense	16,032		16,032	2,602	13,431	16.2%	
5023..*.*.*	Office Supplies - All	48,000		48,000	25,777	22,224	53.7%	
5024..*.*.*	Petroleum Products	27,000		27,000	19,286	7,714	71.4%	
5025..*.*.*	Uniforms	78,000		78,000	57,307	20,693	73.5%	
5026..*.*.*	Small Vehicle Fuel	20,272		20,272	12,446	7,826	61.4%	
5027..*.*.*	Insurance - Property/Liability	535,873		535,873	545,398	(9,525)	101.8%	(5)
5028..*.*.*	Small Tools & Supplies	77,668		77,668	41,701	35,967	53.7%	
5030..*.*.*	Trash Disposal	9,000		9,000	5,603	3,397	62.3%	
5031..*.*.*	Safety Program & Supplies	114,956		114,956	78,154	36,802	68.0%	
5032..*.*.*	Equipment Rental	7,000		7,000	3,496	3,504	49.9%	
5033..*.*.*	Recruitment	2,300		2,300	-	2,300	0.0%	
5034..*.*.*	Travel Expense/Tech. Conferences	75,078		75,078	14,091	60,987	18.8%	
5035..*.*.*	Training Expense	50,479		50,479	42,259	8,220	83.7%	(5)
5036..*.*.*	Laboratory Supplies	127,092		127,092	81,321	45,771	64.0%	
5037..*.*.*	Office Equipment	27,000		27,000	4,757	22,244	17.6%	
5038..*.*.*	Permits	635,836		635,836	591,529	44,307	93.0%	(5)
5039..*.*.*	Membership Dues/Fees	13,153		13,153	20,977	(7,823)	159.5%	
5044..*.*.*	Offshore Monitoring	81,604		81,604	51,390	30,214	63.0%	
5045..*.*.*	Offshore Biochemistry - 20B	22,500		22,500	-	22,500	0.0%	
5046..*.*.*	Effluent Chemistry	50,948		50,948	30,303	20,645	59.5%	
5047..*.*.*	Access Road Expenses	45,000		45,000	2,460	42,540	5.5%	
5048..*.*.*	Storm Damage	20,000		20,000	-	20,000	0.0%	
5049..*.*.*	Biosolids Disposal	1,747,500		1,747,500	1,029,236	718,264	58.9%	(6)
5050..*.*.*	Contract Services Generators - 29A	23,000		23,000	7,437	15,563	32.3%	
5052..*.*.*	Janitorial Services	95,000		95,000	54,780	40,221	57.7%	
5053..*.*.*	Contract Serv - Digester Cleaning - 29E	80,000		80,000	-	80,000	0.0%	
5054..*.*.*	Diesel Truck Maint	43,000		43,000	45,848	(2,848)	106.6%	(7)
5055..*.*.*	Diesel Truck Fuel	11,800		11,800	4,590	7,210	38.9%	
5056..*.*.*	Maintenance Equip. & Facilities (Solids)	300,000		300,000	134,010	165,990	44.7%	
5057..*.*.*	Maintenance Equip. & Facilities (Liquids)	510,000		510,000	424,534	85,466	83.2%	(8)
5058..*.*.*	Maintenance Equip. & Facilities (Common)	92,008		92,008	47,026	44,982	51.1%	
5059..*.*.*	Maintenance Equip. & Facilities (Co-Gen)	836,700		836,700	488,151	348,549	58.3%	
5060..*.*.*	Maintenance Equip. & Facilities (AWT)	39,000		39,000	11,335	27,665	29.1%	
5061..*.*.*	Mileage	2,900		2,900	1,113	1,787	38.4%	
5068..*.*.*	MNWD Potable Water Supplies & Svcs.	44,880		44,880	18,499	26,381	41.2%	

South Orange County Wastewater Authority
O & M & Environmental Safety Costs Summary¹
For the Period Ended January 31, 2024
(in dollars)

		FY 2023-24 Budget	Board Approved Expenditures*	Adjusted Budget	Actual	(Over)/Under Budget	% Expended	
5076--**_**	SCADA Infrastructure	93,600		93,600	81,922	11,678	87.5%	(5)
5077--**_**	IT Direct	45,000		45,000	48,879	(3,879)	108.6%	(5)
5105--**_**	Co-Generation Power Credit - Offset	1,302,000		1,302,000	712,039	589,961	54.7%	
5303--**_**	Group Insurance Waiver	14,400		14,400	10,592	3,808	73.6%	
5305--**_**	Medicare Tax Payments for Employees	152		152	-	152	0.0%	
5309--**_**	Operating Leases	20,000		20,000	11,030	8,970	55.1%	
5705--**_**	Monthly Car Allowance	31,200		31,200	14,829	16,370	47.5%	
5797--**_**	Verily Stipends - WastewaterSCAN Monitoring	-		-	(28,800)	28,800	0.0%	
5799--**_**	Zephyr Wall Costs Share-O&M	(14,000)		(14,000)	-	(14,000)	0.0%	
6500--**_**	IT Allocations in to PC's & Depts.	620,553		620,553	369,408	251,145	59.5%	
	Total Other Expenses	12,165,718	52,987	12,218,705	7,896,113	4,322,592	64.6%	
	Total O&M Expenses	20,234,898	52,987	20,287,885	12,579,440	7,708,445	62.0%	

¹ This report intends to monitor the Annual Budget % Expended at the Project Committee and Functional Department levels.

The financial information contained in this report, in some cases, is based on the full accrual basis of accounting, whereby expenses are recognized in the period in which the liability is incurred, i.e., payroll and fringe benefits.

There are instances where we will include the total expense for the entire accounting fiscal year if the information is available, i.e., property and liability insurance premiums.

The audited financial statements for the fiscal year recognize all expenses on the full accrual basis of accounting.

- (1) Staff overtime was elevated due to three (3) nighttime shutdowns to support the ACOO internal repair project and two (2) projects at JBL.
- (2) Increases in power costs approved by the CPUC are above assumed increased rates.
- (3) Bleach usage elevated during the initial months of the Fiscal Year for summer AWT production at CTP.
- (4) Higher levels of influent solids than budgeted at JBL and increased usage at CTP due to relocated the ferric dosing location due to influent meter interference.
- (5) Annual charges incurred at the beginning of the Fiscal Year and at the end of the calendar year.
- (6) Biosolids costs are increased due to landfill closures on hotter days. This new type of closure was instituted in May 2023 at the landfill to help mitigate odor complaints at the landfill and was not anticipated with the preparation of the Budget.
- (7) Both large Deisel vehicles had unplanned and significant emissions control system repairs.
- (8) Several larger O&M projects were completed prior to the rainy season.

South Orange County Wastewater Authority
O&M Budget vs. Actual Comparison by PC¹
For the Period Ended January 31, 2024
(in dollars)

		FY 2023-24 Budget	Board Approved Expenditures*	Adjusted Budget	Actual	(Over)/Under Budget	% Expended
02 - Jay B. Latham Plant							
Salary and Fringe							
02-5000-***	Regular Salaries-O&M	1,785,000		1,785,000	937,689	847,311	52.5%
02-5001-***	Overtime Salaries-O&M	27,208		27,208	37,596	(10,388)	138.2% (1)
02-5306-***	Scheduled Holiday Work	30,000		30,000	24,873	5,127	82.9%
02-5315-***	Comp Time - O&M	8,604		8,604	9,054	(450)	105.2% (1)
02-5401-***	Fringe Benefits IN to PC's & Depts.	962,625		962,625	562,613	400,011	58.4%
02-5700-***	Standby Pay	37,846		37,846	22,300	15,546	58.9%
	Total Payroll Costs	2,851,283	-	2,851,283	1,594,126	1,257,157	55.9%
Other Expenses							
02-5002-***	Electricity	660,000		660,000	471,455	188,545	71.4% (2)
02-5003-***	Natural Gas	252,000		252,000	99,344	152,656	39.4%
02-5004-***	Potable & Reclaimed Water	27,000		27,000	13,855	13,145	51.3%
02-5006-***	Chlorine/Sodium Hypochlorite	21,000		21,000	43,901	(22,901)	209.1% (3)
02-5007-***	Polymer Products	390,000		390,000	289,317	100,683	74.2% (3)
02-5008-***	Ferric Chloride	300,000		300,000	214,485	85,515	71.5% (3)
02-5009-***	Odor Control Chemicals	38,000		38,000	19,271	18,729	50.7%
02-5010-***	Other Chemicals - Misc.	1,000		1,000	-	1,000	0.0%
02-5011-***	Laboratory Services	20,108		20,108	6,316	13,792	31.4%
02-5012-***	Grit Hauling	70,500		70,500	55,197	15,303	78.3% (3)
02-5013-***	Landscaping	68,000		68,000	41,989	26,011	61.7%
02-5015-***	Management Support Services	16,500		16,500	10,101	6,399	61.2%
02-5017-***	Legal Fees	5,000		5,000	472	4,528	9.4%
02-5019-***	Contract Services Misc.	129,000		129,000	68,934	60,066	53.4%
02-5021-***	Small Vehicle Expense	11,000		11,000	14,399	(3,399)	130.9% (4)
02-5022-***	Miscellaneous Expense	8,000		8,000	1,381	6,619	17.3%
02-5023-***	Office Supplies - All	30,000		30,000	14,251	15,749	47.5%
02-5024-***	Petroleum Products	11,000		11,000	1,788	9,212	16.3%
02-5025-***	Uniforms	36,000		36,000	26,306	9,694	73.1%
02-5026-***	Small Vehicle Fuel	8,000		8,000	4,549	3,451	56.9%
02-5027-***	Insurance - Property/Liability	188,606		188,606	195,518	(6,912)	103.7% (4)
02-5028-***	Small Tools & Supplies	35,000		35,000	12,388	22,612	35.4%
02-5030-***	Trash Disposal	3,000		3,000	1,151	1,849	38.4%
02-5031-***	Safety Program & Supplies	40,032		40,032	25,795	14,237	64.4% (4)
02-5032-***	Equipment Rental	3,000		3,000	-	3,000	0.0%
02-5033-***	Recruitment	1,000		1,000	-	1,000	0.0%
02-5034-***	Travel Expense/Tech. Conferences	18,163		18,163	5,643	12,520	31.1%
02-5035-***	Training Expense	15,420		15,420	13,962	1,458	90.5% (4)
02-5036-***	Laboratory Supplies	21,412		21,412	11,717	9,695	54.7%
02-5037-***	Office Equipment	14,000		14,000	4,541	9,459	32.4%
02-5038-***	Permits	27,032		27,032	21,284	5,748	78.7%
02-5039-***	Membership Dues/Fees	3,423		3,423	7,255	(3,832)	211.9% (4)
02-5049-***	Biosolids Disposal	750,000		750,000	367,672	382,328	49.0% (5)
02-5050-***	Contract Services Generators - 29A	10,000		10,000	-	10,000	0.0%
02-5052-***	Janitorial Services	43,000		43,000	23,393	19,607	54.4%
02-5053-***	Contract Serv - Digester Cleaning - 29E	15,000		15,000	-	15,000	0.0%
02-5054-***	Diesel Truck Maint	23,000		23,000	22,981	19	99.9% (6)
02-5055-***	Diesel Truck Fuel	3,300		3,300	2,478	822	75.1%
02-5056-***	Maintenance Equip. & Facilities (Solids)	125,000		125,000	37,772	87,228	30.2%
02-5057-***	Maintenance Equip. & Facilities (Liquids)	200,000		200,000	156,063	43,937	78.0% (7)
02-5058-***	Maintenance Equip. & Facilities (Common)	30,000		30,000	21,345	8,655	71.2%
02-5059-***	Maintenance Equip. & Facilities (Co-Gen)	297,000		297,000	194,510	102,490	65.5%
02-5061-***	Mileage	1,400		1,400	587	813	41.9%
02-5076-***	SCADA Infrastructure	31,200		31,200	25,664	5,536	82.3% (3)
02-5077-***	IT Direct	15,000		15,000	15,335	(335)	102.2% (3)
02-5303-***	Group Insurance Waiver	3,600		3,600	1,108	2,492	30.8%
02-5309-***	Operating Leases	20,000		20,000	11,030	8,970	55.1%
02-5705-***	Monthly Car Allowance	18,600		18,600	7,899	10,701	42.5%
02-5797-***	Verily Stipends - WastewaterSCAN Monitoring	-		-	(9,600)	9,600	100.0%
02-5799-***	Zephyr Wall Costs Share-O&M	(14,000)		(14,000)	-	(14,000)	0.0%
02-6500-***	IT Allocations in to PC's & Depts.	218,718		218,718	130,201	88,518	59.5%
	Total Other Expenses	4,263,015	-	4,263,015	2,705,002	1,558,014	63.5%
	Total Expenses	7,114,298	-	7,114,298	4,299,127	2,815,170	60.4%

South Orange County Wastewater Authority
O&M Budget vs. Actual Comparison by PC¹
For the Period Ended January 31, 2024
(in dollars)

		FY 2023-24 Budget	Board Approved Expenditures*	Adjusted Budget	Actual	(Over)/Under Budget	% Expended
05 - San Juan Creek Ocean Outfall							
Salary and Fringe							
05-5000-**-**	Regular Salaries-O&M	145,529		145,529	70,349	75,180	48.3%
05-5001-**-**	Overtime Salaries-O&M	72		72	915	(843)	1270.9% (12)
05-5306-**-**	Scheduled Holiday Work	468		468	95	373	20.4%
05-5315-**-**	Comp Time - O&M	-		-	102	(102)	100.0% (12)
05-5401-**-**	Fringe Benefits IN to PC's & Depts.	78,482		78,482	42,107	36,374	53.7%
	Total Payroll Costs	224,551	-	224,551	113,569	110,981	50.6%
Other Expenses							
05-5015-**-**	Management Support Services	110,000		110,000	23,434	86,566	21.3%
05-5017-**-**	Legal Fees	7,000		7,000	-	7,000	0.0%
05-5022-**-**	Miscellaneous Expense	-		-	-	-	100.0%
05-5027-**-**	Insurance - Property/Liability	21,282		21,282	21,274	8	100.0% (4)
05-5031-**-**	Safety Supplies	1,020		1,020	-	1,020	0.0%
05-5034-**-**	Travel Expense/Tech. Conferences	5,696		5,696	1,466	4,230	25.7%
05-5035-**-**	Training Expense	1,087		1,087	39	1,048	3.6%
05-5036-**-**	Laboratory Supplies	33,500		33,500	18,541	14,959	55.3%
05-5038-**-**	Permits	302,496		302,496	295,322	7,174	97.6% (4)
05-5039-**-**	Membership Dues/Fees	1,000		1,000	99	901	9.9%
05-5044-**-**	Offshore Monitoring	40,800		40,800	25,695	15,105	63.0%
05-5045-**-**	Offshore Biochemistry - 20B	7,500		7,500	-	7,500	0.0%
05-5046-**-**	Effluent Chemistry	28,000		28,000	16,579	11,421	59.2%
05-5058-**-**	Maintenance Equip. & Facilities (Common)	1,004		1,004	-	1,004	0.0%
05-6500-**-**	IT Allocations in to PC's & Depts.	17,832		17,832	10,615	7,217	59.5%
	Total Other Expenses	578,218	-	578,218	413,064	165,153	71.4%
	Total Expenses	802,768	-	802,768	526,634	276,135	65.6%
08 - Pre Treatment							
Salary and Fringe							
08-5000-**-**	Regular Salaries-O&M	132,256		132,256	65,233	67,022	49.3%
08-5401-**-**	Fringe Benefits IN to PC's & Depts.	71,324		71,324	39,140	32,184	54.9%
	Total Payroll Costs	203,579	-	203,579	104,373	99,206	51.3%
Other Expenses							
08-5011-**-**	Laboratory Services	3,064		3,064	175	2,889	5.7%
08-5015-**-**	Management Support Services	20,000		20,000	-	20,000	0.0%
08-5016-**-**	Audit - Environmental	1,304		1,304	-	1,304	0.0%
08-5017-**-**	Legal Fees	2,672		2,672	-	2,672	0.0%
08-5018-**-**	Public Notices/ Public Relations	1,500		1,500	-	1,500	0.0%
08-5021-**-**	Small Vehicle Expense - 31A	1,128		1,128	-	1,128	0.0%
08-5022-**-**	Miscellaneous Expense	2,032		2,032	62	1,970	3.0%
08-5026-**-**	Small Vehicle Fuel - 37A	1,272		1,272	-	1,272	0.0%
08-5027-**-**	Insurance - Property/Liability	7,170		7,170	7,121	49	99.3% (4)
08-5028-**-**	Small Tools & Supplies	3,668		3,668	-	3,668	0.0%
08-5034-**-**	Travel Expense/Tech. Conferences	3,500		3,500	785	2,715	22.4%
08-5035-**-**	Training Expense	2,044		2,044	1,384	660	0.0%
08-5038-**-**	Permits and Fines	508		508	-	508	0.0%
08-5039-**-**	Membership Dues/Fees	816		816	456	360	55.9%
08-6500-**-**	IT Allocations in to PC's & Depts.	16,205		16,205	9,647	6,558	59.5%
	Total Other Expenses	66,883	-	66,883	19,630	47,253	29.3%
	Total Expenses	270,462	-	270,462	124,003	146,459	45.8%
12 - Water Reclamation Permits							
Salary and Fringe							
12-5000-**-**	Regular Salaries-O&M	13,572		13,572	29,984	(16,412)	220.9% (8)
12-5401-**-**	Fringe Benefits IN to PC's & Depts.	7,319		7,319	17,991	(10,671)	245.8% (8)
	Total Payroll Costs	20,892	-	20,892	47,975	(27,083)	229.6%
Other Expenses							
12-5015-**-**	Management Support Services	35,000	52,987	87,987	7,233	80,754	8.2%
12-5017-**-**	Legal Fees	2,000		2,000	3,320	(1,320)	1.6%
12-5027-**-**	Insurance - Property/Liability	2,473		2,473	3,645	(1,172)	147.4% (4)
12-5034-**-**	Travel Expense/Tech. Conferences	5,696		5,696	-	5,696	0.0%
12-5038-**-**	Permits	25,500		25,500	26,710	(1,210)	104.7% (4)
12-5039-**-**	Membership Dues/Fees	68		68	-	68	0.0%
12-6500-**-**	IT Allocations in to PC's & Depts.	1,663		1,663	990	673	59.5%
	Total Other Expenses	72,401	52,987	125,388	41,898	83,489	33.4%
	Total Expenses	93,293	52,987	146,280	89,873	56,406	61.4%

South Orange County Wastewater Authority
O&M Budget vs. Actual Comparison by PC¹
For the Period Ended January 31, 2024
(in dollars)

		FY 2023-24 Budget	Board Approved Expenditures*	Adjusted Budget	Actual	(Over)/Under Budget	% Expended
15 - Coastal Treatment Plant							
Salary and Fringe							
15-5000-***	Regular Salaries-O&M	971,637		971,637	516,871	454,766	53.2%
15-5001-***	Overtime Salaries-O&M	13,732		13,732	9,609	4,123	70.0% (9)
15-5306-***	Scheduled Holiday Work	10,260		10,260	5,372	4,888	52.4%
15-5315-***	Comp Time - O&M	2,000		2,000	6,012	(4,012)	300.6% (9)
15-5401-***	Fringe Benefits IN to PC's & Depts.	523,990		523,990	310,123	213,867	59.2%
15-5700-***	Standby Pay	18,462		18,462	11,575	6,887	62.7%
	Total Payroll Costs	1,540,081	-	1,540,081	859,562	680,519	55.8%
Other Expenses							
15-5002-***	Electricity	300,000		300,000	235,589	64,411	78.5% (2)
15-5003-***	Natural Gas	3,500		3,500	1,354	2,146	38.7%
15-5004-***	Potable & Reclaimed Water	24,000		24,000	11,471	12,529	47.8%
15-5006-***	Chlorine/Sodium Hypochlorite	100,000		100,000	77,439	22,561	77.4% (10)
15-5007-***	Polymer Products	-		-	-	-	0.0%
15-5008-***	Ferric Chloride	105,000		105,000	118,519	(13,519)	112.9% (11)
15-5009-***	Odor Control Chemicals	50,000		50,000	73,471	(23,471)	146.9% (11)
15-5011-***	Laboratory Services	10,000		10,000	8,622	1,378	86.2%
15-5012-***	Grit Hauling	22,000		22,000	11,267	10,733	51.2%
15-5013-***	Landscaping	63,000		63,000	36,032	26,968	57.2%
15-5015-***	Management Support Services	13,000		13,000	6,861	6,139	52.8%
15-5017-***	Legal Fees	5,000		5,000	-	5,000	0.0%
15-5019-***	Contract Services Misc.	110,000		110,000	59,323	50,677	53.9%
15-5021-***	Small Vehicle Expense - 31A	4,000		4,000	7,489	(3,489)	187.2% (4)
15-5022-***	Miscellaneous Expense	1,000		1,000	463	537	46.3%
15-5023-***	Office Supplies - All	5,000		5,000	3,568	1,432	71.4%
15-5024-***	Petroleum Products	4,000		4,000	-	4,000	0.0%
15-5025-***	Uniforms	10,000		10,000	7,554	2,446	75.5%
15-5026-***	Small Vehicle Fuel	2,000		2,000	1,941	59	97.1%
15-5027-***	Insurance - Property/Liability	79,422		79,422	80,009	(587)	100.7% (4)
15-5028-***	Small Tools & Supplies	9,000		9,000	8,923	77	99.1%
15-5030-***	Trash Disposal	3,000		3,000	1,357	1,643	45.2%
15-5031-***	Safety Supplies	33,456		33,456	9,328	24,128	27.9%
15-5032-***	Equipment Rental	1,000		1,000	-	1,000	0.0%
15-5033-***	Recruitment	300		300	-	300	0.0%
15-5034-***	Travel Expense/Tech. Conferences	18,163		18,163	2,385	15,778	13.1%
15-5035-***	Training Expense	15,420		15,420	13,504	1,916	87.6% (4)
15-5036-***	Laboratory Supplies	20,000		20,000	14,685	5,315	73.4%
15-5037-***	Office Equipment	3,000		3,000	215	2,785	7.2%
15-5038-***	Permits	5,000		5,000	2,818	2,182	56.4%
15-5039-***	Membership Dues/Fees	3,423		3,423	6,109	(2,686)	178.5% (4)
15-5047-***	Access Road Expenses	45,000		45,000	2,460	42,540	5.5%
15-5048-***	Storm Damage	20,000		20,000	-	20,000	0.0%
15-5050-***	Contract Services Generators	5,000		5,000	5,111	(111)	102.2% (4)
15-5052-***	Janitorial Services	15,000		15,000	9,362	5,638	62.4%
15-5054-***	Diesel Truck Maint - 31B	1,000		1,000	-	1,000	0.0%
15-5055-***	Diesel Truck Fuel - 37B	500		500	-	500	0.0%
15-5057-***	Maintenance Equip. & Facilities (Liquids)	110,000		110,000	73,651	36,349	67.0% (7)
15-5058-***	Maintenance Equip. & Facilities (Common)	24,000		24,000	1,796	22,204	7.5%
15-5060-***	Maintenance Equip. & Facilities (AWT)	39,000		39,000	11,335	27,665	29.1%
15-5061-***	Mileage	500		500	288	212	57.7%
15-5076-***	SCADA Infrastructure	31,200		31,200	28,129	3,071	90.2% (3)
15-5077-***	IT Direct	15,000		15,000	15,335	(335)	102.2% (3)
15-5303-***	Group Insurance Waiver	3,600		3,600	1,565	2,035	43.5%
15-5705-***	Monthly Car Allowance	4,200		4,200	2,310	1,890	55.0%
15-5797-***	Verily Stipends - WastewaterSCAN Monitoring	-		-	(9,600)	9,600	100.0%
15-6500-***	IT Allocations in to PC's & Depts.	119,057		119,057	70,873	48,184	59.5%
	Total Other Expenses	1,455,741	-	1,455,741	1,012,911	442,830	69.6%
	Total Expenses	2,995,822	-	2,995,822	1,872,473	1,123,349	62.5%

South Orange County Wastewater Authority
O&M Budget vs. Actual Comparison by PC¹
For the Period Ended January 31, 2024
(in dollars)

		FY 2023-24 Budget	Board Approved Expenditures*	Adjusted Budget	Actual	(Over)/Under Budget	% Expended
17 - Joint Regional Wastewater Reclamation and Sludge Handling							
Salary and Fringe							
17-5000-***.***	Regular Salaries-O&M	1,884,409		1,884,409	1,085,261	799,149	57.6%
17-5001-***.***	Overtime Salaries-O&M	40,492		40,492	43,894	(3,402)	108.4% (9)
17-5306-***.***	Scheduled Holiday Work	27,356		27,356	25,709	1,647	94.0%
17-5315-***.***	Comp Time - O&M	7,024		7,024	11,846	(4,822)	168.7% (9)
17-5401-***.***	Fringe Benefits IN to PC's & Depts.	1,016,234		1,016,234	651,156	365,078	64.1%
17-5700-***.***	Standby Pay	47,692		47,692	27,025	20,667	56.7%
	Total Payroll Costs	3,023,208	-	3,023,208	1,844,890	1,178,318	61.0%
Other Expenses							
17-5002-***.***	Electricity	300,000		300,000	176,510	123,490	58.8% (2)
17-5003-***.***	Natural Gas	235,000		235,000	149,833	85,167	63.8%
17-5004-***.***	Potable & Reclaimed Water	27,000		27,000	16,176	10,824	59.9%
17-5005-***.***	Co-generation Power Credit	(1,302,000)		(1,302,000)	(712,039)	(589,961)	54.7%
17-5006-***.***	Chlorine/Sodium Hypochlorite	60,000		60,000	36,283	23,717	60.5%
17-5007-***.***	Polymer Products	650,000		650,000	457,739	192,261	70.4%
17-5008-***.***	Ferric Chloride	475,000		475,000	355,839	119,162	74.9% (13)
17-5009-***.***	Odor Control Chemicals	67,000		67,000	58,865	8,135	87.9% (13)
17-5010-***.***	Other Chemicals - Misc.	1,000		1,000	126	874	0.13
17-5011-***.***	Laboratory Services	23,460		23,460	18,305	5,155	78.0%
17-5012-***.***	Grit Hauling - 21A	40,000		40,000	22,686	17,314	56.7%
17-5013-***.***	Landscaping	80,000		80,000	44,313	35,687	55.4%
17-5015-***.***	Management Support Services	17,500		17,500	10,412	7,088	59.5%
17-5017-***.***	Legal Fees	5,000		5,000	1,686	3,314	33.7%
17-5019-***.***	Contract Services Misc.	115,000		115,000	66,260	48,740	57.6%
17-5021-***.***	Small Vehicle Expense	8,000		8,000	14,008	(6,008)	175.1% (4)
17-5022-***.***	Miscellaneous Expense	5,000		5,000	695	4,305	13.9%
17-5023-***.***	Office Supplies - All	13,000		13,000	7,957	5,043	61.2%
17-5024-***.***	Petroleum Products	12,000		12,000	17,499	(5,499)	145.8% (4)
17-5025-***.***	Uniforms	32,000		32,000	23,447	8,553	73.3%
17-5026-***.***	Small Vehicle Fuel	9,000		9,000	5,956	3,044	66.2%
17-5027-***.***	Insurance - Property/Liability	212,048		212,048	213,569	(1,521)	100.7% (4)
17-5028-***.***	Small Tools & Supplies	30,000		30,000	20,391	9,609	68.0%
17-5030-***.***	Trash Disposal	3,000		3,000	3,095	(95)	103.2%
17-5031-***.***	Safety Supplies	39,428		39,428	43,031	(3,603)	109.1% (4)
17-5032-***.***	Equipment Rental	3,000		3,000	3,496	(496)	116.5%
17-5033-***.***	Recruitment	1,000		1,000	-	1,000	0.0%
17-5034-***.***	Travel Expense/Tech. Conferences	18,163		18,163	2,484	15,679	13.7%
17-5035-***.***	Training Expense	15,420		15,420	13,330	2,090	86.4% (4)
17-5036-***.***	Laboratory Supplies	25,660		25,660	16,593	9,067	64.7%
17-5037-***.***	Office Equipment	10,000		10,000	-	10,000	0.0%
17-5038-***.***	Permits	15,300		15,300	460	14,840	3.0%
17-5039-***.***	Membership Dues/Fees	3,423		3,423	6,959	(3,536)	203.3% (4)
17-5049-***.***	Biosolids Disposal	997,500		997,500	661,564	335,936	66.3% (5)
17-5050-***.***	Contract Services Generators - 29A	8,000		8,000	2,327	5,673	0.29
17-5052-***.***	Janitorial Services	37,000		37,000	22,024	14,976	59.5%
17-5053-***.***	Contract Serv - Digester Cleaning - 29E	65,000		65,000	-	65,000	0.0%
17-5054-***.***	Diesel Truck Maint	19,000		19,000	22,867	(3,867)	120.4% (6)
17-5055-***.***	Diesel Truck Fuel	8,000		8,000	2,113	5,888	26.4%
17-5056-***.***	Maintenance Equip. & Facilities (Solids)	175,000		175,000	96,238	78,762	55.0%
17-5057-***.***	Maintenance Equip. & Facilities (Liquids)	200,000		200,000	194,819	5,181	97.4% (7)
17-5058-***.***	Maintenance Equip. & Facilities (Common)	36,000		36,000	19,361	16,639	53.8%
17-5059-***.***	Maintenance Equip. & Facilities (Co-Gen)	539,700		539,700	293,642	246,058	54.4%
17-5060-***.***	Maintenance Equip. & Facilities (AWT)	-		-	-	-	0.0%
17-5061-***.***	Mileage	1,000		1,000	238	762	23.8%
17-5068-***.***	MNWD Potable Water Supplies & Svcs.	44,880		44,880	18,499	26,381	41.2%
17-5076-***.***	SCADA Infrastructure	31,200		31,200	28,129	3,071	90.2% (3)
17-5077-***.***	IT Direct	15,000		15,000	18,210	(3,210)	121.4% (3)
17-5105-***.***	Co-Generation Power Credit - Offset	1,302,000		1,302,000	712,039	589,961	54.7%
17-5303-***.***	Group Insurance Waiver	7,200		7,200	7,920	(720)	110.0%
17-5305-***.***	Medicare Tax Payments for Employees	152		152	-	152	0.0%
17-5705-***.***	Monthly Car Allowance	8,400		8,400	4,620	3,780	55.0%
17-5797-***.***	Verily Stipends - WastewaterSCAN Monitoring	-		-	(9,600)	9,600	100.0%
17-6500-***.***	IT Allocations in to PC's & Depts.	230,899		230,899	137,452	93,447	59.5%
	Total Other Expenses	4,975,334	-	4,975,334	3,328,424	1,646,909	66.9%
	Total Expenses	7,998,542	-	7,998,542	5,173,315	2,825,227	64.7%

South Orange County Wastewater Authority
O&M Budget vs. Actual Comparison by PC¹
For the Period Ended January 31, 2024
(in dollars)

		FY 2023-24 Budget	Board Approved Expenditures*	Adjusted Budget	Actual	(Over)/Under Budget	% Expended
21 - Effluent Transmission Main							
Other Expenses							
21-5017-**-**-**	Legal Fees	500	-	500	428	72	85.6%
21-5019-**-**-**	Contract Services Misc.	18,996	-	18,996	-	18,996	0.0%
21-5027-**-**-**	Insurance - Property/Liability	-	-	-	74	(74)	100.0%
	Total Other Expenses	19,496	-	19,496	502	18,994	2.6%
	Total Expenses	19,496	-	19,496	502	18,994	2.6%
23 - North Coast Interceptor							
Salary and Fringe							
23-5000-**-**-**	Regular Salaries-O&M	1,000	-	1,000	-	1,000	0.0%
23-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	539	-	539	-	539	0.0%
	Total Payroll Costs	1,539	-	1,539	-	1,539	0.0%
Other Expenses							
23-5017-**-**-**	Legal Fees	500	-	500	-	500	0.0%
23-5015-**-**-**	Management Support Services	-	-	-	-	-	0.0%
	Total Other Expenses	500	-	500	-	500	0.0%
	Total Expenses	2,039	-	2,039	-	2,039	0.0%
24 - Aliso Creek Ocean Outfall							
Salary and Fringe							
24-5000-**-**-**	Regular Salaries-O&M	132,042		132,042	70,364	61,678	53.3%
24-5001-**-**-**	Overtime Salaries-O&M	504		504	5,023	(4,519)	996.8% (9)
24-5306-**-**-**	Scheduled Holiday Work	292		292	-	292	0.0%
24-5315-**-**-**	Comp Time - O&M	-		-	1,225	(1,225)	100.0% (9)
24-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	71,209		71,209	42,219	28,990	59.3%
	Total Payroll Costs	204,047	-	204,047	118,831	85,216	58.2%
Other Expenses							
24-5015-**-**-**	Management Support Services	315,000		315,000	30,734	284,266	9.8%
24-5017-**-**-**	Legal Fees	3,000		3,000	-	3,000	0.0%
24-5027-**-**-**	Insurance - Property/Liability	24,872		24,872	24,188	684	97.3% (4)
24-5031-**-**-**	Safety Supplies	1,020		1,020	-	1,020	0.0%
24-5034-**-**-**	Travel Expense/Tech. Conferences	5,696		5,696	1,327	4,369	23.3%
24-5035-**-**-**	Training Expense	1,087		1,087	39	1,048	3.6%
24-5036-**-**-**	Laboratory Supplies	26,520		26,520	19,785	6,735	74.6%
24-5038-**-**-**	Permits	260,000		260,000	244,935	15,065	94.2% (4)
24-5039-**-**-**	Membership Dues/Fees	1,000		1,000	99	901	9.9%
24-5044-**-**-**	Offshore Monitoring	40,804		40,804	25,695	15,109	63.0%
24-5045-**-**-**	Offshore Biochemistry - 20B	15,000		15,000	-	15,000	0.0%
24-5046-**-**-**	Effluent Chemistry	22,948		22,948	13,724	9,224	59.8%
24-5058-**-**-**	Maintenance Equip. & Facilities (Common)	1,004		1,004	4,524	(3,520)	450.6% (14)
24-6500-**-**-**	IT Allocations in to PC's & Depts.	16,179		16,179	9,631	6,548	59.5%
	Total Other Expenses	734,131	-	734,131	374,681	359,449	51.0%
	Total Expenses	938,178	-	938,178	493,513	444,665	52.6%
Total O&M Expenses		20,234,898	52,987	20,287,885	12,579,440	7,708,444	62.0%

¹ This report intends to monitor the Annual Budget % Expended at the Project Committee and Functional Department levels.

The financial information contained in this report, in some cases, is based on the full accrual basis of accounting, whereby expenses are recognized in the period in which the liability is incurred, i.e., payroll and fringe benefits.

There are instances where we will include the total expense for the entire accounting fiscal year if the information is available, i.e., property and liability insurance premiums.

The audited financial statements for the fiscal year recognize all expenses on the full accrual basis of accounting.

South Orange County Wastewater Authority
O&M Budget vs. Actual Comparison by PC
For the Period Ended January 31, 2024

- (1) Overtime for two (2) nighttime shutdowns to repair critical equipment during low flow hours.
- (2) Increases in power costs approved by the CPUC are above assumed increased rates.
- (3) Higher levels of influent solids that budgeted at JBL affecting treatment and costs.
- (4) Annual charges incurred at the beginning of the Fiscal Year and at the end of the calendar year.
- (5) Biosolids costs are increased due to landfill closures on hotter days in May 2023 at the landfill to help mitigate odor complaints at the landfill. Also, usually heavy rains have limited use of the landfill this winter.
- (6) Both large Diesel vehicles had unplanned and significant emissions control system repairs.
- (7) Several larger O&M projects were completed prior to the rainy season.
- (8) Salt and Nutrient Management Plan (SNMP) work effort is nearly complete for the year.
- (9) Staff overtime was elevated due to several nighttime shutdowns for the ACOO internal repair project.
- (10) Bleach usage elevated during the initial months of the Fiscal for summer AWT production at CTP.
- (11) O&M staff is evaluating elevated odor control needs at CTP following the completion of the recent Facilities Improvement Project that modified the Ferric Chloride system and dosing location.
- (12) O&M staff are supporting the testing of SCWD Doheny Desal slant wells. SCWD will be billed directly for the overtime support requested to divert test waters into SOCWA temporary ocean outfall system.
- (13) Reduced flows to the RTP are prolonging sewage travel time, leading to greater sulfide degradation in the sewers. This is resulting in higher odor levels and increased odor control costs.
- (14) The Sampling Building door was replaced due to severe corrosion from the ocean air.

**South Orange County Wastewater Authority
Budget vs. Actual Comparison - Engineering**

For the Period Ended January 31, 2024
(in dollars)

		FY 2023-24 Budget	Actual	(Over)/Under Budget	% Expended
Salary and Fringe					
01-5000-03-00-00	Regular Salaries-O&M	194,546	43,889	150,657	22.6%
01-5401-03-00-00	Fringe Benefits IN to PC's & Depts.	104,916	26,333	78,583	25.1%
	Total Payroll Costs	299,462	70,222	229,240	23.4%
Other Expenses					
01-5022-03-00-00	Miscellaneous Expense	2,000	495	1,505	24.7%
01-5034-03-00-00	Travel Expense/Tech. Conferences	8,500	-	8,500	0.0%
01-5035-03-00-00	Training Expense	1,300	-	1,300	0.0%
01-5037-03-00-00	Office Equipment	150	-	150	0.0%
01-5039-03-00-00	Membership Dues/Fees	1,775	356	1,419	20.0%
01-5061-03-00-00	Mileage	250	-	250	0.0%
01-5077-03-00-00	IT Direct	250	-	250	0.0%
01-5309-03-00-00	Operating Leases	30,000	12,904	17,096	43.0%
01-5705-03-00-00	Monthly Car Allowance	4,200	808	3,392	19.2%
01-5802-03-00-00	Shipping/Freight	100	-	100	0.0%
01-6500-03-00-00	IT Allocations in to PC's & Depts.	54,993	34,211	20,782	62.2%
	Total Other Expenses	103,518	48,773	54,745	47.1%
Total Engineering Expenses		402,980	118,995	283,985	29.5%

South Orange County Wastewater Authority
Budget vs. Actual Comparison- Administration
For the Period Ended January 31, 2024
(in dollars)

		FY 2023-24 Budget	Actual	(Over)/Under Budget	% Expended
01-6000-04-00-00	Regular Salaries-Admin or IT	1,006,210	597,315	408,895	59.4%
01-6001-04-00-00	Overtime Salaries-Admin or IT	7,000	8,514	(1,514)	121.6%
01-6315-04-00-00	Comp Time - Admin	4,000	708	3,292	17.7%
01-6401-04-00-00	Fringe Benefits IN to ADMIN or IT	542,634	358,389	184,246	66.0%
	Total Payroll Costs	1,559,845	964,925	594,920	61.9%
Other Expenses					
01-6101-04-00-00	HR Recruitment & Employee Relations	48,100	15,167	32,933	31.5%
01-6102-04-00-00	Subscriptions	1,400	1,206	194	86.1%
01-6103-04-00-00	Contract Labor	30,000	52,200	(22,200)	174.0%
01-6200-04-00-00	Management Support Services	55,000	22,986	32,014	41.8%
01-6201-04-00-00	Audit	46,000	31,700	14,300	68.9%
01-6202-04-00-00	Legal	200,000	86,381	113,619	43.2%
01-6203-04-00-00	Outside Services	-	1,594	(1,594)	0.0%
01-6204-04-00-00	Postage	1,500	1,078	422	71.8%
01-6223-04-00-00	Office Supplies - Admin	4,000	49	3,951	1.2%
01-6224-04-00-00	Office Equipment Admin or IT	1,000	3,106	(2,106)	310.6%
01-6234-04-00-00	Memberships & Trainings	105,000	81,005	23,995	77.1%
01-6239-04-00-00	Travel & Conference	25,000	5,965	19,035	23.9%
01-6240-04-00-00	Scholarship Sponsorship	1,000	-	1,000	0.0%
01-6241-04-00-00	Education Reimbursement	3,000	722	2,278	24.1%
01-6310-04-00-00	Miscellaneous	22,000	15,196	6,804	69.1%
01-6311-04-00-00	Mileage	600	546	54	91.0%
01-6317-04-00-00	Contract Services Misc	5,800	3,275	2,525	56.5%
01-6500-04-00-00	IT Allocations in to PC's & Depts.	123,292	73,394	49,898	59.5%
01-6601-04-00-00	Shipping/Freight	1,200	2,068	(868)	172.4%
01-6705-04-00-00	Monthly Car Allowance	12,000	6,002	5,998	50.0%
	Total Other Expenses	685,892	403,641	282,251	58.8%
Total Admin Expenses		2,245,737	1,368,565	877,171	60.9%

South Orange County Wastewater Authority
Budget vs. Actual Comparison-IT
For the Period Ended January 31, 2024
(in dollars)

		FY 2023-24 Budget	Actual	(Over)/Under Budget	% Expended
Salary & Fringe					
01-6000-05-00-00	Regular Salaries-Admin or IT	116,046	69,826	46,220	60.2%
01-6401-05-00-00	Fringe Benefits IN to ADMIN or IT	62,582	41,896	20,686	66.9%
	Total Salary & Fringe	178,629	111,722	66,906	62.5%
Other Expenses					
01-6028-05-00-00	Small Tools & Supplies	1,000	-	1,000	0.0%
01-6035-05-00-00	Training Expense	3,000	-	3,000	0.0%
01-6224-05-00-00	Office Equipment Admin or IT	600	-	600	0.0%
01-6234-05-00-00	Memberships & Trainings	2,750	1,810	940	65.8%
01-6239-05-00-00	Travel & Conference	1,500	-	1,500	0.0%
01-6300-05-00-00	Software Maintenance Agreements	84,700	21,225	63,475	25.1%
01-6301-05-00-00	Hardware Maintenance Agreements	22,400	7,215	15,185	32.2%
01-6302-05-00-00	Cloud Subscriptions (Internet)	196,935	132,889	64,046	67.5% (1)
01-6303-05-00-00	Telecommunications	161,382	95,877	65,505	59.4%
01-6305-05-00-00	IT Professional Services	19,960	42,878	(22,918)	214.8% (1)
01-6306-05-00-00	Small Hardware Purchases (< \$5k)	25,400	10,391	15,009	40.9%
01-6307-05-00-00	Small Software Purchases & Licenses (<\$5k)	30,500	21,567	8,933	70.7%
01-6308-05-00-00	IT Memberships	160	-	160	0.0%
01-6309-05-00-00	Operating Leases	64,200	30,321	33,879	47.2%
01-6310-05-00-00	Miscellaneous	5,000	-	5,000	0.0%
01-6312-05-00-00	Computer & Photocopy Supplies	3,200	1,118	2,082	0.0%
	Total Other Expenses	622,687	365,292	257,395	58.7%
Total Expenses before Allocation		801,315	477,014	324,301	59.5%
IT Allocations (Out) to PC's & Depts					
01-6400-05-00-00	IT Allocations (OUT) to PC's & Depts.	(801,315)	(477,014)	(324,301)	59.5%
	Total IT Allocations (Out) to PC's & Depts	(801,315)	(477,014)	(324,301)	59.5%

(1) Annual charges incurred at the beginning of the Fiscal Year.

Agenda Item

5

Board of Directors Meeting

Meeting Date: March 19, 2024

TO: Finance Committee

FROM: Jim Burror, Acting General Manager/Director of Operations

STAFF CONTACT: Mary Carey, Finance Controller

SUBJECT: Investment Policy for Public Funds Review 2024

Summary

As directed by the Board, the General Manager and Finance Controller are to review the policy annually and recommend any revisions necessary. In preparation for the 2024-2025 Fiscal Year Budget, staff has completed the review and evaluation of the Investment Policy for Public Funds and suggests one minor revision.

As noted in the Exhibit reference, the 2017-09 Policy noted that the LAIF investment policy had a cap of \$40 million. As of January 1, 2020, the LAIF cap has been raised to \$75 million.

STATUTORY CHANGES FOR LOCAL FUNDS

Chapter 187, Statutes of 2023 (SB 882), Local Government Omnibus Act of 2023, amended Government Code section 53601 to clarify limitations imposed on public investment in a privately issued mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond ("mortgage pass-through and asset-backed securities") that are not issued or guaranteed by a public agency or issuer identified in subdivision (b) or (f). These types of securities, issued by private companies, are permissible investments under subdivision (o) so long as they meet the following limitations: 1) rated in a rating category of "AA" or its equivalent or better; 2) have a maximum remaining maturity of five years or less; and, 3) do not exceed the 20% of the local agency's portfolio.

FEDERAL AND REGULATORY CHANGES

No changes.

OTHER CHANGES

The California 2024 Local Agency Investment Guidelines included guidance to help a local agency determine what funds are available for investment and what funds to include when calculating portfolio concentration limitations. The Guidelines also included guidance on the new rules regarding the use of mutual funds and money market funds and now include statements regarding the impermissibility of exchange-traded funds (ETFs) for public investment portfolios.

Recommended Action: Staff recommends that the Finance Committee recommend that the Board of Directors adopt Resolution 2024-03, A Resolution of the South Orange County Wastewater Authority (SOCWA) Adopting Investment Policy for Public Funds, based on the annual review.

Attachments: Draft 2024 Investment Policy For Public Funds

RESOLUTION NO. 2024-03

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA)
ADOPTING INVESTMENT POLICY FOR PUBLIC FUNDS**

WHEREAS, the South Orange County Wastewater Authority (SOCWA) was created on July 1, 2001 as a Joint Powers Authority under the laws of the State of California; and

WHEREAS, pursuant to Government Code Section 53646, the General Manager of SOCWA may annually render to the legislative body of the local agency a Statement of Investment Policy; and

WHEREAS, the SOCWA Board of Directors desires to update the previous Investment Policy for Public Funds approved via Resolution 2017-09 and repeal and replace same; and

WHEREAS, pursuant to Government Code Section 53646, the General Manager of SOCWA may report either monthly or quarterly to the Board of Directors as to the type of investment, issuer, institution, date of maturity, amount of deposit, current market value for all securities and rate of interest; and

WHEREAS, the SOCWA Board of Directors desires that the required report be prepared to report in monthly cycles.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Orange County Wastewater Authority ("SOCWA") that the Investment Policy, as described in Exhibit "A" attached hereto and incorporated herein by reference as though fully set forth, is hereby adopted as the Investment Policy of SOCWA and further, that the General Manager accomplish the annual and monthly statements and reports provided for in this Resolution in accordance with California Government Code Section 53646.

FURTHER, Resolution 2017-09 is hereby repealed.

ADOPTED, SIGNED, and APPROVED this 4th day of April 2024.

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

BY: _____
Chairperson

BY: _____
Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, James L Burror Jr, Secretary of the Board of Directors of the SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (“SOCWA”), do hereby certify that the foregoing is a full, true, and correct copy of **Resolution No. 2024-03** of said Board and that the same has not been amended or repealed.

Dated this 4th day of April 2024.

James L. Burror, Jr., Board Secretary
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Investment Policy For Public Funds



	POLICY NUMBER 201724-0904XX
Agency Policy	Title: Investment Policy for Public Funds
Revised: December 7, 2017 April 4, 2024	

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1. Purpose of Policy
2. Objective
3. General Policy
4. Delegation of Authority
5. Ethics and Conflicts of Interests
6. Authorized Financial Institutions
7. Safekeeping and Custody
8. Reporting Guidelines
9. Policy Revisions
10. Policy Approval and Adoption

	POLICY NUMBER 201724-0904XX
Agency Policy	Title: Investment Policy for Public Funds
Revised: December 7, 2017 April 4, 2024	

1. PURPOSE OF POLICY

This statement is intended to provide guidelines to the Agency General Manager for the prudent investment of the South Orange County Wastewater Authority's ("SOCWA") available funds, and to outline policies for the safe and prudent management of SOCWA funds without sacrificing safety or liquidity. The Finance Committee will review this Policy annually, and if advisable, will recommend changes for approval of the Board of Directors.

2. OBJECTIVE

SOCWA's cash management system is designed to accurately monitor and forecast expenditures and revenues. All funds will be invested with the intent of maximizing safety and liquidity.

3. GENERAL POLICY

SOCWA invests member agency funds deposited with SOCWA in accordance with the prudent investor standard, Government Code Section 53600.3, which states:


"When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including but not limited to the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

As long as the investment complies with the aforesaid standard and is allowable under current statutes of the State of California (Government Code Section 53600 et seq.), SOCWA has a range of investment opportunities.

Investments may be made in the following:

(See Attachment A-1)


The list of permitted investments under Attachment A-1 does not include all of those which are permitted under the California Government Code; rather this list includes the securities which are most appropriate to SOCWA. Specific limitations on these investments are specified.

	POLICY NUMBER 201724-0904XX
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Criteria for selecting investments and order of priority are:

- a) **Safety.** The Safety and risk associated with an investment refer to the potential loss of principal, interest, or a combination of these amounts. SOCWA only operates in those investments that are considered very safe.
- b) **Liquidity.** This refers to the ability to “cash in” at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality especially when the need for unexpected funds occurs.
- c) **Yield.** Yield is potential dollar earnings an investment can provide, and sometimes is described as the rate of return.
- d) **Safekeeping.** Securities purchased from brokers/dealers shall be held in third party safekeeping by that trust department of the local agency’s bank or other designated third party trust, in local agencies name and control whenever possible.
- e) **Investment objective.** The cash management system of SOCWA is designed to accurately monitor and forecast expenditures and revenues, thus insuring the investment of monies to the fullest extent possible. SOCWA attempts to obtain the highest interest yields possible as long as investments meet the criteria required for safety and liquidity.
- f) **Maximum Secured Investment.** SOCWA may invest in Certificates of Deposit up to a maximum amount of \$250,000 per institution. SOCWA will rely on the FDIC \$250,000 insured limit to obtain security on the invested funds and will request that interest earned be paid monthly, in order to reduce the risk of loss interest.
- g) Should premature cancellation of an investment vehicle (under Attachment A-2) become necessary, the General Manager shall consult with either the Finance Committee, the Finance Committee Chairman, or the Board Chairman as time allows and determine the appropriate action to ensure the safety of SOCWA deposits. The SOCWA Finance Committee will be notified as soon as possible of the steps taken.

All member agency funds, to be invested, will be held in the California State local Agency Investment Fund (LAIF) unless the General Manager is instructed by the Finance Committee to invest in the investment vehicles listed in Attachment A-2. Staff would then present proposals to the Finance Committee, outlining the specifics of any investments to be made that meet the requirements of this policy. Upon approval, from the Finance Committee, investments will be made as soon as funds can be transferred. Any changes to investments approved by the Finance Committee will be reported to the Board of Directors at the next meeting of the Board of Directors.

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4. DELEGATION OF AUTHORITY

Authority to manage SOCWA's investment program is derived from the approval of Resolution No. 2017-08 Adopting Investment Policy for+ Public Funds. Management responsibility for the program is hereby delegated to the General Manager of SOCWA who, pursuant to the approved terms under this Policy, has established investment program procedures and span of control requirements for staff. No person may engage in an investment transaction except as provided under the terms of this policy.

Broker/Dealers will be avoided whenever possible, unless specifically authorized by the Finance Committee.

5. ETHICS AND CONFLICTS OF INTERESTS

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees shall disclose to the General Manager any material financial interests in financial institutions that conduct business within the SOCWA jurisdiction, and they shall further disclose any personal financial/investment positions or interests related to the performance of the SOCWA's portfolio. Employees and officers shall subordinate their personal investment transactions to those of SOCWA, particularly with regard to the time of purchases and sales. These requirements are in addition to other conflict of interest rules that may otherwise apply.

6. AUTHORIZED FINANCIAL INSTITUTIONS


No public deposits shall be made except in a qualified public depository as established by state law. No Certificate Deposit shall be placed with any institution unless such deposit is FDIC insured.

7. SAFEKEEPING AND CUSTODY

All security transactions entered into by the SOCWA shall be conducted on a delivery-versus payment (DVP) basis. A third-party custodian designated by the General Manager and evidenced by safekeeping receipt will hold securities.

8. REPORTING GUIDELINES

In accordance with Government Code 53646, the General Manager shall submit to the Board of Directors a monthly investment report. The report shall include a complete description of the portfolio including: the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio. The report will also include the source of the portfolio valuation (with the exception of LAIF). As specified in Government Code 53646(e), if all funds are placed in the State LAIF or FDIC-insured accounts, copies of the latest statements from such institutions may be provided in lieu of the foregoing report

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elements. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with this Policy, and (2) SOCWA will meet its expenditure obligations for the next six months, or provide an explanation as to why money monies shall or may not be available. The General Manager shall maintain a complete and timely record of all investment transactions.

9. POLICY REVISIONS

This Policy will be reviewed annually by the General Manager and the Finance Controller in consultation with the Agency's legal counsel and the Finance Committee. Updates to the Attachments, A-1 and A-2 will occur whenever applicable federal, state or local regulations change or otherwise as the need arises. This Policy may only be revised by the Board of Directors.

10. POLICY APPROVAL AND ADOPTION

This Policy has been reviewed by the SOCWA Board of Director's and adopted by Resolution 2017-08 on December 7, 2017.

EXHIBITA-1

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
INVESTMENT POLICY - ~~November 2, 2017~~April 4, 2024

Type of Investment	Major Provisions	Additional Restrictions imposed by SOCWA
Local Agency investment Fund (LAIF)	Permits a local agency to deposit funds with the State Treasurer for the purpose of investment in securities prescribed in Government Code Section 16430. (Government code Section 16429.1 et seq.)	None. Note: Current maximum deposit set by LAIF is \$40 <u>75</u> million dollars.
Passbook Savings Account Demand Deposits	Savings in federally insured Banks and Thrifts insured by the FDIC. All funds exceeding \$250,000.00 at any time must be collateralized according to state statutes.	None.

ExhibitA-2
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
INVESTMENT POLICY - ~~November 2, 2017~~[April 4, 2024](#)

Type of Investment	Major Provisions	Additional Restrictions imposed by SOCWA
Negotiable Certificate of Deposits	Permits a local agency to deposit funds in certificates of deposit in accordance with the requirements of Government Code 53601(i)	In compliance with Statute.
U.S. Treasury Notes	Permits a local agency to deposit funds in U.S. Treasury Notes in accordance with Government Code Section 53601(b)	In compliance with Statute.
Other Joint Powers Agency Investments	Permits a local agency to deposit funds with Other California Joint Powers Agency Investment programs in accordance with Government Code Section 53601(p)	In compliance with Statute.

SOCWA
Finance Committee
Budget Update
FY 2024-25
March 19, 2024

**FY 2015-16 Presentations to the
Executive Committee
and the
Board of Directors
Administration Cost Allocation
Methodology**

Administrative Cost Allocations

Consensus Approach & Recommendation to the Board of Directors



Administrative Cost Recovery

2015 Budget Method: Allocation based on Ratio of O&M Costs Incurred at the Project Committee Level

- Recommendation: Continue
- Reasoning:
 - Common Practice Across Industries, including Wastewater Utilities
 - Supported by CAS 410 (Federal Cost Accounting Standards)
 - Data is available and verifiable = supportable
 - Distribution is equitable and built upon the member's share of costs of use of each facility
 - Application is easy to understand and administer

“Carollo Engineers Recommendation after Survey of Other Agencies”

Allocation of Administrative Costs

Understanding CAS 410 and FAR,
Federal Acquisition Regulations

- The cost is allocated in accordance with relative benefits received.

Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives

Cost Accounting Standard (CAS) 410

CAS 410:

This standard provides criteria for the allocation of general and administrative (G&A) expenses to final cost objectives and furnishes guidelines for the type of expense that should be included in the G&A expense pool. It also establishes that G&A expense shall be allocated on **a cost input base that represents total activity. (Not including G&A)**

Cost input bases are generally acceptable for Government contracts because they express the causal and beneficial relationship between G&A expenses and all of the final cost objectives of a cost accounting period (matching principle).

Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives

Cost Accounting Standard (CAS) 410

Business Unit G&A Expense Pool:

The G&A expenses must be grouped in a separate indirect cost pool and allocated only to final cost objectives. For an expense to be classified as G&A, **it must be incurred for managing and administering the whole business unit.** Therefore, those management expenses that can be more directly measured by a base other than cost input should be removed from the G&A expense pool.

Cost Objective:

Cost objective means (except for subpart 31.6) a function, organizational subdivision, contract, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capitalized projects, etc.

Determination of Direct Costs and Indirect Costs-CAS 418

Direct Costs:

Direct Cost is any cost that is identified specifically with a particular final cost objective.

Indirect Costs:

Indirect cost means any cost not directly identified with a single, final cost objective, but identified with two or more final cost objectives.

Causal and Beneficial Relationship:

Indirect Costs are allocated to cost objectives based on a causal and beneficial relationship.

FY 2015-16 Presentations to the
Executive Committee
and the
Board of Directors
Administration Cost Allocation
Methodology

**GFOA (Government Finance Officers
Association) Best Practices**

GFOA-Government Finance Officers Best Practices Blue Book

- Cause-and Effect Relationships. Costs should be allocated based on **Usage or Causal factors** relating to costs incurred by service provider.
- Benefits received. The basis for allocation should bear a relationship to the **Benefit** the customer receives from the service.
- Fairness. The method of cost allocation that will be used must be seen as **Fair and Legitimate** by the users of the costing system. The fee should be charged **Equitably** based on **Use and Other Considerations**. Users must understand how the costs are calculated and should have a role in determining how the price system will be structured.
- Legal Constraints. State Laws may place constraints on how charges are developed. For example, if the charge for providing a service exceeds the true cost of the service, it could be construed as a **Tax under the Law**. Also, **Federal Regulations on Grants** may place Limits on Internal Charges against Grant Programs.

Materials presented by CSMFO Intermediate Government Accounting Course

Oversight Agencies

Who sets the Standards? Who Provides Guidance?

- OMB Circular A-87-The cost is allocated in accordance with relative benefits received.
- Cost Principles/Federal Grants
- Direct vs. Indirect Costs
- “Cost Allocation Plan”
- “Look Back” to Actual Costs
- Department Overhead Rates

Materials presented by CSMFO Intermediate Government Accounting Course

Organization Wide Costs for State and Local Governments

- The Term Organization –Wide means those departmental level direction and control function costs that all Agencies have in “Common”. The Regulations describe the following Organization Disciplines as examples:
 - Accounting
 - Payroll
 - HR
- Materials from Department of Education Cost Allocation Guide for State and Local Governments

GFOA Public Policy Statement- Accounting, Auditing and Financial Reporting

- As a Matter of Policy, the Government Finance Officers Association Encourages ALL Levels of Government to Follow Generally Accepted Accounting Principles (GAAP).
- Uniform Government Wide Accounting and Financial Reporting Systems would result in an Improvement in that level of Government's Ability to Accurately Track and Report Costs.

Financial Impact of Administration Costs Distributed Evenly Amongst the Member Agencies

Administration Costs Distributed based on the Ratio of O&M Costs Incurred at the Project Committee Level vs. Evenly

Budget by Member Agency

	Admin Distributed based on O&M Costs	Admin Distributed Evenly	Amount	%
	FY 2024-25 Proposed Budget	FY 2024-25 Budget Scenario	Change	Change
City of Laguna Beach	\$2,427,407	\$2,500,066	\$72,659	3.0%
City of San Clemente	259,343	512,795	253,452	97.7%
El Toro Water District	1,159,769	1,335,292	175,523	15.1%
Emerald Bay Service District	173,141	434,120	260,979	150.7%
IRWD (c/o ETWD)	175,481	431,716	256,235	146.0%
Moulton Niguel Water District	10,730,617	10,100,663	(629,954)	-5.9%
Santa Margarita Water District	5,973,995	5,738,643	(235,352)	-3.9%
South Coast Water District	5,047,382	4,893,840	(153,542)	-3.0%
Total	\$25,947,136	\$25,947,136	\$0	0.0%

Administration Costs by Member Agency Distributed Based On O&M Costs vs. Evenly

	Admin Distributed based on O&M Costs	Admin Distributed Evenly	Amount	%
	FY 2024-25 Proposed Admin Budget ¹	FY 2024-25 Budget Scenario ¹	Change	Change
Budget by Member Agency				
City of Laguna Beach	\$198,337	\$270,996	\$72,659	36.6%
City of San Clemente	17,544	270,996	253,452	1444.7%
El Toro Water District	95,473	270,996	175,523	183.8%
Emerald Bay Service District	10,017	270,996	260,979	2605.3%
Irvine Ranch Water District	14,761	270,996	256,235	1735.9%
Moulton Niguel Water District	900,950	270,996	(629,954)	-69.9%
Santa Margarita Water District	506,348	270,996	(235,352)	-46.5%
South Coast Water District	424,538	270,996	(153,542)	-36.2%
Total	\$2,167,968	\$2,167,968	\$0	0.0%

¹The Administration Amount distributed includes Residual Engineering and is net of transfer to General Fund:

Residual Engineering Expenses	\$218,126
Administration Expenses	2,333,665
Less General Fund	(383,824)
Total	\$2,167,968

General Fund – Distribution from Admin. Approved 6/14/2017

Description	Board Approved GF %'s
Regular Salaries	See Footnote #1
Overtime Salaries	50%
Comp Time – Earned	50%
Public Notices/Public Notices	100%
Contract Labor/Part-Time Labor	25%
Audit	100%
Legal	40%
Outside Services	100%
Postage	20%
Office Supplies – Admin	100%
Office Equipment	100%
Misc.	20%
IT Allocation into PC's & Depts	5%

(1) Time Allocations: GM 50% of amount in Admin, Exec Assist 50%, Controller 5%

General Fund Discussion Items

- General Fund Definition
 - Costs directly attributable to the operation of the agency's Board of Directors. (Historical Definition)
- Work Efforts included in Regular Salaries
 - GM 50% of Amount in Admin, Exec Asst 50%, Controller 5%
 - Overtime 50%
 - Comp Time 50%
- Legal Costs
 - Currently, 40%
 - Costs not directly identified to a Project Committee?
- FY 2030 Transition Plan, \$100k in Admin Budget
- IT Allocations 5%
 - IT follows labor in other departments and PCs
- Misc. 20%
 - Includes Iron Mountain Storage, \$17k-\$19k Annually

Environnemental Compliance FTE Request - Verbal Update

Questions and Discussions

Budget Schedule

- ▶ February 8 – Engineering Committee Approved CY 2023 flows and solids for use in the FY 24-25 budget.
- ▶ February 20 – Updated Budget presentation to the Finance Committee
- ▶ March 19 - Finance Committee Meeting and Budget Update
- ▶ April 16 – Finance Committee Meeting and Budget Update
- ▶ April 30 - Final Budget Update (if necessary)
- ▶ May 16 – Board Budget Workshop
- ▶ June 6 – Board Meeting (Budget Consideration for Approval)

Administration Efficiency Improvements to Avoid Future Cost Escalations

Admin Efficiency Improvements

Outsourcing of Payroll to ADP Benefits

- Payroll Processing Time reduced from 1-2 days to an average of 2-3 hours.
- Reduced Staff time; Staff has time to Focus on Other Projects
- Costs, the additional costs for the Agency is approximately \$25,000 annually. Full Service for use of the software and comprehensive services is \$3,488 per month and will vary based on the number of employees. **This includes other resources within the organization with no extra costs.**
- **Benefits from working with a large business that specializes in payroll, such as legal compliance with labor laws, safety posters, tax reporting for employers and employees and HR notices.**
- Improved Payroll Accuracy
- **Improved Security and Internal Controls**
- Custom Report Writing which also saves time for the Staff and provides information needed for CalPERS Reporting and Annual Statutory Reporting to the State.

Admin Efficiency Improvements

Electronic CalPERS Reporting Benefits

- Worked with Company to build an XML File that pulls data from Custom ADP reports to Upload into CalPERS
- Reduced Staff time from 2 Days to approximately an Hour to complete the reporting.
- Improved Accuracy to 100%.
- One time cost to build XML report and train employees, \$13,000. No monthly software subscription required, the company is partnered with Microsoft and used their product.

Admin Efficiency Improvements

Accounts Payable (AP) Automation is in Progress

Project objectives are:

- Eliminate or significantly reduce hardcopy vendor invoice receipts and storage.
- Eliminate or significantly reduce data entry of vendor invoices into the agency's financial system, Blackbaud Financial Edge (FE).
- Create an electronic workflow approval process based on SOCWA's matrix.
- Create and maintain electronic historical records and voucher packages.

Benefits are:

1. Electronic Historical Vendor Records and Voucher packages; desktop access for the Agency
2. Reduced Staff Time to work on other projects.
3. Costs are minimum
4. Avoidance of Future Costs Escalation
5. Improved Security