

I hereby certify that the following Agenda was posted at least 24 hours prior to the time of the Board Meeting so noticed below at the usual agenda posting location of the South Orange County Wastewater Authority (SOCWA) and at [www.socwa.com](http://www.socwa.com).

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

*Special Meeting of The  
South Orange County Wastewater Authority  
Board of Directors*

May 16, 2024  
8:30 a.m.

PHYSICAL MEETING LOCATION:  
South Orange County Wastewater Authority  
34156 Del Obispo Street  
Dana Point, CA 92629

THE BOARD OF DIRECTORS 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](http://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](mailto: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 UNMUTE 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 UNMUTE 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 BOARD OF DIRECTORS IN CONNECTION WITH A MATTER SUBJECT FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE BOARD OF DIRECTORS 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 BOARD OF DIRECTORS 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 BOARD OF DIRECTORS 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: 810 2477 8077  
Passcode: 892101

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/kccsf5E84D>

South Orange County Wastewater Authority  
Board of Directors Meeting  
May 16, 2024

Agenda

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ORAL COMMUNICATIONS

*Members of the public may address the board regarding an item on the agenda or may reserve this opportunity during the meeting at the time the item is discussed by the board. There will be a three-minute limit for public comments.*

4. APPROVAL OF BOARD MEMBER REQUEST FOR REMOTE PARTICIPATION

ACTION Board Discussion/Direction and Action.

5. CLOSED SESSION

- A. Closed Session Pursuant to Government Code § 54957.6 Conference with Labor Negotiator.

Agency Designated Representatives:

- Brad Neufeld of Varner & Brandt
- Jim Burror, Acting General Manager/Director of Operations

PAGE NO

6. BUDGET WORKSHOP - Presentation of FY 2024-25 Budget ..... 1

ACTION Board Discussion/Discussion and Action

7. OTHER MATTERS

Determine the need to take action on the following item(s) introduced by the Acting General Manager/Director of Operations, which arose subsequent to the agenda being posted. [Adoption of this action requires a two-thirds vote of the Board, or if less than two-thirds are present, a unanimous vote.]

ADJOURNMENT

THE NEXT SOCWA BOARD MEETINGS:  
JUNE 3, 2024, AND  
JUNE 6, 2024

**SOCWA**  
**Board Budget Workshop**  
**FY 2024-25**  
**May 16, 2024**

# 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 14 – CIP to Engineering Committee
- ▶ March 19 – Finance Committee Meeting and Budget Update
- ▶ April 11 – FY 2024-25 Capital Budget to Engineering Committee
- ▶ 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)
- ▶ Future - PC 3A Diversions to JBL will be the subject of a future PC 2 Budget Amendment as construction project progresses.

SOCWA's staff was able to complete the initial draft of the Annual Budget earlier than it was in prior years.

# SOCWA Total Budget by Member Agency

										UAL & OPEB Annual Payments Allocated using a Board Approved Actuarial Methodology <sup>1</sup>					
Budget by Member Agency										UAL & OPEB FY 24-25	Board Approved Method	Total Budget	Change \$	Change %	
FY 2020-21 Actual (w UAL and OPEB) <sup>2</sup>	Change %	FY 2021-22 Actual (w UAL and OPEB) <sup>2</sup>	Change %	FY 2022-23 Actual (w UAL and OPEB) <sup>2</sup>	Change %	FY 2023-24 Adj. Budget (w UAL and OPEB) <sup>2</sup>	Change %	FY 2024-25 Budget (w/o UAL and OPEB) <sup>1</sup>	Change %						
City of Laguna Beach	\$2,121,882	1.1%	2,179,567	2.7%	\$2,265,285	3.9%	\$2,298,848	1.5%	\$2,194,251	-4.6%	\$231,081	10.72%	\$2,425,331	\$126,483	5.5%
City of San Clemente	172,941	11.0%	182,040	5.3%	192,069	5.5%	271,276	41.2%	256,201	-5.6%	15,088	0.70%	271,289	13	0.0%
City of San Juan Capistrano	2,134,243	-2.9%	2,138,571	0.2%	2,056,766	-3.8%		-100.0%							
El Toro Water District	883,973	-5.7%	884,248	0.0%	1,057,721	19.6%	1,141,330	7.9%	1,091,577	-4.4%	74,095	3.44%	1,165,672	24,342	2.1%
Emerald Bay Service District	166,819	11.7%	154,451	-7.4%	158,963	2.9%	177,736	11.8%	175,520	-1.2%	10,152	0.47%	185,672	7,936	4.5%
Irvine Ranch Water District	167,760	4.5%	166,373	-0.8%	176,261	5.9%	214,278	21.6%	158,235	-26.2%	16,101	0.75%	174,336	(39,942)	-18.6%
Moulton Niguel Water District	9,259,287	3.0%	9,411,942	1.6%	9,689,775	3.0%	10,038,953	3.6%	9,726,025	-3.1%	948,020	43.99%	10,674,045	635,092	6.3%
Santa Margarita Water District	2,671,575	13.3%	3,029,218	13.4%	3,756,078	24.0%	5,917,020	57.5%	5,496,026	-7.1%	452,003	20.97%	5,948,029	31,010	0.5%
South Coast Water District	3,857,757	3.3%	4,127,834	7.0%	4,146,365	0.4%	4,668,350	12.6%	4,619,042	-1.1%	408,719	18.96%	5,027,761	359,411	7.7%
Trabuco Canyon Water District	69,781	26.9%	22,534	-67.7%	33,117	47.0%		-100.0%							
<b>Total</b>	<b>\$21,506,016</b>	<b>3.2%</b>	<b>\$22,296,778</b>	<b>3.7%</b>	<b>\$23,532,399</b>	<b>5.5%</b>	<b>\$24,727,791</b>	<b>5.1%</b>	<b>23,716,877</b>	<b>-4.1%</b>	<b>\$2,155,259</b>	<b>100.00%</b>	<b>\$25,872,136</b>	<b>\$1,144,345</b>	<b>4.6%</b>

<sup>1</sup>Beginning with FY 2020-21, the Budget presentation has been modified to present costs applicable to current activity vs. costs related to prior years unfunded liabilities.

The above Budget Costs reflect the removal of UAL and OPEB payments from the Fringe Pool; the costs are distributed by Member Agency using a Board Approved Actuarial Methodology.

<sup>2</sup>Includes Allocation of UAL & OPEB Annual Payments using a Board Approved Methodology.

In comparison to SOCWA's FY 2023-24 Budget, the FY 2024-25 Budget increased by \$1.1 million or 4.6%, primarily due to financial market fluctuations' impact on Unfunded Pension Liabilities (UAL) annual required payments, health insurance costs increases impact on OPEB/Retiree Health "Pay-Go" health insurance premiums and inflationary increases on operating expenses.

- COLA is to be determined.
- Merit increases are an average of 3%, per the FY 2023-24 MOU Agreement.

# Financial Impact to Proposed FY 2024-25 Budget for 1% COLA (Cost of Living Adjustment)

Budget by Member Agency	No COLA	COLA 1%	\$ Change	% Change
	FY 2024-25 Proposed Budget	FY 2024-25 Budget Scenario		
City of Laguna Beach	\$2,425,331	\$2,433,894	\$8,563	0.4%
City of San Clemente	271,289	272,607	1,317	0.5%
El Toro Water District	1,165,672	1,169,145	3,473	0.3%
Emerald Bay Service District	185,672	186,634	962	0.5%
Irvine Ranch Water District	174,336	174,877	541	0.3%
Moulton Niguel Water District	10,674,045	10,708,156	34,112	0.3%
Santa Margarita Water District	5,948,029	5,969,057	21,028	0.4%
South Coast Water District	5,027,761	5,047,527	19,766	0.4%
<b>Total</b>	<b>\$25,872,136</b>	<b>\$25,961,897</b>	<b>\$89,761</b>	<b>0.3%</b>

- The Proposed FY 2024-25 Budget would increase by \$89,761 or 0.3% for every 1% of COLA.

# SOCWA Budget Year-Over-Year (YOY) Change

	FY 2023-24 Budget	FY 2023-24 Adjusted Budget	FY 2024-25 Budget	FY 2024-25 \$ Change +(-)	% Change
<b>FY 2023-24 Original Budget</b>					
<b>\$24,674,804</b>	<b>\$52,987</b>	<b>\$24,727,791</b>	<b>\$25,872,136</b>	<b>\$1,144,345</b>	<b>4.6%</b>

**FY 2023-24 Budget Roll Forward to Proposed FY 2024-25 Budget**

<b>Budget Changes (Cost Drivers in Blue)</b>				
Payroll Costs (COLA not included) <sup>1</sup>	\$516,073			
Unfunded Pension Liability (UAL) & OPEB/Retiree Health <sup>2</sup>	364,070			
Chemicals <sup>3</sup>	282,400			
Biosolids Hauling and Disposal <sup>3</sup>	107,300			
Insurance	102,351			
Environmental Permit Requirements & Increased Water Quality Fees	81,167			
Electricity <sup>3</sup>	39,100			
Natural Gas <sup>3</sup>	19,360			
		<b>\$1,511,821</b>	<b>6.1%</b>	Change from FY 23-24 Budget
Management Support	(233,950)	Plume Tracking reduction		
Legal Fees	(75,000)			
Residual Engineering Non-labor costs	(54,722)			
Maintenance - Equip. & Facilities	(24,408)			
Other	20,604			
		<b>(367,476)</b>	<b>-1.5%</b>	Change from FY 23-24 Budget
<b>Total Budget Change</b>	<b>\$1,144,345</b>	<b>\$1,144,345</b>	<b>4.6%</b>	

<sup>1</sup>COLA TBD, and 3% Merit in line with the MOU. Each 1% increase in COLA would increase the Budget by \$89,761 or 0.3%  
*The Consumer Price Index increased 4 percent in March.*

<sup>2</sup>UAL increased 20.7% due to CalPERS financial market fluctuations and OPEB "Pay Go" increased 19.4% due to increased Premiums.

<sup>3</sup>The Increases are due to an inflationary environment.

# SOCWA 5-Year Labor Plan for Full Time Employees (FTEs)

FTEs Headcount											
Department	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget	FY 2021-22 Budget	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget	FY 2025-26 Budget	FY 2026-27 Budget	FY 2027-28 Budget	FY 2028-29 Budget
<b>Operations<sup>1</sup></b>	42	42	40	40	40	39	39	40	40	40	40
<b>Environmental Compliance &amp; Safety<sup>2</sup></b>	9	9	9	10	10	10	11	11	11	11	11
<b>Engineering<sup>3</sup></b>	3	3	3	3	3	3	1	1	1	1	1
<b>Administration<sup>4</sup></b>	9	9	8	8	8	8	8	8	8	8	8
<b>IT</b>	1	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>64</b>	<b>64</b>	<b>61</b>	<b>62</b>	<b>62</b>	<b>61</b>	<b>60</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>

<sup>1</sup>O&M's Director of Operations is in the Administration headcount.

<sup>2</sup>Environmental Compliance has an increase of one FTE, split 50/50 between the Lab and Pretreatment, to meet increased regulatory compliance.

<sup>3</sup>Engineering has a decrease of two FTEs and will use two Contract Employees to support Capital Projects.

<sup>4</sup>The Acting GM is included in Administration, but 10% of his labor costs are included in Residual Engineering.



# Classic Employees Unfunded Pension Liability (UAL) and OPEB/Retiree Health Insurance

<b>UAL Required Annual Payment</b>					
<b>Increased \$260k or 20.7% FY 2024-25</b>					
Pension Plans	Annual Lump Sum Payment	Monthly Payments	Annual Interest Savings	Increase/ (Decrease)	Without Savings
Tier 1 Classic	\$1,487,379	\$1,537,118	\$49,739		
Tier 2 Classic	10,561	10,914	353		
Tier 3 PEPR	15,433	15,949	516		
<b>Total</b>	<b>\$1,513,373</b>	<b>\$1,563,981</b>	<b>\$50,608</b>	<b>20.7%</b>	<b>24.8%</b>
<b>Prior Year</b>					
<b>Budget</b>	<b>\$1,253,636</b>				
<b>YOY Increase</b>	<b>\$259,737</b>				
<b>% Increase</b>	<b>20.7%</b>				

<b>OPEB Increases 19.4% FY 2024-25</b>		<b>Increase/ (Decrease)</b>
CalPERS Retiree Health	\$626,713	
CalPERS Admin Fee	15,173	
<b>Total Retiree Health</b>	<b>\$641,886</b>	<b>19.4%</b>
<b>Prior Year Budget</b>	<b>\$537,553</b>	
<b>YOY Increase</b>	<b>\$104,333</b>	
<b>% increase</b>	<b>19.4%</b>	

# Classic Employees Unfunded Pension Liability and OPEB/Retiree Health Insurance by Member Agency

UAL and OPEB by Member Agency	Board Approved Methodology										
	FY 2022-23 Distribution %'s	FY 2022-23 CSJC w SMWD, No TCWD <sup>1</sup>	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Budget	FY 2024-25 Budget	FY 2025-26 Budget	FY 2026-27 Budget	FY 2027-28 Budget	FY 2028-29 Budget
City of Laguna Beach	10.72%	10.72%	\$156,033	\$175,863	\$199,166	\$192,095	\$231,081	\$255,047	\$280,125	\$304,597	\$343,130
City of San Clemente	0.70%	0.70%	9,954	11,411	13,005	12,464	15,088	16,653	18,291	19,889	22,405
City of San Juan Capistrano <sup>1</sup>	10.27%		152,039	170,266	190,796						
El Toro Water District <sup>2</sup>	3.44%	3.44%	50,643	56,524	63,862	61,756	74,095	81,779	89,820	97,667	110,023
Emerald Bay Service District	0.47%	0.47%	6,784	7,700	8,750	8,411	10,152	11,205	12,306	13,381	15,074
Irvine Ranch Water District <sup>2</sup>	0.75%	0.75%	11,054	12,366	13,877	13,531	16,101	17,771	19,518	21,224	23,908
Moulton Niguel Water District	43.99%	43.99%	649,208	725,434	817,089	792,528	948,020	1,046,343	1,149,226	1,249,624	1,407,706
Santa Margarita Water District <sup>1</sup>	10.70%	20.97%	147,776	169,855	198,780	371,656	452,003	498,882	547,935	595,804	671,175
South Coast Water District	18.96%	18.96%	273,612	310,096	352,271	338,749	408,719	451,109	495,465	538,750	606,903
Trabuco Canyon Water District <sup>3</sup>			278	314							
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$1,457,381</b>	<b>\$1,639,829</b>	<b>\$1,857,596</b>	<b>\$1,791,189</b>	<b>\$2,155,259</b>	<b>\$2,378,790</b>	<b>\$2,612,686</b>	<b>\$2,840,935</b>	<b>\$3,200,324</b>

<sup>1</sup>Effective November 15, 2021, SJC's ownership capacity and ongoing financial obligations were assumed by the SMWD.

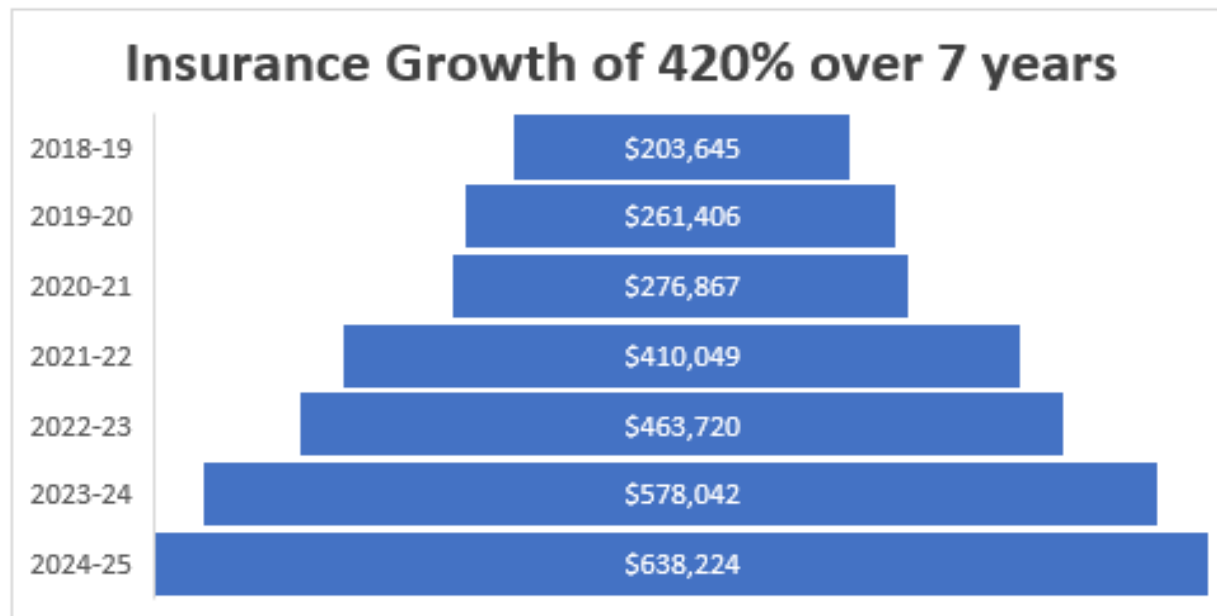
The City of San Juan Capistrano's share of the annual expense is included with Santa Margarita Water District, beginning fiscal year 2023-24.

<sup>2</sup>Effective July 1, 2023, IRWD's ownership capacity and ongoing financial obligations were assumed by the ETWD.

IRWD is shown as a member agency for financial tracking purposes only; ETWD pays all costs.

<sup>3</sup>Effective July 1, 2023, TCWD (May 4, 2023, agreement date) withdrew from SOCWA. This included TCWD paying a lump sum for past and future financial ongoing JPA obligations to SOCWA.

# Property Liability Drives Insurance Growth Over 7 Year Period



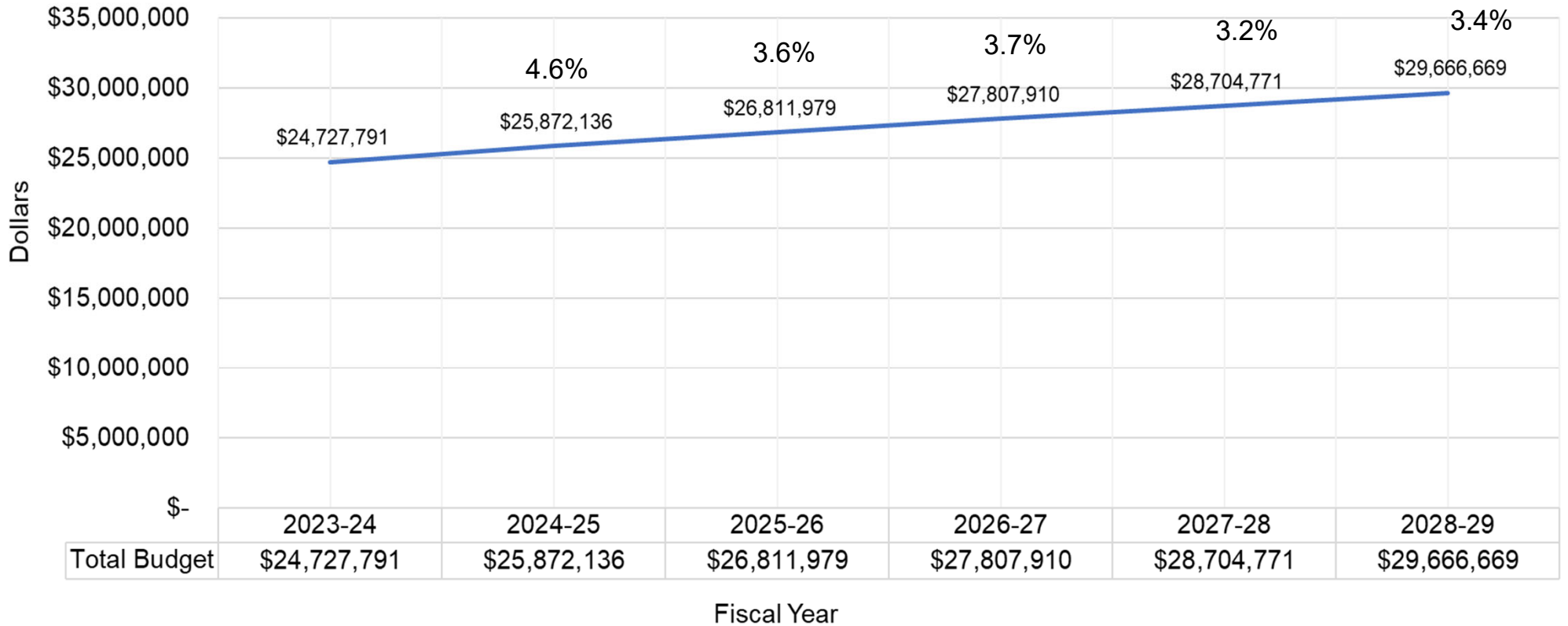
# SOCWA Fringe Pool

## FY 2024-25 through FY 2028-29

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 23-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 24-25	
	Actual	Actual	Actual	Actual	Budget	FRCST	Budget	Budget	Budget	Budget	Budget	YOY \$Change	YOY % Change
457 Plan - Employer Contributions (50 Participants)	\$74,097	\$72,639	\$76,797	\$69,537	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$0	0.0%
Accrued Administrative Leave	47,949	33,434	36,582	44,574	31,605	40,365	29,155	29,855	30,422	30,848	31,527	(2,450)	-7.8%
Accrued Holiday	251,092	262,771	262,937	267,792	306,391	272,686	300,337	307,545	313,389	317,776	324,767	(6,054)	-2.0%
Accrued Personal Leave	97,085	81,137	97,394	97,880	102,130	88,557	100,112	102,515	104,463	105,925	108,256	(2,018)	-2.0%
COVID 19 Federal Leave		44,236	1,533									-	
COVID 19 State Leave		15,910	37,815	40,843								-	
Child Leave						11,299							
Accrued Sick Pay	233,159	289,940	273,286	314,272	325,764	325,764	320,386	328,075	334,309	338,989	346,447	(5,378)	-1.7%
Accrued Vacation	383,841	382,525	416,472	417,560	460,932	460,932	471,398	482,712	491,883	498,769	509,742	10,466	2.3%
Bereavement Pay	9,043	12,149	12,901	14,770	12,500	12,500	12,500	12,500	12,500	12,500	12,500	-	0.0%
Jury Duty	5,156	1,005	5,054	2,308	3,500	3,000	3,500	3,500	3,500	3,500	3,500	-	0.0%
Disability Insurance - Private	61,659	61,468	62,325	61,748	65,876	61,849	61,931	62,550	63,175	63,807	64,445	(3,945)	-6.0%
Group Medical Insurance	902,394	959,986	1,024,258	1,070,849	1,152,765	1,145,998	1,224,195	1,331,018	1,448,064	1,576,063	1,716,055	71,431	6.2%
Group Medical Insurance Waiver							18,000	18,000	18,000	18,000	18,000	18,000	
Medicare Tax - Employer	104,441	104,289	96,485	108,374	113,503	115,470	117,987	119,848	122,132	123,814	124,068	4,484	4.0%
Retiree Health Savings Program (RHS)	39,600	48,000	55,000	55,600	67,200	57,400	60,000	67,200	67,200	67,200	67,200	(7,200)	-10.7%
Retiree Health PARS Investment												-	
<sup>1</sup> Retiree Health Benefits	456,943											-	
Retirement - PERS Normal Costs	584,043	640,736	636,896	640,675	717,208	707,758	704,570	722,276	736,167	746,261	747,863	(12,638)	-1.8%
<sup>1</sup> Retirement - PERS Unfunded Liability	867,337												
Unemployment Ins./Reimbursement													
Workers Compensation Ins.	192,000	121,937	182,738	147,450	150,502	176,459	190,576	200,105	210,110	220,615	231,646	40,074	26.6%
<b>Total O&amp;M Budget Fringe Benefits Pool</b>	<b>\$4,309,837</b>	<b>\$3,132,163</b>	<b>\$3,278,473</b>	<b>\$3,354,231</b>	<b>\$3,589,876</b>	<b>\$3,560,037</b>	<b>\$3,694,647</b>	<b>\$3,867,699</b>	<b>\$4,035,313</b>	<b>\$4,204,068</b>	<b>\$4,386,016</b>	<b>\$104,771</b>	<b>2.9%</b>
<b>Change in Fringe Pool</b>	<b>4.0%</b>	<b>-27.3%</b>	<b>4.7%</b>	<b>2.3%</b>	<b>7.0%</b>		<b>2.9%</b>	<b>4.7%</b>	<b>4.3%</b>	<b>4.2%</b>	<b>4.3%</b>		
<b>Pay for Time Worked Labor Base(Regular Salaries)</b>													
O&M including CIP Labor	\$3,451,281	\$3,402,166	\$3,379,203	\$3,453,540	\$3,913,707	\$3,580,775	4,113,886	4,246,761	4,362,205	4,443,960	4,447,583	\$200,180	5.1%
Environmental	933,333	955,618	949,369	1,014,951	1,151,739	1,134,990	1,269,383	1,284,670	1,292,454	1,300,472	1,310,105	117,643	10.2%
Engineering including CIP Labor, Dir time	397,732	428,407	418,681	315,707	469,025	464,247	166,859	166,859	166,859	166,859	166,859	(302,166)	-64.4%
Admin net of transfer to Engr	934,332	899,005	923,711	947,630	1,006,210	1,026,105	1,053,134	1,065,275	1,069,932	1,071,895	1,073,918	46,924	4.7%
IT	92,851	99,833	103,017	107,479	116,046	120,515	125,452	129,231	133,795	138,326	138,326	9,406	8.1%
<b>Total Pay for Time Worked Labor Base</b>	<b>\$5,809,528</b>	<b>\$5,785,029</b>	<b>\$5,773,981</b>	<b>\$5,839,307</b>	<b>\$6,656,728</b>	<b>\$6,326,632</b>	<b>6,728,714</b>	<b>6,892,797</b>	<b>7,025,245</b>	<b>7,121,513</b>	<b>7,136,791</b>	<b>\$71,987</b>	<b>1.1%</b>
<b>Fringe Rate</b>	<b>74.2%</b>	<b>54.1%</b>	<b>56.8%</b>	<b>57.4%</b>	<b>53.9%</b>	<b>56.3%</b>	<b>54.9%</b>	<b>56.1%</b>	<b>57.4%</b>	<b>59.0%</b>	<b>61.5%</b>		
<b>Change in Labor Base</b>	<b>5.9%</b>	<b>-0.4%</b>	<b>-0.2%</b>	<b>1.1%</b>	<b>14.0%</b>		<b>1.1%</b>	<b>2.4%</b>	<b>1.9%</b>	<b>1.4%</b>	<b>0.2%</b>		

<sup>1</sup>Retiree Health (OPEB) Pay-Go expenses and Unfunded Pension Liability (UAL) removed from Fringe Pool and Distributed by Member Agency based on the Board Approved Actuarial Methodology.

# SOCWA Budget Year-Over-Year Change

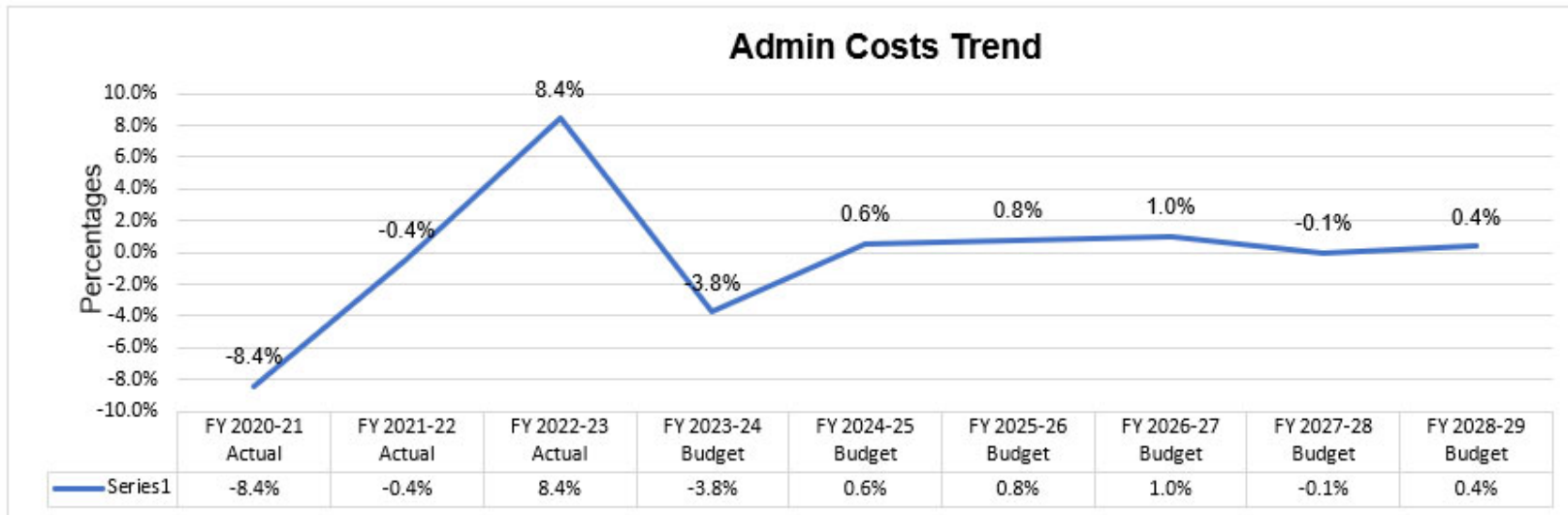


SOCWA’s Year-Over-Year total budget remains relatively flat, with a slight increase of about 3% each year. This indicates consistent and stable financial performance.

# SOCWA Budget Year-Over-Year (YOY) Change

	FY 2023-24 Adj. Budget	FY 2024-25 Budget	Change %	FY 2025-26 Budget	Change %	FY 2026-27 Budget	Change %	FY 2027-28 Budget	Change %	FY 2028-29 Budget	Change %
<b>Total Budget by Member Agency</b>											
City of Laguna Beach	\$2,298,848	\$2,425,331	5.5%	\$2,514,961	3.7%	\$2,620,901	4.2%	\$2,701,247	3.1%	\$2,781,012	3.0%
City of San Clemente	271,276	271,289	0.0%	269,962	-0.5%	281,039	4.1%	289,721	3.1%	301,588	4.1%
City of San Juan Capistrano											
El Toro Water District	1,141,330	1,165,672	2.1%	1,214,240	4.2%	1,265,298	4.2%	1,299,189	2.7%	1,327,869	2.2%
Emerald Bay Service District	177,736	185,672	4.5%	189,517	2.1%	196,293	3.6%	199,031	1.4%	203,123	2.1%
Irvine Ranch Water District	214,278	174,336	-18.6%	180,325	3.4%	188,747	4.7%	197,773	4.8%	208,569	5.5%
Moulton Niguel Water District	10,038,953	10,674,045	6.3%	11,108,852	4.1%	11,549,001	4.0%	11,920,750	3.2%	12,291,212	3.1%
Santa Margarita Water District	5,917,020	5,948,029	0.5%	6,067,560	2.0%	6,253,806	3.1%	6,472,159	3.5%	6,745,520	4.2%
South Coast Water District	4,668,350	5,027,761	7.7%	5,191,559	3.3%	5,377,827	3.6%	5,549,900	3.2%	5,732,776	3.3%
Trabuco Canyon Water District											
<b>Total</b>	<b>\$24,727,791</b>	<b>\$25,872,136</b>	<b>4.6%</b>	<b>\$26,736,979</b>	<b>3.3%</b>	<b>\$27,732,910</b>	<b>3.7%</b>	<b>\$28,629,771</b>	<b>3.2%</b>	<b>\$29,591,669</b>	<b>3.4%</b>

# Administration Budget Cost Trends



# Administration Budget (in dollars)

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 24-25	
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Budget	Budget	Change \$	Change %
<b>Salary and Fringe</b>												
Regular Salaries-Admin & IT	934,332	899,005	923,711	947,630	1,006,210	1,053,134	1,065,275	1,069,932	1,071,895	1,073,918	46,924	4.7%
Overtime Salaries-Admin & IT	33,485	35,428	28,565	14,911	7,000	7,500	7,500	7,500	7,500	7,500	500	7.1%
Comp Time - Admin	9,200	18,225	6,252	4,206	4,000	2,000	2,000	2,000	2,000	2,000	(2,000)	-50.0%
Fringe Benefits IN to PC's & Depts.	693,140	486,745	524,484	544,340	542,634	578,262	584,929	587,486	588,564	589,674	35,628	6.6%
<b>Total Payroll Costs</b>	<b>1,670,157</b>	<b>1,439,403</b>	<b>1,483,013</b>	<b>1,511,087</b>	<b>1,559,845</b>	<b>1,640,896</b>	<b>1,659,704</b>	<b>1,666,918</b>	<b>1,669,959</b>	<b>1,673,092</b>	<b>81,051</b>	<b>5.2%</b>
<b>Other Expenses</b>												
Public Notices/ Public Relations		2,180										
HR Recruitment & Employee Relations	34,745	32,837	23,042	10,630	48,100	32,100	30,977	31,596	32,228	32,873	(16,000)	-33.3%
Subscriptions	2,058	2,119	2,528	1,903	1,400	2,030	2,071	2,112	2,154	2,197	630	45.0%
Contract Labor/Temp Labor			24,512	28,477	30,000	35,000	35,700	36,414	37,142	37,885	5,000	16.7%
Management Support Services	80,611	58,868	32,691	77,545	55,000	55,000	56,100	57,222	58,366	59,534	-	0.0%
Audit	38,267	40,600	45,000	37,680	46,000	40,800	40,848	51,897	42,975	43,201	(5,200)	-11.3%
Legal	222,876	338,560	266,611	389,328	200,000	125,000	125,000	125,000	125,000	125,000	(75,000)	-37.5%
Postage	3,126	897	1,460	1,226	1,500	1,545	1,545	1,545	1,545	1,545	45	3.0%
Office Supplies - Admin	5,983	3,512	3,113	1,799	4,000	4,120	4,202	4,286	4,372	4,460	120	3.0%
Office Equipment	1,933	2,338	5,101	9,223	1,000	1,000	1,000	1,000	1,000	1,000	-	0.0%
Memberships & Trainings	94,279	76,234	98,047	104,664	105,000	107,500	105,000	105,000	105,000	105,000	2,500	2.4%
Travel & Conference	13,470	5,224	11,482	13,878	25,000	25,000	25,000	25,000	25,000	25,000	-	0.0%
Scholarship/Education reimbursement		1,000		1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	0.0%
Education Reimbursement	1,500	1,500	2,651	2,715	3,000	1,500	1,500	1,500	1,500	1,500	(1,500)	-50.0%
Miscellaneous	25,777	19,542	22,786	22,232	22,000	27,000	27,540	28,091	28,653	29,226	5,000	22.7%
Mileage	401	185	148	686	600	800	816	832	849	866	200	33.3%
Contract Services Misc	5,293	5,464	5,646	5,732	5,800	5,800	5,858	5,917	5,976	6,036	-	0.0%
IT Allocations in to PC's & Depts.	142,337	114,520	108,574	97,589	123,292	140,375	140,251	140,962	142,362	144,331	17,082	13.9%
Shipping/Freight	4,830	4,296	3,822	2,446	1,200	2,000	2,040	2,081	2,122	2,165	800	66.7%
Monthly Car Allowance	12,119	12,046	12,046	13,500	12,000	10,200	10,200	10,200	10,200	10,200	(1,800)	-15.0%
<b>Total Other Expenses</b>	<b>689,605</b>	<b>721,922</b>	<b>669,260</b>	<b>822,253</b>	<b>685,892</b>	<b>617,770</b>	<b>616,648</b>	<b>631,655</b>	<b>627,445</b>	<b>633,018</b>	<b>(68,123)</b>	<b>-9.9%</b>
<b>Total Administration Expenses</b>	<b>2,359,761</b>	<b>2,161,324</b>	<b>2,152,273</b>	<b>2,333,340</b>	<b>2,245,737</b>	<b>2,258,665</b>	<b>2,276,352</b>	<b>2,298,573</b>	<b>2,297,405</b>	<b>2,306,109</b>	<b>12,928</b>	<b>0.6%</b>
<b>Year-Over-Year Change %'s</b>	<b>0.0%</b>	<b>-8.4%</b>	<b>-0.4%</b>	<b>8.4%</b>	<b>-3.8%</b>	<b>0.58%</b>	<b>0.8%</b>	<b>1.0%</b>	<b>-0.1%</b>	<b>0.4%</b>		

Regular Salaries include 90% of the Acting GM Labor Costs



# Residual Engineering Budget (in dollars)

	FY 2023-24 Budget	FY 2024-25 Budget	Change \$ Amount	Change %
<b>Salary and Fringe</b>				
Regular Salaries-O&M	194,546	109,310	(85,236)	-43.8%
Fringe Benefits IN to PC's & Depts.	104,916	60,021	(44,895)	-42.8%
<b>Total Payroll Costs</b>	<b>299,462</b>	<b>169,330</b>	<b>(130,132)</b>	<b>-43.5%</b>
<b>Other Expenses</b>				
Miscellaneous Expense	2,000	1,000	(1,000)	-50.0%
Office Supplies - All		100	100	
Safety Supplies		100	100	
Travel Expense/Tech. Conferences	8,500	2,500	(6,000)	-70.6%
Training Expense	1,300	1,300	-	0.0%
Office Equipment	150	153	3	2.0%
Membership Dues/Fees	1,775	1,150	(625)	-35.2%
Mileage	250	150	(100)	-40.0%
IT Direct	250	-	(250)	-100.0%
Operating Leases	30,000	20,000	(10,000)	-33.3%
Monthly Car Allowance	4,200		(4,200)	-100.0%
Shipping/Freight	100	102	2	2.0%
IT Allocations in to PC's & Depts.	54,993	22,241	(32,752)	-59.6%
<b>Total Other Expenses</b>	<b>103,518</b>	<b>48,796</b>	<b>(54,722)</b>	<b>-52.9%</b>
<b>Total Residual Engineering Expenses</b>	<b>402,980</b>	<b>218,126</b>	<b>(184,854)</b>	<b>-45.9%</b>
<b>YOY Change</b>	<b>52.6%</b>	<b>-45.9%</b>		
<b>Capitalized Portion of Labor &amp; Fringe</b>	<b>422,501</b>	<b>89,149</b>	<b>(333,352)</b>	<b>-78.9%</b>
<b>Percentage Change</b>	<b>39.8%</b>	<b>-78.9%</b>		

Regular Salaries include 10% of the Acting GM Labor Costs

# General Fund Budget FY 2024-25 compared to FY 2023-24 (Included Within Admin Expenses) (in dollars)

	Finance Committee Recommended General Fund %'s	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Budget	FY 2024-25 Budget	FY 2025-26 Budget	FY 2026-27 Budget	FY 2027-28 Budget	FY 2028-29 Budget
Regular Salaries-Admin & IT	Footnote #1	167,925	157,568	165,777	180,128	224,208	224,209	224,209	224,209	224,209
Overtime Salaries-Admin & IT	50%	17,714	5,523	7,092	3,500	3,750	3,750	3,750	3,750	3,750
Comp Time - Admin	50%	9,112	1,124	1,340	2,000	1,000	1,000	1,000	1,000	1,000
Fringe Benefits IN to PC's & Depts.		90,919	89,467	95,226	97,141	123,110	123,110	123,110	123,110	123,110
<b>Total Payroll Costs</b>		<b>285,670</b>	<b>253,681</b>	<b>269,435</b>	<b>282,769</b>	<b>352,068</b>	<b>352,069</b>	<b>352,069</b>	<b>352,069</b>	<b>352,069</b>
Car Allowance	GM 50%, Controller 25%					4,050	4,050	4,050	4,050	4,050
Memberships	All except WEROC					85,190	85,190	85,190	85,190	85,190
Public Notices/ Public Relations	100%									
Contract Labor/Part-Time Labor	25%		6,128	7,119	7,500	8,750	8,925	9,104	9,286	9,471
Audit	100%	40,600	45,000	37,680	46,000	40,800	40,848	51,897	42,975	43,201
Legal	Procopio-100%	135,424	106,644	149,643	80,000	67,000	67,000	67,000	67,000	67,000
Outside Services	100%									
Postage	20%	179	292	245	300	309	309	309	309	309
Office Supplies - Admin	25%	3,512	3,113	1,799	4,000	1,030	1,051	1,072	1,093	1,115
Office Equipment	Follows Employee	2,338	5,101	9,223	1,000					
Miscellaneous	20%	3,908	4,557	4,446	4,400					
IT Allocations in to PC's & Depts.	5%	5,726	5,429	4,879	6,165	7,019	7,013	7,048	7,118	7,217
<b>Total Other Expenses</b>		<b>191,688</b>	<b>176,264</b>	<b>215,035</b>	<b>149,365</b>	<b>124,908</b>	<b>125,145</b>	<b>136,430</b>	<b>127,781</b>	<b>128,313</b>
<b>Total General Fund Expenses</b>		<b>477,358</b>	<b>429,946</b>	<b>484,470</b>	<b>432,133</b>	<b>476,976</b>	<b>477,214</b>	<b>488,498</b>	<b>479,850</b>	<b>480,381</b>

(1) New Time Allocations: GM 50% of the amount in Administration, Executive Assistant 60%, and the Controller 25%.

Historical Time Allocations: GM 50% of the amount in Administration, Executive Assistant 50%, and the Controller 5%.

# General Fund Budget FY 2024-25 by Member Agency (in dollars)

	<b>FY 2023-24</b>	<b>Distribution</b>	<b>FY 2024-25</b>	<b>Distribution</b>	<b>FY 2025-26</b>	<b>Distribution</b>	<b>FY 2026-27</b>	<b>Distribution</b>	<b>FY 2027-28</b>	<b>Distribution</b>	<b>FY 2028-29</b>	<b>Distribution</b>
	<b>Budget</b>	<b>%</b>	<b>Budget</b>	<b>%</b>	<b>Budget</b>	<b>%</b>	<b>Budget</b>	<b>%</b>	<b>Budget</b>	<b>%</b>	<b>Budget</b>	<b>%</b>
City of Laguna Beach	61,733	14.3%	68,139	14.3%	68,173	14.3%	69,785	14.3%	68,550	14.3%	68,626	14.3%
City of San Clemente	61,733	14.3%	68,139	14.3%	68,173	14.3%	69,785	14.3%	68,550	14.3%	68,626	14.3%
City of San Juan Capistrano												
El Toro Water District	61,733	14.3%	68,139	14.3%	68,173	14.3%	69,785	14.3%	68,550	14.3%	68,626	14.3%
Emerald Bay Service District	61,733	14.3%	68,139	14.3%	68,173	14.3%	69,785	14.3%	68,550	14.3%	68,626	14.3%
Irvine Ranch Water District												
Moulton Niguel Water District	61,733	14.3%	68,139	14.3%	68,173	14.3%	69,785	14.3%	68,550	14.3%	68,626	14.3%
Santa Margarita Water District	61,733	14.3%	68,139	14.3%	68,173	14.3%	69,785	14.3%	68,550	14.3%	68,626	14.3%
South Coast Water District	61,733	14.3%	68,139	14.3%	68,173	14.3%	69,785	14.3%	68,550	14.3%	68,626	14.3%
Trabuco Canyon Water District												
<b>Total General Fund</b>	<b>432,133</b>	<b>100.0%</b>	<b>476,976</b>	<b>100.0%</b>	<b>477,214</b>	<b>100.0%</b>	<b>488,498</b>	<b>100.0%</b>	<b>479,850</b>	<b>100.0%</b>	<b>480,381</b>	<b>100.0%</b>

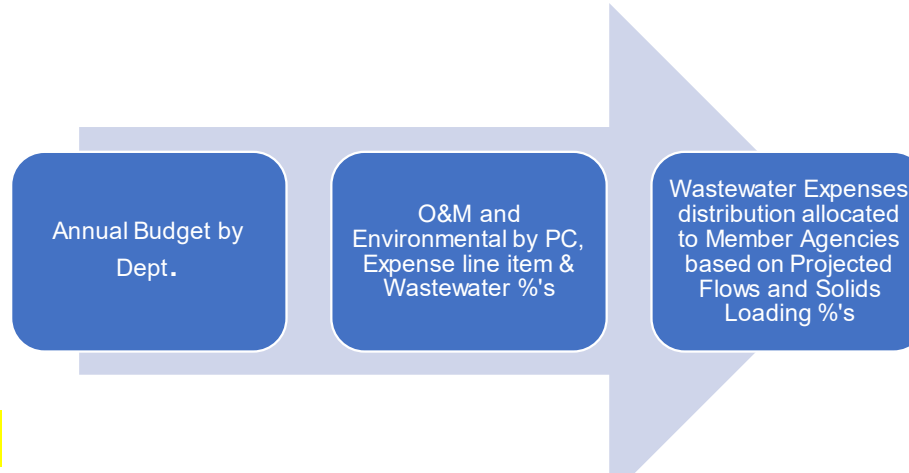
**The General Fund is distributed evenly amongst the seven Member Agencies.**

# **Allocation of Administration and Residual Engineering Costs General Fund (GF) Content Causal and Beneficial Relationships**

This section includes some “Reference Only Slides” discussed at the Finance Committee regarding the various government codes and cost principles applicable to Special Districts Accounting Practices, Policies and Procedures.

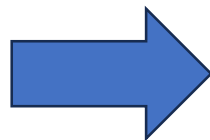
# O&M Costs Allocation to Member Agencies

**Provided to California State Auditors during the Audit**



**The Auditor said if changes in FY 15/16 had not been made, they would have recommended the changes.**

IT is a Service Center, allocated to Depts. & PC's based on "Where Worked" Labor \$'s



General Fund Allocated to Member Agencies Equally



Administration and Residual Engineering allocated to Member Agencies based on O&M Costs by Member Agency  
(Total Cost Input Base (CAS 410), Federal Standard)

# 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

“Corollo Engineers Recommendation after Survey of Other Agencies”

For Reference Only

# 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

For Reference Only

# 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.

For Reference Only



# 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

For Reference Only

# Accounting and Finance Duties Required by Law, Legal Agreements and the Board

JPA Requirements	Government Code Requirements	CA State Audit Requirement	Project Committee Agreements	Board Requirements
(1) Accounting Procedures  >Full Books & Accounts Maintained >Cash Roll Forward	Accounting Procedures  >Full Books & Accounts Maintained >Cash Roll Forward	Accounting Procedures  >Full Books & Accounts Maintained >Cash Roll Forward		
Annual Financial (2) Statements Audit >File with Board of Directors >File with Member Agencies	Annual Financial Statements Audits >File with California State Controller Office >File with Orange County Controller Office	File Annual Reports on Time		
(3) Annual Budgets	Annual or Biennial Budgets	Annual or Biennial Budgets	Budgets at Project Committee Level Budgets by PC & Capital Project Use Audit	Supplemental Financial Statements
Billings to Member (4) Agencies >Capital Projects by PC & Project # >O&M by PC				

- The Finance Controller estimates 25-30% of time supporting the audit, preparing financial statements, working with actuaries, and preparing the ACFR.
- Project committees have a causal and beneficial relationship with Administrative work; therefore, the estimate is 20-25% for Administration and 5% for the General Fund, with no change.

# General Fund Definition

## **AWMA SERRA December 21, 1999:**

General Fund costs are defined as those directly attributable to the operation of the agency Board of Directors.

## **SOCWA Initial Budget FY 2001-02 through FY 2014-15:**

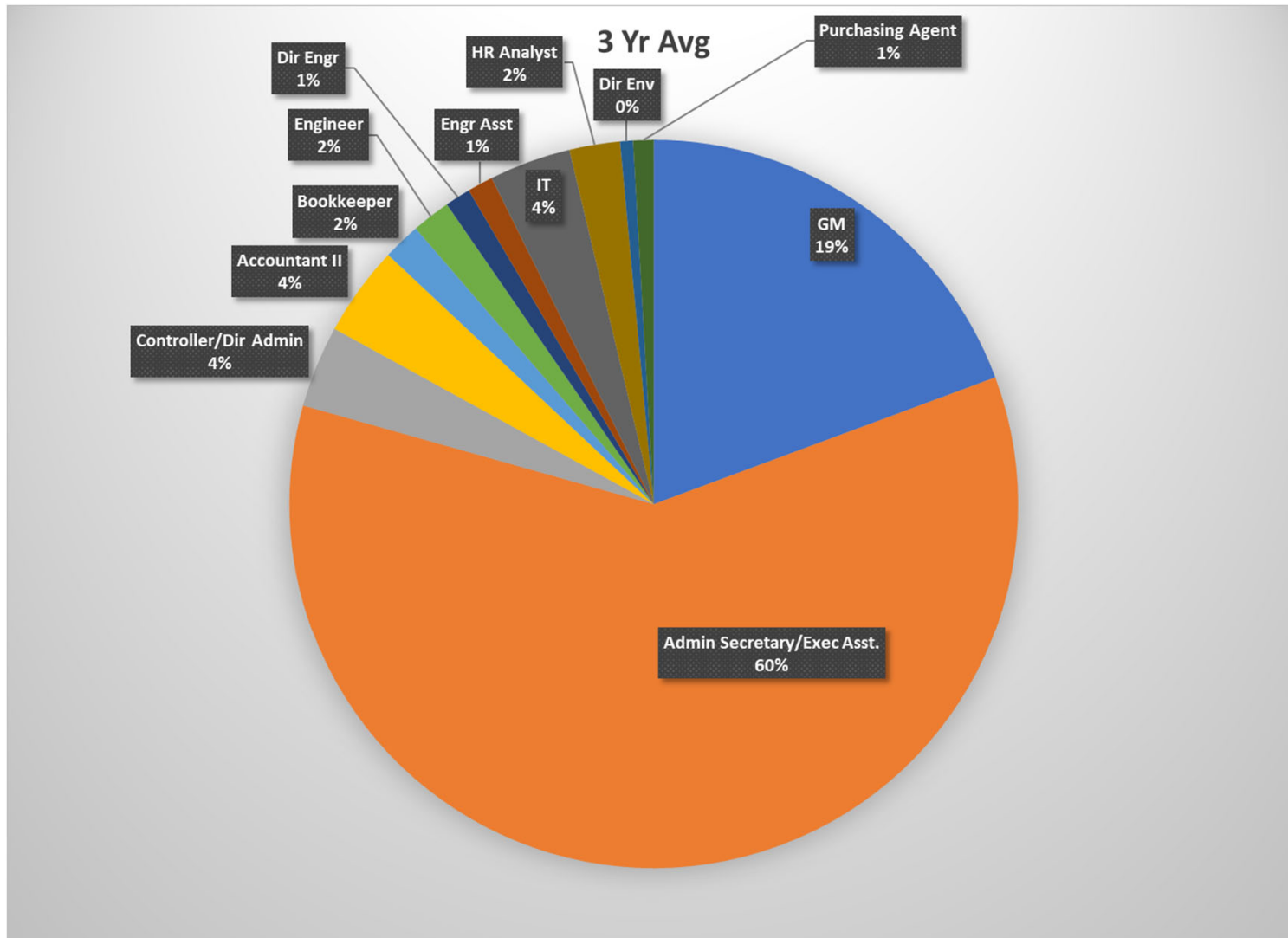
**Administration-**To provide administration services and coordinate bi-monthly Board meetings and other special meetings as necessary. Expenses includes all related staff effort as direct wages and fringe benefits. Additionally, overhead expenses for agenda preparation and attendance of meetings are included. Please refer to the Agency Management Budget.

**The above definitions are consistent with other agencies; see the example below:**

“This Department also supports the Board of Directors (posting meeting notices/agendas, conducting Board and Committee meetings, etc.) and assures that Board policies, resolutions, and ordinances are appropriately administered.”

For Reference Only

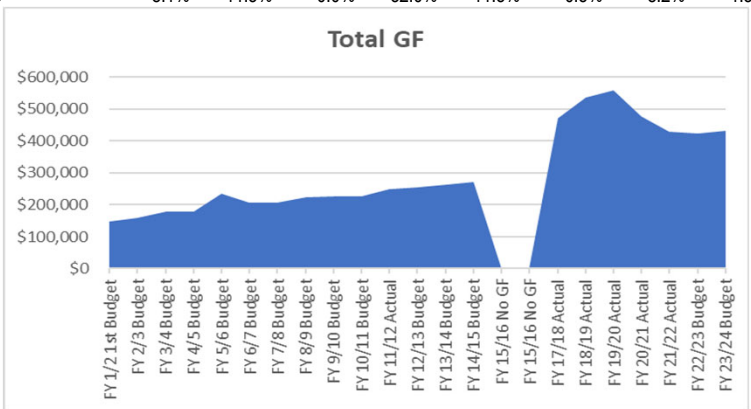
# GF Time Charges are in Line with Definition-Support Operation of the Board of Directors (Data from FYs 01/02, 02/03, and 14/15)



**GF Work is primarily the Executive Assistant and the GM**

# General Fund, Historical Cost Elements are in line with the Definition Operation of the Board of Directors

General Fund Costs	Consistent Elements of Cost														No GF		Participation Method						
	FY 1/2 1st Bgt	FY 2/3 Budget	FY 3/4 Budget	FY 4/5 Budget	FY 5/6 Budget	FY 6/7 Budget	FY 7/8 Budget	FY 8/9 Budget	FY 9/10 Budget	FY 10/11 Budget	FY 11/12 Actual	FY 12/13 Budget	FY 13/14 Budget	FY 14/15 Budget	FY 15/16	FY 16/17	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Actual	FY 22/23 Budget	FY 23/24 Budget
Audit	\$5,400	\$3,000	\$3,000	\$2,500	\$2,400	\$2,500	\$2,500	\$2,300	\$2,000	\$1,600	\$1,500	\$1,600	\$1,600	\$1,700			\$55,000	\$20,000	\$38,267	\$40,600	\$45,000	\$46,000	\$46,000
Legal	14,000	14,000	13,000	12,000	14,000	14,000	10,000	11,000	12,000	12,200	13,048	15,000	15,000	13,500			112,955	103,186	89,150	135,424	106,644	80,000	80,000
Management Support					30,000																		
Public Notices																						3,270	
Contract Labor																					6,128	7,500	7,500
Outside Services																							
Public Relations											9,968	7,000	7,000										
Office Supplies	18,000	14,000	10,800	5,300	5,000	4,500	4,100	4,400	4,400	4,400	4,264	4,500	4,500	4,500			5,561	4,698	5,983	3,512	3,113	4,294	4,000
Office Equipment																	6,722	476	1,933	2,338	5,101	6,000	1,000
Postage																	470	350	625	179	292	300	300
Directors Fees	11,000	12,000	16,000	16,000	16,000	18,000	18,000	20,000	19,800	18,000	14,700	17,000	17,000	17,000									
Insurance	7,300	8,100	8,100	7,600	7,100	7,100	7,100	7,100	7,100	8,000	6,434	7,600	7,600	7,600									
Membership																							
Dues/Fees-	5,300	5,100	5,700	8,800	9,200	9,500	10,700	12,000	8,000	8,000	12,000	12,000	12,000	12,500									
Administration	85,000	102,200	117,000	124,600	150,100	151,200	153,400	166,000	172,500	172,600	185,481	186,900	195,032	198,300			281,002	397,204	411,229	285,670	253,681	266,770	282,769
Data																							
Processing/IT	1,500	1,100	3,900	700	700	700	700	700	700	700	800	1,900	1,900	1,900			5,203	4,782	7,117	5,726	5,429	5,898	6,165
Capital																							
(Conference Room																							
Projectors & Screens														16,000									
Miscellaneous																	5,611	4,966	5,155	3,908	4,557	4,000	4,400
Contingency	500	500	500	500	500	500	500	500	500	500	500	500	500										
<b>Total GF</b>	<b>\$148,000</b>	<b>\$160,000</b>	<b>\$178,000</b>	<b>\$178,000</b>	<b>\$235,000</b>	<b>\$208,000</b>	<b>\$207,000</b>	<b>\$224,000</b>	<b>\$227,000</b>	<b>\$226,000</b>	<b>\$248,195</b>	<b>\$254,000</b>	<b>\$262,132</b>	<b>\$273,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$472,524</b>	<b>\$535,662</b>	<b>\$559,459</b>	<b>\$477,358</b>	<b>\$429,946</b>	<b>\$424,032</b>	<b>\$432,133</b>
<b>% Change</b>		<b>8.1%</b>	<b>11.3%</b>	<b>0.0%</b>	<b>32.0%</b>	<b>-11.5%</b>	<b>-0.5%</b>	<b>8.2%</b>	<b>1.3%</b>	<b>-0.4%</b>	<b>9.8%</b>	<b>2.3%</b>	<b>3.2%</b>	<b>4.1%</b>	<b>-100.0%</b>		<b>13.4%</b>	<b>4.4%</b>	<b>-14.7%</b>	<b>-9.9%</b>	<b>-1.4%</b>	<b>1.9%</b>	



GF Content has been consistent. Audit was largely in PC Budgets. Financial Audits are a Govt. Code Requirement.

# General Fund Content Comparative Discussion and the Finance Committee (FC) Recommendation

Participation Method FY 17/18-FY 23/24	MNWD What if Suggested Content (Failed 2/3)	Finance Committee Recommended (Approved 3/2)
Regular Salaries	See Footnote #1	See Footnote #3
Overtime Salaries	50%	50%
Comp Time-Earned	50%	50%
Public Notices	100%	100%
Contract Labor/Part Time labor	25%	25%
Audit	100%	100%
Legal	40%	Procopio Law-100%*
Outside Services	100%	100%
Postage	20%	20%
Offices Supplies-Admin	100%	25%*
Office Equipment	100%	Follows Employee-100%*
Miscellaneous	20%	*
IT	5%	5%
Car Allowance GM	50%	50%
Car Allowance Controller	25%	25%
Management Support-Restructuring	100%	100%
Memberships; Five Large, except WEROC	100%	100%
<b>(1) Time Allocation</b>	<b>(2) Time Allocation</b>	<b>(3) Time Allocation</b>
Executive Assistant 50%	Executive Assistant 60%	Executive Assistant 60%*
GM 50%	GM 50%	GM 50%
Controller 5%	Controller 25%	Controller 25%
	Sr. Accountant 25%	
	Staff Accountant 25%	
	Accounts Payable 25%	

\*SOCWA's Staff Initial Recommendation.

**FY 2024-25 Proposed Budget GF Content is the FC Recommendation. Changes from the Participation Method are Highlighted. The Causal and Beneficial Relationships were considered in making the recommendation.**

# **Alternative Approaches to Allocating Administration and Residual Engineering Costs**

The Finance Committee did not recommend a change to the allocation of Administration and Residual Engineering for FY 2024-25. It was recommended that future discussions on the subject matter begin earlier in the year rather than during the Budget Preparation time frame. The discussions should include a Definition for the General Fund.

The Board's Legal Counselor said that "SOCWA's Administration allocation methodology is compliant, and there are other compliant methodologies. The current practice has been in place since FY 2015-16, therefore, it is an established practice".

Following is an approach suggested by Moulton Niguel Water District.

**Administration & Residual Engineering**  
**(1) Divided Equally by Project Committees(PCs)**  
**(2) Sub-divide within PCs Based on Ownership**  
**(3) Include All Project Committees Owned by SOCWA**  
**(in dollars)**

	City of Laguna Beach	City of San Clemente	El Toro Water District	Emerald Bay Service District	Irvine Ranch Water District	Moulton Niguel Water District	Santa Margarita Water District	South Coast Water District	Total
Administration, and Residual Engineering Expenses									
Project Committee									
PC 2 - Jay B. Latham Plant						48,309	116,415	52,073	216,797
PC 5 - San Juan Creek Ocean Outfall		36,032				33,625	120,105	27,035	216,797
PC 8 - Pretreatment Program	12,066	38,000	3,534	2,992	26,421	43,078	60,697	30,010	216,797
PC 10 - City of San Clemente Land Outfall		216,797							216,797
PC 12 SO- Water Reclamation Permits						71,260	113,019	32,518	216,797
PC 15 - Coastal Treatment Plant/AWT	64,301			5,063		49,618		97,814	216,797
PC 17 - Joint Regional Wastewater Reclamation	14,330		26,068	754		164,201		11,444	216,797
PC 21 - Reach B/C/D Members			54,199		54,199				108,398
PC 21 - Reach E Members			25,246		25,246	57,906			108,398
PC 23 - North Coast Interceptor	207,865			8,932					216,797
PC 24 - Aliso Creek Ocean Outfall	23,848		35,338	1,691	34,167	95,065		26,688	216,797
<b>Total Administration, and Residual Engineering</b>	<b>322,410</b>	<b>290,828</b>	<b>144,385</b>	<b>19,432</b>	<b>140,033</b>	<b>563,063</b>	<b>410,236</b>	<b>277,581</b>	<b>2,167,968</b>
<b>Admin % by Member Agency</b>	<b>14.9%</b>	<b>13.4%</b>	<b>6.7%</b>	<b>0.9%</b>	<b>6.5%</b>	<b>26.0%</b>	<b>18.9%</b>	<b>12.8%</b>	<b>100.0%</b>
<b>Admin % by Member Agency-Current Method</b>	<b>9.1%</b>	<b>0.8%</b>	<b>4.4%</b>	<b>0.5%</b>	<b>0.7%</b>	<b>41.6%</b>	<b>23.4%</b>	<b>19.6%</b>	<b>100.0%</b>
<b>\$ Change Increase/(Decrease)</b>	<b>124,072</b>	<b>273,284</b>	<b>48,912</b>	<b>9,415</b>	<b>125,272</b>	<b>(337,887)</b>	<b>(96,113)</b>	<b>(146,956)</b>	<b>(0)</b>
<b>% Change Increase/(Decrease)</b>	<b>62.6%</b>	<b>1557.7%</b>	<b>51.2%</b>	<b>94.0%</b>	<b>848.7%</b>	<b>-37.5%</b>	<b>-19.0%</b>	<b>-34.6%</b>	<b>0.0%</b>

MNWD, SMWD, & SCWD Portion of Admin reduces from 84.5% to 57.7%. The costs shifts to smaller agencies with less **usage** of SOCWA's services.

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

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



# Impact of Admin & Residual Eng Allocation Change by Member Agency & Project Committee (PC)

	City of Laguna Beach	City of San Clemente	El Toro Water District	Emerald Bay Service District	Irvine Ranch Water District	Moulton Niguel Water District	Santa Margarita Water District	South Coast Water District	Total
Administration, and Residual Engineering Expenses Project Committee									
PC 2 - Jay B. Latham Plant						(107,077)	(327,563)	(135,094)	(569,734)
PC 5 - San Juan Creek Ocean Outfall		24,401				22,771	81,337	18,308	146,817
PC 8 - Pretreatment Program	10,188	32,087	2,984	2,527	22,310	36,375	51,252	25,340	183,062
PC 10 - City of San Clemente Land Outfall		216,797							216,797
PC 12 SO- Water Reclamation Permits						62,334	98,862	28,445	189,640
PC 15 - Coastal Treatment Plant/AWT	(64,054)			(1,261)		25,186		(68,109)	(108,238)
PC 17 - Joint Regional Wastewater Reclamation	(46,340)		(57,838)	(1,947)		(500,817)		(34,215)	(641,157)
PC 21 - Reach B/C/D Members			54,199		54,199				108,398
PC 21 - Reach E Members			25,246		25,246	57,906			108,398
PC 23 - North Coast Interceptor	207,865			8,932					216,797
PC 24 - Aliso Creek Ocean Outfall	16,414		24,321	1,164	23,517	65,434		18,369	149,219
<b>Total Admin, and Residual Engr. Change</b>	<b>124,072</b>	<b>273,284</b>	<b>48,912</b>	<b>9,415</b>	<b>125,272</b>	<b>(337,887)</b>	<b>(96,113)</b>	<b>(146,956)</b>	<b>0</b>
<b>Admin % Increase by Member Agency</b>	<b>62.6%</b>	<b>1557.7%</b>	<b>51.2%</b>	<b>94.0%</b>	<b>848.7%</b>	<b>-37.5%</b>	<b>-19.0%</b>	<b>-34.6%</b>	<b>0.0%</b>

The Outfalls including PC 10, PC 8 Pretreatment, PC 12 Permits, PC 21 Reach, and PC 23 North Coast Interceptor would receive more Admin.

The costs shifts from the three Treatment Plants.

# SOCWA Total Budget by Member Agency Adjusted for Admin Allocation Change

	FY 2024-25 Proposed Budget				Budget Impact-Admin Evenly by PC, Ownership				
	FY 23-24 Budget	FY 24-25 Proposed Budget	Change \$	Change %	Admin Evenly, Ownership	FY 24-25 Adjusted Budget	YOY Change \$	YOY Change %	% Change Proposed Budget
Budget by Member Agency									
City of Laguna Beach	\$2,298,848	\$2,427,407	\$128,559	5.6%	\$124,072	\$2,551,480	\$252,631	11.0%	5.1%
City of San Clemente	271,276	259,343	(11,933)	-4.4%	273,284	532,627	261,351	96.3%	105.4%
El Toro Water District	1,141,330	1,159,769	18,439	1.6%	48,912	1,208,682	67,352	5.9%	4.2%
Emerald Bay Service District	177,736	173,141	(4,595)	-2.6%	9,415	182,556	4,820	2.7%	5.4%
Irvine Ranch Water District	214,278	175,481	(38,797)	-18.1%	125,272	300,753	86,475	40.4%	71.4%
Moulton Niguel Water District	10,038,953	10,730,617	691,664	6.9%	(337,887)	10,392,730	353,777	3.5%	-3.1%
Santa Margarita Water District	5,917,020	5,973,995	56,976	1.0%	(96,113)	5,877,883	(39,137)	-0.7%	-1.6%
South Coast Water District	4,668,350	5,047,382	379,032	8.1%	(146,956)	4,900,425	232,075	5.0%	-2.9%
<b>Total</b>	<b>\$24,727,791</b>	<b>\$25,947,136</b>	<b>\$1,219,345</b>	<b>4.9%</b>	<b>(\$0)</b>	<b>\$25,947,136</b>	<b>\$1,219,345</b>	<b>4.9%</b>	<b>0.0%</b>

City of San Clemente and Irvine Ranch Water District Costs Increased 105.4% and 71.4% respectively compared to the Proposed Budget.

# **O&M and Environmental Compliance, Safety**

# SOCWA Budget Year-Over-Year (YOY) Change O & M, Environmental & Safety Departments

	FY 2023-24 Budget	FY 2024-25 Budget	Change \$	Change %
<b>Salary and Fringe</b>				
Regular Salaries-O&M	5,065,446	5,383,426	317,980	6.28%
Overtime Salaries-O&M	82,008	82,156	148	0.18%
Scheduled Holiday Work	68,376	79,234	10,858	15.88%
Comp Time - O&M	17,628	17,848	220	1.25%
Fringe Benefits IN to PC's & Depts.	2,731,721	2,955,969	224,248	8.21%
Standby Pay	104,000	99,992	(4,008)	(3.85%)
<b>Total Payroll Costs</b>	<b>8,069,179</b>	<b>8,618,625</b>	<b>549,445</b>	<b>6.81%</b>
<b>Other Expenses</b>				
Electricity	1,260,000	1,299,100	39,100	3.10%
Natural Gas	490,500	509,860	19,360	3.95%
Potable & Reclaimed Water	78,000	79,400	1,400	1.79%
Co-generation Power Credit	(1,302,000)	(1,367,100)	(65,100)	5.00%
Chlorine/Sodium Hypochlorite	181,000	219,300	38,300	21.16%
Polymer Products	1,040,000	1,153,500	113,500	10.91%
Ferric Chloride	880,000	982,500	102,500	11.65%
Odor Control Chemicals	155,000	181,700	26,700	17.23%
Other Chemicals - Misc.	2,000	2,000	-	-
Laboratory Services	56,632	62,128	5,496	9.70%
Grit Hauling	132,500	135,800	3,300	2.49%
Landscaping	211,000	217,300	6,300	2.99%
Management Support Services	527,000	285,550	(241,450)	(45.82%)
Audit - Environmental	1,304	1,324	20	1.53%
Legal Fees	30,672	19,000	(11,672)	(38.05%)
Public Notices/ Public Relations	1,500	1,550	50	3.34%
Contract Services Misc.	372,996	364,700	(8,296)	(2.22%)
Small Vehicle Expense	24,128	24,548	420	1.74%
Miscellaneous Expense	16,032	19,820	3,788	23.63%
Office Supplies - All	48,000	49,500	1,500	3.12%
Petroleum Products	27,000	28,400	1,400	5.19%
Uniforms	78,000	80,400	2,400	3.08%
Small Vehicle Fuel	20,272	20,404	132	0.65%
Insurance - Property/Liability	535,873	638,224	102,351	19.10%
Small Tools & Supplies	77,668	80,052	2,384	3.07%
Trash Disposal	9,000	10,000	1,000	11.11%
Safety Program & Supplies	114,956	117,252	2,296	2.00%
Equipment Rental	7,000	7,000	-	-

# SOCWA Budget Year-Over-Year (YOY) Change O & M, Environmental & Safety Departments (cont'd)

	FY 2023-24 Budget	FY 2024-25 Budget	Change \$	Change %
Recruitment	2,300	2,300	-	-
Travel Expense/Tech. Conferences	75,078	69,775	(5,303)	(7.06%)
Training Expense	50,479	87,050	36,571	72.45%
Laboratory Supplies	127,092	140,048	12,956	10.19%
Office Equipment	27,000	27,000	-	-
Permits	635,836	698,551	62,715	9.86%
Membership Dues/Fees	13,153	12,647	(506)	(3.85%)
Offshore Monitoring	81,604	60,116	(21,488)	(26.33%)
Offshore Biochemistry	22,500	22,854	354	1.57%
Effluent Chemistry	50,948	51,908	960	1.88%
Access Road Expenses	45,000	45,000	-	-
Storm Damage	20,000	20,000	-	-
Biosolids Disposal	1,747,500	1,854,800	107,300	6.14%
Contract Services Generators	23,000	23,200	200	0.87%
Janitorial Services	95,000	97,900	2,900	3.05%
Contract Serv - Digester Cleaning	80,000	65,000	(15,000)	(18.75%)
Diesel Truck Maint	43,000	44,300	1,300	3.02%
Diesel Truck Fuel	11,800	12,100	300	2.54%
Maintenance Equip. & Facilities (Solids)	300,000	305,300	5,300	1.77%
Maintenance Equip. & Facilities (Liquids)	510,000	500,000	(10,000)	(1.96%)
Maintenance Equip. & Facilities (Common)	92,008	92,000	(8)	(0.01%)
Maintenance Equip. & Facilities (Co-Gen)	836,700	826,000	(10,700)	(1.28%)
Maintenance Equip. & Facilities (AWT)	39,000	30,000	(9,000)	(23.08%)
Mileage	2,900	2,950	50	1.72%
MNWD Potable Water Supplies & Svcs.	44,880	40,000	(4,880)	(10.87%)
SCADA Infrastructure	93,600	93,600	-	-
IT Direct	45,000	58,000	13,000	28.89%
Co-Generation Power Credit - Offset	1,302,000	1,367,100	65,100	5.00%
Group Insurance Waiver	14,400	-	(14,400)	(100.00%)
Medicare Tax Payments for Employees	152	-	(152)	(100.00%)
Operating Leases	20,000	20,000	-	-
Monthly Car Allowance	31,200	25,200	(6,000)	(19.23%)
Zephyr Wall Costs Share - O&M	(14,000)	(14,000)	-	-
IT Allocations in to PC's & Depts.	620,553	717,548	96,995	15.63%
<b>Total Other Expenses</b>	<b>12,165,718</b>	<b>12,621,460</b>	<b>455,742</b>	<b>3.7%</b>
<b>Total Expenses</b>	<b>20,234,898</b>	<b>21,240,085</b>	<b>1,005,187</b>	<b>5.0%</b>

# O & M, Environmental & Safety Departments Budget FY 2024-25 by Project Committee

	PC 02	PC 05	PC 08	PC 12	PC 15	PC 17	PC 24	SOCWA
<b>Salary and Fringe</b>								
Regular Salaries-O&M	1,972,423	98,681	166,732	107,023	998,675	1,937,733	102,159	5,383,426
Overtime Salaries-O&M	27,276	76	-	-	13,748	40,520	536	82,156
Scheduled Holiday Work	38,090	488	-	-	12,868	27,488	300	79,234
Comp Time - O&M	8,660	-	-	-	2,000	7,188	-	17,848
Fringe Benefits IN to PC's & Depts.	1,083,032	54,185	91,550	58,765	548,359	1,063,984	56,094	2,955,969
Standby Pay	40,300	-	-	-	12,000	47,692	-	99,992
<b>Total Payroll Costs</b>	<b>3,169,781</b>	<b>153,430</b>	<b>258,282</b>	<b>165,788</b>	<b>1,587,650</b>	<b>3,124,605</b>	<b>159,090</b>	<b>8,618,625</b>
<b>Other Expenses</b>								
Electricity	683,100	-	-	-	310,000	306,000	-	1,299,100
Natural Gas	259,560	-	-	-	3,500	246,800	-	509,860
Potable & Reclaimed Water	27,000	-	-	-	24,000	28,400	-	79,400
Co-generation Power Credit	-	-	-	-	-	(1,367,100)	-	(1,367,100)
Chlorine/Sodium Hypochlorite	40,000	-	-	-	117,500	61,800	-	219,300
Polymer Products	458,000	-	-	-	-	695,500	-	1,153,500
Ferric Chloride	300,000	-	-	-	160,000	522,500	-	982,500
Odor Control Chemicals	38,000	-	-	-	70,000	73,700	-	181,700
Other Chemicals - Misc.	1,000	-	-	-	-	1,000	-	2,000
Laboratory Services	20,508	-	3,120	-	10,500	28,000	-	62,128
Grit Hauling - 21A	72,600	-	-	-	22,000	41,200	-	135,800
Landscaping	70,000	-	-	-	64,900	82,400	-	217,300
Management Support Services	35,950	57,500	20,000	45,000	33,500	36,100	57,500	285,550
Audit - Environmental	-	-	1,324	-	-	-	-	1,324
Legal Fees	5,000	1,000	1,000	1,000	5,000	5,000	1,000	19,000
Public Notices/ Public Relations	-	-	1,550	-	-	-	-	1,550
Contract Services Misc. - 29	132,900	-	-	-	113,300	118,500	-	364,700
Small Vehicle Expense - 31A	11,000	-	1,148	-	4,200	8,200	-	24,548
Miscellaneous Expense	11,752	-	2,068	-	1,000	5,000	-	19,820
Office Supplies - All	30,900	-	-	-	5,200	13,400	-	49,500
Petroleum Products	12,000	-	-	-	4,000	12,400	-	28,400
Uniforms	37,100	-	-	-	10,300	33,000	-	80,400
Small Vehicle Fuel - 37A	8,000	-	1,304	-	2,100	9,000	-	20,404
Insurance - Property/Liability	224,629	25,347	8,540	2,946	94,591	252,549	29,622	638,224
Small Tools & Supplies	36,100	-	3,752	-	9,300	30,900	-	80,052
Trash Disposal	3,000	-	-	-	3,000	4,000	-	10,000
Safety Supplies	40,840	1,036	-	-	34,124	40,212	1,040	117,252
Equipment Rental	3,000	-	-	-	1,000	3,000	-	7,000

# O & M, Environmental & Safety Departments Budget FY 2024-25 by Project Committee (cont'd)

	PC 02	PC 05	PC 08	PC 12	PC 15	PC 17	PC 24	SOCWA
Recruitment	1,000	-	-	-	300	1,000	-	2,300
Travel Expense/Tech. Conferences	19,379	4,739	4,739	4,739	12,059	19,379	4,739	69,775
Training Expense	25,592	1,087	2,000	-	21,017	36,267	1,087	87,050
Laboratory Supplies	21,000	40,000	-	-	22,000	30,000	27,048	140,048
Office Equipment	14,000	-	-	-	3,000	10,000	-	27,000
Permits	29,735	332,746	520	28,050	3,000	18,500	286,000	698,551
Membership Dues/Fees	4,025	-	500	72	4,025	4,025	-	12,647
Offshore Monitoring - 20A	-	18,500	-	-	-	-	41,616	60,116
Offshore Biochemistry - 20B	-	7,550	-	-	-	-	15,304	22,854
Effluent Chemistry - 20C	-	28,500	-	-	-	-	23,408	51,908
Access Road Expenses	-	-	-	-	45,000	-	-	45,000
Storm Damage	-	-	-	-	20,000	-	-	20,000
Biosolids Disposal - 21B	787,500	-	-	-	-	1,067,300	-	1,854,800
Contract Services Generators - 29A	10,000	-	-	-	5,200	8,000	-	23,200
Janitorial Services	44,300	-	-	-	15,500	38,100	-	97,900
Contract Serv - Digester Cleaning - 29E	-	-	-	-	-	65,000	-	65,000
Diesel Truck Maint - 31B	23,700	-	-	-	1,000	19,600	-	44,300
Diesel Truck Fuel - 37B	3,400	-	-	-	500	8,200	-	12,100
Maintenance Equip. & Facilities (Solids) 41-A	125,000	-	-	-	-	180,300	-	305,300
Maintenance Equip. & Facilities (Liquids) 41-B	200,000	-	-	-	100,000	200,000	-	500,000
Maintenance Equip. & Facilities (Common) 41-C	30,000	1,000	-	-	24,000	36,000	1,000	92,000
Maintenance Equip. & Facilities (Co-Gen) 41-D	308,000	-	-	-	-	518,000	-	826,000
Maintenance Equip. & Facilities (AWT) 41-E	-	-	-	-	30,000	-	-	30,000
Mileage	1,450	-	-	-	500	1,000	-	2,950
MNWD Lab Services and Supplies	-	-	-	-	-	40,000	-	40,000
SCADA Infrastructure	31,200	-	-	-	31,200	31,200	-	93,600
IT Direct	20,000	-	-	-	18,000	20,000	-	58,000
Co-Generation Power Credit - Offset	-	-	-	-	-	1,367,100	-	1,367,100
Operating Leases	20,000	-	-	-	-	-	-	20,000
Monthly Car Allowance	8,400	-	-	4,200	4,200	8,400	-	25,200
Zephyr Wall Costs Share-O&M	(14,000)	-	-	-	-	-	-	(14,000)
IT Allocations in to PC's & Depts.	264,170	13,174	20,660	14,265	133,277	258,384	13,617	717,548
<b>Total Other Expenses</b>	<b>4,536,040</b>	<b>532,179</b>	<b>72,225</b>	<b>100,272</b>	<b>1,596,794</b>	<b>5,280,968</b>	<b>502,982</b>	<b>12,621,460</b>
<b>Total Expenses</b>	<b>7,705,821</b>	<b>685,609</b>	<b>330,507</b>	<b>266,060</b>	<b>3,184,444</b>	<b>8,405,573</b>	<b>662,071</b>	<b>21,240,085</b>

# O & M, Environmental & Safety Departments

## Year Over Year Budget Summary

	FY 2024-25 Budget	FY 2025-26 Budget	Change %	FY 2026-27 Budget	Change %	FY 2027-28 Budget	Change %	FY 2028-29 Budget	Change %
<b>Salary and Fringe</b>									
Regular Salaries-O&M	5,383,426	5,531,431	2.7%	5,654,659	2.2%	5,744,432	1.6%	5,757,688	0.2%
Overtime Salaries-O&M	82,156	84,672	3.1%	87,212	3.0%	89,755	2.9%	92,398	2.9%
Scheduled Holiday Work	79,234	81,956	3.4%	84,628	3.3%	86,933	2.7%	89,342	2.8%
Comp Time - O&M	17,848	18,384	3.0%	18,932	3.0%	19,271	1.8%	15,610	-19.0%
Fringe Benefits IN to PC's & Depts.	2,955,969	3,037,237	2.7%	3,104,900	2.2%	3,154,193	1.6%	3,161,472	0.2%
Standby Pay	99,992	99,992	0.0%	99,992	0.0%	99,992	0.0%	99,992	0.0%
<b>Total Payroll Costs</b>	<b>8,618,625</b>	<b>8,853,672</b>	<b>2.73%</b>	<b>9,050,324</b>	<b>2.22%</b>	<b>9,194,576</b>	<b>1.59%</b>	<b>9,216,502</b>	<b>0.24%</b>
<b>Other Expenses</b>									
Electricity	1,299,100	1,532,600	18.0%	1,490,200	-2.8%	1,581,600	6.1%	1,676,500	6.0%
Natural Gas	509,860	382,200	-25.0%	678,100	77.4%	612,500	-9.7%	649,000	6.0%
Potable & Reclaimed Water	79,400	81,800	3.0%	84,200	2.9%	86,800	3.1%	89,400	3.0%
Co-generation Power Credit	(1,367,100)	(1,435,500)	5.0%	(1,521,600)	6.0%	(1,612,900)	6.0%	(1,709,700)	6.0%
Chlorine/Sodium Hypochlorite	219,300	222,200	1.3%	227,000	2.2%	232,000	2.2%	237,100	2.2%
Polymer Products	1,153,500	1,188,100	3.0%	1,126,620	-5.2%	1,160,400	3.0%	1,195,200	3.0%
Ferric Chloride	982,500	1,012,000	3.0%	1,042,300	3.0%	1,073,500	3.0%	1,105,600	3.0%
Odor Control Chemicals	181,700	187,100	3.0%	192,800	3.0%	198,500	3.0%	204,400	3.0%
Other Chemicals - Misc.	2,000	2,000	0.0%	3,000	50.0%	3,000	0.0%	3,000	0.0%
Laboratory Services	62,128	59,104	-4.9%	60,588	2.5%	61,915	2.2%	62,777	1.4%
Grit Hauling	135,800	139,900	3.0%	144,100	3.0%	148,400	3.0%	152,900	3.0%
Landscaping	217,300	223,800	3.0%	230,500	3.0%	237,400	3.0%	244,500	3.0%
Management Support Services	285,550	160,451	-43.8%	161,822	0.9%	163,182	0.8%	164,570	0.9%
Audit - Environmental	1,324	1,356	2.4%	1,376	1.5%	1,404	2.0%	1,376	-2.0%
Legal Fees	19,000	19,120	0.6%	19,244	0.6%	19,361	0.6%	19,491	0.7%
Public Notices/ Public Relations	1,550	1,600	3.2%	1,650	3.1%	1,683	2.0%	1,650	-2.0%
Contract Services Misc.	364,700	375,700	3.0%	387,000	3.0%	398,600	3.0%	410,600	3.0%
Small Vehicle Expense	24,548	24,864	1.3%	25,192	1.3%	25,516	1.3%	25,892	1.5%
Miscellaneous Expense	19,820	19,960	0.7%	32,316	61.9%	28,759	-11.0%	28,916	0.5%
Office Supplies - All	49,500	50,200	1.4%	51,200	2.0%	52,200	2.0%	53,200	1.9%
Petroleum Products	28,400	27,400	-3.5%	27,400	0.0%	27,400	0.0%	27,400	0.0%
Uniforms	80,400	82,500	2.6%	84,600	2.5%	87,600	3.5%	89,900	2.6%
Small Vehicle Fuel	20,404	20,524	0.6%	20,756	1.1%	21,083	1.6%	21,356	1.3%
Insurance - Property/Liability	638,224	702,047	10.0%	772,251	10.0%	849,476	10.0%	934,424	10.0%
Small Tools & Supplies	80,052	80,924	1.1%	83,096	2.7%	84,274	1.4%	85,396	1.3%
Trash Disposal	10,000	10,000	0.0%	10,000	0.0%	10,000	0.0%	10,000	0.0%
Safety Program & Supplies	117,252	119,596	2.0%	121,992	2.0%	124,813	2.3%	126,270	1.2%
Equipment Rental	7,000	8,000	14.3%	8,000	0.0%	8,000	0.0%	8,000	0.0%



# O & M, Environmental & Safety Departments

## Year Over Year Budget Summary (cont'd)

	FY 2024-25 Budget	FY 2025-26 Budget	Change %	FY 2026-27 Budget	Change %	FY 2027-28 Budget	Change %	FY 2028-29 Budget	Change %
Recruitment	2,300	2,300	0.0%	2,300	0.0%	2,300	0.0%	2,300	0.0%
Travel Expense/Tech. Conferences	69,775	69,949	0.2%	70,645	1.0%	71,403	1.1%	72,180	1.1%
Training Expense	87,050	61,601	-29.2%	61,858	0.4%	62,020	0.3%	62,185	0.3%
Laboratory Supplies	140,048	137,722	-1.7%	141,423	2.7%	144,654	2.3%	147,917	2.3%
Office Equipment	27,000	27,000	0.0%	27,000	0.0%	27,000	0.0%	27,000	0.0%
Permits	698,551	766,812	9.8%	841,842	9.8%	924,313	9.8%	1,014,849	9.8%
Membership Dues/Fees	12,647	42,968	239.7%	43,573	1.4%	44,197	1.4%	44,804	1.4%
Offshore Monitoring	60,116	61,316	2.0%	62,544	2.0%	63,410	1.4%	64,293	1.4%
Offshore Biochemistry	22,854	23,204	1.5%	23,570	1.6%	23,888	1.4%	24,213	1.4%
Effluent Chemistry	51,908	52,880	1.9%	53,860	1.9%	54,347	0.9%	54,844	0.9%
Access Road Expenses	45,000	45,000	0.0%	45,000	0.0%	45,000	0.0%	45,000	0.0%
Storm Damage	20,000	20,000	0.0%	20,000	0.0%	20,000	0.0%	20,000	0.0%
Biosolids Disposal	1,854,800	1,910,400	3.0%	1,942,638	1.7%	2,000,900	3.0%	2,060,900	3.0%
Contract Services Generators	23,200	23,000	-0.9%	23,000	0.0%	23,000	0.0%	23,000	0.0%
Janitorial Services	97,900	97,900	0.0%	100,000	2.1%	102,000	2.0%	107,000	4.9%
Contract Serv - Digester Cleaning	65,000	65,000	0.0%	0	-100.0%	65,000	0.0%	60,000	-7.7%
Diesel Truck Maint	44,300	44,600	0.7%	45,600	2.2%	46,600	2.2%	47,600	2.1%
Diesel Truck Fuel	12,100	12,100	0.0%	12,100	0.0%	12,100	0.0%	12,100	0.0%
Maintenance Equip. & Facilities (Solids)	305,300	314,500	3.0%	324,000	3.0%	333,700	3.0%	343,700	3.0%
Maintenance Equip. & Facilities (Liquids)	500,000	515,000	3.0%	530,500	3.0%	546,500	3.0%	563,000	3.0%
Maintenance Equip. & Facilities (Common)	92,000	94,900	3.2%	97,800	3.1%	100,800	3.1%	64,200	-36.3%
Maintenance Equip. & Facilities (Co-Gen)	826,000	884,000	7.0%	946,000	7.0%	1,013,000	7.1%	1,083,000	6.9%
Maintenance Equip. & Facilities (AWT)	30,000	40,000	33.3%	41,000	2.5%	42,000	2.4%	43,000	2.4%
Mileage	2,950	3,000	1.7%	3,050	1.7%	3,050	0.0%	3,050	0.0%
MNWD Potable Water Supplies & Svcs.	40,000	41,000	2.5%	42,000	2.4%	43,000	2.4%	44,000	2.3%
SCADA Infrastructure	93,600	93,900	0.3%	119,400	27.2%	99,900	-16.3%	99,600	-0.3%
IT Direct	58,000	58,000	0.0%	58,000	0.0%	58,000	0.0%	68,000	17.2%
Co-Generation Power Credit - Offset	1,367,100	1,435,500	5.0%	1,521,600	6.0%	1,612,900	6.0%	1,709,700	6.0%
Operating Leases	20,000	20,000	0.0%	20,000	0.0%	20,000	0.0%	20,000	0.0%
Monthly Car Allowance	25,200	25,200	0.0%	25,200	0.0%	25,200	0.0%	25,200	0.0%
Zephyr Wall Costs Share - O&M	(14,000)	(14,000)	0.0%	(14,000)	0.0%	(14,000)	0.0%	(14,000)	0.0%
IT Allocations in to PC's & Depts.	717,548	735,327	2.5%	755,029	2.7%	774,443	2.6%	786,448	1.6%
<b>Total Other Expenses</b>	<b>12,621,460</b>	<b>13,009,627</b>	<b>3.1%</b>	<b>13,552,238</b>	<b>4.2%</b>	<b>14,077,094</b>	<b>3.9%</b>	<b>14,648,203</b>	<b>4.1%</b>
<b>Total Expenses</b>	<b>21,240,085</b>	<b>21,863,299</b>	<b>2.9%</b>	<b>22,602,561</b>	<b>3.4%</b>	<b>23,271,670</b>	<b>3.0%</b>	<b>23,864,705</b>	<b>2.5%</b>

# IT Budget

	FY 2023-24 Adopted Budget	FY 2024-25 Proposed Budget	Change \$ Amount	Change %
<b>Salary and Fringe</b>				
Regular Salaries-Admin & IT	116,046	125,452	9,406	8.1%
Overtime Salaries-Admin & IT	-	-	-	0.0%
Comp Time - IT	-	-	-	0.0%
Fringe Benefits IN to PC's & Depts.	62,582	68,884	6,302	10.1%
<b>Total Salary &amp; Fringe</b>	<b>\$178,629</b>	<b>\$194,337</b>	<b>\$15,708</b>	<b>8.8%</b>
Small Tools & Supplies	1,000	1,000	-	0.0%
Safety Supplies	-	-	-	0.0%
Training Expense	3,000	3,000	-	0.0%
Recruitment & Employee Relations, IT	-	600	600	100.0%
Subscriptions	-	-	-	0.0%
Management Support Services	-	-	-	0.0%
Office Supplies - All	-	-	-	0.0%
Office Equipment	600	-	(600)	-100.0%
Memberships & Trainings	2,750	5,950	3,200	116.4%
Travel & Conference	1,500	1,500	-	0.0%
Software Maintenance Agreements	84,700	63,180	(21,520)	-25.4%
Hardware Maintenance Agreements	22,400	10,300	(12,100)	-54.0%
Cloud Subscriptions (Internet) <sup>1</sup>	196,935	195,018	(1,917)	-1.0%
Telecommunications	161,382	163,882	2,500	1.5%
IT Professional Services <sup>1</sup>	19,960	106,200	86,240	432.1%
Small Hardware Purchases (< \$5k)	25,400	28,400	3,000	11.8%
Small Software Purchases & Licenses(<\$5k)	30,500	31,000	500	1.6%
IT Memberships	160	160	-	0.0%
Operating Leases	64,200	64,173	(27)	0.0%
Miscellaneous	5,000	5,000	0	0.0%
Mileage	-	3,200	3,200	100.0%
Computer & Photocopy Supplies	3,200	3,264	64	2.0%
Shipping/Freight	-	-	-	0.0%
<b>Total Other Expenses<sup>1</sup></b>	<b>\$ 622,687</b>	<b>\$ 685,827</b>	<b>\$ 63,140</b>	<b>10.1%</b>
<b>Total IT Expenses</b>	<b>\$ 801,315</b>	<b>\$ 880,164</b>	<b>\$ 78,848</b>	<b>9.8%</b>
IT Allocations (OUT) to PC's & Depts.	\$ (801,315)	\$ (880,164)	\$ (78,848)	9.8%
<b>Total IT Allocations (Out) to PC's &amp; Depts</b>	<b>\$ (801,315)</b>	<b>\$ (880,164)</b>	<b>\$ (78,848)</b>	<b>9.8%</b>

<sup>1</sup>Significant cost drivers include (i). ADP expense increase of \$25,000 with outsourcing of Payroll. The cost is \$3,488 per month or \$41,305 annually and includes dedicated payroll personnell, legal notices, safety posters, tax reporting, and custom report writing. (ii). Planned upgrade of JBL WiFi access points estimated at \$20,000 (iii). Increase in cost of Cloud Subscription for Water Information Management Software (WIMS) by \$15,000.

# **SOCWA Draft CIP Budget - Updated**

# FY23-24 Summary/Recap

- ▶ Budget \$12,083,000
- ▶ Expenses as of 12/31/2023 \$ \$1,510,154
- ▶ Expenses est. as of 6/30/2024 \$5,402,630
- ▶ Two open staff positions delayed projects
  - One temporary staff brought on as a stopgap
- ▶ Construction/Assessment Update
  - Aliso Creek Outfall Seal Replacement – complete
  - Aliso Creek/San Juan Creek Outfall Ballast Maintenance - complete
  - JBL Centrate Piping Replacement - ongoing
  - JBL Package B Construction - substantially complete
  - JBL Administration Building Roof – complete
- ▶ Construction/Assessment Update (cont'd)
  - JBL Plant 2 Primary Basins Condition Assessment – Ongoing
  - CTP Diffuser Upgrade - ongoing
  - CTP Export Sludge Forcemain – nearly complete with environmental mitigation
  - CTP Guardrail Replacement - complete
  - RTP Diffuser Upgrade – complete
  - Fall Protection at Three Plants –complete
  - Lab Rehabilitation Design – starting
  - CTP DPS Assessment – Complete (design to follow)
  - ETM AirVac Options Assessment – Complete
  - Trail Bridge Options Assessment - Complete
  - JBL Plant 2 Headworks Design – ongoing
  - JBL MCC M Replacement - ongoing

# FY24-25 Summary

FY24-25 Cash Requests(1)	Current Project Phase
\$6,181,648	In construction/implementation
\$737,202	In design
\$1,454,720	Planned FY24-25 start
\$2,012,000	Planned small capital
\$302,000	Non-cap studies
\$10,687,570	Total FY24-25 Budget

**(1) Does not include ongoing project cash balances from prior Fiscal Years.**

# Key Updates

- ▶ Presentation was revised to include ongoing actual/expected construction schedules/ restrictions, cash on hand, and billed-to-date data
- ▶ Data includes FY23-24 Q1 to Q4 billings.
- ▶ Program scheduling updated based on one SOCWA employee and outside project management support.
- ▶ Included an updated of the Ten-Year+ Spending Plan
- ▶ Projected spending and project cashflows are presented for individual projects.
  - Excel files to member agencies
- ▶ Caveat: Supply chain-related risks and cost increases remain for CIP implementation.

# Key Updates (Cont'd)

- ▶ Up to 2 construction projects at each treatment plant (limited overlap of area usage)
- ▶ Engineering staff (1 staff engineer and outside PM's)
  - 6 to 8 total active projects per person
- ▶ Consider pre-procurements
- ▶ Several meetings with member agencies to review CIP

# JBL (PC-2) FY24/25 Summary

<b>Construction</b>	<ul style="list-style-type: none"><li>• 32231L MCC G Replacement and Electrical Rehab</li><li>• 32234L-000 Chlorine Contact Basin Isolation Gates and Structural Rehab</li><li>• 32226L-000 - Effluent Pump Station Upgrades</li><li>• 32225S-000 - JBL Energy Building Upgrades with Hoist Upgrades</li><li>• Cogen Overhaul</li></ul>
<b>Design</b>	<ul style="list-style-type: none"><li>• 3285-000 - Main Plant Drain Line Reconstruction (2018)</li><li>• 32232S-000 Buried Digester and Flare Gasline Replacement</li><li>• 32234S-000 JBL Heat exchanger #4 pipe replacement</li><li>• 32231C-000 Process Water Repiping</li><li>• 32243L-000 - Plant 2 Headworks Rehabilitation</li></ul>
<b>Planning</b>	<ul style="list-style-type: none"><li>• 32211L-000 - Plant 2 Grit Area Rehabilitation</li></ul>
<b>Non &amp; Small Cap</b>	<ul style="list-style-type: none"><li>• To be listed in Budget Book</li></ul>



# CTP (PC-15) FY24/25 Summary

<b>Construction</b>	<ul style="list-style-type: none"><li>• Export Sludge Project Mitigation</li><li>• 35246L-000 - West Primary Sludge Skimmers and Launderers/Weirs</li><li>• 35239L-000 CTP west secondary scum skimmers</li><li>• 3525 Personnel Building Reconstruction</li><li>• Access Road Repaving</li></ul>
<b>Design</b>	<ul style="list-style-type: none"><li>• 3522AL-000 - Drainage Pump Station Rehabilitation</li><li>• 35228L-000 - Aeration Blower System Upgrades (cash on hand only)</li></ul>
<b>Planning</b>	<ul style="list-style-type: none"><li>• 35235L-000 - Odor Control Scrubber/Foul Air System Reconstruction</li></ul>
<b>Non &amp; Small Cap</b>	<ul style="list-style-type: none"><li>• To be listed in Budget Book</li></ul>

# RTP (PC-17) FY24/25 Summary

<b>Construction</b>	<ul style="list-style-type: none"><li>• 3750-000 - Dewatering Room Floor Sealing and Lighting (2019)</li></ul>
<b>Design</b>	<ul style="list-style-type: none"><li>• 37244C-000 - MCC Replacements/Power System Improvements</li><li>• 37246S-000 - Digester 1 Piping Replacement</li><li>• 37241L-000 – Grit/Primary Grating/Gate Replacement</li><li>• 37242L-000 – Aeration Influent/Effluent Gate Replacement</li></ul>
<b>Planning</b>	<ul style="list-style-type: none"><li>• 3790-000 - Solids Area Upgrade Design (2018)</li><li>• 37231S-000 - Solids Area Overhaul Plan</li><li>• 37245S-000 - Digester Gas System Improvements</li></ul>
<b>Non &amp; Small Cap</b>	<ul style="list-style-type: none"><li>• To be listed in Budget Book</li></ul>

# Outfalls/ETM FY24/25 Summary

<b>Construction</b>	<ul style="list-style-type: none"><li>• Small Capital (To be listed in the Budget Book)</li></ul>
<b>Design</b>	<ul style="list-style-type: none"><li>• ETM Air Valve Replacements</li><li>• Trail Bridge Trail Bridge Crossing Protection</li></ul>
<b>Planning</b>	<ul style="list-style-type: none"><li>• Special Studies (To be listed in the Budget Book)</li></ul>

# Current FY24-25 Versus FY24-25 Planned in FY23-24

	FY24-25 Budget From FY23-24 Budget Book	Proposed FY24-25 Budget	Delta from Budget for FY24-25
Planned Cash Request	\$17,788,000	\$10,687,570	(\$7,100,430)

# Current FY24-25 Versus FY24-25 Planned in FY23-24

Member Agency	Proposed FY24-25 Cash Request	FY24-25 Cash Request for FY23-24	Delta
CLB	\$1,161,626	\$2,209,718	(\$1,048,092)
CSC	\$1,662	\$174,511	(\$172,849)
EBSD	\$88,127	\$162,907	(\$74,780)
ETWD	\$269,944	\$910,962	(\$641,018)
IRWD (c/o ETWD)	\$46,999	\$202,123	(\$155,124)
MNWD	\$3,615,515	\$7,131,702	(\$3,516,187)
SCWD	\$2,403,455	\$3,453,944	(\$1,050,489)
SMWD	\$3,100,242	\$3,542,133	(\$441,891)
Total	\$10,687,570	\$17,788,000	(\$7,100,430)

# Draft CIP Budget Summary Updated

	FY 2024/2025	FY 2025/2026	Total
Large Capital	\$ 8.38 MM	\$ 13.53 MM	\$ 21.91 MM
Non & Small Cap	\$ 2.31 MM	\$ 2.74 MM	\$ 5.05 MM
<b>Total</b>	<b>\$ 10.69 MM</b>	<b>\$ 16.27 MM</b>	<b>\$ 26.96 MM</b>

# Capital Budget by PC and Agency Updated

PC	Facility	FY 2024/25	FY 2025/26	Total
PC-2	JBL	\$5,895,545	\$8,136,280	\$14,031,825
PC-5	SJCOO	\$10,000	\$190,000	\$200,000
PC15	CTP	\$2,723,000	\$3,634,151	\$6,357,151
PC-17	RTP	\$1,907,393	\$4,033,956	\$5,941,349
PC-21	ETM	\$96,632	\$149,292	\$245,924
PC-24	ACOO	\$55,000	\$125,000	\$180,000
Total		\$10,687,570	\$16,268,678	\$26,956,248

# Capital Budget by PC and Agency Updated

Member Agency	FY 2024/25	FY 2025/26	Total
Laguna Beach	\$1,161,626	\$1,455,155	\$2,616,781
San Clemente	\$1,662	\$31,578	\$33,240
Emerald Bay SD	\$88,127	\$112,738	\$200,865
El Toro WD	\$269,944	\$170,571	\$440,515
IRWD (c/o ETWD)	\$46,999	\$54,470	\$101,469
Moulton Niguel WD	\$3,615,515	\$6,818,627	\$10,434,142
South Coast WD	\$2,403,455	\$3,043,748	\$5,447,203
Santa Margarita WD	\$3,100,242	\$4,581,791	\$7,682,033
Total	\$10,687,570	\$16,268,678	\$26,956,248



# **Questions and Discussion and Next steps (June Board Meeting)**