

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

**April 30, 2024
1:00 p.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 **April 30, 2024, at 1:00 p.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: 819 4062 4624
Passcode: 818755

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/81940624624>

REVISED 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 March 19, 2024

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

4. FY 2024-25 Budget and CIP Budget Update..... 4
 - FY 2024-25 Budget Presentation (Page 4)
 - Membership Review Presentation (Page 52)
 - Draft CIP Budget Presentation (Page 66)

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 25th day of April 2024.

Danita Hirsh, Assistant Secretary
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

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

Finance Committee

March 19, 2024

DRAFT

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee Meeting was held on March 19, 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:

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
MATT COLLINGS	Moulton Niguel Water District	Director

Staff Participation:

JIM BURROR	Acting General Manager
MARY CAREY	Finance Controller
RONI GRANT	Associate Engineer
JACK BECK	Staff Accountant
KONSTANTIN SHILKOV	Senior Accountant
DINA ASH	HR Administrator
MATT CLARKE	IT Administrator

Also Participating:

ADRIANA OCHOA	Procopio Law
MIKE DUNBAR	Emerald Bay Service District
KATHRYN FRESHLEY	El Toro Water District
KELSEY DECASAS	Moulton Niguel Water District
JOE MULLER	South Coast Water District
SHERRY WANNINGER	Moulton Niguel Water District
DREW ATWATER	Moulton Niguel Water District
ROD WOODS	Moulton Niguel Water District

1. Call Meeting to Order

Chairperson Castillo called the meeting to order at 10:31 a.m.

2. Public Comments

None.

3. Approval of Minutes

- Finance Committee Meeting of February 20, 2024.

ACTION TAKEN

A motion was made by Director Cafferty and seconded by Director Curran to approve the Minutes for February 20, 2024, as submitted.

Motion carried: Aye 5, Nay 0, Abstained 0, Absent 0
Director Castillo Aye
Director Curran Aye
Director Cafferty Aye
Director Collings Aye
Director Arends-King Aye

4. Financial Reports for the Month of January 2024

ACTION TAKEN

A motion was made by Director Collings and seconded by Director Castillo 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.

Motion carried: Aye 5, Nay 0, Abstained 0, Absent 0
Director Castillo Aye
Director Curran Aye
Director Cafferty Aye
Director Collings Aye
Director Arends-King Aye

5. Investment Policy for Public Funds Review 2024

ACTION TAKEN

A motion was made by Director Castillo and seconded by Director Collings 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.

Motion carried: Aye 5, Nay 0, Abstained 0, Absent 0
Director Castillo Aye
Director Curran Aye
Director Cafferty Aye
Director Collings Aye
Director Arends-King Aye

6. FY 2024-25 Budget Update

Ms. Carey, Finance Controller, outlined the options for the Fiscal Year 2024-25 budget update. She stated that she used a ratio-based approach for the administrative cost allocation, supported by industry standards and data set by the Board of Directors.

Ms. Carey noted that the general and administrative expenses are incurred for managing and administrating the business unit as a whole and cannot be identified to one particular Project Committee. An open discussion ensued.

Ms. Adriana Ochoa, General Counsel, defined the administrative costs concerning necessary improvements as specified in the JPA. An open discussion ensued.

Staff was directed to present an equal allocation of administrative costs of the Fiscal Year 2024-25 budget for review and discussion at the next Finance meeting in April.

Adjournment

There being no further business, Chairperson Castillo adjourned the meeting at 12:27 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 March 19, 2024, and approved by the Finance Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

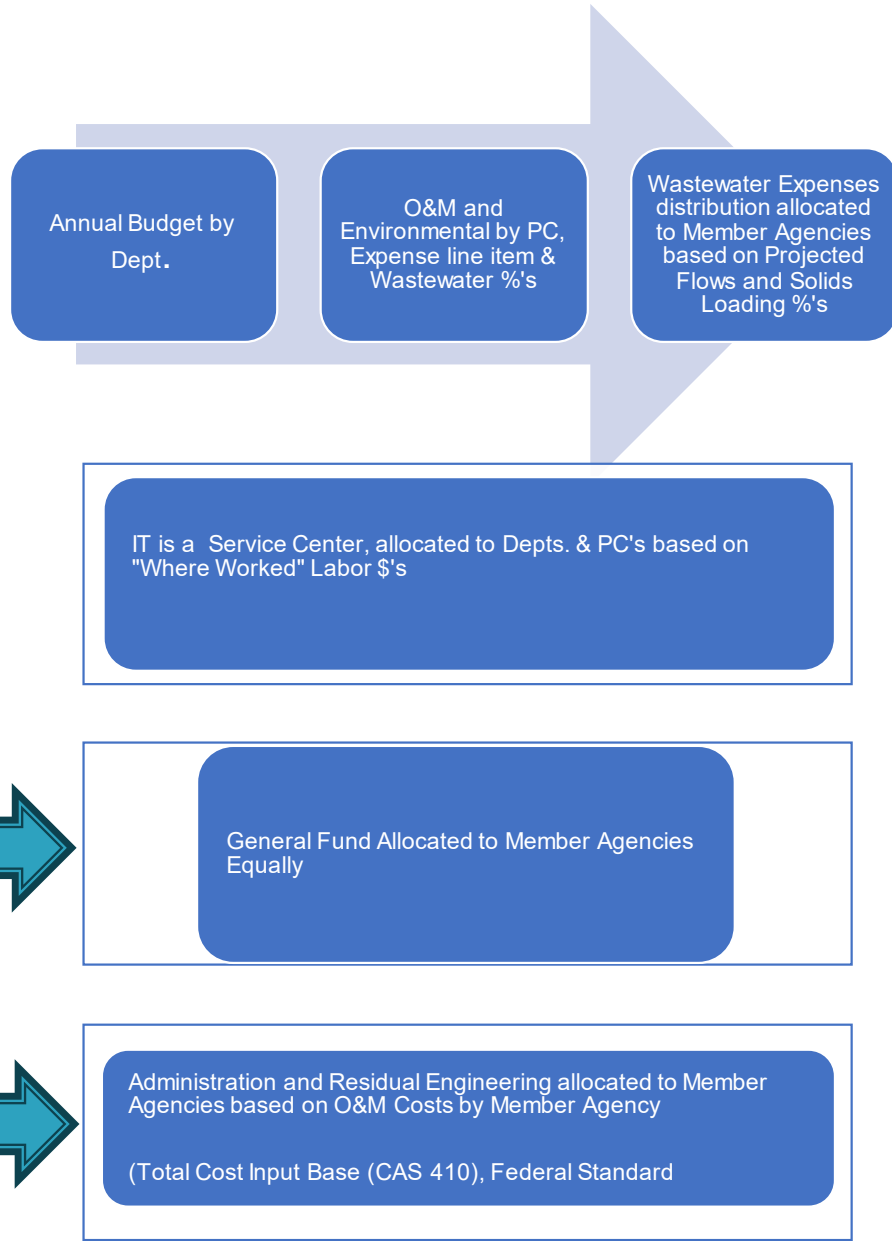
Danita Hirsh / Assistant Secretary
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

SOCWA
Finance Committee
Budget & CIP Budget Update
FY 2024-25
April 30, 2024

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.



Recap of Previous Finance Committee Discussions

**(These items will not be presented again;
the materials are provided as a refresher.
Staff will entertain Questions.)**

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

“Corolla Engineers Recommendation after Survey of Other Agencies”

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

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.

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).

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.

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

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 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 Agencies (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 (GF) Costs Review

Finance Committee, March 19, 2024, requested a review of the following costs for potential inclusion in the General Fund (GF):

Expense item	Results of Review
1 Finance time	<p>The work has a causal and beneficial relationship with all project committees.</p> <p>The recommendation is no change to the current allocation; no costs are included in the GF.</p>
2 Budget and Audit Work	<p>The work has a causal and beneficial relationship with all project committees.</p> <p>The recommendation is no change to the current allocation of 5% of the Finance Controller time.</p>
3 Car Allowance	<p>The costs follow the employees; therefore, 50% of the Acting GM car allowance and 5% of the Finance Controller car allowance should be considered for the GF.</p>
4 Time Buckets for each group of costs	<p>This information is currently unavailable.</p>

General Fund (GF) Costs Review

Finance Committee, March 19, 2024, requested a review of the following costs for potential inclusion in the General Fund (GF):

Expense item

Results of Review

5 Legal

The amount included in Administration is primarily Board Matters including JPA discussions, MOU negotiations, and attendance at the Board meetings.

Legal costs pertinent to Project Committees (PCs) are recorded in the PCs.

Recommendations

are:

JPA discussions and attendance at the Board meetings have a causal and beneficial relationship with the Board and should be considered for inclusion in the GF.

MOU negotiations have a causal and beneficial relation with all the PCs and should remain in Administration.

-

6 Memberships

The membership costs are for the Authority; there are no membership costs specific to an employee.

General Fund (GF) Costs Review

Finance Committee, March 19, 2024, requested a review of the following costs for potential inclusion in the General Fund (GF):

Expense item	Results of Review
7 Management Support	Management Support changes annually based on requirements; FY 24-25 includes \$100k for the FY 2030 transition plan; this should be considered for inclusion in GF.
8 IT	IT is allocated to departments and project committees based on labor costs. Including GF labor in the allocation template resulted in an allocation of 2.7% vs. the 5% that is currently used.

General Fund(GF)Discussions

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.

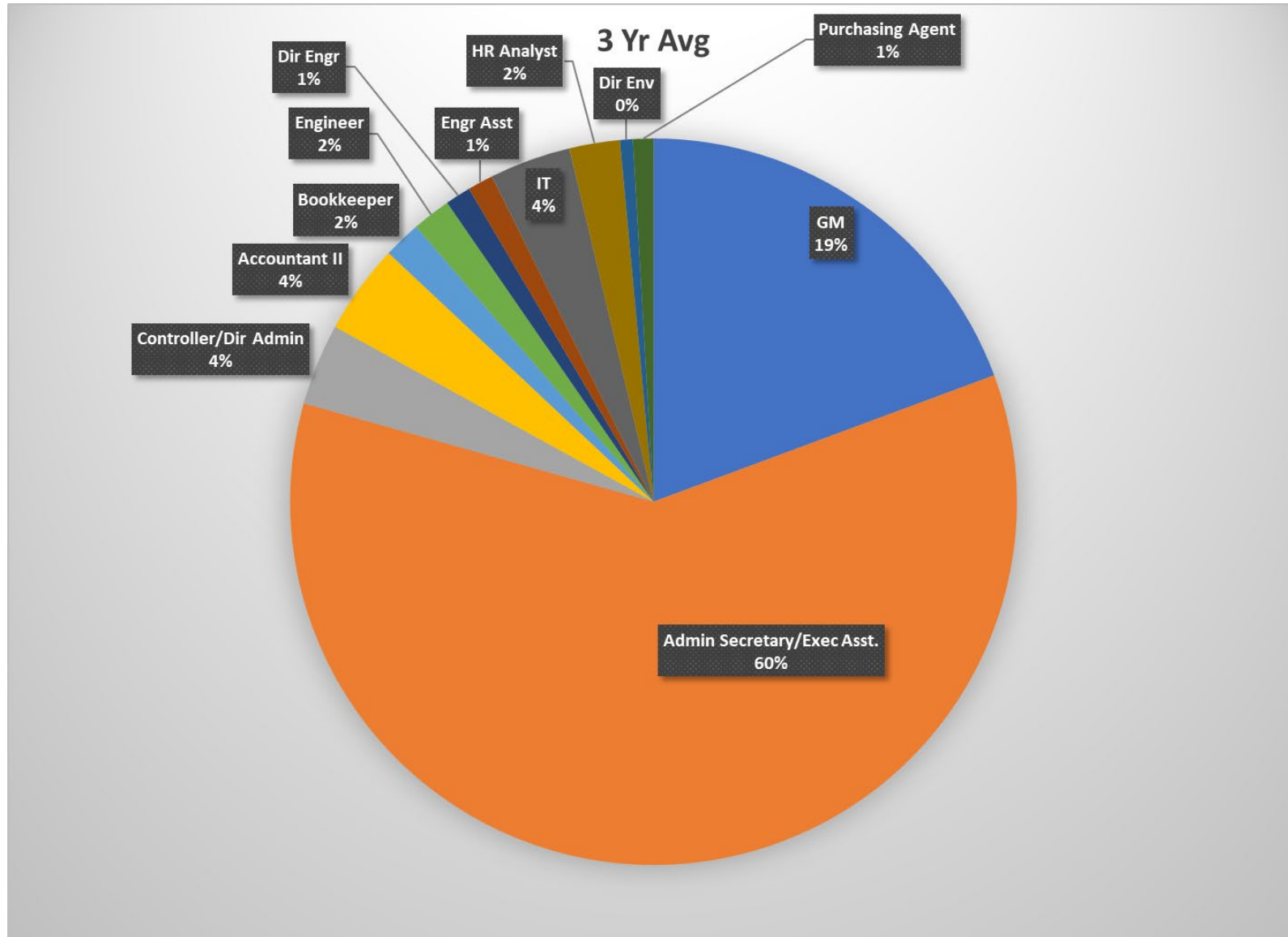
SOCWA Initial Budget FY 2001-02 through FY 2014-15:

Administration-To provide administration services and coordinate bi-monthly Board meetings and other special meetings as necessary. Expenses include all related staff efforts 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.”

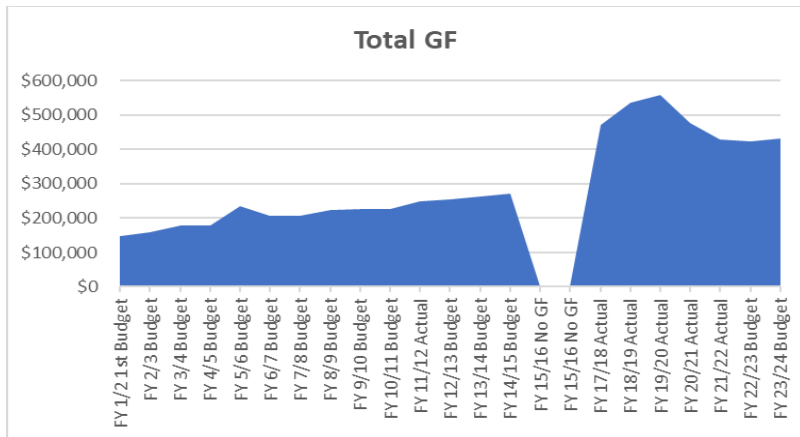
GF Time Charges are in Line with Definition-Support Operation of the Board of Directors (Data from FYs 01/02, 02/03, and 14/15)



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

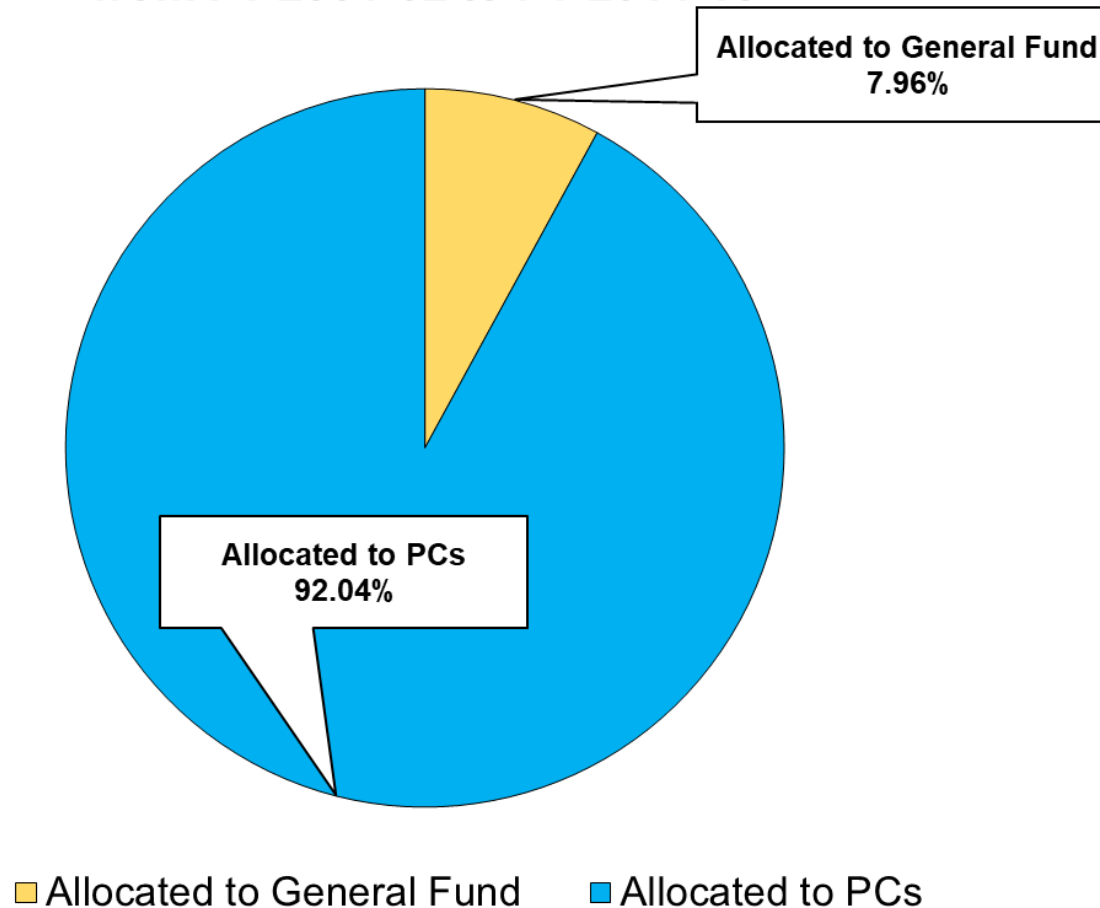
General Fund Costs	Consistent Elements of Cost														No GF		Participation Method						
	FY 1/2 1st Bgt	FY 2/3 Budget	FY 3/4 Budget	FY 4/5 Budget	FY 5/6 Budget	FY 6/7 Budget	FY 7/8 Budget	FY 8/9 Budget	FY 9/10 Budget	FY 10/11 Budget	FY 11/12 Actual	FY 12/13 Budget	FY 13/14 Budget	FY 14/15 Budget	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																	3,270	
Public Notices																					6,128	7,500	7,500
Contract Labor 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
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										
Total GF	\$148,000	\$160,000	\$178,000	\$178,000	\$235,000	\$208,000	\$207,000	\$224,000	\$227,000	\$226,000	\$248,195	\$254,000	\$262,132	\$273,000	\$0	\$0	\$472,524	\$535,662	\$559,459	\$477,358	\$429,946	\$424,032	\$432,133
% Change		8.1%	11.3%	0.0%	32.0%	-11.5%	-0.5%	8.2%	1.3%	-0.4%	9.8%	2.3%	3.2%	4.1%	-100.0%		13.4%	4.4%	-14.7%	-9.9%	-1.4%	1.9%	



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

Audit - CPA Charges (Data from FYs 01/02 through 14/15)

Annual Financial Statements Audit, 92% in PCs from FY 2001-02 to FY 2014-15



Annual Audits are required by Govt. Code 53891(a) for Special Districts. 53891(b)-CA State Controller's Office is the legal authority for prescribing uniform accounting & reporting procedures for all local agencies. They conform to GAAP, GASB, and Cost Principles.

Average cost of Audit – CPA is \$32,800 in FY 01/02 to FY 03/04, cost reduced to an average of \$26,457 in FY 04/05 to 14/15 due to cost savings from the Regional Approach (SOCWA) .



TCWD's 2017/18 SOCWA Budget Participation Update

December 6, 2017 Finance Committee
December 7, 2017 Board meeting

TCWD's 2017/18 SOCWA Budget Participation Update

December 6, 2017, Finance Committee
December 7, 2017, Board Meeting

Summary

- ▶ At the June 14th Board Meeting SOCWA adopted a budget that increased TCWD's participation by 138%
- ▶ TCWD opposed the budget on the grounds it was hastily established without sufficient cost allocation/justification
- ▶ TCWD is committed to our participation in SOCWA, but the General Fund budget must be **equitable.**
- ▶ All SOCWA member agencies are committed to continue exploring concepts

Concept

- ▶ SOCWA should provide the efficiency of a JPA
- ▶ Any agency's participation in SOCWA should provide **cost benefits**
- ▶ There are three main areas of SOCWA
Services/Infrastructure
 - Permitting, Treatment and Outfalls
- ▶ A **fair** approach could be allocated based on PC participation

Key Considerations

- ▶ This approach is based on quantifiable metrics
- ▶ The debatable assumptions (%) that led substantial GF increase are largely replaced
- ▶ If an Agency's GF budget increased under this concept, their corresponding PC budget will decrease

South Orange County Wastewater Authority

General Fund (GF) Content Comparison and Recommended Content

(Distinction is between Governance Requirements, Project Committees Operating Needs, Legal Agreements, and Government Code/Law Requirements)

Historical Content	Current Content	Recommended Content	Basis for Recommendation
1 Admin Labor & Fringe Benefits: Executive Assistant -60% GM -19% Controller-4%	Admin Labor & Fringe Benefits: Executive Assistant -50% GM -50% Controller-5% Comp Time-Exec. Asst, 50% Overtime-Exec Asst, 50%	Admin Labor & Fringe Benefits: Executive Assistant - 60% GM -50% Controller-5% Comp Time-Exec. Asst, 60% Overtime-Exec. Ass.t, 60%	Causal and Beneficial Relationship Causal and Beneficial Relationship Causal and Beneficial Relationship Causal and Beneficial Relationship Causal and Beneficial Relationship Causal and Beneficial Relationship
2 Audit -8%	Audit -100%	Audit -5%	Causal and Beneficial Relationship
3 Car Allowance:	Car Allowance: None	Car Allowance: GM-50% Controller-5%	Causal and Beneficial Relationship Causal and Beneficial Relationship Causal and Beneficial Relationship
4	Contract Labor-25%	Contract Labor-25%	Causal and Beneficial Relationship
5 Insurance-Errors & Omissions	N/A	N/A	Causal and Beneficial Relationship
6 IT	IT-5%	IT-5%	Causal and Beneficial Relationship
7 Legal	Legal 40%	Legal-100% Board Matters-Procopio Law	Causal and Beneficial Relationship
8 Management Support-Board Matters	None	Management Support-Board Matters	Causal and Beneficial Relationship
9 Membership Dues/Fees-CASA	None	None	Causal and Beneficial Relationship
10	Miscellaneous-20%	N/A	Causal and Beneficial Relationship
11 Office Supplies	Office Supplies Admin-100%	Office Supplies Admin-25% Office Equipment Admin-Follows	Causal and Beneficial Relationship
12	Office Equipment Admin-100%	Employee & Board	Causal and Beneficial Relationship
13	Outside Services-100%	N/A	Causal and Beneficial Relationship
14	Postage-20%	Postage-20%	Causal and Beneficial Relationship
15	Public Notices-100%	Public Notices-100%	Causal and Beneficial Relationship
16 Public Relations	None	None	Causal and Beneficial Relationship

FY 2024-25 Proposed GF Budget compared to SOCWA's Recommended GF Budget Changes based on Causal and Beneficial Relationships

Current Content		Recommended Content		Proposed Bdgt. vs Recommended		
Finance Committee Recommended General Fund %'s	FY 2024-25 Budget	SOCWA Staff Recommended General Fund %'s	FY 2024-25 Budget	Change \$	Change %	
Salary and Fringe						
Regular Salaries-Admin	Footnote #1	\$175,378	Footnote #2	\$187,954	12,576	7.2%
Overtime Salaries-Admin	50%	3,750	50%	3,750		
Comp Time - Admin	50%	1,000	50%	1,000		
Fringe Benefits IN to PC's & Depts.		96,298		103,203	6,905	7.2%
Total Payroll Costs		\$276,426		\$295,907	19,481	7.0%
Other Expenses						
Car Allowance			GM 50%, Controller 5%	\$3,210	3,210	
Public Notices/ Public Relations	100%		100%			
Contract Labor/Part-Time Labor	25%	8,750	25%	8,750		
Audit	100%	40,800	5%	2,040	(38,760)	-95.0%
Legal	40%	40,000	Procopio-100%	67,000	27,000	67.5%
Management Support-FY 2030 Plan			100%	100,000	100,000	
Outside Services	100%					
Postage	20%	309	20%	309		
Office Supplies - Admin	100%	4,120	25%	1,030	(3,090)	-75.0%
Office Equipment	100%	1,000	Follow Employee & BD 100%		(1,000)	-100.0%
Miscellaneous	20%	5,400			(5,400)	-100.0%
IT Allocations in to PC's & Depts.	5%	7,019	5%	7,019		
Total Other Expenses		\$107,398		\$189,358	81,960	76.3%
Total General Fund Expenses		\$383,824		\$485,265	101,441	26.4%
GF divided evenly amongst Member Agencies		\$54,832		\$69,324	14,492	26.4%

Time Allocation		Time Allocation			
(1)	Executive Assistant	50%	(2)	Executive Assistant	60%
	GM	50%		GM	50%
	Controller	5%		Controller	5%

FY 2024-25 Proposed GF Budget compared to MNWD What If Suggestions for GF Budget

Current Content		MNWD What If Suggested Content		Proposed Bdgt. vs Suggested Bdgt.		
Finance Committee Recommended General Fund %'s	FY 2024-25 Budget	MNWD Recommended General Fund %'s	FY 2024-25 Budget	Change \$	Change %	
Salary and Fringe						
Regular Salaries-Admin	Footnote #1	\$175,378	Footnote #2	\$274,719	99,341	56.6%
Overtime Salaries-Admin	50%	3,750	50%	3,750		
Comp Time - Admin	50%	1,000	50%	1,000		
Fringe Benefits IN to PC's & Depts.		96,298		150,845	54,547	56.6%
Total Payroll Costs		\$276,426		\$430,314	153,888	55.7%
Other Expenses						
Car Allowance			GM 50%, Controller 5%	\$3,210	3,210	
Public Notices/ Public Relations	100%		100%			
Contract Labor/Part-Time Labor	25%	8,750	25%	8,750		
Audit	100%	40,800	100%	40,800	0	0.0%
Legal	40%	40,000	Procopio-100%	67,000	27,000	67.5%
Management Support-FY 2030 Plan			100%	100,000	100,000	
Outside Services	100%					
Postage	20%	309	20%	309		
Office Supplies - Admin	100%	4,120	100%	4,120	0	0.0%
Office Equipment	100%	1,000	100%	1,000	0	0.0%
Miscellaneous	20%	5,400	205%	5,400	0	0.0%
Memberships-Regional						
IT Allocations in to PC's & Depts.	5%	7,019	5%	7,019		
Total Other Expenses		\$107,398		\$237,608	130,210	121.2%
Total General Fund Expenses		\$383,824		\$667,922	284,098	74.0%
GF divided evenly amongst Member Agencies		\$54,832		\$95,417	40,585	74.0%

Time Allocation		Time Allocation		
1) Executive Assistant	50%	(2)	Executive Assistant	60%
GM	50%		GM	50%
Controller	5%		Controller	25%
			Sr. Accountant	25%
			Staff Accountant	25%
			Accounts Payable	25%

Alternative Approaches to Allocating Administration and Residual Engineering Costs

PC-17 Regional Treatment Plant (RTP) Ownership Agreements 2012 (Dudek Report)

SOCWA Regional Treatment Plant (RTP) - Project Committee 17 (PC 17)

TABLE 1

PC 17 Members		
	Owned Capacity (mgd)	Ownership (%)
Liquids		
Moulton Niguel Water District	12.00	100.00
<i>Total</i>	<i>12.00</i>	<i>100.00</i>
AWT		
Moulton Niguel Water District	11.40	100.00
<i>Total</i>	<i>11.40</i>	<i>100.00</i>
Solids	Lbs/Day	
Moulton Niguel Water District	28,275	58.82
El Toro Water District	10,200	20.41
PC 15 members (combined capacity)	11,500	
South Coast Water District		8.96
City of Laguna Beach		11.22
Emerald Bay Services District		0.59
<i>Total</i>	<i>49,975 lbs/day</i>	<i>100.00</i>

Common Costs are not discussed in the Agreement

PC-17 Regional Treatment Plant (RTP) Ownership Agreements



THIS AMENDMENT NO. 8 to the PC 17 Agreement is entered into and effective as of this 1st day of April, 1999 (the "Execution Date"), by and among ALISO WATER MANAGEMENT AGENCY ("AWMA"), an entity created by that joint powers agreement entitled "Joint Exercise of Powers Agreement Creating Aliso Water Management Agency, Orange County, California (AWMA)" dated March 1, 1972 (the "Joint Powers Agreement"), on behalf of AWMA Project Committee No. 15, and the following participating member agencies of Project Committee No. 17:

- (a) South Coast Water District ("SCWD");
- (b) City of Laguna Beach ("CLB");
- (c) Emerald Bay Service District ("EBS");
- (d) El Toro Water District ("ETWD"); and
- (e) Moulton Niguel Water District ("MNWD").

The foregoing entities are collectively in some instances referred to as the "PC 17 Members", or individually as "party" and collectively or in combination as "parties". All parties are member agencies of AWMA and parties to the Joint Powers Agreement.

PC-17 Regional Treatment Plant (RTP) Ownership Agreements

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
PROJECT COMMITTEE NO. 17
F.Y. 2001/2002

SOCWA's 1st Year



Attachment
E

ALLOCATION OF TOTAL EXPENSE

District	Total Liquids Costs	Total Solids Costs	Total Common Costs	Total AWT	Total Allocation
CLB	\$2,265.03	\$196,038.47	\$35,367.55	\$0.00	\$233,671.05
EBSD	95.95	8,321.64	1,861.45	0.00	10,279.04
SCWD	1,623.33	140,623.47	28,268.80	0.00	170,515.60
ETWD	3,774.40	325,374.10	57,881.78	0.00	387,030.28
MNWD	1,653,138.25	1,019,025.63	440,770.33	756,901.39	3,869,835.60
	\$1,660,896.96	\$1,689,383.31	\$564,149.91	\$756,901.39	\$4,671,331.57

District	Liquids Percentages	Solids Percentages	Common Percentages	AWT Percentages	Total Allocation Percentages
CLB	0.14%	11.60%	6.27%	0.00%	5.00%
EBSD	0.01%	0.49%	0.33%	0.00%	0.22%
SCWD	0.10%	8.32%	5.01%	0.00%	3.65%
ETWD	0.23%	19.26%	10.26%	0.00%	8.29%
MNWD	99.53%	60.32%	78.13%	100.00%	82.84%
	100.00%	100.00%	100.00%	100.00%	100.00%



O&M Common is Not split between Liquids and Solids; method and the above %s were used through FY 2012-13.

Capital still **uses** the above method, Common Only, the above %s.

PC-17 Regional Treatment Plant (RTP) Ownership Agreements

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
PC 17 - REGIONAL TREATMENT PLANT OPERATIONS
COMMON COST ALLOCATION
F.Y. 2012/2013 FINAL ALLOCATION

ALLOCATION OF COMMON COSTS

District	LIQUIDS Ownership %	SOLIDS Ownership %	COMMON Ownership %	Total Common Allocation
CLB	0.00%	11.22%	6.27%	\$ 31,002.82
EBSD	0.00%	0.59%	0.33%	1,631.73
ETWD	0.00%	20.41%	10.26%	50,738.55
MNWD	100.00%	58.82%	78.13%	386,374.56
SCWD	0.00%	8.96%	5.01%	24,780.13
	100.00%	91.04%	94.99%	\$ 494,527.79

100%

100%



FY 2012-13 was the last year to use the above Common distribution %s for O&M.

PC-17 Regional Treatment Plant (RTP) Ownership Agreements

FY 2014-15 O&M Common Ownership %s Changed during Cost Allocations Workshops

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY PC 17 - REGIONAL TREATMENT PLANT OPERATIONS COMMON COST ALLOCATION FY 2014-15				
ALLOCATION OF COMMON COSTS				
District	LIQUIDS Ownership %	SOLIDS Ownership %	COMMON Ownership %	Total Common Allocation
CLB	0.00%	11.22%	5.61%	\$36,739.96
EBSD	0.00%	0.59%	0.30%	1,964.70
ETWD	0.00%	20.41%	10.21%	66,865.41
MNWD	100.00%	58.82%	79.40%	519,991.57
SCWD	0.00%	8.96%	4.48%	29,339.58
	100.00%	100.00%	100.00%	\$654,901.22



Consultant Message:

For PC 2 (Latham), common costs are allocated based on ownership, applied 50/50 between liquids and solids. I suggest we use the same approach.

Since liquid ownership is 100% MNWD, the formulae for allocating common costs for PC 17 would look like this:

$$\text{CLB: } (50\% \times 0\%) + (50\% \times 11.22\%) = 5.61\%$$

$$\text{EBSD: } (50\% \times 0\%) + (50\% \times 0.59\%) = 0.30\%$$

$$\text{ETWD: } (50\% \times 0\%) + (50\% \times 20.41\%) = 10.21\%$$

$$\text{MNDW: } (50\% \times 100\%) + (50\% \times 58.82\%) = 79.41\%$$

$$\text{SCWD: } (50\% \times 0\%) + (50\% \times 8.96\%) = 4.48\%$$

As you'll see, these percentages aren't much different than what your model has. I just didn't have any way to "prove" the numbers in your spreadsheet.

Kyle

PC-17 Regional Treatment Plant (RTP) Ownership Agreements

South Orange County Wastewater Authority PC 17 Wastewater Distribution by Member Agency FY 2015-16 Budget vs Actual

Member Agency	Common Liquids			Common Solids		
	Budget	Actual	Variance	Budget	Actual	Variance
City of Laguna Beach				55,779	68,887	(13,108)
El Toro Water District				101,471	125,308	(23,837)
Emerald Bay Service District				2,934	3,620	(686)
Moulton Niguel Water District	497,159	616,402	(119,243)	292,428	361,133	(68,705)
South Coast Water District				44,546	55,007	(10,461)
Total	497,159	616,402	(119,243)	497,158	613,955	(116,797)
			-24.0%			-23.5%

Member Agency	Spending Variance Common Liquids			Spending Variance Common Solids		
	Budget	Actual	Variance	Budget	Actual	% Variance
City of Laguna Beach				11.2%	11.2%	0.0%
El Toro Water District				20.4%	20.4%	0.0%
Emerald Bay Service District				0.6%	0.6%	0.0%
Moulton Niguel Water District	100.0%	100.0%	0.0%	58.8%	58.8%	0.0%
South Coast Water District				9.0%	9.0%	0.0%
Total	100.0%	100.0%	0.0%	100.0%	100.0%	0.0%

In FY 2015–16, O&M Common Costs were split equally between Common Liquids and Common Solids. Ownership %'s are used to distribute costs amongst Member Agencies. This is the current method.

PC-17 Regional Treatment Plant (RTP) Ownership Agreements

Excerpt from Amendment #3 to PC 17 Agreement:

their wastewater, carrying their suspended solids. The costs of all measurements and analyses shall be paid by each Participating Member Agency in proportion to their respective amounts of wastewater being measured and analyzed. The Participating Member Agencies shall have the right to deliver to Agency for treatment and disposal maximum amounts of raw wastewater or sewage solids or both as herein set forth:



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
Total Administration, and Residual Engineering	322,410	290,828	144,385	19,432	140,033	563,063	410,236	277,581	2,167,968
Admin % by Member Agency	14.9%	13.4%	6.7%	0.9%	6.5%	26.0%	18.9%	12.8%	100.0%
Admin % by Member Agency-Current Method	9.1%	0.8%	4.4%	0.5%	0.7%	41.6%	23.4%	19.6%	100.0%
\$ Change Increase/(Decrease)	124,072	273,284	48,912	9,415	125,272	(337,887)	(96,113)	(146,956)	(0)
% Change Increase/(Decrease)	62.6%	1557.7%	51.2%	94.0%	848.7%	-37.5%	-19.0%	-34.6%	0.0%

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 transfer to General Fund:

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

Impact of Admin & Residual Engr 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
Total Admin, and Residual Engr. Change	124,072	273,284	48,912	9,415	125,272	(337,887)	(96,113)	(146,956)	0
Admin % Increase by Member Agency	62.6%	1557.7%	51.2%	94.0%	848.7%	-37.5%	-19.0%	-34.6%	0.0%

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%
Total	\$24,727,791	\$25,947,136	\$1,219,345	4.9%	(\$0)	\$25,947,136	\$1,219,345	4.9%	0.0%

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

PC 2 JB Latham Member Agencies Admin Allocations Based on Ownership

PC 2 Member Allocations		PC 2 Member Allocations	
Liquids	Ownership %		
MNWD	23.08%	18,273	
SCWD	28.85%	22,841	
SMWD	48.08%	38,069	
TOTAL Liquids	100.00%	79,184	79,184
Common Liquids	Ownership %		
MNWD	23.08%	4,459	
SCWD	28.85%	5,574	
SMWD	48.08%	9,290	
Total	100.00%	19,323	19,323
Common Solids	Ownership %		
MNWD	21.62%	4,178	
SCWD	20.00%	3,865	
SMWD	58.38%	11,280	
TOTAL Common	100.00%	19,323	19,323
Solids	Ownership %		
MNWD	21.62%	21,398	
SCWD	20.00%	19,793	
SMWD	58.38%	57,776	
TOTAL Solids	100.00%	98,967	98,967
Grand Total		216,797	216,797

PC 2 Summary by Member	PC 2 Member Allocations	FY 24-25 Admin Allocation
MNWD	48,309	22.3%
SCWD	52,073	24.0%
SMWD	116,415	53.7%
Total	216,797	100.0%

PC 15 Coastal Member Agencies Admin Allocations Based on Ownership

PC 15 Member Allocations		PC 15 Member Allocations	
Liquids	Ownership %		
CLB	37.91%	43,180	
EBS	2.99%	3,400	
MNWD	29.25%	33,320	
SCWD	29.85%	34,000	
TOTAL Liquids	100.00%	113,901	113,901
Common Liquids	Ownership %		
CLB	37.91%	21,121	
EBS	2.99%	1,663	
MNWD	29.25%	16,298	
SCWD	29.85%	16,631	
TOTAL	100.00%	55,713	55,713
AWT	Ownership %		
SCWD	100.00%	47,183	
TOTAL AWT	100.00%	47,183	47,183
Grand Total		216,797	216,797

PC 15 Summary by Member	PC 15 Member Allocations	FY 24-25 Admin Allocation
CLB	64,301	29.66%
EBS	5,063	2.34%
MNWD	49,618	22.89%
SCWD	97,814	45.12%
Total	216,797	100.00%

PC 17 Regional Member Agencies Admin Allocations Based on Ownership

PC 17 Member Allocations		PC 17 Member Allocations	
Liquids/AWT	Ownership %		
MNWD	100.00%	71,193	
TOTAL Liquids	100.00%	71,193	71,193
Common Liquids	Ownership %		
CLB		0	
EBSD		0	
ETWD		0	
MNWD	100.00%	17,882	
SCWD		0	
TOTAL Common Liquids	100.00%	17,882	17,882
Common Solids	Ownership %		
CLB	11.22%	2,001	
EBSD	0.59%	105	
ETWD	20.41%	3,640	
MNWD	58.82%	10,490	
SCWD	8.96%	1,598	
TOTAL Common Solids	100.00%	17,834	17,834
Solids	Ownership %		
CLB	11.22%	12,329	
EBSD	0.59%	648	
ETWD	20.41%	22,428	
MNWD	58.82%	64,636	
SCWD	8.96%	9,846	
TOTAL Solids	100.00%	109,888	109,888
Grand Total		216,797	216,797

Updated to use MNWD 100% Liquids Ownership. Prior to FY 15/16, there was no split between Common Liquids & Common Solids.

Prior to 15/16 O&M Common %s & Capital current Common %s:

District	Common Percentages
CLB	6.27%
EBSD	0.33%
SCWD	5.01%
ETWD	10.26%
MWD	78.13%
	100%

PC 17 Summary by Member	PC 17 Member Allocations	FY 24-25 Admin Allocation
CLB	14,330	6.6%
EBSD	754	0.3%
ETWD	26,068	12.0%
MNWD	164,201	75.7%
SCWD	11,444	5.3%
Total	216,797	100.0%

PC 12 SO Permits

Member Agencies Admin Allocations Based on FY 2024-25 O&M Distribution

PC 12 Member Allocations		PC 12 Member Allocations	FY 24-25 Admin Allocation
Facility	Ownership %		
MNWD	32.87%	71,260	32.9%
SMWD	52.13%	113,019	52.1%
SCWD	15.00%	32,518	15.0%
TOTAL Facility	100.00%	216,797	100.0%
Grand Total		216,797	216,797

PC 5 San Juan Creek Ocean Outfall Member Agencies Admin Allocations Based on Ownership (All Costs are Fixed)

PC 5 Member Allocations		PC 5 Member Allocations	FY 24-25 Admin Allocation
Facility	Ownership %		
CSC	16.62%	36,032	16.6%
MNWD	15.51%	33,625	15.5%
SMWD	55.40%	120,105	55.4%
SCWD	12.47%	27,035	12.5%
TOTAL Facility	100.00%	216,797	100.0%
Grand Total		216,797	216,797

PC 24 Aliso Creek Ocean Outfall Member Agencies Admin Allocations Based on Ownership (All Costs are Fixed)

PC 24 Member Allocations		PC 24 Member Allocations	FY 24-25 Admin Allocation
Facility	Ownership %		
ETWD	16.30%	35,338	16.3%
EBSD	0.78%	1,691	0.8%
IRWD	15.76%	34,167	15.8%
CLB	11.00%	23,848	11.0%
MNWD	43.85%	95,065	43.9%
SCWD	12.31%	26,688	12.3%
TOTAL Facility	100.00%	216,797	100.0%
Grand Total		216,797	

PC 8 – Pretreatment Program

Member Agencies Admin Allocations

Based on FY 2024-25 Budget Estimated Labor Charges

PC 8 Member Allocations		PC 8 Member Allocations	FY 24-25 Admin Allocation
Facility	Ownership %		
CLB	5.57%	12,066	5.6%
CSC	17.53%	38,000	17.5%
ETWD	1.63%	3,534	1.6%
EBSD	1.38%	2,992	1.4%
IRWD	12.19%	26,421	12.2%
MNWD	19.87%	43,078	19.9%
SMWD	28.00%	60,697	28.0%
SCWD	13.84%	30,010	13.8%
TOTAL Facility	100.00%	216,797	100.0%
Grand Total		216,797	216,797

PC 10 City of San Clemente Land Outfall Member Agencies Admin Allocations Based on Ownership

PC 10 Member Allocations		PC 10 Member Allocations	FY 24-25 Admin Allocation
Facility	Ownership %		
CSC	100.00%	216,797	100.0%
TOTAL Facility	100.00%	216,797	100.0%
	Grand Total	216,797	216,797

Project Committee No. 10 was formed for the purpose of the design, construction, and operation of a Coast Highway Land Outfall to be funded and used by the City of Clemente. Members of the Committee are Santa Margarita Water District and the City of San Clemente. At June 30, 1982, the only member to have **contributed** and to be **participating** is the City of San Clemente.

The PC is owned by SOCWA and operated by the City of San Clemente. The project committee's capital assets are included in SOCWA's financial statements.

PC 21 Effluent Transmission Main & Alicia Parkway Pump Station
Reach B/C/D
Reach E
Member Agencies Admin Allocations
Based on Ownership

PC 21 Reach B/C/D Member Allocations		PC 21 Member Allocations	FY 24-25 Admin Allocation
Facility	Ownership %		
ETWD	50.00%	54,199	50.00%
IRWD	50.00%	54,199	50.00%
TOTAL Facility	100.00%	108,398	100.00%
Grand Total		108,398	108,398

PC 21 Reach E Member Allocations		PC 21 Member Allocations	FY 24-25 Admin Allocation
Facility	Ownership %		
ETWD	23.29%	25,246	23.29%
IRWD	23.29%	25,246	23.29%
MNWD	53.42%	57,906	53.42%
TOTAL Facility	100.00%	108,398	100.00%
Grand Total		108,398	108,398

The equal allocation of Admin, \$216,797, was split equally between Reach B/C/D and Reach E.

PC 23 North Coast Interceptor (NCI) Member Agencies Admin Allocations Based on Ownership

PC 23 Member Allocations		PC 23 Member Allocations	FY 24-25 Admin Allocation
Facility	Ownership %		
CLB	95.88%	207,865	95.88%
EBSB	4.12%	8,932	4.12%
TOTAL Facility	100.00%	216,797	100.00%
Grand Total		216,797	216,797

The PC is owned by SOCWA and operated by the City of Laguna Beach. The project committee's capital assets are included in SOCWA's financial statements.

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

Budget by Member Agency	FY 2020-21 Actual (w UAL and OPEB) ²	Change %	FY 2021-22 Actual (w UAL and OPEB) ²	Change %	FY 2022-23 Actual (w UAL and OPEB) ²	Change %	FY 2023-24 Adj. Budget (w UAL and OPEB) ²	Change %	FY 2024-25 Budget (w/o UAL and OPEB) ¹	Change %	UAL & OPEB Annual Payments Allocated using a Board Approved Actuarial Methodology ¹					FY 24-25 Proposed Budget No COLA	Change \$	Change %
											UAL & OPEB FY 24-25	Board Approved Method	Total Budget COLA 1%	Change \$	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%	\$2,204,529	-4.1%	\$231,081	10.72%	\$2,435,610	\$136,761	5.9%	\$2,427,407	8,202	0.3%
City of San Clemente	172,941	11.0%	182,040	5.3%	192,069	5.5%	271,276	41.2%	245,305	-9.6%	15,088	0.70%	260,393	(10,883)	-4.0%	259,343	1,051	0.4%
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%	1,088,834	-4.6%	74,095	3.44%	1,162,928	21,598	1.9%	1,159,769	3,159	0.3%
Emerald Bay Service District	166,819	11.7%	154,451	-7.4%	158,963	2.9%	177,736	11.8%	163,688	-7.9%	10,152	0.47%	173,840	(3,896)	-2.2%	173,141	699	0.4%
Irvine Ranch Water District	167,760	4.5%	166,373	-0.8%	176,261	5.9%	214,278	21.6%	159,913	-25.4%	16,101	0.75%	176,014	(38,264)	-17.9%	175,481	533	0.3%
Moulton Niguel Water District	9,259,287	3.0%	9,411,942	1.6%	9,689,775	3.0%	10,038,953	3.6%	9,815,964	-2.2%	948,020	43.99%	10,763,984	725,032	7.2%	10,730,617	33,368	0.3%
Santa Margarita Water District	2,671,575	13.3%	3,029,218	13.4%	3,756,078	24.0%	5,917,020	57.5%	5,542,501	-6.3%	452,003	20.97%	5,994,504	77,484	1.3%	5,973,995	20,508	0.3%
South Coast Water District	3,857,757	3.3%	4,127,834	7.0%	4,146,365	0.4%	4,668,350	12.6%	4,657,966	-0.2%	408,719	18.96%	5,066,685	398,335	8.5%	5,047,382	19,303	0.4%
Trabuco Canyon Water District	69,781	26.9%	22,534	-67.7%	33,117	47.0%				-100.0%								
Total	\$21,506,016	3.2%	\$22,296,778	3.7%	\$23,532,399	5.5%	\$24,727,791	5.1%	23,878,700	-3.4%	\$2,155,259	100.00%	\$26,033,959	\$1,306,168	5.3%	\$25,947,136	\$86,823	0.3%

- The Proposed FY 2024-25 Budget would increase by \$86,823 or .3% for every 1% of COLA.

Questions and Discussion

SOCWA MEMBERSHIPS REVIEW

Water Research Foundation (WERF)

Budget \$23,510

- ▶ Participation in and access to new technology evaluations.
- ▶ Access to WERF's relationships with federal and state regulators and departments that allow for collaboration on projects and the co-development of research agendas applicable to SOCWA.
- ▶ Access to guidance manuals, research reports, utility tools, executive summaries, webcasts, magazine and email articles, videos, case studies, and presentations.
- ▶ Access to industry networking resources with more than 1,200 water and wastewater/resource recovery utilities, manufacturers, consultants, and academic researchers from around the world.
- ▶ Access to WERF staff for guidance to find and access needed resources specific to SOCWA's needs.
- ▶ Access to WERF's research results from more than 2,300 completed projects valued at \$700 million, focusing on all aspects of the wastewater and water industry.
- ▶ Access to conferences and symposiums (including the ability to purchase conference papers, etc.)

Water Research Foundation (WERF)

Notable items for SOCWA affecting the treatment plant operations, outfall discharges, Biosolids management, and pretreatment program are:

- PFAS research and regulations
- New treatment technology and equipment papers and data
- COVID-19 information
- Wastewater surveillance program information
- IPR/DRP research and regulations
- Emerging pollutants of concern research
- Development of climate resiliency & adaptation plans

Water Emergency Response Organization of Orange County (WEROC)

Budget \$21,110

- ▶ Participation in and access to information on county-wide emergency preparedness, planning, response, and recovery efforts among Orange County water and wastewater utilities.
- ▶ Networking and engagement in the region for emergency event management.
- ▶ Access to the county-wide emergency notification and communication systems used by the County of Orange is used to communicate critical information and allows for mutual aid requests during emergencies.
- ▶ Access to WEROC staff to support SOCWA staff when applying for emergency repair funding from FEMA, CAL FEMA, etc.

Water Emergency Response Organization of Orange County (WEROC)

Notable items for SOCWA affecting the treatment plant operations and outfall discharges are:

- Access to all aspects of emergency communications, planning, and training
- Access to WEROC staff during the application of emergency funding/grants after disasters

National Association of Clean Water Association (NACWA)

Budget \$23,510

- ▶ Access to resources for developing and maintaining pretreatment standards.
- ▶ Allowing SOCWA to eliminate lobbying costs for legislative, regulatory, and legal advocacy at the national level.
- ▶ Access to information on federal funding opportunities.
- ▶ Access to Financial & Salary Survey (KPI) Reports for the Clean Water industry.
- ▶ Access to information regarding recent Federal court decisions affecting the clean water industry. This includes assessments and guidance on implementing changes due to these Federal court decisions.
- ▶ Access to white papers regarding all aspects of infrastructure funding, financial and infrastructure planning, national surveys and trends, and Utility of the Future Annual Reports.

National Association of Clean Water Association (NACWA)

Notable items for SOCWA affecting the treatment plant operations, outfall discharges, Biosolids management, and pretreatment program are:

- Developing pretreatment standards at a national level
- Networking with pretreatment staff
- Ability to follow legal cases that may affect the pretreatment program
- Nutrient regulation developments
- Stormwater standards development (dry weather diversion program)

California Association of Sanitation Agencies (CASA)

Budget \$17,610

- ▶ Participation in and access to timely information from workgroups.
- ▶ Access to resources for developing and maintaining pretreatment standards specific to California.
- ▶ Allowing SOCWA to eliminate lobbying costs for legislative, regulatory, and legal advocacy at the State level.
- ▶ Access to information on state funding opportunities.
- ▶ Access to information regarding recent State court decisions affecting the clean water industry. This includes assessments and guidance on implementing changes due to these State court decisions.
- ▶ Access to utility tools, webcasts, and email articles, videos, case studies, and presentations.
- ▶ Access to industry networking resources and conferences.
- ▶ Access to CASA staff for guidance to find and access needed resources specific to SOCWA's needs.

California Association of Sanitation Agencies (CASA)

Notable items for SOCWA affecting the treatment plant operations, outfall discharges, Biosolids management, and pretreatment program are:

- Participation in several workgroups including Air Quality, Climate Change and Energy Workgroup (ACE), Regulatory Workgroup, Associate Committee, and State/Federal Legislative Committee
- SOCWA receives regular updates on California regulatory, legislative, and legal issues
- Member agencies receive a 50% discount on their memberships to CASA
- Staff attends their semi-annual conferences to receive updates on a whole host of items including updates from SOCWA's insurer CSRMA regarding workers comp and property insurance costs.

Clean Water SoCal. (formerly known as SCAP)

Budget \$10,560

- ▶ Participation in and access to timely information from workgroups including:
 - Air Quality Committee
 - Biosolids Committee
 - Collection Systems Committee
 - Water Issues Committee
 - Energy Management Committee
 - Wastewater Pretreatment Committee
- ▶ Allowing SOCWA to eliminate lobbying costs for legislative, regulatory, and legal advocacy at the State level regarding southern California-specific issues (items not represented or in contrast to items carried by CASA)
- ▶ Access to individuals and information that are collectively implementing rules and regulations.
- ▶ Access to annual reports and Southern California trend studies.
- ▶ Access to industry networking resources.
- ▶ Access to Clean Water SoCal staff for guidance to find and access needed resources specific to SOCWA's needs.

Clean Water SoCal. (formerly known as SCAP)

Notable items for SOCWA affecting the treatment plant operations, outfall discharges, Biosolids management, and pretreatment program are:

- ▶ Collectively working on delayed air quality permitting, ongoing litigation regarding regulations that would affect the treatment plant and outfall operations
- ▶ Collectively working on developing and implementing processes and practices to comply with new regulations, and science-based policy development
- ▶ SOCWA staff is on the Board of Directors and Chair several Committees

South Orange County IWMP

Budget \$10,000

- ▶ IRWM crosses jurisdictional, watershed, and political boundaries; involves multiple agencies, stakeholders, individuals and groups; and attempts to address the issues and differing perspectives of all entities involved through mutually beneficial solutions. IRWM Regions cover 99% of the population and 87% of the land area of California. This includes:
 - Administering grant programs
 - Awarding IRWM grants
 - Participation in and access to timely information from workgroups including:
 - Management Committee quarterly meetings
 - Executive Committee quarterly meetings
 - Aliso Creek Collaboration Group

South Orange County IWMP

Notable items for SOCWA affecting the treatment plant operations, outfall discharges, Biosolids management, and pretreatment program are:

- ▶ Notable items for SOCWA affecting treatment plant operations are grant funding opportunities for the individual treatment plants.

Questions and Discussion

SOCWA Draft CIP Budget – Updated

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.

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	\$10,687,57 0	(\$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	(\$7,100,428)

Ten Year CIP Update Summary Updated

- ▶ Excel spreadsheet provided to member agencies for review of the program
- ▶ Pdf's of key sheets in Engineering Committee packets
- ▶ Individual meetings to review CIP being setup

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
Total	\$ 10.69 MM	\$ 16.27 MM	\$ 26.96 MM

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

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 to Finance Committee
- May 16 – Board Budget Workshop
- June 6 – Board Meeting (Budget Consideration for Approval)