



# **Policy Handbook**

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# Artificial Intelligence (AI) Policy

## Purpose

This AI Policy establishes a comprehensive, yet flexible, governance structure for AI systems (as defined below) used by, or on behalf of, SOCWA. This AI Policy enables SOCWA to use AI systems for the benefit of the member agencies while safeguarding against potential harm.

The key objectives of this AI Policy are to:

- Provide guidance that is clear, easy to follow, and supports decision-making for the staff (full-time, part-time), interns, consultants, contractors, partners, and volunteers who may be purchasing, configuring, developing, operating, or maintaining SOCWA's AI systems or leveraging AI systems to provide services to SOCWA.
- Ensure that when using AI systems, SOCWA or those operating on its behalf, adhere to the Guiding Principles that represent values with regards to how AI systems are purchased, configured, developed, operated, or maintained.
- Define roles and responsibilities related to SOCWA's usage of AI systems.
- Establish and maintain processes to assess and manage risks presented by AI systems used by SOCWA
- Align the governance of AI systems with existing data governance, security, and privacy measures in accordance with SOCWA's Acceptable Use Policy.
- Define prohibited uses of AI systems.
- Establish "sunset" procedures to safely retire AI systems that no longer meet the needs of SOCWA.
- Define how AI systems may be used for legitimate SOCWA purposes in accordance with applicable local, state, and federal laws, and existing SOCWA policies.

SOCWA defines "artificial intelligence" or "AI" to be a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments.

SOCWA defines an "AI system" to be any system, software, sensor, or process that automatically generates outputs including, but not limited to, predictions, recommendations, or decisions that augment or replace human decision-making. This extends to software, hardware, algorithms, and data generated by these systems, used to automate large-scale processes or analyze large data sets. AI systems use machine- and human-based inputs to perceive real and virtual environments; abstract such perceptions into models through analysis in an automated manner; and use model inference to formulate options for information or action.

# Scope

This AI Policy applies to:

- All AI systems deployed by SOCWA.
- Staff (full-time, part-time), interns, consultants, contractors, partners, and volunteers who may be purchasing, configuring, developing, operating, or maintaining SOCWA's AI systems or who may be leveraging AI systems to provide services to SOCWA.

# Guiding Principles for Responsible AI Systems

These principles describe the SOCWA's values with regards to how AI systems are purchased, configured, developed, operated, or maintained.

1. **Human-Centered Design:** AI systems are developed and deployed with a human-centered approach that evaluates AI powered services for their impact on the public.
2. **Security & Safety:** AI systems maintain confidentiality, integrity, and availability through safeguards that prevent unauthorized access and use. Implementation of AI systems is reliable and safe, and minimizes risks to individuals, society, and the environment.
3. **Privacy:** Privacy is preserved in all AI systems by safeguarding personally identifiable information (PII) and sensitive data from unauthorized access, disclosure, and manipulation.
4. **Transparency:** The purpose and use of AI systems is proactively communicated and disclosed to the public. An AI system, its data sources, operational model, and policies that govern its use are understandable and documented.
5. **Equity:** AI systems support equitable outcomes for everyone. Bias in AI systems is effectively managed with the intention of reducing harm for anyone impacted by its use.
6. **Accountability:** Roles and responsibilities govern the deployment and maintenance of AI systems, and human oversight ensures adherence to relevant laws and regulations.
7. **Effectiveness:** AI systems are reliable, meet their objectives, and deliver precise and dependable outcomes for the utility and contexts in which they are deployed.
8. **Workforce Empowerment:** Staff are empowered to use AI in their roles through education, training, and collaborations that promote participation and opportunity.

# Roles & Responsibilities

Several roles are responsible for enforcing this AI Policy, outlined below.

- SOCWA's Chief Technology Officer (CTO) , or equivalent position, is responsible for directing SOCWA technology resources, policies, projects, services, and coordinating the same with other SOCWA departments. The CTO shall actively ensure AI systems are used in accordance with the SOCWA Acceptable Use Policy. The CTO shall actively ensure the AI system is used in accordance with this AI Policy.

- The CTO is responsible for overseeing the enterprise security infrastructure, cybersecurity operations, updating security policies, procedures, standards, guidelines, and monitoring policy compliance.
- The CTO is responsible for overseeing the enterprise digital privacy practices, data processing practices, and responsible usage of technology in compliance with the Acceptable Use Policy. The CTO is responsible overseeing the privacy practices of AI systems used by or on behalf of SOCWA departments.
- SOCWA departments are responsible for following this AI Policy and following updates to this AI Policy and the Acceptable Use Policy and shall check compliance with these documents at least annually.
- The CTO shall notify SOCWA departments when an update to this AI Policy or the Acceptable Use Policy is released.
- SOCWA General Counsel is responsible for advising of any legal issues or risks associated with AI systems usage by or on behalf of SOCWA departments.
- The Acting General Manager or General Manager may, at his/her discretion, inspect the usage of AI systems and require a department to alter or cease its usage of AI systems or a partner's usage of AI systems on behalf of the department.
- The IT Department is responsible for overseeing the procurement of AI systems and requiring vendors to comply with SOCWA policy standards through contractual agreements.

## Policy

When purchasing, configuring, developing, operating, or maintaining AI systems, SOCWA will:

- Uphold the Guiding Principles for Responsible AI Systems.
- Conduct an AI review to assess the potential risk of AI systems. The CTO is responsible for coordinating review of AI systems used by SOCWA.
- Obtain technical documentation about AI systems or create equivalent documentation if internally developing the AI system.
- Require contractors to comply with this AI Policy overseen by the CTO; and
- In the event of an incident involving the use of the AI system, SOCWA will follow an incident response plan in accordance with State and Federal guidelines. The CTO is responsible for overseeing the security practices of AI systems used by or on behalf of SOCWA departments.

## Prohibited Uses

The use of certain AI systems is prohibited due to the sensitive nature of the information processed and severe potential risk. This includes the following prohibited purposes:

- Real-time and covert biometric identification.

- Emotion analysis, or the use of computer vision techniques to classify human facial and body movements into certain emotions or sentiment (e.g., positive, negative, neutral, happy, angry, nervous).
- Fully automated decisions that do not require any meaningful human oversight but substantially impact individuals.
- Social scoring, or the use of AI systems to track and classify individuals based on their behaviors, socioeconomic status, or personal characteristics.
- Cognitive behavioral manipulation of people or specific vulnerable groups.
- Autonomous weapons systems.

If SOCWA staff become aware of an instance where an AI system has caused harm, staff must report the instance to their supervisor and the CTO within 24 hours.

No third-party intellectual property (including without limitation copyright protected information, confidential or trade secret information, or proprietary information of third parties (i.e., any person or entity outside of SOCWA) may be input into any AI system without (i) the express written consent of the third party; and (ii) the express written approval of SOCWA management.

Employees who use AI are responsible for their work product. Therefore, all employees who use AI for work purposes are required to review, evaluate, analyze, and approve AI content for accuracy, completeness, and responsiveness to the task at hand as if the employee created the work product without use of AI. This also includes a review to ensure that AI content has not created or used intellectual property in violation of SOCWA's or another party's intellectual property rights.

Employees who use AI are required to save all instructions used to create AI content and make such instructions available to management upon request.

The use of AI to engage in, facilitate, or promote illegal activities or violation of any SOCWA policy or practice is strictly prohibited.

Employees may only use AI programs and platforms that have been approved by SOCWA, in its sole discretion. Contact SOCWA's CTO to determine if the program and platform have been approved for use.

## SOCWA Data

No SOCWA data (including without limitation trade secret, proprietary, and/or confidential information that belongs to SOCWA, including, but not limited to, treatment plant related plans; business plans; internal business processes; bids; the identities of clients and prospective clients and client and prospective client lists and/or contact information; the terms and conditions of client contracts with SOCWA, including pricing information; the terms and conditions of vendor contracts with SOCWA, including pricing information; financial information concerning SOCWA; SOCWA's sales, procurement, operations, and other training information and materials; undisclosed pricing information; pricing policies; client information and data acquired as a result of Employee's employment with SOCWA; vendor information and data acquired as a result of

Employee having access to information regarding, participating, or assisting in the purchase of components, materials, and/or parts; trade secrets; reports; production, fabrication, materials procurement, financial performance forecasts; marketing and sales plans, initiatives, and strategies; research and development initiatives and plans and conclusions made therefrom; and any other information regarding the business of clients, prospective clients, and/or vendors; and any other information that, if disclosed, may give a competing business an advantage in the marketplace (whether or not confidential)) may be input into any AI system without the express written approval of SOCWA management.

No SOCWA employee data (including without limitation names; contact information; personal information such as social security numbers, health information, leave information, wages, benefits, evaluations, disciplinary records, or other employee-related information (whether or not confidential)) may be input into any AI system.

No member agency or vendor data (including without limitation names; contact information; project design, plans, or terms; historical projects; pricing; or other client-related information (whether or not confidential)) may be input into any AI system without (i) the express written consent of the member agency or vendor; or (ii) the express written approval of SOCWA management.

## Sunset Procedures

If an AI system operated by SOCWA or on its behalf ceases to provide a positive utility to SOCWA's member agencies as determined by the CTO then the use of that AI system must be halted unless express exception is provided by the Acting General Manager or General Manager. If the abrupt cessation of the use of that AI system would significantly disrupt the delivery of SOCWA services, usage of the AI system shall be gradually phased out over time.

## Public Records

SOCWA is subject to the California Public Records Act requests. SOCWA staff must follow all current procedures for records retention and disclosure.

## Policy Enforcement

All employees, representatives, and agents of SOCWA, whether permanent or temporary, interns, volunteers, contractors, consultants, vendors, and other third parties operating AI systems on behalf of SOCWA are required to abide by this AI Policy and SOCWA's Acceptable Use Policy.

## Training

Employees will be provided training regarding the Policy.

## Violations of the AI Policy

Violations of any section of the AI Policy, including failure to comply with SOCWA's Acceptable Use Policy may be subject to disciplinary action, up to and including termination. Violations made by a third party while operating an AI system on behalf of SOCWA may result in a breach of contract and/or pursuit of damages. Infractions that violate local, state, federal or international law may be remanded to the proper authorities.

## Policy Revisions

This document will be maintained and revised by the executive management staff in consultation with the Authority's legal counsel. Revisions will occur whenever applicable federal, state or local regulations change or otherwise as the need arises, but no less frequently than every five years.

## Policy Approval and Adoption

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

# Policy for Capitalization and Depreciation of Facilities & Equipment

## Purpose of Policy

To establish a systematic and rational system of accounting which aims to track the cost of tangible and intangible capital assets or groups of assets in compliance with Generally Accepted Accounting Principles ('GAAP') and relevant Governmental Accounting Standards Board (GASB') pronouncements. It should be realized that depreciation is not a precise measurement of expense since all factors including the method, useful life, and salvage value are based on reasonable estimates.

## General Policy

The South Orange County Wastewater Authority ("Authority") hereby establishes this Capitalization and Depreciation Policy to properly account for the monetary recording and depreciation of completed Capital Projects, Plant Equipment, Office Equipment, Laboratory Equipment, Technology Assets, and Intangible Assets. These recordings will be known as Capital Asset and Depreciation Schedules. This Policy will establish criteria that determine what is to be considered an asset for monetary recording purposes.

While these schedules will mainly be used for tracking costs and depreciation of certain assets, they may also be used to determine budgetary demands and the useful life of various equipment and assets. All assets will be depreciated on a straight-line basis.

The Authority shall maintain proper internal controls for safeguarding of all Authority assets. The Authority shall comply with all applicable legal requirements relevant GASB pronouncements, and other applicable federal, state, and local regulations. In the event of any conflict between GASB and this Policy, GASB will control.

## Definitions

**Capital Projects Construction** - Actual physical projects completed, including the costs of studies directly related to the projects and done in conjunction with the construction of said projects, for the upgrade or rehabilitation of physical equipment currently owned by the Authority.

**Capital Projects Studies** - Analysis and completed reports for possible physical projects that are not to be undertaken within six months of the completion of said analysis.

**Plant Equipment** - Actual physical equipment that may or may not be part of the physical plant. This includes, but is not limited to: pumps, motors, vehicles, and small infrastructure.

**Depreciation** - Systematic allocation of the cost of a capital asset over its estimated useful life.

**Useful Life** - A period of time that each piece of equipment or asset should normally last before having to be replaced. This will vary depending on the type of equipment or asset, the general environment surrounding the equipment, and the actual use of the equipment.

**Intangible Assets** - Assets that lack physical substance, have a useful life extending beyond a single reporting period, and are nonfinancial in nature (e.g., software licenses, easements, patents).

**Technology Assets** - Computer hardware, software, telecommunication equipment, and other information technology resources.

**Impairment** – A significant and unexpected decline in the service utility of a capital asset.

## Capital Projects

### Construction Projects

All construction projects, upon completion and actual start-up of the equipment, will be capitalized and depreciated. The capitalized cost to be recorded and depreciated will include, but not be limited to: studies, design, construction and all equipment, construction management, legal, and administration expenses related to the project.

Direction from the Chief Engineer or Department Head as assigned by the General Manager will be sought to determine the useful life of the equipment installed for purposes of depreciation. These assets shall be properly accounted for on the Authority's books and depreciated over the useful life of the asset.

Repairs to existing fixed assets will generally be expensed and not subject to capitalization. Improvements to existing fixed assets will be presumed to extend the useful life of that fixed asset only if the cost of the improvement meets the \$5,000 threshold.

### Project Studies

All studies or analyses that may be used to start Capital Construction Projects within six months will be deemed to have a useful life of three years. They will be considered assets and depreciated over their useful life. If the construction project starts before the three years is up, the value of the study will be added to the construction project and depreciated over the life of the equipment installed.

## Plant Equipment

All Plant Equipment purchased through operational budgets, with a value of \$5,000 or more and a useful life of more than three years shall be considered as a depreciable asset. This Capitalization threshold is applied to individual units of fixed assets. In other words, each quantity of one will need to meet the threshold.

The Chief Engineer or other Department Head as assigned by the General Manager will determine the useful life of any piece of Plant Equipment. These assets shall be properly accounted for on the Authority's books and depreciated over the useful life of the asset.

Repairs to existing fixed assets will generally be expensed and not subject to capitalization. Improvements to existing fixed assets will be presumed to extend the useful life of that fixed asset only if the cost of the improvement meets the \$5,000 threshold.

## Office Equipment

Office Equipment will incorporate, but not be limited to: office furniture, cabinets, copiers, phone equipment, and other non-technology office infrastructure. All Office Equipment purchased through operational budgets, with a value of \$5,000 or more and a useful life of more than three years shall be considered as a depreciable asset.

This threshold will not be applied to components of fixed assets. For example, when purchasing a complete furniture system, all components will be considered one asset. The General Manager or designee will determine useful life of any piece of Office Equipment.

These assets shall be properly accounted for on the Authority's books and depreciated over the useful life of the asset. Repairs to existing fixed assets will generally be expensed and not subject to capitalization. Improvements to existing fixed assets will be presumed to extend the useful life of that fixed asset only if the cost of the improvement meets the \$5,000 threshold.

## Laboratory Equipment

Laboratory Equipment will include, but not be limited to: analytical instruments, measurement devices, testing apparatus, sampling equipment, laboratory-specific furniture, and specialized scientific tools used for water quality testing, environmental monitoring, or other scientific procedures.

All Laboratory Equipment purchased through operational budgets, with a value of \$5,000 or more and a useful life of more than three years shall be considered as a depreciable asset. For specialized laboratory systems where multiple components function together as an integrated analytical unit, the components may be grouped together to meet the threshold.

The Environmental Service Manager, Lab Manager or other Department Head as assigned by the General Manager will determine the useful life of any Laboratory Equipment, which typically ranges from 5-10 years depending on the type of equipment, technological advancement in the field, and regulatory requirements. Calibration, maintenance, and normal repairs to Laboratory Equipment will generally be expensed and not subject to capitalization.

Special consideration shall be given to Laboratory Equipment that may require:

1. Regular recertification or calibration to maintain regulatory compliance
2. Specialized maintenance contracts with manufacturers
3. Replacement due to changes in regulatory testing requirements

The Authority shall maintain appropriate documentation for all Laboratory Equipment used for regulatory compliance purposes, including calibration records, maintenance logs, and certification documentation in accordance with applicable regulatory requirements.

## Technology Assets

### Hardware

All computer hardware, including but not limited to servers, desktop computers, laptops, tablets, and network equipment with a value of \$5,000 or more individually and a useful life of more than three years shall be considered as a depreciable asset. For integrated computer systems where components work together as a system, the components may be grouped together to meet the threshold.

The Chief Technology Officer or designee will determine the useful life of any technology hardware, which generally ranges from 3-5 years.

### Software and Licenses

Software and license purchases or subscriptions with a value of \$5,000 or more and a useful life of more than one year shall be capitalized as intangible assets. This includes purchased software, software licenses, and internally developed software.

Software maintenance agreements and subscription-based software services shall be expensed unless they meet the criteria for capitalization as intangible assets.

## Capitalization of Intangible Assets

In accordance with GASB Statement No. 51 and subsequent updates, intangible assets with a value of \$5,000 or more and a useful life of more than one year shall be capitalized. These include but are not limited to:

- Software licenses
- Patents and copyrights
- Easements and rights-of-way
- Water rights
- Other non-physical assets with future economic benefit

Internally generated intangible assets shall be capitalized in accordance with GASB Statement No. 51, which requires capitalization only after the following criteria are met:

- Determination of the specific objective of the project and the nature of the service capacity expected
- Demonstration of technical or technological feasibility
- Demonstration of the intention, ability, and ongoing effort to complete or continue development

## GASB Compliance

### Asset Impairment

In accordance with GASB Statement No. 42 and subsequent updates, the Authority shall evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment has occurred. Impaired assets shall be written down and losses recognized in the financial statements according to GASB requirements.

## **Component Units**

Assets owned by component units of the Authority shall be accounted for in accordance with GASB Statement No. 14, as amended by GASB Statements No. 39, 61, and subsequent updates.

## **Financial Reporting**

Capital assets shall be reported in the government-wide financial statements in accordance with GASB Statement No. 34 and subsequent updates. Adequate disclosure shall be made in the notes to the financial statements regarding capitalization thresholds, depreciation methods, and other required information.

## **Asset Tracking and Inventory**

The Authority shall maintain detailed records of all capital assets, including descriptions, locations, acquisition dates, costs, useful lives, depreciation, and other relevant information. A physical inventory of all capitalized assets shall be conducted at least once every two years and reconciled with the asset records.

Each department head shall be responsible for safeguarding the assets assigned to their department. The Finance Department shall maintain the master asset records for the Authority.

## **Disposition of Assets**

When capital assets are sold or otherwise disposed of, the asset records shall be relieved of the cost of the asset and the associated accumulated depreciation. Any difference between the net book value of the asset and the proceeds from the disposition shall be recognized as a gain or loss in the financial statements.

Disposition of assets shall comply with all applicable laws and regulations, including California Government Code Section 54220 et seq. regarding surplus land and California Government Code Section 54235 et seq. regarding surplus residential property.

## **Policy Revisions**

This document will be maintained and revised by the executive management staff in consultation with the Authority's legal counsel. Revisions will occur whenever applicable federal, state or local regulations change or otherwise as the need arises, but no less frequently than every five years.

## **Policy Approval and Adoption**

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

# California Environmental Quality Act Policy

## Purpose of Policy

This policy establishes South Orange County Wastewater Authority's ("SOCWA") policy for compliance with the California Environmental Quality Act ("CEQA"), Public Resources Code § 21000 et seq., and the CEQA Guidelines, Cal. Code Regs., tit. 14, § 15000 et seq.

## General Policy

The Board of Directors ("Board") hereby adopts this policy to ensure consistent, transparent, and legally compliant implementation of CEQA requirements for all Authority activities and projects.

## Legal Framework

The Authority shall comply with all applicable provisions of CEQA and the CEQA Guidelines. The CEQA Guidelines are incorporated by reference to the extent applicable to the Authority, and any amendments to the CEQA Guidelines shall be automatically incorporated into these procedures 120 days after their effective date, unless otherwise specified.

## Authority and Responsibility

The Board is the ultimate decision-making body for CEQA matters and retains non-delegable authority for:

- Certifying Environmental Impact Reports (EIRs)
- Approving Negative Declarations
- Making required CEQA findings
- Adopting statements of overriding considerations

The General Manager or designee ("Staff") is delegated responsibility for:

- Conducting preliminary environmental reviews
- Preparing or overseeing preparation of Initial Studies, Negative Declarations, and EIRs
- Processing notices and other procedural requirements
- Making recommendations to the Board regarding CEQA compliance
- Maintaining records of CEQA compliance actions

The Board reserves the right to reassign responsibilities or assume direct control of any CEQA matter at its discretion.

## Project Review Procedures

**Preliminary Review:** Staff shall conduct preliminary reviews to determine if an activity is:

- Not a project subject to CEQA

- Exempt from CEQA
- Subject to CEQA review

**Exemption Determinations:** When an activity is determined to be exempt from CEQA, Staff shall:

- Document the basis for the exemption
- Prepare a Notice of Exemption when appropriate
- File the Notice with the appropriate county clerk(s) after Board approval

**Initial Studies:** For non-exempt projects, Staff shall prepare an Initial Study to determine the appropriate level of environmental review unless an EIR is clearly required.

**Negative Declarations:** When an Initial Study determines a project will not have significant environmental impacts:

- Staff shall prepare a proposed Negative Declaration or Mitigated Negative Declaration
- The Board shall evaluate and respond to public comments before approving the Negative Declaration
- The Board, in consultation with consultants as it deems appropriate, shall review and consider relevant environmental documents and determine the adequacy of a Negative Declaration
- The Board shall not approve a project until it adopts the Negative Declaration
- Staff shall file the Notice with the appropriate county clerk(s) after Board approval

**Environmental Impact Reports:** When a project may have significant environmental impacts:

- The Board shall direct preparation of an EIR
- Staff shall ensure all procedural requirements are met
- The Board shall evaluate and respond to public comments before certifying the final EIR
- The Board, in consultation with consultants as it deems appropriate, shall review and consider relevant environmental documents and shall determine the adequacy of the EIR
- The Board shall certify the final EIR before project approval
- The Board shall adopt findings for each significant impact
- Staff shall file the Notice with the appropriate county clerk(s) after Board approval

**Mitigation Monitoring:** For projects requiring mitigation measures, Staff shall implement a monitoring program to ensure compliance.

## Categorical Exemptions

The following categories of projects are typically exempt from CEQA review, subject to exceptions in CEQA Guidelines Section 15300.2:

- Class 1: Existing Facilities (maintenance, minor alteration, repair)

- Class 2: Replacement or Reconstruction
- Class 3: New Construction of Small Structures
- Class 4: Minor Alterations to Land
- Class 5: Minor Alterations in Land Use Limitations
- Class 7 & 8: Actions for Environmental Protection
- Class 9: Inspections
- Class 11: Accessory Structures
- Class 12: Surplus Government Property Sales
- Class 22: Educational Programs
- Class 30: Minor Actions Regarding Hazardous Materials

Ministerial actions, emergency projects, and statutorily exempt projects are not subject to CEQA.

## Public Noticing and Participation

The Authority shall provide public notice and opportunity for review, consultation and comment as required by CEQA. Staff shall maintain a record of all public comments received and responses provided. The Authority shall post notices on its website in addition to other legally required methods of notification, and will consult with other public agencies as appropriate, at least 30 days in advance of taking action on a draft EIR or Negative Declaration.

## Special Considerations

**Projects Near Schools:** For projects within one-fourth mile of a school that may pose health or safety hazards, the Authority shall comply with CEQA Section 21151.4.

**Greenhouse Gas Emissions:** The Authority shall analyze greenhouse gas emissions in accordance with CEQA Guidelines Sections 15064.4 and 15183.5.

**Tribal Cultural Resources:** The Authority shall comply with consultation requirements regarding tribal cultural resources per Public Resources Code Sections 21080.3.1 and 21080.3.2.

**Responsible Agency Procedures:** When the Authority is not the Lead Agency but has approval authority for a project, it shall:

- Consult with the Lead Agency during environmental document preparation
- Consider the environmental documents prepared by the Lead Agency
- Make its own findings regarding project impacts within its jurisdiction
- File the appropriate notices after approving the project

## Records Management

Staff shall maintain complete records of all CEQA documents and proceedings. Environmental documents shall be retained according to the Authority's records retention policy and applicable law.

## Review and Amendments

This policy shall be reviewed periodically to ensure compliance with current laws and regulations. Amendments to this policy require Board approval by resolution.

## Effective Date

This policy is effective immediately upon adoption.

## References

- California Public Resources Code § 21000 et seq.
- California Code of Regulations, title 14, § 15000 et seq. (CEQA Guidelines)
- Public Resources Code § 21082
- Fish and Game Code § 711.4

## Policy Revisions

This document will be maintained and revised by the executive management staff in consultation with the Authority's legal counsel. Revisions will occur whenever applicable federal, state or local regulations change or otherwise as the need arises, but no less frequently than every five years.

## Policy Approval and Adoption

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

# Conflict of Interest Policy

## Purpose

South Orange County Wastewater Authority (SOCWA) employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. Employees are expected to devote their best efforts and attention to the performance of their jobs at SOCWA. They should use good judgment, adhere to high ethical standards, and avoid situations that create an actual or potential conflict between the employee's personal interest and the interests of SOCWA. This policy is designed to ensure SOCWA employees remain free of any conflicts of interest.

## Policy

A conflict of interest exists when the employee's loyalties or actions are divided, or give the appearance of being divided, between SOCWA interests and his/her own or those of another. All SOCWA employees should avoid both actual conflicts of interest, and situations that appear to represent a conflict. If a SOCWA employee is uncertain as to whether a particular transaction, conduct, or relationship constitutes a conflict of interest, that employee should discuss the situation with his/her immediate supervisor or with the Human Resources Administrator.

An actual or potential conflict of interest arises when a SOCWA employee is in a position to make or to influence a decision that may impact SOCWA's business dealings or which an employee achieves self-gain through his/her association with SOCWA or during his/her business hours.

Although this policy cannot provide a description of all possible conflicts of interest, the following are examples of conflicts of interest that are expressly prohibited for SOCWA employees:

- Engaging in or having an interest in any business or transaction or incurring any obligation which conflicts with or impairs a SOCWA employee's independent judgment in the discharge of his/her official duties or work performance.
- Accepting any gift (i.e., money, tickets, vouchers, or merchandise), other than those specifically excepted by law from the definition of a gift or income pursuant to FPPC Regulations, as may be amended or revised from time to time. Employees are encouraged to consult with the General Manager or legal counsel to discern whether a gift is accepted by law.
- Certain SOCWA employees and officeholders required to file "Form 700 – Statement of Economic Interests" are also subject to additional Gift reporting and limits and should consult the FPPC regulations for compliance.
- Having a direct or indirect financial interest in a relationship with a competitor, customer, or supplier, except ownership of less than 1 percent of the publicly traded stock of a corporation will not be considered a conflict of interest.
- Soliciting work from any person or entity currently providing goods or services or seeking to provide goods or services to SOCWA.

- Performing services on behalf of or for any person or entity other than directly for SOCWA, anywhere on SOCWA's property or at its facility.
- Using SOCWA information, property, or labor for personal gain.
- Disclosing confidential SOCWA information or using such information for any purpose not consistent with the employee's official duties.
- Acquiring any interest in any property or assets of any kind for the purpose of selling or leasing to SOCWA.
- Committing SOCWA to give its financial or other support to any outside activity or organization.
- Engaging in self-employment in competition with SOCWA.

Failure to comply with SOCWA policy on conflict of interest will result in disciplinary action, up to and including termination. Actions in violation of California State Law will be referred to the appropriate governmental agency.

## Special Circumstances That Require Review and Approval

- SOCWA employees may engage in outside employment, subject to the restrictions contained in this policy, as long as the SOCWA employee meets his/her performance standards of his/her job with SOCWA. Employees will be judged by the same performance standards and will be subject to SOCWA's scheduling demands, regardless of any existing outside work requirements. If SOCWA determines that an employee's outside work interferes with his/her performance or ability to meet the requirements of SOCWA as they are modified from time to time, the employee may be asked to terminate his/her outside employment if he/she wishes to remain employed by SOCWA.
- Employees may not receive any income or material gain from individuals outside of SOCWA for materials produced or services rendered while on duty or performing his/her jobs at SOCWA. Employee should notify their supervisor if potential conflict exists.
- Developing a personal relationship with a subordinate employee of SOCWA that might interfere with the exercise of impartial judgment in decisions affecting SOCWA or any SOCWA employee.
- SOCWA employees who violate this policy will be subject to disciplinary action up to and including termination.

## Policy Revisions

This document will be maintained and revised by the executive management staff in consultation with the Authority's legal counsel. Revisions will occur whenever applicable federal, state or local regulations change or otherwise as the need arises, but no less frequently than every five years.

## Policy Approval and Adoption

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

# Policy for the Disposal of Surplus Property

## Purpose of Policy

The Authority's Board of Directors has adopted this Policy for the Disposal of Surplus Property establishing the procedures to be followed for the final disposition of surplus property.

## General Policy

The South Orange County Wastewater Authority ("Authority" or "SOCWA") must periodically dispose of surplus property when it is either no longer repairable, no longer economical, being replaced with newer equipment, no longer needed, or has reached the end of its serviceable life.

The determination of what item is surplus and no longer usable or required by the Authority is made by the Department Head where the asset was used, with concurrence and final approval of the General Manager.

Under this policy, the Authority Board of Directors authorizes the General Manager to approve the disposal of surplus property with individual residual salvage values equal to or less than \$50,000, excluding any real property, water rights, easements, and rights of way, regardless of value. Individual surplus items with values more than \$50,000 shall require approval and authorization of the Board of Directors prior to disposal.

## Classification of Surplus Property

Once an item or asset has been identified as being surplus, the Department Head will classify the surplus property into one of four categories:

- **Miscellaneous:** Office furniture, office equipment, computers, machinery (including treatment process equipment), tools, and other small items.
- **Vehicles/Rolling Stock:** All vehicles, trailers, carts, or other types of rolling stock.
- **Technology Equipment:** Computers, servers, telecommunications equipment, mobile devices, and other electronic equipment.
- **Scrap:** Anything owned by the Authority that is determined to be of more value for its components or materials of construction than as a functioning item.

## Responsibility

It is the responsibility of the Finance Department, under the direction of the Department Head or General Manager where surplus property belonged, to conduct the disposal of surplus property in accordance with the procedures set forth in this Policy. Disposal of the excess property shall be made on an annual basis or necessary based on the disposal methods and procedures outlined below.

## Disposal Methods

### Public Auction

- All miscellaneous items that are still in usable condition and all vehicles regardless of their condition will be sold at a public auction based on the best judgement of the General Manager or designee. The preferred method of public auction shall be to utilize a third-party provider who specializes in the public sale of surplus equipment, including online auction platforms when appropriate. The auction company must be bonded and compliant with California Civil Code section 1812.600 et seq.
- In the event surplus material does not sell at a public auction, the surplus material may be sold for scrap value, recycled, or disposed of as waste.
- Authority employees who do not participate in the process of determining what items are selected for disposal as surplus property may bid on items sold at auction by third-party vendors. At no time shall an employee be allowed to purchase an item before an Auction. However, employees who determine which items are surplus, or employees who implement any portion of this policy, are prohibited from bidding on surplus Authority items.
- In the event the Authority chooses not to utilize a third-party vendor to conduct sales, no Authority employee may bid on or purchase surplus items.

### Technology Equipment

- All technology equipment must be properly removed of data and software in accordance with the Authority's IT security policies prior to disposal.
- Technology equipment with remaining useful life may be sold at auction, offered to other public agencies, or donated to educational institutions.
- Obsolete technology equipment should be recycled through certified e-waste recyclers.

### Scrap Material

- When a Department Head determines surplus items have negligible value, or the components of an item are worth more than the item as a whole, the General Manager or designee shall obtain at least two bids from scrap yards and shall select the vendor who provides the most value to the Authority.
- Value to the Authority shall be determined by several factors which may include ease of disposal, transportation costs, compliance with applicable rules and regulations, and dollar value of the surplus item(s).
- Authority employees may not bid on or purchase scrap material.

### Recycling

- When surplus items or materials cannot be sold at auction or as scrap, a reasonable effort should be made to recycle material that is recyclable in accordance with California recycling regulations.

## **Donation**

- When an item is not otherwise disposed of as listed above, items may be offered for donation to:
  - Local public schools
  - California Special Districts
  - Other California public agencies
  - Not-for-Profit Organizations with appropriate tax-exempt status
- All donations must be documented with appropriate receipts and approvals.

## **Transfer to Other Public Agencies**

- Surplus property may be transferred to other California public agencies when in the best interest of the Authority.
- Such transfers shall be conducted in accordance with California Government Code provisions applicable to Authority.

## **Waste**

- When, in the determination of the General Manager, surplus items are not able to be disposed of by one of the methods above, the item may be destroyed or disposed of as the General Manager sees fit, in accordance with all applicable environmental regulations.
- Prior to disposal, the Authority will determine whether the surplus waste contains any hazardous materials, and if hazardous materials are identified, the Authority shall appropriately segregate, label, document and dispose of such hazardous waste in compliance with all applicable law.

# **Disposal Procedures**

## **Vehicles:**

As vehicles are rotated out of fleet services, the Department Head or General Manager's designee will complete and file the Obsolete Vehicle Form in the business network.

The following information is required on the Obsolete Vehicle Form:

- Make, model, and vehicle identification number
- Authority asset number (if appropriate)
- Odometer reading
- Estimated residual value
- Reason the vehicle is no longer needed
- Signature of the General Manager indicating the vehicle is no longer needed and is surplus property
- Documentation of emissions compliance status when applicable

The following steps are completed in preparation and disposition of obsolete vehicles:

- Receive and complete the Obsolete Vehicle Form

- Provide copy of Obsolete Vehicle Form to Finance Department advising the vehicle will be disposed of
- Obtain the vehicle pink slips from Finance Department
- Check that the proper disposal method was followed and obtain approval for disposal from General Manager
- Assure that all Authority paperwork, tools, equipment, and any Authority emblem(s) have been removed from the surplus vehicle
- Contact auction house(s) or online auction platforms
  - Designate date for removal of vehicles
- Once the vehicle is sold:
  - File Release of Liability with the Department of Motor Vehicles
  - Notify insurance company that the vehicle is no longer owned by the Authority
  - Any payments received are forwarded to the Finance Department

**Miscellaneous and Technology Equipment:**

The appropriate Department Head or General Manager’s designee will complete and file the Surplus Material Authorization Form.

The following information is required on the Surplus Material Authorization Form:

- Physical description of item
- Authority Asset Number (if appropriate)
- Estimated equipment hours or run time (if applicable)
- Estimated residual value
- Reason the item is no longer needed
- Signature of the department head indicating the item is no longer needed and is surplus property
- For technology equipment: confirmation that all data has been properly removed

The following steps are completed in preparation and disposition of miscellaneous and technology surplus property:

- Receive Surplus Material Authorization Form
- Provide copy of Surplus Material Authorization Form to Finance Department advising the item will be disposed of
- Determine proper disposal method and obtain approval from General Manager
- Contact auction house(s) or other appropriate disposal channels
  - Designate date for removal of item(s)
- Once the item is sold/disposed of:
  - Any payments received are forwarded to the Finance Department
  - Documentation of proper disposal is filed

## Environmental Considerations

The Authority will ensure that all disposal methods comply with current environmental regulations, including but not limited to:

- California E-Waste Recycling Act
- California Integrated Waste Management Act
- Resource Conservation and Recovery Act (RCRA)
- All applicable local ordinances

## Finance Department Responsibilities

Once the Finance Department receives either the Obsolete Vehicle Form or the Surplus Material Authorization Form, it will make a determination as to whether the vehicle, item, or material to be sold is carried on Authority books as an asset.

In cases where the item is a booked asset, the Finance Department will:

- Make the necessary adjustments to remove the item from the asset list
- Determine the appropriate allocation to be used to distribute the proceeds from the sale of the asset to the appropriate Project Committee General Fund
- Document the disposition in accordance with GASB requirements

Upon receipt of proceeds from the sale of the item, the Finance Department will credit the proper account fund. Unless otherwise provided by law or Authority agreement, all sums received from the disposal of property of the Authority not credited to a Project Committee General Fund shall be applied to the General Fund of the Authority.

## Reporting

The General Manager shall provide an annual report available for viewing by the Board of Directors summarizing all surplus property disposals from the previous fiscal year, including method of disposal and proceeds received.

## Compliance With California Law

This policy shall be implemented in accordance with all applicable California laws governing disposal of public agency property, including but not limited to relevant sections of the California Government Code.

## Policy Approval and Adoption

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

# Document Management Policy

## Purpose Of Policy

The purpose of this Document Management Policy ("Policy") is to control the orderly retention, preservation, and disposition of South Orange County Wastewater Authority records based on state statutes governing public records in California. The Policy establishes how the Authority assigns responsibility and creates the administrative framework through which the purposes of the Policy are to be achieved. This Policy is developed and administered by the Authority's executive management staff and is subject to periodic revisions by the Board of Directors of the Authority.

## General Policy

The Policy is hereby established for the orderly maintenance and storage of Authority records which are retained for administrative, operational, legal, fiscal, historical, or research purposes. The objectives of the Policy are:

- To establish the authority and assign the responsibility for carrying out the document management program required by state law and to create the administrative framework through which the purposes of the program are to be achieved.
- To create efficient information retrieval through a uniform classification and computerized filing system.
- To explain the process for transferring inactive records from high-cost office space to an information technology system (electronic records) thereby reducing filing equipment and space.
- To establish the process and procedures for preserving and protecting electronic records (emails, software generated documents, etc.).
- To develop the necessary procedures for the orderly destruction of records and working papers no longer required by statute to be retained, and which are no longer needed for administrative, operational, legal, fiscal, historical, or research purposes and the preservation of records with long-term or permanent value.
- The protection of records vital to the Authority in the event of a disaster.
- The elimination of duplicate records.

## Definitions

**Authority** – South Orange County Wastewater Authority or "SOCWA".

**Board** - Board of Directors of the Authority.

**Electronic Records** – records that contain machine-readable information. The information may be text, numbers, graphs, line drawings, pictures, images or sound. Examples of electronic records include word processing files, spreadsheet files, presentation graphics,

electronic images, databases, audio or video recordings and e-mail. Electronic records may occupy media such as magnetic disks or tapes, audio or video files, compact or optical disks, flash drives, and cloud-based storage.

**Document or “Record”** - any writing containing information relating to the conduct of the Authority's business prepared, owned, used or retained by the Authority, including electronic records. "Writing" means handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof, and any record thereby created, regardless of the manner in which the record has been stored. Documents and records do not include: (a) copies, (b) duplicates, (c) external publications kept for personal reference or convenience, or (d) non-substantive drafts that have no legal, administrative, or fiscal value.

**Document Management Administrator** - the individual appointed by the General Manager that administers the document management program under this Policy and assists each department in its implementation.

**Document Retention** - the process of identifying the length of time the records are to be retained, and any statutory requirements applicable to that class of records.

**Records Retention Schedule** – the schedule of records with the corresponding procedures for the management, retention and destruction pursuant to Government Code Section 60200 et seq. attached to this Policy and incorporated herein.

**General Manager** – the Authority's General Manager

**State Guidelines** - guidelines issued by the Secretary of State for the management of public records of local agencies, as they may be amended from time to time.

**Vital Document** - records containing information essential for the Authority to resume operation after a disaster. Examples include the following:

- Records containing information regarding claims to present or future income.
- Records necessary to protect the Authority against fraud or overpayment.
- Records furnishing data on current assets, equipment, securities and real estate (e.g. current financial statements, ledgers, property deeds, leases, contracts, permits, licenses, original plans and specifications for Authority facilities, resolutions and minutes of the Board meetings)
- Records relating to personnel hired by the Authority

## Document Management Program

The Authority's document management program shall be the following:

### Program Elements

The general program elements for managing all Authority documents, including its electronic records are:

- Assigning the responsibility to develop and implement an Authority-wide program for the management of all records to specific Authority positions.
- Integrating the management of electronic records with other records and information technology needs of the Authority.
- Providing adequate training for all employees regarding the program's elements.
- Maintaining an inventory of the types and locations of the Authority's documents and electronic records and keeping this information updated and in accordance with the Authority's Records Retention Schedule.
- Protecting vital documents and authorizing the destruction of records in accordance with the terms of this Policy and the State Guidelines.

To ensure the maintenance and efficient retrieval of the Authority's records, a uniform computerized filing system will be implemented.

## Authorization for General Manager to Establish Procedures

The General Manager is hereby authorized to establish rules and procedures to implement the Policy and program hereunder and to delegate to staff the authority to initiate and manage the Policy and related procedures, including incorporating conforming revisions from the State Guidelines.

### **Designation of Document Management Administrator**

The General Manager will designate a Document Management Administrator whose duties shall include:

1. Administer the document management program and provide assistance to department heads in its implementation and maintenance and training of employees.
2. Plan, formulate and prescribe and implement document disposition systems, standards and procedures consistent with this Policy, including the Records Retention Schedule, as amended by the Board from time to time.
3. In cooperation with department heads, identify essential records and establish a disaster plan for each department to ensure maximum availability of the records/documents in order to re-establish operations quickly and with minimum disruption and expense.
4. Monitor records and the Records Retention Schedule and administrative rules and laws, including the State Guidelines to determine if the Authority's document management program and retention schedules are in compliance with state regulations. Department heads are to be issued information concerning changes to state regulations and laws.
5. Ensure that the maintenance, preservation, destruction and other disposition of the documents of the Authority are carried out in accordance with the Policy and procedures of the document management program and state law.

6. Bring to the attention of the General Manager any document management program non-compliance by department heads or other Authority personnel.

### **Duties and Responsibilities of Department Heads**

Each Authority department head shall be responsible for managing the procedures established under the Policy. This includes, but is not limited to the following:

- Cooperate with the Document Management Administrator in carrying out the procedures established by the Policy for the efficient and economical management of records.
- Adequately document the transactions and activities, services, programs and duties for which the department head is responsible.
- Maintain the records in his/her care and carry out their preservation, destruction or other disposition only in accordance with the policies and procedures of the document management program of the Authority.

### **Electronic Records and Recordkeeping Systems**

To the extent an electronic record is used by the Authority to make decisions or affects the Authority's ability to conduct its business effectively, it must be managed as a record under this Policy. The Document Management Administrator, working in conjunction with the Information Technology department, will ensure that the Authority maintains effective electronic recordkeeping systems and provides adequate training for employees.

### **Cloud Storage and Security**

The Authority may utilize secure cloud-based solutions for document storage and retrieval. Any cloud storage solutions must:

- Meet appropriate security standards to protect sensitive information
- Include backup and disaster recovery capabilities
- Comply with all applicable state and federal regulations regarding data storage and privacy
- Maintain accessibility for authorized personnel
- Support proper retention and destruction policies

### **Digital Signature Protocols**

The Authority may implement digital signature protocols for appropriate documents to increase efficiency while maintaining document integrity and authenticity. All digital signature procedures must comply with California's Uniform Electronic Transactions Act (UETA) and other applicable regulations.

## **Document Control Procedures**

### **Control Schedules**

The Document Management Administrator, in cooperation with department heads, shall prepare document control schedules on a department-by-department basis listing all records

series created or received by the department and the retention period for each series consistent with this Policy. Document control schedules shall also include such other information regarding the disposition of records/documents as may be needed to provide clarification or other information.

Each document control schedule shall be monitored and amended as needed by the Document Management Administrator on a regular basis to ensure consistency with this Policy, the State Guidelines and/or state law. Any amendments to previously approved document control schedules must be approved by the General Manager.

The Authority's Records Retention Schedule shall be updated as needed to comply with applicable law, subject to Board approval.

### **Inactive Documents**

Records which are accessed infrequently, and are of no further administrative, legal, fiscal or historical value in carrying out the Authority's business and have reached the end of the required legal retention period, are to be reviewed by the Document Management Administrator and considered for permanent destruction in accordance with this Policy, including the Records Retention Schedule. A recommendation by the Document Management Administrator is to be forwarded to the General Manager for final approval before any record/document is destroyed. As an alternate to permanent and complete destruction of the record/document, the General Manager may direct staff to scan the document in the Authority's electronic document retention program before authorizing the destruction of the document's paper version.

The destruction of any record/document as provided herein shall be by burning, shredding, electronic deletion, or other effective method of destruction upon the completion of a Records Destruction/Disposition Request Form, which shall: (a) be signed by the originating staff member, department head, and Document Management Administrator; (b) list, by the applicable Records Retention Schedule category(ies) or series, the types of records being destroyed or disposed of in a manner that reasonably identifies the information contained in the records being destroyed or disposed of; and (c) specify the destruction or disposition procedure, such as shredding, recycling, or deletion from electronic media.

### **Recordings of Public Meetings**

Pursuant to Government Code Section 54953.5, any recording of a public meeting of the Authority may be erased or destroyed after the minutes have been approved by an ensuing Board meeting.

### **Permanent Records and Documents**

The original of all records so designated in the Records Retention Schedule, even though they may be converted to an electronic format for preservation purposes, are to be permanently retained. Additionally, the following records must be permanently retained in accordance with Government Code Section 60201(d) and the following terms:

1. Records that relate to the formation, change of organization or reorganization of the Authority;

2. Authority ordinances, unless repealed or declared invalid or unenforceable for a period of five years;
3. Minutes of meetings of SOCWA's governance Board;
4. Pending claims and litigation and records of claims or litigation for two years after final disposition;
5. Records that are the subject of a pending Public Records Act request until the request is granted, or two years have passed since denial;
6. Records of construction projects prior to notice of completion and release of stop notices, if any;
7. Records related to non-discharged contracts or debts;
8. Records of title for SOCWA real property;
9. Unaccepted construction bids/proposals until two years old;
10. Records that specify the amount of compensation and expense reimbursements paid to SOCWA employees, officers or independent contractors providing personal or professional services to SOCWA, or relate to expense reimbursement to SOCWA officers or employees or to the use of SOCWA paid credit cards or any travel compensation until seven years after date of payment; and,
11. Records for which the administrative, fiscal or legal purpose have not yet been fulfilled.

### **Email Management**

Email records shall be managed based on their content rather than their format. Emails that meet the definition of a record shall be classified according to the Records Retention Schedule based on their content and purpose.

The Authority shall implement an email archiving system that supports:

- Classification of emails into appropriate retention categories
- Automated retention and deletion according to established schedules
- Search capabilities for public records requests and legal discovery
- Protection of emails that may be subject to litigation holds

Department heads and the Document Management Administrator shall provide guidance to staff on proper email management practices and retention requirements.

## **Policy Revisions**

This document will be maintained and revised by the executive management staff in consultation with the Authority's legal counsel. Revisions will occur whenever applicable federal, state or local regulations change or otherwise as the need arises, but no less frequently than every five years.

## **Policy Approval and Adoption**

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

# External Auditor Policy

## Purpose of Policy

The purpose of the External Auditor Policy is to set forth guidelines for the selection of an external audit firm for the South Orange County Wastewater Authority's ("Authority") annual independent audits.

## General Policy

It is the policy of the Authority to provide for strict accountability of all funds and report of all receipts and disbursements, and to comply with all financial audit requirements and present financial statements in accordance with generally accepted accounting principles. The Authority is committed to obtaining independent audits of its financial statements performed with appropriate professional auditing standards as required by law. Audits play a vital role in the public sector by helping to preserve the integrity of public finance functions.

When hiring an external audit firm, it is the policy of the Authority to require in the contract that: (1) The audit be made by a certified public accountant or public accountant licensed by, and in good standing with, the California Board of Accountancy, and (2) The audit conform to the independent standards promulgated in the General Accounting Offices Government Auditing Standards, even for audit engagements that are not otherwise subject to generally accepted government auditing standards.

The Authority will consider entering into multiyear agreements of up to six consecutive fiscal years in duration when obtaining the services of independent auditors utilizing the Authority's Procurement Policy when selecting the external auditor. Such agreements allow for greater continuity and help to minimize the potential for disruption in connections with an independent audit. Multi-year agreements can also help to reduce audit costs. However, contract duration may be set with potential for yearly, or multi-year renewed options based on qualifications, experience, and overall satisfaction with performance. Authority shall direct its counsel to make recommendations for revisions to Audit services based on changes in law or recommended standards.

The Authority shall not employ a public accounting firm to provide audit services if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for the Authority for six (6) consecutive years. Government Code §12410.6.

After an audit is received and filed by the Authority Board of Directors, a report thereof shall be filed with each of the Authority's Member Agencies, and also with the Orange County Auditor-Controller, and shall be sent to any public agency or person in California that submits a written request to the Authority, in compliance with the California Public Records Act. The report shall be filed within 12 months of the end of the fiscal year or years under examination.

The General Manager or their designee shall ensure that any internal control deficiencies identified in an audit are corrected within six (6) months of the audit being received and filed by

the Board of Directors, subject to Authority Board's direction and consideration of other appropriate actions.

## Policy Revisions

The Authority Board of Directors may revise or amend this policy at its discretion. Staff will recommend revisions whenever applicable, Federal, State or Local Regulations change, or otherwise as the need arises. The General Manager is authorized to implement procedures under this Policy to ensure compliance with law and State Guidelines. Any change to this Policy must be ratified by the Board on a timely basis.

## Policy Approval and Adoption

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

# Policy Establishing Guidelines for the Prevention and Reporting of Fraud

## Purpose of Policy

The South Orange County Wastewater Authority (“SOCWA” or “Authority”) adopts this policy to establish the following: (1) the types of acts considered to be fraudulent, (2) procedures for reporting suspected fraudulent acts, (3) steps to be taken when fraudulent activities are suspected, and (4) consequences to expect when a fraudulent act is reported. Further, this policy delineates management's responsibility for instituting and maintaining a system of internal control to prevent and detect fraud, and to be alert for any indications of such activity.

## General Policy

The Authority's policy related to fraud is to identify and promptly investigate any possibly fraudulent activities against the Authority and, when appropriate, to pursue legal remedies available under the law.

## Definitions

**Fraud** – A false statement or misrepresentation, financial impropriety or irregularity, and related dishonest activities or wrongdoing, which are reasonably likely to or do result in loss or damage. Examples of fraud include but are not limited to:

- Claim for reimbursement of expenses that are not job-related or authorized by the current Purchasing Policy, Travel Policy and/or applicable Memorandum of Understanding.
- Forgery or unauthorized alteration of documents (checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.).
- Misappropriation of Authority assets (funds, securities, supplies, furniture, equipment, etc.).
- Improprieties in the handling or reporting of money transactions.
- Authorizing or receiving payment for goods not received or services not performed.
- Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of Authority-owned software.
- Misrepresentation of information on documents.
- Any apparent violation of Federal, State, or local laws related to fraud.

## Internal Procedures for Reporting Workplace Fraud

Employees can report suspected fraud in a safe and confidential manner, and without fear of retaliation, as follows:

- If an employee is aware of any acts of fraud, an employee is encouraged to discuss their complaint with their immediate supervisor.
- If an employee is unable to discuss the complaint with their immediate supervisor or if their immediate supervisor is the source of the problem, condones the problem, or ignores the problem, the employee should immediately contact their Department Head.
- If neither of the above alternatives is satisfactory, the employee should immediately contact the General Manager regarding their complaint.

In no circumstances is an employee required to confront the person who is the source of the complaint before notifying any of the individuals listed above.

Neither the Authority nor any person acting on behalf of the Authority shall retaliate against an employee who reports to the Authority conduct the employee has reasonable cause to believe constitutes fraud. This section is intended to protect employees from retaliation for reporting suspected fraud. It shall not be construed as absolving an employee of responsibility for their own fraudulent activity; any such fraudulent activity shall be subject to disciplinary and/or legal action.

Violations of this whistleblower protection will result in discipline up to and including dismissal.

## External Procedure for Reporting Workplace Fraud

The Authority understands that there may be situations where employees do not feel comfortable reporting the suspected fraud directly to other staff; therefore, the Authority has established an alternative means for reporting suspected workplace fraud, called the Employee Protection Line (EPL) or also referred to “We TIP”. The EPL enables employees to report suspected workplace fraud in a confidential manner. The employee is not required to give their name. The EPL is monitored by the CSMRA and all information given is held in the strictest of confidence to the extent permitted by law.

When making a report, an employee must state the nature of the complaint, including times, dates, and names of those involved in the alleged fraudulent activity. Calls will not be traced, and employees will have the option to submit their complaint anonymously; however, enough information must be provided to allow for an adequate investigation.

## Management Responsibilities and Formal Actions

The Authority shall ensure that alleged fraud is fairly and timely investigated by an impartial investigator assigned by either the General Manager or Board Chair. To the extent possible, the investigation should include interviews with the accused and witnesses and the review of any relevant video footage, records and communications. Interviews may include an employee representative and will be conducted consistently with the law and any applicable Memorandum of Understanding. Investigations will be conducted in as confidential a manner as possible. The investigator will reach a reasonable conclusion based on the evidence collected and present his or her findings to the General Manager or Board Chair, as appropriate.

## Policy Revisions

This document will be maintained and revised by the executive management staff in consultation with the Authority's legal counsel. Revisions will occur whenever applicable federal, state or local regulations change or otherwise as the need arises, but no less frequently than every five years.

## Policy Approval and Adoption

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

# Government Claims Act Policy

## Purpose of Policy

It is the policy of South Orange County Wastewater Authority ("SOCWA") to establish and maintain a fair and efficient process for addressing claims filed against the Authority in accordance with the Government Claims Act of the State of California.

To establish uniform procedures for the presentation, processing, and resolution of claims against the Authority. To delegate appropriate authority to the General Manager to act on claims in the best interest of the Authority. To ensure compliance with the Government Claims Act (California Government Code § 810 et seq.) and other applicable laws.

## Scope and Applicability

This policy applies to all claims for money or damages against the Authority, including: (a) Claims that are subject to the Government Claims Act requirements; (b) Claims that are excepted by Government Code § 905 from Chapter 1 (commencing with § 900) and Chapter 2 (commencing with § 910) of the Government Code; (c) Claims that are not governed by any other statutes or regulations expressly relating thereto. This policy incorporates by reference all provisions of the Government Claims Act (commencing with Government Code § 810). Compliance with the procedures set forth in this policy is mandatory before any lawsuit may be filed against the Authority in state or federal court.

## Definitions

- "Authority" means SOCWA, a California Joint Powers Authority.
- "Board" means the Board of Directors of the Authority.
- "Claim" means a written demand for money or damages against the Authority.
- "Claimant" means the person or entity making a claim against the Authority.
- "General Manager" means the General Manager of the Authority or their designee.

## Responsibility

The Board of Directors is responsible for: a) Approving this policy and any amendments thereto; (b) Considering and acting upon claims forwarded by the General Manager; (c) Delegating authority to the General Manager to compromise any pending claims or actions; (d) Setting spending authority limits in the Authority's procurement policy. The General Manager is responsible for: (a) Implementing and administering this policy; (b) Examining and taking appropriate action on claims as delegated herein; (c) Forwarding claims to the Board when appropriate; (d) Ensuring proper documentation of all claim actions. The General Counsel is responsible for: a) Providing legal advice on claims matters; b) Advising on the compromise of any pending claim or action and reviewing settlement agreements; c) Advising on policy updates as needed.

## Claims Procedures

### **Filing Requirements**

All claims must be submitted in writing to the Secretary of the Board or designee, with a copy sent to the Authority's General Counsel. No lawsuit for money or damages may be filed against the Authority unless a written claim has been properly submitted to the individual indicated herein and either: a) The Board has acted upon the claim; or b) The claim has been deemed rejected by operation of law.

### **Timing Requirements**

Claims relating to causes of action for death, injury to person, or injury to personal property or growing crops must be presented not later than six (6) months after the accrual of the cause of action, unless a shorter time frame is prescribed by law. Claims relating to any other cause of action must be presented not later than one (1) year after accrual of the cause of action, unless a shorter time frame is prescribed by law. The date of accrual shall be determined in accordance with applicable law.

### **Processing of Claims**

The Authority shall act on a properly submitted claim within forty-five (45) days after the claim has been presented, or if amended, within forty-five (45) days after the amended claim is presented, unless otherwise agreed upon by the Authority and the claimant, or unless a different time frame is prescribed by law. If the Authority fails or refuses to act within the prescribed time period, the claim shall be deemed rejected on the last day of the period during which the Authority was required to act. In exchange for settlement of a claim, the Authority may require that the claimant execute a settlement and release agreement in a form acceptable to the Authority and its legal counsel.

## Claim Form and Content

### **Standard Claim Form**

The Authority shall provide a standard claim form (Attachment A to this policy). Use of the standard claim form is encouraged but not required if all necessary information is otherwise provided.

### **Required Content**

All claims, whether submitted on the standard form or otherwise, must be signed by the claimant or their authorized representative and must contain all of the following information:

- a. The name and post office address of the claimant.
- b. The post office address to which the person presenting the claim desires notices to be sent.

- c. The date, place, and other circumstances of the occurrence or transaction which gave rise to the claim.
- d. A general description of the indebtedness, obligation, injury, damage, or loss incurred so far as it may be known at the time of presentation of the claim.
- e. The name or names of the public employee or employees causing the injury, damage, or loss, if known.
- f. The amount claimed if it totals less than ten thousand dollars (\$10,000) as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage, or loss, insofar as it may be known at the time of the presentation of the claim, together with the basis of computation of the amount claimed. If the amount claimed exceeds ten thousand dollars (\$10,000), no dollar amount shall be included in the claim. However, the claim shall indicate whether it would be a limited civil case (i.e., whether the amount claimed is \$25,000 or less).

### **Insufficiency of Claim**

Within twenty (20) days after a claim is presented, the Authority may give written notice that the claim fails to substantially comply with the requirements of this policy or other applicable provisions of law. Such notice of insufficiency shall state with particularity the defects or omissions in the claim. The Authority may not take action on the claim for a period of fifteen (15) days after the written notice of insufficiency is given.

### **Amendment of Claims**

A claim may be amended at any time before the expiration of the period designated in Section 5 or before final action is taken on the claim, whichever is later, if the claim as amended relates to the same transaction or occurrence which gave rise to the original claim. The amendment shall be considered a part of the original claim for all purposes.

## **Delegation of Authority**

### **General Manager's Authority**

The Board hereby delegates to the General Manager the authority to examine, allow, compromise, settle, return, or reject claims submitted under this policy to the extent permitted by law. Claims may be forwarded to the Board for action at the discretion of the General Manager. The General Manager has authority to allow, compromise, or settle a claim in an amount not to exceed fifty thousand dollars (\$50,000) set by Gov. Code 935.4. The General Manager's action on a claim shall have the same effect as an action by the Board.

### **Documentation and Reporting**

The General Manager shall maintain complete records of all claims processed under this policy. The General Manager shall provide periodic reports to the Board regarding claims activity.

## Policy Revisions

This document will be maintained and revised by the executive management staff in consultation with the Authority's legal counsel. Revisions will occur whenever applicable federal, state or local regulations change or otherwise as the need arises, but no less frequently than every five years.

## Policy Approval and Adoption

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

# Policy for Acceptance of Interim Dry Weather Nuisance Flow to the Wastewater Collection, Treatment and Disposal System Pursuant To Pretreatment Program and Waste Discharge Requirements

Except as permitted by this Policy, no person or entity shall discharge dry weather nuisance flow (as defined herein), directly or indirectly, to SOCWA and its Member Agencies' sewage collection systems and wastewater treatment /disposal facilities. The requirements of this Policy are intended to be used in conjunction with SOCWA and Member Agency Waste Discharge Requirements and Pretreatment Ordinances, and all other applicable ordinances, regulations, rules and requirements, and are not in place thereof (except as may be expressly provided herein).

## Definitions/Terms

The following terms list the abbreviation or acronym used within the parenthesis.

**Best Management Practices (BMPs)** – Best Management Practices are defined as schedules of activities, prohibitions of practices, maintenance procedures and other management practices to prevent or reduce the pollution of creeks, rivers, lakes or the ocean. BMPs also include treatment requirements, operating procedures and practices to control site runoff, spillage or leaks, including landscape irrigation runoff, sludge or waste disposal, or drainage from raw material storage.

**Class IV Special Waste Discharge Permit (SWD Permit)** – A periodically renewable and/or revocable authorization from SOCWA and a Member Agency to a Member Agency, other public agency or a private applicant for the discharge of “groundwater”, “surface runoff”, “subsurface drainage”, “non-stormwater discharges” and/or “unpolluted water”, as those terms are defined in the Pretreatment Ordinances, to the sewage collection system. The SWD Permit sets forth the limits and conditions under which the applicant may discharge into sewage facilities. A sample form of the SWD Permit is Attachment “1” to this Policy.

**Diversion Project or Diversion** – A project proposed by a Member Agency, other public agency or private applicant designed to direct nuisance flow from a storm drain, a creek or other body of water, or any other potential contributing source or site into the sewer collection system of Member Agency for eventual treatment at a wastewater treatment plant before disposal to the ocean or beneficial reuse in a recycled water distribution system.

**Dry Weather Nuisance Flow (nuisance flow)** – Any water or other discharge which finds its way to storm drains from urban areas, composed primarily of runoff from lawn or landscape watering, washing of vehicles, hosing down of paved areas, storm drain infiltration, natural

groundwater from sub-drain systems and a variety of other sources associated with urban activity. This nuisance flow may be high in bacteriological contamination, oil and grease, and may have high organic and inorganic mineral content. Nuisance flow does not include stormwater, as defined, unless stormwater is captured, treated, controlled (thereby becoming a non-stormwater discharge) and discharged to the sewer during dry weather. Nuisance flows may come in contact with people or the environment in undesirable ways. Nuisance flow is a component of urban runoff.

**Dry Weather Period (dry weather)** – Historically, the period of time between April 15<sup>th</sup> and October 15<sup>th</sup> of each year when little or no rain occurs in the SOCWA service area. Dry weather may also occur for long periods during any part of the year.

**First Flush** – The stormwater generated during the initial period of a rainstorm which enters the storm drain system and tends to clean out or “flush” the debris and other material which has collected in the system. The first flush may also wash down high concentrations of chemicals, oil and grease and road debris that has accumulated on sidewalks, roads and other impervious surfaces and may be very high in bacteriological contamination and organic content and inorganic mineral content.

**Non-Stormwater Discharge** – Discharges that do not originate from precipitation events. They can include, but are not limited to, discharges of process water, air conditioner condensate, non-contact cooling water, vehicle wash water, sanitary wastes, concrete washout water, paint wash water, irrigation water, dust control over-wetting, or pipe testing water.

**NPDES Permit** – A permit issued to SOCWA by the Regional Water Quality Control Board specifying conditions, requirements and standards for disposal of wastewater effluent to the ocean, pursuant to the National Pollution Discharge Elimination System. SOCWA holds an NPDES Permit for each of its ocean outfalls.

**Other Public Agency** – Any city, county, special district or other public agency within the SOCWA service area responsible for collection and disposal of urban runoff from public or private property(s).

**Pretreatment Ordinances** – Ordinances or rules and regulations adopted by SOCWA and the Member Agencies to implement certain of the Waste Discharge Requirements.

**Private Applicant** – Any individual, person(s), firm, corporation, association or non-public agency which has the legal responsibility for disposal of urban runoff from any private property; includes private homeowners’ associations.

**Recycled Water Permit** – Order #97-52 (Region 9), and any amendment thereto or updated Order, issued by the San Diego Regional Water Quality Control Boards, respectively, setting forth conditions, requirements and standards for use of recycled water within the service area of SOCWA.

**South Orange County Wastewater Authority (SOCWA)** – A joint powers agency, including any successor thereto, composed of Member Agencies City of Laguna Beach, Emerald Bay

Service District, South Coast Water District, El Toro Water District, Santa Margarita Water District, and City of San Clemente created in 2001 (as consolidated successor-in-interest to the Aliso Water Management Agency (AWMA), South East Regional Reclamation Authority (SERRA) and South Orange County Reclamation Authority (SOCRA)) for the construction, maintenance and operation of regional wastewater facilities and for providing interagency and governmental coordination and planning to expedite, facilitate and expand more efficient and economical use of recycled water in the Aliso Creek/Laguna Canyon Creek and San Juan Creek watershed areas of South Orange County, California. SOCWA operates three treatment plants, an effluent transmission main and two ocean outfalls.

**SOCWA Member Agency/Agencies (Member Agency/Agencies)** – A Member Agency or Member Agencies of the South Orange County Wastewater Authority (SOCWA).

**Storm Drain** – A pipe, channel or other facility by which urban runoff, as defined, or other discharges are conveyed for disposal in creeks, rivers, lakes and/or the ocean. Storm drains may include catch basins and a series of interconnecting underground or above-ground pipes or channels for conveyance of stormwater and dry weather nuisance flows off lands, buildings, streets and other impervious surfaces.

**Stormwater** – Water from natural sources such as rain, melted snow, hail or sleet which drains uncontrolled to a municipal storm drain system for disposal in a river, stream, lake or creek and ultimately to the Pacific Ocean. Stormwater originates from precipitation events and does not include dry weather nuisance flows. Stormwater is a component of urban runoff.

**Stormwater NPDES Permit (stormwater permit)** – A permit issued to the County of Orange and all of its municipal jurisdictions (co-permittees) by the Regional Water Quality Control Board specifying conditions, requirements and standards for disposal of stormwater and urban runoff through the County and municipal storm drain system, pursuant to the National Pollution Discharge Elimination System.

**Urban Runoff** – All flows in a stormwater conveyance system and consists of the following components: (1) stormwater (wet weather flows) and (2) dry weather nuisance flows (nuisance flows). Urban runoff may be high in bacteriological contamination, oil and grease, and may have high organic content and inorganic mineral content.

**Waste Discharge Requirements (WDRs)** – All conditions, requirements and standards for disposal of wastewater set forth in the SOCWA NPDES Permits, the Recycled Water Permit and the Pretreatment Ordinances, including all applicable “local limits”.

**Wastewater** – For purposes of this Policy wastewater shall be classified as all domestic commercial and industrial sewage which is transported via private laterals and the sewage collection systems of the Member Agencies to SOCWA or Member Agency wastewater treatment plants for treatment, reclamation and/or disposal. Wastewater does not include nuisance flow, urban runoff or stormwater.

# Guidelines On Acceptance of Dry Weather Nuisance Flow

## General Statement

1. The sewage collection systems and treatment and disposal facilities of SOCWA and its Member Agencies are master-planned and designed only to collect, treat, dispose of and/or recycle wastewater from within the service area of the Member Agencies in accordance with all applicable United States or State of California Environmental Protection Agency (EPA) regulations and the land planning standards existing at the time of original approval. No provision is made for treatment of dry weather nuisance flows or other urban runoff.
2. Nuisance flows, while recognized as a serious problem within the SOCWA service area, are the responsibility of the County of Orange and the cities within the SOCWA service area which are co-permittees under the stormwater permit.
3. Diversion of nuisance flows to the SOCWA and Member Agency wastewater systems should not be considered as a permanent or long-term solution to the problem of dry weather nuisance flows; provided, a Member Agency may consider certain diversions as permanent components of an overall program to reduce to nuisance flows to creeks, streams or the ocean. Due to the complexity of the urban runoff problem, however, it is recognized that such diversions, if permitted, may exist for some period of time, and therefore should be periodically evaluated to determine if a reduction in the source of the flow can be achieved. The permanent solution to the problem of nuisance flows, nevertheless, should originate from the source of the nuisance water at individual homes, businesses and public facilities. Resolution of the problem may also include treatment at individual drains or at the point of entry to streams, creeks or the ocean.
4. Disposal of nuisance flows into the sewage collection system of a Member Agency or the SOCWA facilities shall not be considered a right of the other public agency or private applicant requesting to do so. If such disposal is permitted in accordance with the procedures established by this Policy, the permit may be withdrawn by SOCWA or by the Member Agency at any time. Other than the capacity or other rights a Member Agency has in the SOCWA facilities, no implied dedication of the sewage collection systems or SOCWA facilities is being given to applicants, and no capacity right, or entitlement or dedication thereof is being vested in the applicant, nor are any other entitlements being granted in connection with such disposal. Moreover, capacity exists in the sewage collection systems and SOCWA facilities only for planned wastewater flows. If the other public agencies or private applicants desire to utilize the sewage collection systems and wastewater treatment / disposal capacity on a longer-term basis, additional capacity/facilities may need to be constructed by those desiring to utilize them. It is recognized that several Member Agencies of SOCWA are also co-permittees under the stormwater permit (e.g. City of Laguna Beach, City of San Clemente, City of San Juan Capistrano). As such, those cities may own wastewater treatment / disposal capacity in the SOCWA facilities which they may desire to utilize for disposal of nuisance flows in accordance with this Policy and the WDRs.

5. Acceptance of nuisance flows into the SOCWA/Member Agency sewage collection systems and SOCWA facilities shall be in accordance with this Policy, the WDRs and the Pretreatment Ordinances. This Policy provides SOCWA with oversight of Member Agencies' diversion projects, and also allows SOCWA to exercise such oversight as to all applicants in conjunction with a Member Agency, as may be necessary to assure compliance with the WDR's and protection of the SOCWA wastewater treatment and disposal facilities. As holder of the NPDES Permit, SOCWA is ultimately responsible for enforcement of the Pretreatment Ordinances and the WDRs. Therefore, SOCWA will be provided all diversion project application plans and information, and no SWD Permits shall be issued without SOCWA's approval and execution. SOCWA has the ability, acting through the project committees, to exercise any SWD Permit revocation or termination under this Policy, whether such permits are held by private applicants or by a Member Agency(ies); provided, in the case of an SWD Permit held by a Member Agency as permittee, SOCWA will exercise any termination or revocation in a reasonable manner and only in those cases where compliance with the WDRs, or SOCWA facilities, are jeopardized, as determined by SOCWA. The Member Agency, or SOCWA as applicable, shall ultimately be responsible for review, approval, permitting, monitoring and enforcement actions relative to any and all nuisance flows accepted into its sewage collection system or treatment and disposal facilities. The Member Agency, or SOCWA as applicable, as part of its initial review process, shall require the applicant to submit flow and sampling data and may otherwise require such data or any other information it believes is pertinent to making a decision on whether to approve the proposed diversion project. The SOCWA General Manager or his designees shall administer the SWD Permit approval process; provided, any permit termination or revocation may be reviewed by the appropriate SOCWA project committee.

To the extent this Policy sets forth rights and duties relative to the SWD Permit term, revocation or any other terms that are different or inconsistent from the Pretreatment Ordinances, this Policy shall control, provided no violation of any WDRs occur as a result thereof.

### **Project Standards**

1. The primary mission of SOCWA and the Member Agencies is to provide efficient and environmentally compliant treatment of wastewater as well as reclamation for beneficial purposes and the agencies do not intend to jeopardize their wastewater and reclamation operations in any way by approving diversions of nuisance water to the sewer system. No diversion project, however temporary, which would jeopardize the SOCWA NPDES Permits, result in violation of those permits or potentially cause a sanitary sewer overflow will be approved. The Member Agencies, and SOCWA will review the potential impact of any proposed diversion project on their facilities, the NPDES Permits and the WDRs. Any possible negative impact to SOCWA's or a Member Agency's recycled water facilities and/or to the WDRs governing the related operation must be fully mitigated by the applicant if required by the agency owning such facilities, or the diversion project will not be permitted. The mitigation will be the sole responsibility of the applicant proposing the diversion.

2. Diversions of nuisance flows to SOCWA or Member Agency sewage collection systems and treatment/disposal facilities may be permitted only when such diversion helps to solve an immediate public health or environmental problem associated with the nuisance flows that cannot otherwise be addressed in an alternative practical or economical manner. The applicant shall submit to the Member Agency and SOCWA a report, satisfactory to the Member Agency and SOCWA, evaluating each disposal alternatives, and demonstrating why each alternative is not economically or practically feasible to dispose of the nuisance flow in lieu of a diversion to the sewage collection systems and treatment/disposal facilities. Member Agencies and SOCWA shall have sole discretion in making the determination as to whether to permit a diversion project.
3. A sample application is Attachment 2 to this Policy. Every application must adequately detail how the applicant will provide a permanent solution in place of the diversion project; or, in the alternative in the case of a Member Agency's own application, how the diversion project functions within a Member Agency's operational practices and overall program to reduce nuisance flows to creeks, streams or the ocean. The information will be deemed adequate only if it details alternative facilities or operational practices; a time-schedule to substitute the alternative (s) for the diversion project; and, any other information and details requested by SOCWA or a Member Agency. SOCWA and the Member Agency(ies) are under no obligation to review any application from a private applicant or other public agency, and any such decision to review shall be at the sole discretion of SOCWA or a Member Agency(ies).
4. Diversion of nuisance flows to SOCWA or a Member Agency may be permitted only during the dry weather period (April 15<sup>th</sup> through October 15<sup>th</sup>) in any given year, and provided that the Member Agency approving or applying for such diversion has adequate capacity in the SOCWA wastewater treatment and disposal facilities available to permit the diversion without exceeding that Member Agency's ownership capacity. Any such diversion shall be designed to shut down prior to the "first flush" during a storm event. A diversion of nuisance flows may be permitted beyond the dry weather period so long as the system is properly designed and approved by the receiving Member Agency and SOCWA to shut down prior to the "first flush" of any significant precipitation event. A Member Agency and SOCWA may, at their discretion, accept "first flush" flows and/or wet weather runoff provided such diversions are regulated in a controlled manner and do not adversely impact the wastewater collection or treatment system and or cause a violation of the NPDES Permits or WDRs.
5. Each applicant for a diversion project, whether it be a Member Agency, other public agency or private applicant shall secure a SWD Permit from the Member Agency, or SOCWA as applicable, permitting and approving the diversion project in accordance with the Pretreatment Ordinances. All fees for application, review and development of the SWD Permit shall be borne by the applicant. All requirements of the WDRs and the Pretreatment Ordinances shall be applicable to diversion projects (except as certain terms of the Pretreatment Ordinances are altered by this Policy). For example, but not by way of limitation, diversion projects must meet the local limits contained within the Pretreatment Ordinances. In the event that a diversion project predates the existence of this Policy,

SOCWA and the affected Member Agency shall review these existing diversions and move to expeditiously issue SWD Permits for such diversions in accordance with this Policy.

6. SWD Permits may be issued for a term not-to-exceed five (5) years and may be renewed at the discretion of the affected Member Agency and SOCWA for additional periods in accordance with this Policy, provided the applicant has adequately demonstrated the continued non-feasibility of alternatives under Section 11 B 2 above.
7. The applicant for the diversion shall submit plans and specifications for the diversion project to the permitting Member Agency, or SOCWA as applicable, prior to issuance of the SWD Permit, connection to the sewage collection systems and commencement of the diversion. All such plans must meet the requirements now in effect or henceforth established by the Member Agency or SOCWA and must be approved by the affected Member Agency, or SOCWA as applicable. The project applicant will reimburse the Member Agency, or SOCWA as applicable, for actual time spent in plan review, field checks, monitoring, etc., as determined by the Member Agency or SOCWA. Subsequent to approval of a diversion project within its sewage collection system, or concurrently with a proposal for a diversion project by that Member Agency, the Member Agency will submit copies of all plans and SWD Permit, and after the operation of the diversion commences, water quality sampling and monitoring data, to SOCWA for record keeping data collection purposes and/or reporting purposes.
8. In accordance with its plan approval process, the affected Member Agency, or SOCWA as applicable, may require the diversion project applicant to provide for the installation of appropriate filters or other control technologies necessary to remove grease and oil, trash and debris and other objectionable substances prior to connection to the sewage collection system. The total number of diversion project connections should be kept to a minimum wherever possible. The project applicant(s) will, wherever feasible, design projects which interconnect the diverted flows to a single sewage collection system connection point. A lockable shut-off device, or similar device as approved, shall be required for all points of connection, and the Member Agency and SOCWA shall have access to such device at all times; provided, this does not permit SOCWA to modify any storm drain or sewage collection system of a Member Agency, but only to operate the lockable shut-off device (or an alternative device) as necessary to carry out the terms of this Policy relative to protection of facilities. Pumped diversions are the preferred method of discharge in order to prevent debris from entering the sewage collection system and to control the maximum rate of flow. The location of capture should be at or near the end of the storm drain or channel to provide the greatest degree of capture. The diversion project design shall allow control of the amount of the flow diverted and shall allow the capture devices to be easily removed or bypassed in the event of a significant precipitation event.
9. Each diversion project shall provide for the quantity of flow to be recorded on a continuous daily basis, at least until sufficient data is available for analysis. Flow monitoring results shall be submitted to the affected Member Agency, or SOCWA as applicable, on a weekly basis and the Member Agency shall provide the results to SOCWA. The cost for such monitoring shall be borne solely by the project applicant. Based upon the initial flow data

submitted, at its discretion the affected Member Agency, in consultation with SOCWA, may reduce the monitoring requirement to a less frequent level. It is recognized that some diversion projects, due to their size and/or complexity, may require more or less flow monitoring than others. Member Agencies and SOCWA will have discretion in the administration of this Policy, so long as sufficient data is provided for documenting compliance with WDRs and capacity impacts to SOCWA facilities.

10. For each diversion project, at minimum a 24-hour composite sample shall be collected twice a week by the applicant. This sample must then be analyzed by an independent certified laboratory acceptable to the Member Agencies and SOCWA for general mineral content, oil and grease, and any other substances determined by the agencies and SOCWA to be appropriate to the specific diversion project. The project applicant must submit sampling data to SOCWA and the Member Agency upon receipt. At its discretion, the Member Agency, in consultation with SOCWA, or SOCWA as applicable, may reduce this requirement to a less frequent level. All costs for sampling and analysis shall be borne by the project applicant. It is recognized that some diversion projects, due to their size, complexity or the type of nuisance flow diverted, may require more or less sampling than others. Member Agencies and SOCWA have discretion in the administration of this Policy, so long as sufficient data is provided for documenting compliance with WDRs and the NPDES Permit requirements.
11. Operation and maintenance of an approved diversion project shall be the sole responsibility of the project applicant. Member Agencies and SOCWA reserve the right to inspect, monitor, or otherwise gain access to the diversion structure(s) or site at any time for the purpose of verifying compliance with the SWD Permit requirements.
12. The Member Agency receiving the nuisance flow into its sewage collection system shall have the discretionary and authority to halt the diversion either temporarily or permanently without prior notice to the other public agency or private applicant, and without cause. Upon notification by SOCWA to any Member Agency that a diversion project has resulted in, or may cause, a violation of the NPDES Permits or WDRs, the Member Agency shall immediately halt the diversion.

## Additional Provisions

### Miscellaneous

1. Fees. It is the responsibility of the project applicant to secure an agreement with the affected Member Agency regarding payment of any and all fees related to the proposed diversion. This agreement must be in place prior to initiation of the diversion project. The affected Member Agency may include fees for treatment of the diverted nuisance flow, disposal, collection and transmission, pumping, administration, inspection and capital facilities, plus any other charge deemed by the affected Member Agency to be appropriate to the specific project. The agreement shall be in a form prescribed by the Member Agency, provided the indemnity and insurance requirements in this Policy are included. SOCWA shall have no obligation or responsibility to collect any fees for diversion projects.

2. SOCWA Impacts. All flows, whether wastewater or nuisance flow, shall be treated as wastewater for purposes of the treatment and disposal process in the SOCWA facilities. No reduction or discount in the cost to process wastewater flows to SOCWA facilities shall be afforded to a Member Agency whose flows may include nuisance flow. SOCWA costs for assistance in implementing SWD Permits shall be charged to the affected Member Agency through the Pretreatment Program. Implementation of this Policy shall not adversely impact the allocation of administrative or overhead costs to Member Agencies who choose not to participate in nuisance flow diversion projects.
3. SWD Permit Terms. The following terms shall be incorporated into any project applicant's agreement and into each SWD Permit:
  - (a) WDR Violations – In accordance with the Pretreatment Ordinances, any discharge or effluent violations that occur as a result of a diversion project, as determined by SOCWA in consultation with the affected Member Agency, for which a penalty or fine by the State Regional Water Quality Control Board or other regulatory entity is levied, that fine or penalty will be assessed upon the project applicant.
  - (b) Indemnification and Insurance – The project applicant shall indemnify and hold harmless the affected Member Agency, SOCWA, including all non-participating SOCWA Member Agencies, and each of their employees, officers and elected officials from any claim, lawsuit, permit or discharge violation, or other liability arising from or in connection with the use, development, approval, operation, maintenance, termination discontinuance or any other aspect of the diversion project. Such indemnity shall be evidenced in writing. The diversion project applicant (except in the case of a Member Agency) shall provide evidence of general liability insurance for the diversion project from a carrier acceptable to the affected Member Agency and in an amount specified by the Member Agency. If requested, the affected Member Agency, SOCWA, and non-participating Member Agencies, and each of their employees, officers and officials shall be named as additional insureds on the general liability insurance policy.
4. Member Agency Indemnity. Member Agency that elects to utilize a portion of its capacity for its own or a project applicant's nuisance flow diversion project shall indemnify and hold harmless SOCWA and all non-participating Member Agencies, and each of their employees, officers and elected officials from any claim, lawsuit, permit or discharge violation or other liability arising from or in connection with the use, development, approval, operation, maintenance, discontinuance or any other aspect of the diversion project. This indemnity shall be set forth in a form approved by SOCWA.
5. Best Management Practices. The affected Member Agency or SOCWA as applicable may require the project applicant, depending on the circumstances, to implement best management practices (BMPs) and pollution prevention strategies to minimize or eliminate nuisance flow from the area or site served by the proposed diversion project.
6. Consultation with Regulatory Agencies. As part of the diversion project review process, SOCWA and/or the affected Member Agency may consult with the Orange County Health

Care Agency, the California Regional Water Quality Control Board (Region 8 or 9 as appropriate) and other appropriate regulatory agencies to solicit comments or concerns on a proposed diversion prior to final approval of the diversion project. Any required regulatory compliance necessary for permit issuance shall be provided in writing prior to the issuance of a SWD Permit. A letter of request pursuant to the Pretreatment Ordinances (see, SOCWA Pretreatment Ordinances, Section 612 C.) shall not be required for the diversions, unless mandated by the appropriate Regional Quality Control Board. Notice of each diversion project shall be sent by SOCWA to the appropriate Regional Water Quality Control Board upon permit issuance for such project.

- A. In the event SOCWA or any Member Agency is required by a cease and desist order or any other administrative order or regulatory or legal mandate, including but not limited to the stormwater permit, to discontinue, prohibit or otherwise limit operation of any diversion projects or diversions, SOCWA and/or the Member Agency shall comply to the extent such mandate is valid under law; any Member Agency that chooses to challenge such mandate shall pay all engineering, legal or other costs incurred by SOCWA pursuant to Section II A.3(b) and Section II B.4.
- B. Disclaimer – SOCWA and the Member Agencies disclaim any and all responsibility and/or liability for any other public agencies' or private applicant's diversion project, including but not limited to compliance with any regulatory or other legal requirement applicable thereto or to an applicant, including but not limited to the stormwater permit.

## Policy Revisions

This document will be maintained and revised by the executive management staff in consultation with the Authority's legal counsel. Revisions will occur whenever applicable federal, state or local regulations change or otherwise as the need arises, but no less frequently than every five years.

## Policy Approval and Adoption

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

**ATTACHMENT 1**

NOTE: THIS IS A SAMPLE PERMIT TEMPLATE AND ALL FINAL AND ISSUED PERMIT LANGUAGE AND REQUIREMENTS ARE INDIVIDUALIZED TO THE PERMITTED SITE ON A CASE BY CASE BASIS

**PART ONE  
COVERSHEET**

**NUISANCE WATER-SPECIAL WASTEWATER DISCHARGE PERMIT  
CLASS IV USER  
FOR THE DISCHARGE OF NUISANCE WATER TO THE  
[NAME OF MEMBER AGENCY] AND THE  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY**

Nuisance Water-Special Wastewater Discharge (NSWD) Permit Number: **To be Completed**

**USER NAME: [NAME OF USER]**

USER NUISANCE WATER DISCHARGE LOCATION(S):

STREET \_\_\_\_\_  
CITY \_\_\_\_\_ STATE \_\_\_\_ ZIP \_\_\_\_\_

USER MAILING ADDRESS:

STREET \_\_\_\_\_  
CITY \_\_\_\_\_ STATE \_\_\_\_ ZIP \_\_\_\_\_

**AUTHORIZATION:** THE ABOVE-NAMED USER IS HEREBY AUTHORIZED TO DISCHARGE NUISANCE WATER TO THE [MEMBER AGENCY] SEWER SYSTEM AND THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA) TREATMENT FACILITIES. THIS DISCHARGE SHALL BE IN COMPLIANCE WITH THE [MEMBER AGENCY]/SOCWA NUISANCE WATER POLICIES, WHICH ARE INCORPORATED HEREIN AS FULLY SET FORTH, WITH APPLICABLE PROVISIONS OF LOCAL, STATE AND FEDERAL LAWS OR PERMITS OR REGULATIONS OR POLICIES, INCLUDING [MEMBER AGENCY]/SOCWA PRETREATMENT ORDINANCE(S), WITH ANY DISCHARGE POINTS, OUTFALLS, SAMPLING LOCATIONS, DISCHARGE REQUIREMENTS, EFFLUENT LIMITATIONS, MONITORING REQUIREMENTS, OR ANY OTHER CONDITIONS AS LISTED HEREIN OR ATTACHED.

COMPLIANCE WITH THIS NUISANCE WATER-SWD PERMIT DOES NOT RELIEVE THE OPERATOR(S) AND OWNER(S) OF THE ABOVE NAMED USER OF THEIR OBLIGATION TO COMPLY WITH ANY OR ALL OTHER LAWS, REGULATIONS, ORDINANCES, PERMITS OR POLICIES WHICH ARE APPLICABLE, AND LEAVES UNAFFECTED ANY FUTURE RESTRAINTS ON THE DISPOSAL OF NUISANCE WATER FROM THE USER THAT ARE CONTAINED IN OTHER STATUTES OR REQUIRED BY OTHER REGULATORY AGENCIES.

NONCOMPLIANCE WITH ANY LIMITATION, PROHIBITION, REQUIREMENT, SPECIFIC LOCAL LIMIT OR TERM OF THIS NUISANCE WATER-SWD PERMIT SHALL CONSTITUTE A VIOLATION OF THE NUISANCE WATER POLICY AND/OR PRETREATMENT ORDINANCES AND/OR ANY WASTE DISCHARGE REQUIREMENT.

ISSUED PERMITS WILL BE PERIODICALLY REVIEWED AND MAY BE SUSPENDED OR REVOKED AT THE DISCRETION OF SOCWA AND/OR THE COLLECTION SYSTEM AGENCY.

***THIS NUISANCE WATER-SWD PERMIT SHALL BECOME EFFECTIVE ON mm/dd/yy  
THIS NUISANCE WATER-SWD PERMIT SHALL EXPIRE AT MIDNIGHT ON mm/dd/yy***

**APPROVED AND ISSUED BY:**

X \_\_\_\_\_  
TITLE DATE

[MEMBER AGENCY] AUTHORIZED REPRESENTATIVE

X \_\_\_\_\_  
TITLE DATE

**PART TWO  
 DISCHARGE REQUIREMENTS**

The limitations listed below apply to any and all nuisance water discharged to the public sewer from the User identified in Part One of this Nuisance Water-SWD Permit. The most stringent federal or local limits shall apply.

<u>POLLUTANT</u>		<u>UNIT</u>	<u>SPECIFIC LOCAL LIMIT</u>	<u>FEDERAL CATEGORICAL LIMITS</u> ( ----- )	
				<u>(DAILY MAX.)</u>	<u>(MONTHLY AVG)</u>
Arsenic	(T)	mg/L	3.4	-	-
Cadmium	(T)	mg/L	0.93	-	-
Chromium	(T)	mg/L	4.9	-	-
Copper	(T)	mg/L	7.2	THERE ARE NO SPECIFIC FEDERAL CATEGORICAL LIMITS LISTED FOR THIS PROCESS	
Lead	(T)	mg/L	4.9		
Mercury	(T)	mg/L	0.19		
Nickel	(T)	mg/L	9.5	ALL OTHER PRETREATMENT STANDARDS APPLY	
Silver	(T)	mg/L	2.8		
Zinc	(T)	mg/L	7.9		
Cyanide	(T)	mg/L	4.3	-	-
Oil & Grease	(T)	mg/L	300	-	-
pH	(R)	SU	5.0-11.0	-	-

**ADDITIONAL POLLUTANTS**

**UNIT**

**LIMIT**

[Any additional pollutants, as required by SOCWA added here]

**FLOW MEASUREMENTS**

1. User shall maintain a flow meter in good working order for continuous flow readings.
2. Flow meter shall be in an easily accessible place for ease of reading.

[Flow requirements will be set on a case-by-case basis]

Q = Flow	FL = Federal Limit	LR = Local Requirement	MDL = Method Detection Limit	gpm = gallons per minute
T = Total	LL = Local Limit	ND = Not Detected	TTO = Total Toxic Organics	gpd = gallons per day
R = Range	NL = No Limit	SU = Standard unit	RFO = Report Flow Only	mg/L = milligrams/liter
H = Hexavalent-IV			MGD = Million Gallons per Day	ug/L = micrograms/liter

**PART THREE  
MONITORING REQUIREMENTS**

1. The [MEMBER AGENCY]/SOCWA shall have the right to monitor, sample and analyze any nuisance water discharged from the User’s project into the public sewer. This may be done any time, by any means, in any amount, at any location, on any limit, requirement or pollutant as determined by [MEMBER AGENCY]/SOCWA.

2. User’s Sampling Location(s).

<u>#</u>	<u>Description</u>
001	In or around the nuisance water discharge pipe prior to connection to sewer facilities.

3. ***The user is required to perform self-monitoring. The [MEMBER AGENCY]/SOCWA may conduct the monitoring for the User.*** During the term of this Nuisance Water-SWD Permit sampling and reporting events may be conducted in the manner presented for the pollutants listed below:

**[Place pollutant monitoring requirements here]**

**[monitored pollutants determined on a case-by-case basis]**

4. Although the User is currently only required to sample/monitor for the above listed pollutants, the User is responsible for complying with all limits for all pollutants that are listed in Part Two - Discharge Requirements of this permit.

5. [MEMBER AGENCY]/SOCWA may require the User to self-monitor any pollutant listed in Part Two - Discharge Requirements of this permit that is not listed above whenever deemed necessary.

6. User shall monitor its discharge and submit reports when required by this SWD Permit or when requested by the [MEMBER AGENCY]/SOCWA.

7. If required, noncompliance with this NSWSD Permit may be cause for increased monitoring and sampling activity to be conducted by the user.

8. User shall submit all discharge and flow data using the self-monitoring report forms contained “Attachment B.”

9. All water analysis shall be done in accordance with the techniques prescribed in 40 CFR 136 and amendments thereto. Where 40 CFR 136 does not contain sampling or analytical techniques for the pollutant in question, sampling and analysis shall be performed using valid analytical methods or any other applicable sampling and analytical procedures, including procedures specified by the [MEMBER AGENCY]/SOCWA or other agencies. All analytical testing shall be conducted by a laboratory certified by the California State Department of Health Services to perform such tests.

10. If User monitors any of the regulated pollutants listed in Part Two of this Permit at the appropriate sampling location and using prescribed procedures listed in Part Three of the Permit more frequently than required by [MEMBER AGENCY]/SOCWA, the results of the monitoring shall be reported to [MEMBER AGENCY]/SOCWA.

11. **Recording of Results**: For each measurement or sample taken pursuant to the requirements of this NSWSD Permit, the User shall record the following information:

A. Date, place, method and time of sampling and the name of the person taking the sample.

- B. Date and time sample received by testing laboratory.
  - C. Date analysis performed.
  - D. Identity and address of the Laboratory where the analysis was performed.
  - E. Identity of person performing the analysis.
  - F. The analytical methods used.
  - G. Results of the analysis.
  - H. Date of report.
  - I. Original signature by appropriate laboratory representative.
12. Self-monitoring samples shall be taken during a period of nuisance water discharge to the sewer system.
13. User shall make certain that all equipment, devices and instruments used in the monitoring program are calibrated properly and maintained in good working order. As a minimum, all calibrations and maintenance schedules shall be done in accordance with the manufacturer's specifications.
14. User shall periodically review the discharge into the diversion and identify steps to reduce the runoff into the diversion, consistent with the policy.

**PART FOUR  
REPORTING REQUIREMENTS**

- 1. When required, all self-monitoring reports submitted by the User shall be signed by the **company authorized representative** as designated in Part Nine of this NSW Permit. Each report shall contain the following statement:

*"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."*

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

User Name: \_\_\_\_\_

User Nuisance Water  
Discharge Location: \_\_\_\_\_

User Mailing  
Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Nuisance Water-  
SWD Permit No: \_\_\_\_\_

- 2. User shall submit all self-monitoring reports to the following address:

[MEMBER AGENCY]  
c/o  
South Orange County Wastewater Authority  
34156 Del Obispo Street  
Dana Point, CA 92629

Attention: Industrial Waste Department

- 3. The User's sampling frequency may be increased at any time by the [MEMBER AGENCY]/SOCWA to determine whether their discharge can consistently meet discharge requirements.
- 4. If self-monitoring indicates a violation, the User shall notify the [MEMBER AGENCY]/SOCWA within 24 hours of becoming aware of the violation and terminate all nuisance water flows to the public sewer system. The User shall repeat the sampling and analysis of the pollutants in violation and submit results of the repeat

analysis to the [MEMBER AGENCY]/SOCWA upon receipt of the data. Flows to the public sewer system shall then resume upon written authorization from [MEMBER AGENCY]/SOCWA.

5. If the User is unable to comply with any of this Nuisance Water-SWD Permit's conditions due to any cause, the User shall notify the [MEMBER AGENCY]/SOCWA within 24 hours of becoming aware of the violation and shall terminate all nuisance water flows to the public sewer system. Confirmation of this notification shall be made in writing within five (5) working days of the original notification. Flows to the public sewer system may then resume upon written authorization from [MEMBER AGENCY]/SOCWA. The written notification from the User shall contain the following:
  - A. Date of the incident.
  - B. Reason for noncompliance with this Nuisance Water-SWD Permit's conditions.
  - C. What steps were taken to immediately correct the problem.
  - D. What steps are being taken to prevent the problem from recurring.
  - E. Any other information [MEMBER AGENCY]/SOCWA deems relevant.
6. The User is required to perform self-monitoring. The User shall submit monitoring reports to the [MEMBER AGENCY]/SOCWA according to the following schedule:

<u>Monitoring or Reporting Frequency</u>	<u>Report Due</u>
Continuous, daily, weekly or monthly .....	By the 20th of the following month.
Continuous, daily or Quarterly .....	By April 20, July 20, October 20 and January 20.
Semiannually .....	By July 20 and January 20.
Annually .....	By January 20.

**PART FIVE  
SPECIAL REQUIREMENTS**

1. User may be required to install new or additional pretreatment and/or monitoring equipment to comply with federal, state or local requirements. All costs for the installation and maintenance of said equipment shall be at the User's sole expense.
2. The discharge of nuisance water containing materials that can produce a gaseous mixture ten percent (10%) or greater of the gas' lower explosive limit is prohibited. Prohibited materials include, but are not limited to, gasoline, kerosene, naphtha, benzene, toluene, xylene, ethers, and alcohols.
3. User shall continue to implement a plan that will provide a solution to minimize the amount of discharge of nuisance water to the public sewer system. User may use any best management practices (BMPs) and pollution prevention (P2) programs to minimize the nuisance flow to the public sewer system.
4. User, on an annual basis, may submit an updated list of all existing, proposed, and pending nuisance water diversions when requested by SOCWA.

**PART SIX  
STANDARD REQUIREMENTS**

1. User shall notify the [MEMBER AGENCY]/SOCWA in writing before the introduction of any new source of nuisance water or pollutants or any substantial change in the volume or characteristics of the nuisance water being introduced into the [MEMBER AGENCY]/SOCWA's sewage system from the User's project.
2. **National Pretreatment Standards: Prohibited Discharges (40 CFR 403.5 (b)):**
  - A. General Prohibition: The User may not introduce into the Publicly Owned Treatment Works (POTW) any pollutant(s) which cause pass through or interference with the treatment processes.
  - B. Specific Prohibitions: The following pollutants shall not be introduced into the POTW:
    - a. Pollutants which create a fire or explosion hazard including, but not limited to, wastestreams with a closed cup flashpoint of less than 140° F (60° C) using the test method as specified in 40 CFR 261.21.
    - b. Pollutants which cause corrosive or structural damage, but in no case discharges with a pH lower than 5.0.
    - c. Solid or viscous pollutants in amounts which will cause obstruction to the flow in the POTW resulting in interference.
    - d. Any pollutant, including oxygen demanding pollutants (BOD, etc.) released in a discharge at a flow rate and/or pollutant concentration which will cause interference with the POTW.
    - e. Heat in amounts which will inhibit -biological activity in the POTW resulting in interference, but in no case heat in such quantities that the temperature at the POTW treatment plant exceeds 104° F (40° C).
    - f. Petroleum oil, nonbiodegradable cutting oil, or products of mineral oil origin in amounts that will cause interference or pass through.
    - g. Pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW in a quality that may cause acute worker health and safety problems.
    - h. Any hauled or trucked pollutants.
3. **Record Retention:**
  - A. The User shall retain for no less than three (3) years, any records, books, documents, memoranda, reports, correspondence, and any and all summaries relating to monitoring, sampling, and chemical analysis made by or on behalf of the User in connection with its discharge.
  - B. All records that pertain to matters that are the subject of special orders or any other enforcement or litigation activities brought by the [MEMBER AGENCY]/SOCWA shall be retained until all enforcement activities have concluded and all periods of limitation with respect to any appeals have expired.
4. **Slug Control Plan:**
  - A. The User may be evaluated by the [MEMBER AGENCY]/SOCWA to determine if a plan to control slug discharges is necessary.

- B. If the [MEMBER AGENCY]/SOCWA decides that a slug control plan is needed, the plan shall contain, at a minimum, the following elements:
- a. Description of discharge practices, including non-routine batch discharges;
  - b. Description of stored chemicals.
  - c. Procedures for immediately notifying the [MEMBER AGENCY]/SOCWA of slug discharges, including any discharge that would violate a prohibited discharge under 40 CFR 403.S(b), with procedures for follow-up written notification within five (5) days;
  - d. If necessary, procedures to prevent adverse impacts from accidental spills, including inspection and maintenance of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site runoff, worker training, building of containment structures or equipment, measures for containing toxic organic pollutants (including solvents), and/or measures and equipment for emergency response.
5. **Modification, Revision, Revocation of Nuisance Water-SWD Permit:**
- A. The terms, conditions and requirements of this Nuisance Water-SWD Permit may be modified by the [MEMBER AGENCY]/SOCWA at any time by mutual agreement.
  - B. This Nuisance Water-SWD Permit may also be modified to incorporate special conditions or resulting from the issuance of any special order from any regulatory agency.
  - C. The terms and conditions of this Nuisance Water-SWD Permit shall be deemed automatically modified as a result of any revisions to the Nuisance Water Policy, Pretreatment Ordinance or Waste Discharge Requirements.
  - D. Revocation: This NSWSD Permit may be withdrawn by SOCWA or by the [MEMBER AGENCY] at any time. Any such revocation will be exercised in a reasonable fashion, and with prior notice to the User if reasonably possible: provided, User acknowledges that revocation may occur pursuant to the Policy, including in the event [MEMBER AGENCY] or SOCWA determine (s) that any or all diversions under the Policy will no longer be permitted due to capacity needs of [MEMBER AGENCY] or SOCWA (inclusive of all Member Agencies) in [MEMBER AGENCY] or SOCWA facilities.
6. **Transferability:** This Nuisance Water-SWD Permit shall not be reassigned, transferred or sold to a new owner, new User, different premise, or changed project.
7. **Signatory Requirements:** All reports required by this Nuisance Water-SWD Permit shall be signed by the company-authorized representative listed in Part Nine of this Nuisance Water-SWD Permit.
8. **Property Rights:** The issuance of this Nuisance Water-SWD Permit does not convey any property rights in either real or personal property, or any exclusive privileges, nor does it authorize any invasion of personal rights, nor any infringement of federal, state or local regulation. No implied dedication of the sewage collection systems or SOCWA facilities is being given to applicants, and no capacity right, or entitlement or dedication thereof is being vested in the applicant, nor are any other entitlements being granted in connection with such disposal.
9. **Rights of Entry:** User shall allow the [MEMBER AGENCY]/SOCWA or its representative reasonable access during the normal working day to all parts of any or all of the multiple nuisance water diversion facilities for the purpose of inspection and sampling. This includes access to the lockable nuisance water discharge shut-off device.

10. **Dilution**: User shall not increase the use of any type of water, or in any other manner attempt to dilute a pollutant being discharged as a partial or complete substitute for treatment to achieve compliance with the limitations contained in this Nuisance Water-SWD Permit.
11. **Severability**: The provisions of this Nuisance Water-SWD Permit are severable, and if any provision of this Nuisance Water-SWD Permit, or the application of any provisions of this Nuisance Water-SWD Permit to any circumstance is held invalid, the application of such provision to other circumstance and the remainder of this Nuisance Water-SWD Permit shall not be affected.
12. Agencies receiving the nuisance flows into the sewage treatment system(s) shall have the discretionary authority to halt the diversions temporarily without prior notice to the User, and without cause. Upon notification by SOCWA to the User that a diversion project has resulted in, or may be the cause of a violation of the SOCWA NPDES Permits or Waste Discharge Requirements (WDRs), the User shall immediately halt the diversions. In the event the User is able to correct any problem that triggers revocation, the User may reapply to continue the Nuisance Water-SWD Permit for the diversion project, subject to all applicable terms of the Policy, Pretreatment Ordinance and WDRs.
13. Best Management Practices (BMPs) and Pollution Prevention (P2) Programs are defined as schedules of activities, prohibitions of practices, maintenance procedures and other management practices to prevent or reduce the pollution of creeks, rivers, lakes or the ocean. BMPs and P2 Programs may include treatment requirements, operating procedures and practices to control site runoff, spillage or leaks, including landscape irrigation runoff, sludge or waste disposal, or drainage from raw material storage. Any BMPs or P2 Programs may be added as an attachment and shall be considered as an enforceable part of this Nuisance Water-SWD Permit.

**PART SEVEN  
FEES AND CHARGES**

1. Payment of the following fees and charges when billed by [MEMBER AGENCY].
  - A. Nuisance Water-SWD Permit Fee (annual) \$ Set by [MEMBER AGENCY]
  - B. Discharge Fees \$ Set by [MEMBER AGENCY]
  - C. Other fees and charges incurred by the [MEMBER AGENCY] to monitor the User's nuisance water discharge \$ Set by [MEMBER AGENCY]
  
2. [MEMBER AGENCY] may charge the User\* a discharge fee based on the amount of nuisance water flow discharged to the sewer system. This fee shall be set by [MEMBER AGENCY] and shall be payable by the User.
  
3. All requirements for the installation and maintenance of nuisance water pretreatment or monitoring equipment shall be at the User's sole expense.
  
4. User shall be responsible for all costs incurred by the [MEMBER AGENCY]/SOCWA due to noncompliance with the requirements or this Nuisance Water-SWD Permit.
  
5. Any and all costs incurred by [MEMBER AGENCY]/SOCWA to inspect, monitor and sample a User's nuisance water discharge to the public sewer system for the purpose of assuring compliance with pretreatment regulations, the User's Nuisance Water-SWD Permit or other regulations, shall be paid for by the User. It shall be payable by the User upon receipt of the invoice from the [MEMBER AGENCY]/SOCWA. Discharge fees do not cover the costs of inspection, monitoring or sampling.

**PART EIGHT  
ENFORCEMENT**

1. Enforcement actions may be based upon any single or combination of pollutants that are in violation of any nuisance water discharge limitation(s) contained in this Nuisance Water-SWD Permit, the Nuisance Water Policy, the Pretreatment Ordinance, WDR's or local ordinance, state or federal regulations. Enforcement actions may also be based on any single day, week, month or year monitoring and/or reporting violation, or any combination of days, weeks, months or years monitoring and reporting violation. Monthly average violations may be based on any 30-day period. Weekly average violations may be based on any 7-day period.
2. This Nuisance Water-SWD Permit may be revoked at any time in accordance with the [MEMBER AGENCY]/SOCWA Nuisance Water Policy.
3. **Falsifying Information:** Knowingly making any false statements, false reports, or false documents required by this Nuisance Water-SWD Permit may result in punishment under criminal laws, as well as being subject to civil penalties and relief.
4. **Tampering With Monitoring Equipment:** Rendering any monitoring device, facilities or methods inactive or inaccurate may result in punishment under criminal laws as well as being subject to civil penalties and relief.
5. Any User that has its Nuisance Water-SWD Permit revoked shall have no authorization to discharge any nuisance water to the sewer system. Failure to comply and cease the nuisance water discharge shall be cause for the [MEMBER AGENCY]/SOCWA to disconnect all services.
6. Any violation that occurs as a result of the Users nuisance water diversion to the public sewer system as determined by SOCWA in consultation with the [MEMBER AGENCY], for which a penalty or fine by the State Regional Water Quality Control Board or other regulatory entity is levied, that fine or penalty shall be assessed upon the User.

**PART NINE  
INDEMNITY/INSURANCE**

1. **Indemnification and Insurance:** The project applicant shall indemnify and hold harmless SOCWA, including all non-participating SOCWA Member Agencies, and each of their employees, officers and elected officials from any claim, lawsuit, penalty, permit or discharge violation, attorney's fees or other liability arising from or in connection with the use, development, approval, operation, maintenance, termination, discontinuance or any other aspect of the nuisance water diversion project described in this Nuisance Water-SWD Permit. Such indemnity shall be evidenced in writing. The User (except in the case of a SOCWA Member Agency) shall provide evidence of general liability insurance for the nuisance water diversion project from a carrier acceptable to the [MEMBER AGENCY] and in an amount specified by the [MEMBER AGENCY]. If requested, [MEMBER AGENCY], SOCWA, and non-participating Member Agencies, and each of their employees, officers and officials shall be named as additional insurers on the general liability insurance policy.
  
2. The [MEMBER AGENCY] and the User shall have an enforceable agreement in place incorporating the same terms of indemnification and insurance in this Part 9 prior to the issuance of this Nuisance Water-SWD Permit (except in the case when a SOCWA Member Agency is the User).

**PART TEN USER INFORMATION**

**USER NAME: [NAME OF USER]**

USER NUISANCE WATER DISCHARGE LOCATION(S):

STREET \_\_\_\_\_  
 CITY \_\_\_\_\_ STATE \_\_\_\_ ZIP \_\_\_\_\_

USER MAILING ADDRESS:

STREET \_\_\_\_\_  
 CITY \_\_\_\_\_ STATE \_\_\_\_ ZIP \_\_\_\_\_

**COMPANY AUTHORIZED REPRESENTATIVE (CAR):** This is the person who is authorized to sign the certification statement in the self-monitoring reporting package. The User shall submit written notification to the Member Agency/SOCWA indicating any change in the company authorized representative.

<b>Name:</b> _____	<b>Phone:</b> _____
<b>Title:</b> _____	<b>Cell:</b> _____
<b>User:</b> _____	<b>Fax:</b> _____
<b>Street:</b> _____	<b>Email:</b> _____
<b>City:</b> _____	<b>State</b> ____ <b>ZIP:</b> _____

User Administrative Contact:

<b>Name:</b> _____	<b>Phone:</b> _____
<b>Title:</b> _____	<b>Cell:</b> _____
<b>User:</b> _____	<b>Fax:</b> _____
<b>Street:</b> _____	<b>Email:</b> _____
<b>City:</b> _____	<b>State</b> ____ <b>ZIP:</b> _____

User Facility Contact – Inspection:

<b>Name:</b> _____	<b>Phone:</b> _____
<b>Title:</b> _____	<b>Cell:</b> _____
<b>User:</b> _____	<b>Fax:</b> _____
<b>Street:</b> _____	<b>Email:</b> _____
<b>City:</b> _____	<b>State</b> ____ <b>ZIP:</b> _____

User Facility Contact – Sampling:

<b>Name:</b> _____	<b>Phone:</b> _____
<b>Title:</b> _____	<b>Cell:</b> _____
<b>User:</b> _____	<b>Fax:</b> _____
<b>Street:</b> _____	<b>Email:</b> _____
<b>City:</b> _____	<b>State</b> ____ <b>ZIP:</b> _____

User Authorized Contact:

<b>Name:</b> _____	<b>Phone:</b> _____
<b>Title:</b> _____	<b>Cell:</b> _____
<b>User:</b> _____	<b>Fax:</b> _____
<b>Street:</b> _____	<b>Email:</b> _____
<b>City:</b> _____	<b>State</b> ____ <b>ZIP:</b> _____

Nuisance Water-SWD Permit No: \_\_\_\_ (TO BE COMPLETED) \_\_\_\_

**ATTACHMENT A  
SAMPLING LOCATION(S)**

(not to scale)

User's Sampling Location(s).

<u>#</u>	<u>Description</u>
001	In or around the nuisance water discharge pipe prior to connection to sewer facilities.

Nuisance Water-SWD Permit No: \_\_\_\_ (TO BE COMPLETED) \_\_\_\_

**ATTACHMENT B  
SELF-MONITORING REPORTING PACKAGE**

1. Use this package when submitting your self-monitoring reports. Maintain a copy of this package in your files for future use. Please submit the report by the scheduled due date, even if there is no discharge to monitor.
2. Attach a copy of any lab reports to this document when submitting your self-monitoring report.
3. The samples shall be collected in accordance with your Nuisance Water-SWD Permit.
4. Be sure to have the company authorized representative sign the certification statement and submit it with your self-monitoring report. Submit any other certification statements that are also due.
5. **Are all parameters in compliance?** If not, you must notify the [MEMBER AGENCY]/SOCWA Industrial Waste Department at (949) 234-5412. You shall immediately take action and resample for the pollutant(s) in noncompliance. Enter the actual or scheduled resample date(s) on the appropriate line and submit the report. You shall submit the resampled pollutant data upon receipt from the laboratory.

**SELF-MONITORING REPORT CERTIFICATION STATEMENT**

*"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."*

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

User Name: \_\_\_\_\_

User Nuisance Water  
Discharge Location: \_\_\_\_\_

User Mailing  
Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Nuisance Water-SWD Permit No: \_\_\_\_\_

User shall submit all self-monitoring reports to the following address:

[MEMBER AGENCY]  
c/o  
South Orange County Wastewater Authority  
34156 Del Obispo Street  
Dana Point, CA 92629

Attention: Industrial Waste Department

Nuisance Water-SWD Permit No: \_\_\_\_ (TO BE COMPLETED) \_\_\_\_

**SELF-MONITORING REPORT FORM**

**USER NAME: [USER NAME]**

Sample Information: Person Collecting Sample: \_\_\_\_\_  
Sample Date: \_\_\_\_\_ Sample Time: \_\_\_\_\_ Sample location **001**  
Type of Sample(s) [ ] Continuous/Daily [ ] 24-hr composite [ ] Grab

Pollutant	Local Limit	Results	Compliance yes or no	Resample Date (if required)
-----------	-------------	---------	----------------------	-----------------------------

**Fill out the top section of this page for each sampling event. Attach all laboratory data sheets when received and submit report to [MEMBER AGENCY]/SOCWA. Check all pollutant parameters for compliance. If a parameter in is non- compliance you are required to notify [MEMBER AGENCY]/SOCWA and terminate discharge until compliance can be achieved.**

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**Are all parameters in compliance?** If not, you must notify the [MEMBER AGENCY]/SOCWA Industrial Waste Department at (949) 234-5412. You shall immediately take action and resample for the pollutant(s) in noncompliance. Enter the actual or scheduled resample date(s) on the appropriate line and submit the report. You shall submit the resampled pollutant data upon receipt from the laboratory.

Nuisance Water-SWD Permit No: \_\_\_\_ (TO BE COMPLETED) \_\_\_\_

**SELF-MONITORING REPORT FORM FLOW LOG**

**USER NAME: [USER NAME]**

Month \_\_\_\_\_ Year \_\_\_\_\_

Day	Total Daily Flow (MGD)	Day	Total Daily Flow (MGD)
1.	_____	17.	_____
2.	_____	18.	_____
3.	_____	19.	_____
4.	_____	20.	_____
5.	_____	21.	_____
6.	_____	22.	_____
7.	_____	23.	_____
8.	_____	24.	_____
9.	_____	25.	_____
10.	_____	26.	_____
11.	_____	27.	_____
12.	_____	28.	_____
13.	_____	29.	_____
14.	_____	30.	_____
15.	_____	31.	_____
16.	_____		

Nuisance Water-SWD Permit No: \_\_\_\_ (TO BE COMPLETED) \_\_\_\_

**SELF-MONITORING REPORT FORM pH LOG**

**USER NAME: [USER NAME]**

Month \_\_\_\_\_ Year \_\_\_\_\_

Day	pH (SU)	Day	pH (SU)
1.	_____	17.	_____
2.	_____	18.	_____
3.	_____	19.	_____
4.	_____	20.	_____
5.	_____	21.	_____
6.	_____	22.	_____
7.	_____	23.	_____
8.	_____	24.	_____
9.	_____	25.	_____
10.	_____	26.	_____
11.	_____	27.	_____
12.	_____	28.	_____
13.	_____	29.	_____
14.	_____	30.	_____
15.	_____	31.	_____
16.	_____		

Nuisance Water-SWD Permit No: \_\_\_\_ (TO BE COMPLETED) \_\_\_\_

**ATTACHMENT C**

**RESOURCE CONSERVATION & RECOVERY ACT (RCRA) NOTIFICATION**

User Name: **[MEMBER AGENCY]**

User Nuisance Water  
Discharge Location:

User Mailing  
Address:

WD Permit No: XXXXXX

**SUBJECT: RCRA Notification**

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In accordance with federal regulations [40 CFR 403.8 (f)(2)(iii)] we are required to notify you that your company may be subject to solid and hazardous waste management regulations adopted pursuant to the Resource Conservation Recovery Act (RCRA). To determine whether your company is affected, you should review Sections 204 (b) and 405 of the Clean Water Act (CWA) and Subtitles C and D of RCRA.

If you have any questions regarding RCRA regulations, you should direct them toward the:

California Department of Toxic Substances Control  
1001 I Street  
Sacramento, CA 95814  
800-618-6942

Waste Alert Hotline – To report Hazardous Waste Violations Only  
Call  
800-698-6942

Thank you,

**[MEMBER AGENCY]**  
South Orange County Wastewater Authority  
Industrial Waste Department

# Investment Policy for Public Funds

## Purpose of Policy

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

## Objective

SOCWA's cash management system is designed to accurately monitor and forecast expenditures and revenues. All funds will be invested with the intent of maximizing safety and liquidity while maintaining compliance with all applicable state and federal regulations.

## General Policy

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

"[A]ll governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including but not limited to the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

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

Investments may be made in the following: (See Attachment A-1)

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

Criteria for selecting investments and order of priority are:

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

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

## Delegation of Authority

Authority to manage SOCWA's investment program is derived from the approval of Resolution No. 2025-16 Adopting Investment Policy for Public Funds. Management responsibility for the program is hereby delegated to the General Manager of SOCWA who, pursuant to the approved terms under this Policy, has established investment program procedures and span of control

requirements for staff. No person may engage in an investment transaction except as provided under the terms of this policy.

If authorized, the Finance Committee shall maintain a list of approved broker/dealers who are authorized to provide investment services to SOCWA.

## Ethics and Conflicts of Interests

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees shall disclose to the General Manager any material financial interests in financial institutions that conduct business within the SOCWA jurisdiction, and they shall further disclose any personal financial/investment positions or interests related to the performance of SOCWA's portfolio. Employees and officers shall subordinate their personal investment transactions to those of SOCWA, particularly with regard to the time of purchases and sales. These requirements are in addition to other conflict of interest rules that may otherwise apply, including but not limited to the Political Reform Act and Government Code Section 1090 et seq.

## Authorized Financial Institutions

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

The General Manager will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

## Safekeeping and Custody

All SOCWA investments shall have SOCWA as registered owner or shall be kept in the custody of SOCWA or by a qualified safekeeping institution. All security transactions entered into by SOCWA shall be conducted on a delivery-versus payment (DVP) basis.

## Reporting Guidelines

In accordance with Government Code Section 53646, the General Manager shall annually submit to the Board of Directors a routine investment report. The report shall include a complete description of the portfolio including:

- Financial Institution or Issuers
- The type of investments
- Amount of deposit
- Rate of Return

- Maturity dates, par values and the current market values of each component of the portfolio

The report will also include the source of the portfolio valuation (with the exception of LAIF). As specified in Government Code Section 53646(e), if all funds are placed in the State LAIF or FDIC-insured accounts, copies of the latest statements from such institutions may be provided in lieu of the foregoing report elements.

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

## Policy Revisions

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

## Policy Revisions

This document will be maintained and revised by the executive management staff in consultation with the Authority's legal counsel. Revisions will occur whenever applicable federal, state or local regulations change or otherwise as the need arises, but no less frequently than every five years.

## Policy Approval and Adoption

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

## EXHIBIT A-1

### SOUTH ORANGE COUNTY WASTEWATER AUTHORITY INVESTMENT POLICY

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<b>Type of Investment</b>	<b>Major Provisions</b>	<b>Additional Restrictions imposed by SOCWA</b>
Local Agency Investment Fund (LAIF)	Permits a local agency to deposit funds with the State Treasurer for the purpose of investment in securities prescribed in Government Code Section 16430. (Government Code Section 16429.1 et seq.)	None. Note: Current maximum deposit set by LAIF is \$75 million dollars.
Passbook Savings Account Demand Deposits	Savings in federally insured Banks and Thrifts insured by the FDIC. All funds exceeding \$250,000.00 at any time must be collateralized according to state statutes.	None.
California Asset Management Program (CAMP)	Permits a local agency to deposit funds with the California Asset Management Trust for the purpose of investing in shares of beneficial interest issued by the Investment Trust of California under Government Code Section 6509.7.	None.

## EXHIBIT A-2

### SOUTH ORANGE COUNTY WASTEWATER AUTHORITY INVESTMENT POLICY

<b>Type of Investment</b>	<b>Major Provisions</b>	<b>Additional Restrictions imposed by SOCWA</b>
Negotiable Certificate of Deposits	Permits a local agency to deposit funds in certificates of deposit in accordance with the requirements of Government Code 53601(i)	In compliance with Statute. Maximum maturity of 5 years.
U.S. Treasury Notes	Permits a local agency to deposit funds in U.S. Treasury Notes in accordance with Government Code Section 53601(b)	In compliance with Statute. Maximum maturity of 5 years.
U.S. Government Agency Securities	Permits a local agency to deposit funds in U.S. Government Agency Securities in accordance with Government Code Section 53601(f)	In compliance with Statute. Maximum maturity of 5 years.
Other Joint Powers Agency Investments	Permits a local agency to deposit funds with Other California Joint Powers Agency Investment programs in accordance with Government Code Section 53601(p)	In compliance with Statute.
Money Market Mutual Funds	Permits a local agency to deposit funds in Money Market Mutual Funds which allow investment in short-term dollar-denominated securities that are issued by diversified management companies and registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) in accordance with Government Code Section 53601(l)(2) and subject to the criteria and restrictions set forth in Government Code Section 53601(l)(4) and (5).	In compliance with Statute. Limited to funds with highest ratings and maintaining a consistent net asset value.

# Policy for the Disclosure of Public Records

## Purpose of Policy

The purpose of this policy is to affirm the public's right to access public records of the South Orange County Wastewater Authority ("Authority") and to set forth the procedures to facilitate disclosure to members of the public. This Board adopted policy is developed and administered by the Authority's executive management staff and is subject to periodic revisions.

## General Policy

The public's right to access public records concerning the conduct of the people's business is a fundamental and necessary right. A public record shall not be withheld from disclosure unless it is exempt under applicable laws, or the public interest served by not making the record public clearly outweighs the public interest served by disclosure of the public.

All public records of the Authority are available for review by the public in accordance with the California Public Records Act (the "Act") Section 7920.000 *et seq.* of the Government Code. This policy is to be interpreted consistently with any changes to the law. On an annual basis, this Policy shall be reviewed for consistency with current state laws and changes to the Policy shall be considered where advisable by Authority counsel. All changes must be approved by the Board of Directors.

## Definitions

**Authority** - The South Orange County Wastewater Authority.

**Board** - The Board of Directors of the Authority.

**Computer software** - Software developed by the Authority which is not itself considered to be a public record.

**Consultant records** - Records which are the property of the Board but are in the possession of the consultants of the Board, and for the purposes of this policy, are public records if they are deemed "owned" by the Authority and are in its "constructive possession" when the terms of the agreement between the Authority and the consultant provide for such ownership and then only to the extent that they are not subject to the limitations of any applicable evidentiary privileges or exceptions to disclosure set forth in the Act.

**Preliminary drafts** - Drafts, notes, or memoranda that would not otherwise be retained in the ordinary course of business or pursuant to a policy, procedure, or practice.

**Public records** - Any writing containing information relating to the conduct of the public's business prepared, owned, used, or retained by the Authority regardless of physical form or characteristics. Gov. Code § 7920.530(a). Records may be in another format that contains information such as video or audio recording or computer-generated data. A public record is

one that is necessary or convenient to the discharge of an official duty such as a status memorandum kept in the ordinary course of business.

**Records** - Includes public records, writings, and may include consultant records unless the same is determined to be subject to a public records act exemption under state law.

**Writings** - Includes any handwriting, typewriting, printing, photographing, and every other means of recording upon any form of communication or representation such as letters, words, pictures, sounds, or symbols, as well as all papers, maps, and electronic mail.

## Access to the Authority's Public Records

The public records of the Authority available for inspection and copying include any writing containing information relating to the conduct of the Authority's business that is prepared, owned, used or retained by the Authority regardless of the physical form and characteristics. Electronic records (audio, video or data) are subject to inspection and copies will be made by the Authority as requested with information provided in the format retained by the Authority unless to do so could jeopardize or compromise the security or integrity of the original record or of any proprietary software in which it is maintained.

If a request for records seeks the production of records or documents that are not in existence at the time the request is made, the Authority is not obligated to create a document to respond to the request.

## Making a Request for Records

A party may request the Authority to provide records in any manner that communicates the desire to inspect or obtain the record.

The request must be made to the Clerk of Board, or designee.

Requests may be made orally or in writing, either in person at the business office of the Authority, through the mail, via email or over the telephone. The request should contain a reasonable description of the records in order to expedite processing of the request. But, if the request is not clear, the Authority will seek clarification from the requestor without delay.

There is no specific form that is required to make a request for records, nor is there any language that must be used when making a request.

## Identifying Records and Response to Requesting Party as to the Disclosable Nature of the Record

Public records are open to inspection at all times during regular Authority business hours, except as otherwise provided by law.

The Authority shall assess the location of the record within the Authority's various departments and the level of investigation needed to respond to the request and provide the requesting party with an estimate of the time to response to the records request as follows:

1. Within 10 days of the request, the Authority shall indicate whether or not the record is disclosable, except as follows or as otherwise provided by law:
  - a. In extraordinary circumstances the response as to whether or not the record is disclosable may be issued within an additional 14 days where: (i) there is a need to search for and collect records from facilities or off-site locations, and/or (ii) there is a need to collect and examine voluminous amounts of separate and distinct records where requested in a single request, and/or (iii) there is a need for consultation with another agency having substantial interest in determination of the request or among Authority departments having a substantial subject matter interest in the request, and/or (iv) there is a need to compile data, to write programming language or a computer program, or to construct a computer report to extract data.
  - b. In the event of an extraordinary circumstance, the Authority shall notify the requesting party in writing as to the reason for the extension and the anticipated date of response.
2. The Authority may request additional time from the requesting party to locate and determine the disclosable nature of the record, and the requesting party may agree to provide additional time for review and determination as to whether the record is subject to disclosure. Where possible, such requests should be documented in writing to the requesting party.
3. If the request does not reasonably describe an identifiable record, the requested record does not exist, or the record is exempt from disclosure, the Authority must respond to the request indicating that determination.

## Content of the Request

A public records request must reasonably describe an identifiable record(s). It must be specific and reasonably clear so that the Authority can determine what record(s) are being sought.

Authority staff will assist the public to identify records and information that may be responsive to the request or the purpose of the request, if stated. Authority assistance to requesting parties may include (i) a description of the technology or physical location where the records may exist, and (ii) suggestions for overcoming any practical basis for denying access to the records or information sought.

## Steps and Timeframe for Providing Records

Upon receipt of a written or oral request for disclosable public records, the Authority shall make the records promptly available to the requestor. If a request for any public record is presented to an Authority employee who is not responsible for responding to the request, it must be forwarded within 24 hours from which it was received, to the Clerk of the Board, or designee who is responsible for responding to the request or to the employee's supervisor.

The Authority must respond promptly, but no later than 10 calendar days from receipt of the request to notify the requester whether record is disclosable and when it will be disclosed unless extraordinary circumstances allow for an additional 14-day response period, or unless another response period is allowed by law. If the request is received after business hours or on a weekend or holiday, the next business day may be considered the date of receipt. If the tenth day falls on a weekend or holiday, the next business day is considered the deadline for responding to the request.

## Reasons for Non-disclosure of Records

If the Authority has decided to withhold a public record as exempt or as otherwise allowed by state law, or determines on the advice of counsel to disclose a redacted record, the Authority will respond to the requesting party in writing and identify by name and title of each person responsible for the decision. The Authority will notify the requesting party of the exemption or basis under the Public Records Act for any decision to withhold or redact a record.

## Tracking Requests and Responses

The Authority will track all requests and maintain written or electronic copies of records associated with the specific request. The records shall include the date of the request as well as the date of the response.

## Withholding Exempt Records from Disclosure

The Public Records Act contains approximately 80 express exemptions. Certain categories of records may be withheld from disclosure. These include, but are not limited to:

1. Preliminary drafts of certain documents if the public's interest in withholding clearly outweighs the public interest in disclosure;
2. Architectural and official building plans;
3. Attorney-client communications and attorney work product;
4. Personnel records, medical information, or other similar records, the disclosure of which would constitute an unwarranted invasion of personal privacy, including, but not limited to, Social Security numbers, birthdates, and personal phone numbers;
5. Certain proprietary information, including trade secrets;
6. Information security records if disclosure would reveal vulnerabilities to attack or would otherwise increase the potential for an attack on the Authority's information technology system;
7. Records pertaining to pending litigation to which the Authority is a party or to claims made pursuant to the California Government Claims Act until the pending litigation or claim has been finally adjudicated or otherwise settled. The exemption only applies to documents specifically prepared by, or at the direction of, the Authority for use in existing or anticipated litigation.
8. Records protected by State or Federal law.

9. The Authority may demonstrate that the public's interest in nondisclosure clearly outweighs the public's interest in disclosure (balancing test).

The following records will not be withheld on the basis of the balancing test (unless otherwise within an exemption):

- Accounting records, including accounts payable and receivable, general ledger, banking and reconciliation.
- Budgets.
- Public Meeting records, including agendas, minutes, reports, and most supporting documents, but excluding closed session records.
- Staff reports, excluding those related to closed session or covered by attorney-client privilege.
- Summary statistical reports.
- Employee compensation.
- Contracts, Agreements, and leases.

## Security of Public Records

Under no circumstances will original public records of the Authority be released to the possession of the public. The Authority reserves the right to assign sufficient security measures and/or personnel to supervise the public review of Authority records in order to ensure the integrity and security of the records.

## Copy Service

Copies of records will be made available by Authority personnel or to a bonded copy/duplication service, upon prior written notice and upon prepayment of the reasonable total cost of reproduction, plus any costs required by law to be collected by the Authority. The cost per black and white copy (8 ½ x 11" or 8 ½ x 14") is \$ 0.45 (U.S.) plus mailing and any other direct cost of duplication, or any applicable prescribed statutory fee as specified in Section 7922.530 of the Public Records Act. The cost may be adjusted from time to time by resolution of the Board.

## Policy Revisions

This document will be maintained and revised by the executive management staff in consultation with the Authority's legal counsel. Revisions will occur whenever applicable federal, state or local regulations change or otherwise as the need arises, but no less frequently than every five years.

## Policy Approval and Adoption

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

# Policy Establishing Guidelines for Travel and Expense Reimbursement

## Purpose of Policy

The purpose of this travel and expense policy is to set forth the procedures governing reimbursement for reasonable and necessary travel expenses and to establish certain procedures concerning travel authorization, documentation, and accounting in accordance with California Government Code Sections 53232.2 and 53232.3.

## General Policy

To advance training, professionalism, and further the interests of the South Orange County Wastewater Authority ("Authority" or "SOCWA"), the Authority's Board of Directors authorizes attendance at Authorized Activities such as seminars and conferences by its employees and members. In addition, employees and members are sometimes required to travel both in and outside the State to conduct official Authority business. The Authority's objectives are to allow participation in Authorized Activities and official Authority business that: 1) are moderate, reasonable, and necessary; 2) provide uniform travel and expense treatment among employees and members; and 3) employees receive advance authorization from the General Manager or applicable Department Head for travel and expenses.

## Definitions

**Authorized Activities** - Education, training or advocacy activities which relate to the Authority's business, have been approved in advance by the Board of Directors, General Manager or Department Head, and consist of: meetings with other agencies or cities, counties, or their staff; meetings with community groups or their staff; meetings with administrative or regulatory agencies, or their staff; meetings with legislators, or their staff; and conferences and seminars.

**Conference** - Any organized function (including training classes, professional organization meetings, ethics training, and other business meetings) that employees and members may attend that would benefit the Authority in some manner as determined by the Board of Directors, the General Manager, or Department Head.

**Seminar/Workshop** - A small group of professionals engaged in study, dialogue, or original research meeting regularly to exchange information and hold discussions.

**Member** - Any member of the Authority Board of Directors who is acting in their official capacity as a member of the Authority.

## General Policy Guidelines

Decisions as to what travel is authorized are generally made through the budget formulation and Board of Directors review process. The necessity for travel and the mode of travel to be

reimbursed will be determined after consideration of the availability and efficacy of remote participation such as video and/or phone conference. Only travel expenses related to Authorized Activities or other official business will be reimbursed by the Authority.

Employees are expected to exercise good judgment and a regard for economy when incurring travel expenses.

Whenever possible, the Authority will prepay airfares, lodging costs, and conference registration fees. The General Manager or Department Head must approve all such payment requests in advance of any travel. Prepaid travel expenses may be made with an Authority credit card or from a personal credit card. Transportation and lodging costs must not be purchased using personal "rewards" credits or points; such rewards or credits do not translate to a cash value to be reimbursed by the Authority.

When traveling on official Authority business or for Authorized Activities, employees are encouraged to utilize their personal credit cards, if a SOCWA issued credit card is not available for use, and/or cash for all expenses, and then to request reimbursement for such expense if on an employee's personal credit card. However, in circumstances where the use of such credit cards and/or cash is deemed impractical, and where the total expense is expected to exceed one hundred dollars (\$100.00), the Authority may provide an advance of funds. Such advance shall not exceed one hundred percent (100%) of the total estimated expense.

Within fifteen (15) working days after completion of a trip, a travel expense report must be submitted to the Authority's Finance Department along with original receipts documenting lodging, rail or air fare, car rental, ride-share or taxi fare, parking fees, meals, conference registration fees, and any other expense for which reimbursement is requested. Adequate details will be provided in the receipts to explain all expenses. All expenses shall be submitted on an expense report form approved by the Authority.

A companion may accompany the employee on an official trip, provided that his/her presence does not detract from the employee's performance or duties. The Authority will not reimburse any expenses attributable to any companion.

In any situation where extraordinary travel expenses are expected to be incurred, or where this Policy does not adequately cover the situation or would work an undue hardship, the General Manager must authorize an exception in writing, in accordance with all legal restrictions.

All expense reimbursement records are public records subject to disclosure under the California Public Records Act (Government Code Section 7920.000 et seq.) on an annual basis through a SOCWA Board of Director's meeting.

## Transportation Guidelines

An employee may use any mode of transportation including airline, railroad, bus, or automobile. Reimbursement will be based on the parameters outlined below. Notwithstanding any other term in this Policy, the total daily transportation rate shall be a reasonable cost of travel as determined by the Department Head and/or the General Manager.

Travel shall be by the most direct route. If an indirect route is used, any additional costs shall be at the employee's personal expense. Whenever air travel is used the most cost-effective ticket price shall be utilized based on the travel needs of the Authority. If "government" and/or "group" rates are available for transportation costs, they shall be utilized. Air travel reimbursement shall be limited to "coach" or "economy" fares where such service is available. Travel to and from airports shall be the most cost-effective method.

Reimbursement for the use of private cars shall be at the rate established by the Internal Revenue Service (IRS) if the round trip does not exceed 300 miles. Employees assigned and driving a company vehicle may not be reimbursed for mileage. No reimbursement other than mileage reimbursement shall be made for expenses incurred en route to/from the authorized activity or official Authority business, other than tolls or parking, whenever a personal vehicle is used.

Reimbursement for use of rental cars will be allowed only when such use has been approved in advance by the General Manager or Department Head, as deemed necessary to conduct assigned Authority business or Authorized Activities. The Authority will pay only for the equivalent of a compact to full-size model, and all other upgrades will be at the employee's expense. The Authority will reimburse for collision/damage insurance on rental vehicles.

Travel in Authority vehicles may be approved when circumstances warrant it. When traveling in an Authority vehicle, Authority credit cards shall be used for the purchase of gas, oil, and other necessary supplies. These receipts shall note the license number of the vehicle used. If emergency repairs are necessary, every attempt shall be made to have the repairs charged to an Authority credit card. Whenever this is not possible, the employee to whom the car is assigned should pay for necessary repairs and seek reimbursement.

The use of rideshare services (such as Uber or Lyft) is authorized when it represents the most economical and practical means of ground transportation. Original receipts must be provided for reimbursement.

## Lodging Guidelines

It is expected that hotel and motel reservations will be made in advance whenever possible. Lodging will be secured at a rate not to exceed the lower of any available "group" or "conference" rate, "Government rate" or comparable discounted rate. Notwithstanding any other terms in this Policy, the daily lodging rate shall be for a standard room.

Reimbursement for lodging shall be limited to the minimum number of nights required to conduct the assigned Authority business or for the authorized activity. If an early morning activity or business meeting would require travel the night before, in order to be there on time, the employee may be reimbursed for lodging at or near the activity or business meeting location. If the activity or business extends beyond a time on the last day that would allow the employee to arrive home at a reasonable time, lodging at or near the activity or business location will be reimbursed in accordance with these guidelines. If an employee chooses for personal reasons to arrive earlier or stay later when traveling to/from an authorized activity or business meeting, the additional lodging and all other expenses related to this arrangement will be at the employee's personal expense.

Generally, lodging is not a necessary expense unless the destination is more than 50 miles from the Authority's Administration Office, or the employee's home (whichever is closer).

If a spouse or other family members share the employee's lodging, reimbursement will be limited to the lowest cost rate for a single occupancy room. In no event will the Authority incur any additional expense due to a companion's travel with the employee.

Any room service charges appearing on the lodging bill other than those covered under Section 6F, Section 7, and Section 8A.6, shall be the responsibility of the employee and shall be paid directly to the hotel or reimbursed to the Authority.

Any costs for telephone calls must be business related. Other local and long-distance telephone charges will be covered only when such calls are made in conducting official Authority business.

Internet access fees at lodging facilities will be reimbursed when used for Authority business purposes.

## Meal Reimbursement Guidelines

When meals are associated with employee travel, the following policies and procedures will apply:

1. Reimbursement for breakfast and dinner meals shall not apply to trips that do not require an overnight stay, except under the following circumstances: (a) a breakfast or dinner meeting is arranged prior to or just after the conference to conduct Authority business or discuss Authority-related matters; or (b) the meeting or conference runs late requiring the employee to arrive home later than anticipated. Maximum daily allowances to cover such meals, not including meal tips, will be \$30.00 for breakfast, \$35.00 for lunch, and \$65.00 for dinner, not to exceed \$130.00 per day whenever an overnight stay is not required. No reimbursement shall be made for alcohol.
2. For travel that requires more than a full day, meal reimbursements shall be limited to a maximum of \$130.00 per day, not including meal tips or room service fees, with no single meal exceeding \$65.00. If a receipt is to be split between two or more employees, then the names of each, along with their respective charges, is to be noted on the original detailed receipt before copies are made. No reimbursement shall be provided for meals hosted by others or through conference attendance. Room service charges are not a reimbursable expense.
3. Per IRS regulations, meal expenses incurred when there is no overnight stay are taxable to the employee as wages.

## Miscellaneous Expense Guidelines

For miscellaneous expenses associated with travel, employees will be reimbursed for all receipted business expenses necessary to conduct the assigned Authority business or authorized activity. Examples include:

1. Airport parking charges when air transportation is used.
2. Parking charges at the destination hotel or garage when transportation is by private car.

3. Airport bus charges or taxi fares where airport bus service is not available.
4. Conference registration fees.
5. Local transportation (only as required for official Authority business).
6. A reasonable amount will be allowed for laundry and dry cleaning for employees attending a conference of five days or more in length.
7. No reimbursement will be made for personal expenses such as newspapers, magazines, haircuts, shoeshine, personal telephone calls in excess of one per day, alcohol, in-room movie fees, and other incidental personal expenses.
8. Baggage fees for the first checked bag when traveling by air.
9. Wi-Fi or internet access charges when used for Authority business purposes.

## Policy Revisions

This document will be maintained and revised by the Authority management staff in consultation with the Authority's legal counsel and upon approval by the Authority's Board of Directors. Revisions will occur whenever applicable federal, State, or local regulations change, or otherwise as deemed necessary.

## Policy Approval and Adoption

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

# SOCWA Uniform Purchasing Policy

## General Provisions

### **Purpose and Authority**

The purpose of this Policy is to establish uniform processes for acquiring Services, supplies, materials, equipment, and capital improvements for the South Orange County Wastewater Authority (SOCWA), in accordance with Government Code Section 54201 *et seq.* and the California Water District Law (Water Code 34000 *et seq.*). This Policy ensures purchases are accomplished in a manner providing maximum benefit and cost efficiency for SOCWA's Member Agencies, ensures that purchasing decisions are transparent to the public, ensures that contracts are awarded through a process that is fair to prospective Contractors, and in the best interest of SOCWA.

### **Scope**

This Policy applies to all Procurement activities conducted by SOCWA unless specifically exempted. The General Manager shall establish administrative procedures necessary for the proper functioning of SOCWA purchasing operations in an efficient, transparent, and economical manner. SOCWA shall procure the supplies, Services, and equipment needed by SOCWA at the lowest possible cost, taking into consideration quality, service levels, and time constraints. Appropriate financial controls shall be exercised over all Procurements. Cooperative purchasing with other public agencies shall be performed whenever such purchases are feasible and in the best interest of SOCWA.

### **Rules and Guidelines**

The General Manager shall implement the requirements of this Policy consistent with the following guidelines:

- a. SOCWA shall comply with applicable laws on all purchases and contracts.
- b. SOCWA shall procure the supplies, Services, and equipment needed by SOCWA at the lowest possible cost, taking into consideration quality, service levels, and time constraints.
- c. Appropriate internal financial controls shall be exercised over all Procurements.
- d. Cooperative purchasing with other public agencies shall be performed whenever such purchases are feasible and in the best interest of SOCWA.
- e. The General Manager shall determine appropriate insurance requirements in consultation with the originating department head and risk management advisors, and with the advice and concurrence of the SOCWA General Counsel. A Certificate of Insurance, required endorsements, and other documents conforming to such requirements, and any applicable insurance industry standards, must be on file before Goods are delivered or Services are provided.
- f. In an Emergency, the General Manager is authorized to waive any provision of this Policy. Any waiver authorized hereunder shall be documented as required by this Policy and, to the extent practicable, otherwise cured so as to conform to this Policy within sixty (60) days of the Procurement or the end of the fiscal year, whichever is earlier.

- g. The General Manager shall execute and maintain administrative procedures to implement this Policy.
- h. SOCWA shall not discriminate against any person or entity because of race, sex, color, ethnicity, religion, national origin, gender, disability status, or other category protected under applicable law, and shall place a nondiscrimination statement in all Procurement-related solicitations or advertisements.
- i. The General Manager may, at his/her discretion, delegate duties under this Policy.
- j. The Board of Directors may, at its sole discretion, waive all or part of this Policy.
- k. The General Manager is authorized to approve and sign on behalf of SOCWA all contracts that are within the General Manager's authority as set forth in Article 4. The General Manager is authorized to sign on behalf of SOCWA all other contracts where the contract award has been approved by the Board of Directors.
- l. Serial purchases and/or serial purchase orders will not be used to procure Goods and Services in a manner that would otherwise avoid exceeding a spending authorization within this Policy.

### **Budgeted Funds**

No contract for the purchase of Goods, Services, or Public Works Projects shall be awarded unless and until the General Manager identifies funds in the current budget that can be appropriately allocated for the purchase.

### **Definitions**

As used throughout this Policy, the terms set forth in Article 6 shall have the meanings as defined therein unless the context in which they are used clearly requires a different meaning or a different definition is prescribed for a particular Article or provision.

## **Methods of Procurement**

**Purpose:** This article establishes SOCWA's framework for conducting Procurements in a fair, transparent, and efficient manner. This article outlines when and how different Procurement methods should be used while ensuring appropriate oversight and documentation.

### **General Requirements**

The general requirements section outlines SOCWA's fundamental approach to Procurement, establishing a framework that promotes transparency while ensuring efficient operations.

- a. Competition: All Procurements shall be conducted to promote open and fair competition.
- b. Solicitation Methods:
  - 1. Up to \$25,000: One written quote
  - 2. \$25,001 to \$100,000: Minimum three written quotes
  - 3. Over \$100,000: Formal competitive solicitation
- c. Solicitation Types:
  - 1. Invitation for Bids (IFB)

2. Request for Qualifications (RFQL)
3. Request for Quotes (RFQ)
4. Request for Proposals (RFP)
5. Cooperative Purchasing
6. Emergency Procurement
7. Sole Source Procurement

### **Competitive Solicitations**

Competitive solicitations establish standardized methods for obtaining Goods and Services while ensuring transparent and fair competition. All competitive solicitations shall clearly state requirements and evaluation criteria, provide adequate response time, include standard terms and conditions, be publicly advertised as appropriate, and document the selection process and decisions. The following competitive solicitation processes utilized by SOCWA are outlined below.

- a. Invitation for Bids (IFB)
  1. Used when requirements can be clearly specified.
  2. Award to lowest Responsive and Responsible Bidder.
  3. Non-negotiation of price or terms
- b. Request for Qualifications (RFQL)
  4. Evaluates qualifications and expertise before considering price.
  5. Used for engineering, architectural, and specialized consulting.
  6. Selects firms based on proven competence and qualifications.
  7. Enables price negotiation with top-qualified firm.
  8. Matches provider expertise with project requirements.
- c. Requests for Quotes (RFQ)
  9. Used for small to moderate purchases requiring written documentation of competitive pricing.
  10. Applies to purchases up to \$100,000 with clearly defined requirements.
  11. Evaluation based on lowest price from Responsive and Responsible Contractor.
- d. Request for Proposals (RFP)
  12. Used for complex requirements or when factors beyond price are important.
  13. Allows negotiation of terms and conditions.
  14. Award based on Best Value considering all factors.
- e. Cooperative Purchasing
  15. Utilizes contracts competitively bid by other public agencies, saving time and costs.
  16. Validates pricing, terms, and scope meet SOCWA requirements.
  17. Requires documented analysis showing cost-effectiveness and operational benefit.
  18. May include state contracts, regional agreements, and joint powers agreements.

## Exceptions to Competitive Solicitation

Depending on the nature of the Contract and/ or the circumstances, certain provisions of this Policy require that Contracts for Goods and/ or Services be awarded based on Competitive Sealed Bids or Competitive Sealed Proposals. This Section establishes certain general exceptions to competitive selection requirements for the Procurement of Goods and Services. The exceptions set forth in this Section do not apply to the award of Contracts for the construction of Public Works Projects except to the extent allowed by law.

- a. Emergency Procurement
  1. Permitted when necessary in response to an Emergency.
  2. Emergency justification must be documented and approved by the General Manager, who will notify the Board of Directors and seek ratification as soon as practicable.
  3. Limited to addressing the Emergency.
- b. Sole Source
  1. Permitted when it is determined that the Goods or Services can only be provided by a single source (e.g. unique product or service) or where competitive procurement is not feasible or would be futile.
  1. Sole source justification (e.g. market research) must be documented and approved by the General Manager.
  2. Ongoing sole-source contracts must be reviewed annually.
- c. Prequalification
  3. The General Manager may establish a process for prequalifying prospective bidders for Public Works Projects in a manner consistent with Public Contract Code Section 20101 on a quarterly basis. A prequalification pursuant to this process shall be valid for one calendar year following the date of initial prequalification.
  4. If such a process is established, the General Manager shall concurrently establish a process that will allow prospective bidders to dispute their proposed prequalification rating prior to the closing time for receipt of bids. This process must comply with Public Contract Code Section 20101(c).

## Goods, Non-Professional Services, Professional Services, and Public Works Contracts

**Purpose:** California Government Code Sections 54202 *et seq.* requires SOCWA to adopt written policies and procedures, including bidding requirements, governing the purchase of Goods, Non-Professional Services, Professional Services, and Public Works Contracts.

- a. Open Market Procedures for Goods, Services other than Professional Services, Public Works Projects (\$25,000 or less), and Professional Services (\$100,000 or less).

The initiating department head shall make reasonable efforts to secure Goods of suitable quality, or in the case of Services the best qualified provider at the lowest possible cost.

- b. Informal Procedures for Goods, Services other than Professional Services, and Public Works Projects (\$25,000.01 to \$100,000).
1. Minimum Requirements for Goods. To Procure Goods anticipated to fall in this price range, the initiating department shall make best efforts to solicit at least three (3) possible suppliers, if practicable, for quotes to supply the Goods required. Staff will evaluate the responses received to determine either (a) the lowest Responsive and Responsible Bidder that meets or exceeds the needs outlined in the solicitation, or (b), the quote that provides the Best Value to SOCWA in response to the Specifications, as applicable, and shall make a recommendation to the General Manager in this regard.
  2. Minimum Requirements for Services and Public Works Projects. In order to Procure Services or Public Works Projects anticipated to fall in this price range, the initiating department shall develop a Request for Quote which clearly sets forth the scope of Services required. The Request for Quote shall include, as a minimum:
    - i. An appropriate, detailed Specification or Scope of Work considering the value, timeframe, technical complexity of the work to be performed;
    - ii. The date and time by which SOCWA must receive the quote;
    - iii. The criteria upon which quotes shall be evaluated and the contract shall be awarded (lowest responsive and responsible quote vs. Best Value).
      - Request for Quote Distribution and Evaluation. Unless impracticable, SOCWA shall distribute the Request for Quote to at least three (3) Contractors, as applicable. Staff will evaluate the responses received to determine either (a) the lowest Responsive and Responsible Bidder that meets or exceeds the Request for Quote Specifications, or (b), the quote that provides the Best Value to SOCWA in response to the Request for Quote Specifications, as applicable, and shall make a recommendation to the General Manager in this regard.
      - Quote Documentation. Staff will document the quotes received and the results of the evaluation. If less than three (3) quotes were received and evaluated, a brief explanatory statement will be provided.
  3. Award. Procurements shall be awarded to the lowest Responsive and Responsible Bidder, or to the bid the provides the Best Value to SOCWA, as applicable.
  4. Post Award Action. Following award of the Procurement, SOCWA may take the following actions:
    - i. Provide contract activity in the General Manager's report to the Board of Directors.
    - ii. Include summaries of any applicable Emergency procurement activity.
  5. Delegation of Authority to Award. For the purchase of Services, Public Works Projects, or Goods or materials, the General Manager may delegate the authority to award

Procurements by administrative procedure specifically identifying such delegates and the dollar limit of each delegate's authority.

6. Nothing in this Policy shall prohibit staff from utilizing a formal bid process if deemed to be in the best interest of SOCWA. If a formal bid process is elected, the procedures in Article 3, Sections C or D shall be followed.
- c. Formal Procurements: Goods, Services other than Professional Services, and Public Works Projects (\$100,000.01 and over)
- 1.1. Formal Request for Sealed Bids (RFB). The initiating department head shall submit for the General Manager's review and approval an RFB that includes the following:
    - A statement requiring the submission of sealed bids (or confidential bids, if electronically submitted via Planet Bids).
    - A statement of the time and date by which SOCWA must receive bids.
    - A statement that the sealed bids shall be publicly opened in public (or publicly revealed, if electronically submitted via Planet Bids).
    - A statement that a tabulation of all bids received shall be made and be open for public inspection during regular business hours for a period of not less than thirty calendar days after the bid opening.
    - Where necessary to promote the best interests of SOCWA, the Formal RFB shall include a requirement that bidders post Bidder's Security. The requirement shall also set forth the procedures for retention and return of Bidder's Security submitted to SOCWA.
  - 1.2. Supplemental Documents (RFB). Along with the RFB, the initiating department head shall submit for the General Manager's review and approval the following a draft public notice, suitable for publication, containing all information required by this Policy, applicable administrative procedures or the General Manager.
  - 1.3. Approval Prior to Publication. No publication of public notice inviting bids in response to a RFB shall be made unless the General Manager has approved the Formal RFB and supplemental documents as communicated by written authorization to the initiating department head to solicit bids.
  - 1.4. Public Notice. Public notice inviting bids in response to a RFB must be published in a publicly accessible electronic plan room and/or newspaper of general circulation at least ten (10) days prior to the bid opening date.
  - 1.5. Bid Opening. All bids are publicly opened and the lowest Responsive and Responsible bid, or, the Best Value bid, as applicable, commensurate with acceptable bidder (as described in the notice) shall be identified. All portions of the bids and bid information shall be public unless otherwise provided in the bid Specifications.

- 1.6. Award. All bid Procurements shall be awarded to the lowest Responsive and Responsible Bidder unless additional or alternative criteria for award are specified. (e.g. Best Value, quality, compatibility, life cycle cost, etc.).
- 1.7. Post Award Action. Following award of the Procurement, SOCWA shall take the following actions:
  - The initiating department shall notify all bidders of the result in writing and issue a written Notice to Proceed to the successful bidder consistent with the contract documents; and,
  - The initiating department head or their designated Project Manager, working in consultation with the Finance Department, or appointed designee, shall establish a Contract File that contains the RFB, supplemental documentation, public notice, documentation of award, signed contract, Notice to Proceed and any additional relevant documents.

d. Formal Procurements: Professional Services (\$100,000.01 and over)

1. Formal Request for Proposals or Request for Qualifications (RFP or RFQ). The initiating department head shall submit for the General Manager's review and approval an RFP or RFQ that includes the following items:
  - An overview of SOCWA;
  - A statement describing the reasons SOCWA is soliciting proposals;
  - A detailed Scope of Work itemizing the Professional Services required;
  - A statement that sealed proposals shall be submitted;
  - A statement of the time and date by which SOCWA must receive sealed proposals; and
  - A statement preliminarily guiding the establishment of criteria upon which proposals shall be evaluated and the contract shall be awarded.
2. Supplemental Documents (Formal RFP or RFQ). Along with the RFP or RFQ, the initiating department head shall submit for the General Manager's review and approval a draft public notice, suitable for publication, containing all information required by this Policy, applicable administrative procedures or the General Manager.
3. Approval Prior to Publication. No publication of public notice inviting proposals in response to an RFP or RFQ shall be made unless the General Manager has approved the Formal RFP or RFQ and Supplemental Documents as communicated by written authorization to the initiating department head to solicit proposals.
4. Public Notice. Public notice inviting proposals in response to an RFP must be published in a publicly accessible electronic plan room and/or in a newspaper of general circulation at least ten (10) days prior to the proposal due date.

5. Proposal Evaluation. Pursuant to the criteria established for that RFP or RFQ and any additional criteria necessary and appropriate to advance the best interests of SOCWA, Contractors shall be evaluated based upon demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the Services required. The General Manager shall review each proposal and determine an ordinal ranking including each proposing firm.
6. Negotiation. The General Manager shall negotiate with the top ranked firm. If a fair price cannot be reached with the top ranked firm; that firm shall be eliminated from consideration and negotiations shall be initiated with the next highest ranked firm.
7. Award. Procurements shall be awarded on the basis of Best Value to SOCWA.
8. Post Award Action. Following award of the Procurement, SOCWA shall take the following actions:
  - The initiating department director shall notify all proposers of the result in writing and issue a written Notice to Proceed to the successful firm consistent with the contract documents; and,
  - The initiating department head or their designated Project Manager, working in consultation with the Director of Finance shall establish a Contract File that contains RFP or RFQ, supplemental documentation, public notice, documentation of award, signed contract, Notice to Proceed and any additional relevant documents.
9. Design-Build. Nothing in this Policy shall preclude SOCWA from utilizing a design-build method for project delivery pursuant to Public Contract Code Section 22160 *et seq.* If the General Manager wishes to recommend a design-build project, the Procurement process for the design-build project shall follow Public Contract Code Section 22164 and related sections.

## Delegation of Authority to Award Contracts

Purpose: This Article designates the person or body with legal authority to solicit and execute Contracts on behalf of SOCWA consistent with the terms of this Policy.

General Delegation Guidelines. Except as allowed by this Article 4, Board of Directors approval is required for all Contracts. Any amendments, renewals, change orders, time extensions and other Contract modifications that would cause total compensation paid under a Contract or the duration of a Contract to exceed the General Manager's authority must be approved by the Board of Directors. The Board of Directors must also approve exceptions under this Policy not otherwise delegated to the General Manager, as well as any unbudgeted expenditures on capital assets valued at \$100,000 or greater.

Delegation of Contract Authority to General Manager. The Board of Directors hereby delegates to the General Manager the authority to solicit and award Contracts within specified limits as follows:

- a. Contracts with a total value less than \$100,000.
- b. Contracts with a term of 5 years or less.

The Board of Directors also expressly delegates to the General Manager authority to determine the method of Procurement, including Emergency (subject to notice and ratification), Sole Source and Cooperative Purchasing.

Delegation of Other Authority to General Manager. The Board of Directors hereby delegates to the General Manager the authority to approve amendments, change orders, renewals, time extensions, assignments and other Contract modifications as follows:

- a. Authorization to approve and execute amendments and change orders as long as the amendment or change order is recommended by the applicable Department Director, and
  - (i) the total contract price, as amended, remains within the General Manager's authority,
  - (ii) the amendment or change order does not exceed 25% of the original contract price, or
  - (iii) the amendment or change order is within the Board-approved contingency and is within the General Manager's authority.
- b. Authorization to approve and execute any renewals that were originally approved by the General Manager, Standing Committee and/or Board.
- c. Authorization to approve and execute amendments and change orders for contract time extensions: (i) without any increase in Contract price, (ii) do not exceed 5 total years, or (iii) within the Board-approved contingency and is within the General Manager's authority.
- d. Authorization to approve and execute all Assignments unless determined by the General Manager that the Assignment contains material changes and requires approval of the Board.
- e. Authorization to approve and execute Amendments to chemical Contracts unless the Amendment causes an increase to the Contract unit price beyond the unit price contingency approved by the SOCWA Board.
- f. Authorization to approve and execute chemical contract renewals including changes to the unit price, and/or increases or decreases to the annual/or specified term amount. Increases that cause the contract amount to exceed the General Manager's delegated authority shall be approved by the SOCWA Board.

Delegation by General Manager

The General Manager may establish written procedures governing the delegation of authority to award and execute Contracts, amendments, change orders, renewals, time extensions and assignments consistent with this Policy. Upon delegation of authority by the General Manager each Department Director or Manager may further delegate authority to initiate a written requisition consistent with the General Manager's written procedures

### Contingency Release

The General Manager shall manage the release of all contingency funds for use in all amendments and change orders within the approved contingency amounts and after securing appropriate conditional and unconditional waivers and releases.

## Ethics and Standards of Conduct

- A. Public employment is a public trust. SOCWA employees must discharge their duties impartially to ensure fair, competitive access to Procurement opportunities.
- B. SOCWA employees shall not make any Contracts, participate in the making of any Contracts, or in any way attempt to influence any decision on a Contracts, in violation of Government Code Sections 87100 *et seq.*
- C. No employee shall participate in Procurement when they have a financial or personal interest in the Contract in violation of California Government Code Section 1090.
- D. Employees shall:
  - 1. Conduct business in good faith.
  - 2. Maintain strict confidentiality of proprietary information.
  - 3. Avoid conflicts of interest.
  - 4. Report ethical concerns to appropriate authorities.
  - 5. Never accept gifts or favors from a current or potential Contractor.

## Definitions

**Best Value:** the optimal combination of price, quality, service and other factors as determined by established evaluation criteria.

**Contract:** an agreement between SOCWA and one or more parties for Goods, Services, Professional Services, Public Works Projects or other Procurement activities.

**Contractor:** any vendor, consultant, contractor or business entity/party that has entered into a contract with SOCWA for the provision/disposition of Goods, Services, Professional Services, and/or Public Works Projects.

**Emergency:** a sudden, unexpected occurrence where the immediate purchase of Goods or Services without Bids is necessary for the protection of the public health, welfare, or safety, or the protection of property.

**Goods:** an item moveable at the time of sale including, but not limited to, equipment, materials or supplies; electricity, natural gas, and, water.

**Procurement or Procure:** the acquisition of Goods, Services, Professional Services, or Public Works Projects by SOCWA, including, but not limited to, purchasing, renting or leasing, and all functions and procedures pertaining to such acquisitions.

**Professional Services:** services that involve the exercise of professional discretion and independent judgement based on advanced specialized knowledge, expertise or training gained by formal study or experience; excluding the physical labor involved with Public Works Projects. Professional Services include, but are not limited to the following services: engineering, architectural, environmental, public information, construction project management, surveying, financial and employee benefits, strategic planning and legal.

**Public Works Projects:** construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving a SOCWA owned, leased, or operated facility, as well as painting or repainting of any SOCWA owned, leased, or operated facility. Public Works Projects do not include maintenance work, although such work may be subject to prevailing wage and related requirements under the California Labor Code.

**Responsible Bidder or Proposer:** a bidder or proposer determined by SOCWA to have submitted a completed bid or proposal which conforms in all material respects to the requirements of the Bid, and to meet the following criteria as applicable:

1. To have the ability, capacity, experience and skill to provide the Goods, Services, Professional Services, and/or Public Works Projects in accordance with Specifications.
2. To have the ability to provide the Goods, Services, Professional Services, and/or Public Works Projects promptly, or within the time specified.
3. To have the equipment, facilities and resources of such capacity and location to enable the bidder or proposer to provide the required Goods, Services, Professional Services, and/or Public Works Projects.
4. To be able to provide future maintenance, repair, parts and service for the use of the Goods and/or Public Works Projects purchased.
5. To have a record of satisfactory performance under prior contracts with SOCWA or other purchasers where such bidder or proposer has previously been awarded such contract.

**Scope of Work:** a description of services required by SOCWA that a proposer must demonstrate the capability to provide as a prerequisite to SOCWA's consideration of their bid or proposal.

**Services:** the work performed, or labor, time and effort to be expended, by the Contractor, including, all Procurements not classified as Goods, Professional Services, or Public Works Projects such as services for administration, rentals, inspection, maintenance, and repair.

**Sole Source Procurement:** procurement when the Goods and/or Services are obtainable from only one Contractor due to unique circumstances or otherwise as described in this Policy.

**Specification:** a description of the physical and/or functional characteristics or of the nature of the required Goods, services, Professional Services, and/or Public Works Projects required by SOCWA that a bidder must satisfy precisely or through functional equivalency as a prerequisite to SOCWA's consideration of their bid.

## Policy Revisions

This document will be maintained and revised by the executive management staff in consultation with the Authority's legal counsel. Revisions will occur whenever applicable federal, state or local regulations change or otherwise as the need arises, but no less frequently than every five years.

## Policy Approval and Adoption

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.

# Vehicle Charging Station Policy

## Purpose of the Policy

The purpose of this policy is to promote sustainable transportation practices by providing Authority employees with access to electric vehicle (EV) charging stations at designated facilities. This program supports environmental goals, encourages the adoption of eco-friendly commuting options, and offers a convenient benefit to staff while ensuring responsible use of resources, fair access, and compliance with safety and financial guidelines. It establishes clear procedures for enrollment, usage, fees, and liability to maintain an equitable and efficient system for all participants.

## Policy

### **Enrollment and Eligibility**

Staff must enroll in the Authority's Electric Vehicle (EV) Charging Program to charge their personal electric or hybrid vehicle at Authority facilities. The Authority may elect to have electric vehicle charging stations located in the employee parking lot. These charging stations are designed to accommodate most plug-in hybrid and/or electric vehicles. Employees may use these charging stations on a first-come, first-served basis. Charging is limited to only one vehicle designated by the employee in the Authority's "Electric Vehicle Charging Program Enrollment Form". The electric vehicle must be commercially produced by a reputable manufacturer and used by the employee for commuting to work. No homemade or modified vehicles will be permitted. Employees must sign a Waiver & Release of Liability before use of any charging stations. Once this form has been signed, it will be forwarded to the finance department for processing.

### **Fees and Payment**

A fee will be charged to the employee for use of the charging stations. The fee is set by the Authority and will be managed by Charge Point, with the fee subject to change. Staff will pay a flat rate of \$50 per month, allowing them to charge for no more than a total of 20 hours per month using Authority chargers. The \$50 will be pre-paid for the following month via a post-tax payroll deduction out of the employee's paycheck. The employee will obtain a Charge Point card before using the charging station.

1. Rates may be evaluated annually. Employees will be notified at least 30 days prior to any rate changes to allow time for employees to opt out.

### **Usage Rules**

Staff may only use chargers designated as open to staff and not designated for Authority use only. Authority vehicles will be given priority if no Authority-vehicle-only chargers are available. Staff are required to maintain a log of monthly charging activity to support their monthly charger usage.

### **Liability and Responsibility**

The Authority will not be responsible for any damage to the vehicle, including, but not limited to, damage to the vehicle's electrical system as a result of recharging operations. Employees found to have caused damage to an electric vehicle charging station will be held liable for said damage.

### **Unenrollment**

Staff may unenroll from the program with advance notice to the Finance Department. Refunds will not be issued for months that have already been paid if the employee did not unenroll from the program timely prior to processing payment for the following month.

### **Compliance and Discipline**

Failure to report or improperly reporting charging activity may result in disciplinary action and will be considered an illicit gift of public funds.

## **Policy Approval and Adoption**

This Policy has been reviewed by the Authority's Board of Directors and adopted by Resolution No. 2026-02 on May 14, 2026, superseding all previous versions.