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

December 1, 2026
10:30 a.m.

NOTICE IS HEREBY GIVEN that a Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee was called to be held on **December 1, 2026, at 10:30 a.m.** SOCWA staff will be present and conducting the meeting at the SOCWA Administrative Office located at 34156 Del Obispo Street, Dana Point, California.

THE SOCWA MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5400 AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SCHEDULED MEETING TO REQUEST SUCH ACCOMMODATIONS. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON REQUEST TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY'S SECRETARY AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SCHEDULED MEETING. MEMBERS OF THE PUBLIC HAVE THE OPTION TO PARTICIPATE IN AND MAY JOIN THE MEETING REMOTELY VIA VIDEO CONFERENCE FOR VISUAL INFORMATION ONLY (USE ZOOM LINK BELOW) AND BY TELECONFERENCE FOR AUDIO PARTICIPATION (USE PHONE NUMBERS BELOW). THIS IS A PHONE-CALL MEETING AND NOT A WEB-CAST MEETING, SO PLEASE REFER TO AGENDA MATERIALS AS POSTED ON THE WEBSITE AT WWW.SOCWA.COM, ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. FOR PARTIES PARTICIPATING REMOTELY, PUBLIC COMMENTS WILL BE TAKEN DURING THE MEETING FOR ORAL COMMUNICATION IN ADDITION TO PUBLIC COMMENTS RECEIVED BY PARTIES PARTICIPATING IN PERSON. COMMENTS MAY BE SUBMITTED PRIOR TO THE MEETING VIA EMAIL TO ASSISTANT SECRETARY LYNDA MAY AT LMAY@SOCWA.COM WITH THE SUBJECT LINE "REQUEST TO PROVIDE PUBLIC COMMENT." IN THE EMAIL, PLEASE INCLUDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER YOU WILL BE CALLING FROM SO THAT THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. THOSE MAKING PUBLIC COMMENT REQUESTS REMOTELY VIA TELEPHONE IN REAL-TIME WILL BE ASKED TO PROVIDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER THAT YOU ARE CALLING FROM SO THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. ONCE THE MEETING HAS COMMENCED, THE CHAIR WILL INVITE YOU TO SPEAK AND ASK THE COORDINATOR TO UN-MUTE YOUR LINE AT THE APPROPRIATE TIME.

AGENDA ATTACHMENTS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY FINANCE COMMITTEE IN CONNECTION WITH A MATTER SUBJECT FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE FINANCE COMMITTEE ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY ADMINISTRATIVE OFFICE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE") OR BY PHONE REQUEST MADE TO THE AUTHORITY OFFICE AT 949-234-5400. IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE FINANCE COMMITTEE LESS THAN TWENTY-FOUR (24) HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE FINANCE COMMITTEE AND SENT TO ANY REMOTE PARTICIPANTS REQUESTING EMAIL DELIVERY OR POSTED ON SOCWA'S WEBSITE. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE MEETING ROOM OR IMMEDIATELY UPON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES PARTICIPATING REMOTELY.

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

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

Meeting ID: 884 0961 2388
Passcode: 999469

One Tap Mobile
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+16699006833,, 88409612388#,,,,*999469# US (San Jose)

FINANCE COMMITTEE MEETING
December 1, 2026

AGENDA

1. Call Meeting to Order

2. Public Comments

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

PAGE NO.

3. Approval of Minutes.....1

   - Finance Committee Meeting of October 20, 2026

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

4. FY 25-26 Use Audit Book.....3

   Recommended Action: SOCWA staff recommends that the Finance Committee recommend to the SOCWA Board of Directors to distribute or collect funds related to the results of the FY 25-26 Use Audit.

5. Financial Reports for Q1 2026-27.....5

   Recommended Action: Staff recommends that the Finance Committee recommend that the Board of Directors receive and file the Financial Reports for Q1 2026-27.

6. Quarterly Investment Reporting Under Government Code Section 53646.....15

   Recommended Action: Information Item

7. Banking Services Award 17

   Recommended Action: Committee Discussion, Direction, or Action.

8. Capital Lifecycle Policy.....18

   Recommended Action: Staff recommends that the Finance Committee recommends to the SOCWA Board of Directors to include the Capital Asset Lifecycle Policy in the SOCWA Policy Handbook.

9. Adjournment

FINANCE COMMITTEE MEETING
December 1, 2026

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

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

Dated this 19th day of November 2026.

Lynda May

Lynda May, Assistant Clerk
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

MINUTES OF REGULAR MEETING
OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Finance Committee

DRAFT

October 20, 2026

The Regular Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee was held on October 20, 2026, at 10:30 a.m. in-person and via teleconference from the Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Finance Committee were present:

MICHELLE BANNIGAN	City of Laguna Beach	Alternate Director	
DENNIS CAFFERTY	El Toro Water District	Alternate Director	
ERICA CASTILLO	South Coast Water District	Alternate Director	[Zoom]
PAUL PENDER	Santa Margarita Water District	Alternate Director	

Staff Participation:

AMBER BOONE	General Manager
RONI GRANT	Capital Improvement Program (CIP) Manager
JACK BECK	Senior Accountant
ANNA SUTHERLAND	Accountant
MATT CLARKE	Chief Technology Officer
DINA ASH	Human Resources Administrator
LYNDA MAY	Administrative Assistant/Assistant Secretary
JAMES JONES	Superintendent of Operations
IAN LOSKA	Electrical/Instrumentation Technician

Also Participating:

KELSEY DECASAS	Moulton Niguel Water District
DREW BALLARD	Foster & Foster Actuaries and Consultants

1. Call Meeting to Order

   Chairperson Paul Pender called the meeting to order at 10:32 a.m.

2. Public Comments

   None.

3. Approval of Minutes

   - Finance Committee Special Meeting of September 15, 2026.

   ACTION TAKEN
   A motion was made by Director Bannigan and seconded by Director Pender to approve the Minutes for September 15, 2026, as submitted.

   Motion carried: Aye 3, Nay 0, Abstained 1, Absent 0

Director Cafferty	Abstain
Director Bannigan	Aye
Director Pender	Aye
Director Castillo	Aye

4. GASB 75 Report

Drew Ballard of Foster and Foster presented the GASB 75 report, noting the funding status being raised from 54% to nearly 60% due to higher earnings in the market.

5. Draft Cost Allocation Policy

An open discussion ensued on the draft revisions of the policy, including suggestions from the Committee that were generally editorial in nature. Ms. Boone noted that upon approval from the Committee, the policy will be brought to the November Board meeting for approval.

ACTION TAKEN
A motion was made by Director Cafferty and seconded by Director Pender to recommend the Board approve the Cost Allocation Policy with the redline changes, and the editorial changes from the Finance Committee.

Motion carried:	Aye 4, Nay 0, Abstained 0, Absent 0	
	Director Cafferty	Aye
	Director Bannigan	Aye
	Director Pender	Aye
	Director Castillo	Aye

6. Draft Use Audit FY 25-26

A brief discussion ensued on the Use Audit, with Ms. Boone noting staff will continue completing the Use Audit, including the UAL and OPEB tables, and bring it back to the Finance Committee for review and approval at the November meeting.

7. Adjournment

There being no further business, Chairperson Pender adjourned the meeting at 11:18 a.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Regular Meeting of the South Orange County Wastewater Authority Finance Committee of October 20, 2026, and approved by the Finance Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

_____

Lynda May, Assistant Secretary
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Agenda Item 4

Finance Committee Meeting

Meeting Date: December 1, 2026

TO: Finance Committee

FROM: Amber Boone, General Manager

SUBJECT: FY 25-26 Use Audit Book

Summary

The Use Audit flow and solids allocations were approved by the SOCWA Board on October 1, 2026. The percentages used in the report were then applied to the financials, ending June 30, 2026, previously presented to the Finance Committee on September 22, 2026. There is a pending update to the committee regarding the actuarial model utilized to assess the OPEB & UAL liabilities that staff are still working on. However, due to the discussion at the October 20, 2026, Finance Committee meeting, staff conclude that non-material difference in liabilities should not prevent the Use Audit distributions. SOCWA staff are committed to reconciling differences which SOCWA staff will bring back to the committee once the actuarial work is complete.

Discussion

The Board has consistently requested that staff work to reduce cash on hand in the Capital Improvement Program (CIP) that is not needed for immediate use. Staff addressed these concerns programmatically through creation of project level budgeting and key performance indicators (KPIs) for better planning and execution of projects on behalf of member agencies. Additionally, as socialized through the General Manager's Report and discussions in the Finance, Executive, and Engineering Committees, staff has identified the capital projects that needed to be closed out in the system of record (FE NXT) to better address cash on hand and closeouts of capital projects. Of the 107 CIP projects through the FY 25-26 Use Audit, staff have closed 49 projects and are returning ~$3.97M in capital cash for a total Use Audit return of $4.97M, which includes O&M, small capital, non-capital, and large capital projects. The table below provides the summary breakdown.

South Orange County Wastewater Authority
FY 2025-26 Use Audit Summary

	Actual Spending and Actual Usage						
	O&M			Small Capital	Large Capital	Non-Capital	Total
	FY 2025-26 Billings	FY 2025-26 Actual	(Over)/Under Budget	(Over)/Under Budget	(Over)/Under Budget	(Over)/Under Budget	USE Audit Results
SOCWA by Member Agency							
City of Laguna Beach	$2,304,861	$2,151,312	$153,550	$132,966	$189,846	$201,266	$677,627.74
City of San Clemente	336,228	270,601	$65,627	$1,662	$4,811	($10,330)	$61,770.33
El Toro Water District	331,283	306,412	$24,871	$6,015	$344,916	($37,386)	$338,415.02
Emerald Bay Service District	214,486	213,406	$1,081	$7,363	$9,220	$11,013	$28,676.43
IRWD (c.o. El Toro W.D.)	198,328	160,357	$37,970	$1,576	$0	($9,795)	$29,751.50
MNWD (C/O ETWD)	400,063	320,222	$79,842	$0	$0	$0	$79,841.54
Moulton Niguel Water District	1,803,152	1,967,176	($164,024)	$6,000	$1,823,443	$0	$1,665,418.99
Santa Margarita Water District	6,312,100	6,794,125	($482,025)	$32,659	$1,016,037	($34,068)	$532,603.75
MNWD (C/O SMWD)	93,699	74,781	$18,917	$0	$0	$0	$18,917.24
South Coast Water District	5,328,656	4,349,371	$979,285	$94,226	$576,038	$148,709	$1,798,258.21
MNWD (C/O SCWD)	2,147,413	2,409,298	($261,884)	$0	$0	$0	($261,884.06)
Total Member Agency	**$19,470,271**	**$19,017,061**	**$453,210**	**$282,468**	**$3,964,310**	**$269,408**	**$4,969,397**

Recommended Action: SOCWA staff recommends that the Finance Committee recommend to the SOCWA Board of Directors to disburse or collect funds related to the results of the FY 25-26 Use Audit.

Under Separate Cover: FY 25-26 Use Audit Book

Agenda Item 5

Finance Committee Meeting

Meeting Date: December 1, 2026

TO: Finance Committee

FROM: Amber Boone, General Manager

STAFF CONTACT: Jack Beck, Accountant

SUBJECT: Financial Reports for Q1 2026-27

Summary/Discussion

The enclosed financial reports are provided to the Finance Committee for recommendation to the Board of Directors to receive and file the summary of the O&M Budget vs. Actual Expenses as of September 30, 2026:

South Orange County Wastewater Authority

Preliminary O&M Budget vs. Actual Comparison by PC[1]

For the Period Ended September 30, 2026

(in dollars)

	FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
02 - Jay B. Latham Plant	9,004,450	2,241,639	6,762,811	24.9%
05 - San Juan Creek Ocean Outfall	928,180	145,854	782,326	15.7%
08 - Pre Treatment	295,428	60,283	235,145	20.4%
12 - Water Reclamation Permits	111,423	35,106	76,317	31.5%
15 - Coastal Treatment Plant	3,702,773	940,838	2,761,935	25.4%
17 - MNWD Laboratory Services	641,711	179,591	462,120	28.0%
21 - Effluent Transmission Main	24,183	7,794	16,389	32.2%
23 - North Coast Interceptor	10,290	4,552	5,738	44.2%
24 - Aliso Creek Ocean Outfall	805,446	205,047	600,399	25.5%
Total	15,523,884	3,820,704	11,703,180	24.7%

The O&M expenses should be less than 25% to remain in budget for September 2026.

The reports included are as follows:

a. Budget vs. Actual Expenses:
   - Capital Projects Summaries (Exhibit A)
   - Operations and Environmental Summary (Exhibit B-1)
   - Operations and Environmental by PC (B-1.2)
   - Administration (Exhibit B-3)
   - Information Technology (IT) (Exhibit B-4)

Recommended Action: Staff recommends that the Finance Committee recommend that the Board of Directors receive and file the Financial Reports for Q1 2026-27.

Attachment: Budget vs. Actual Expenses

Exhibit A

South Orange County Wastewater Authority
Capital Projects Summaries
For the Period Ended September 30, 2026
(in dollars)

Description	FY 2025-26 Budget/Billings vs. Actual Spending					
	Capital Budget	Capital Billed	Fiscal Year Spending	(Over)/ Under Budget	% Expended to Budget	% Expended to Billings
PC 2-JB Latham	$ 4,619,999	$ 747,583	$ 1,435,604	$ 5,735,566	31.1%	192.0%
PC 5-San Juan Creek Outfall	-	-	-	-	-	-
PC 15-Coastal	4,567,149	469,485	1,243,324	3,323,825	27.2%	264.8%
Laboratory	479,000	119,750	-	479,000	0.0%	0.0%
PC 21 Effluent Transmission	1,364,257	354,783	235,372	1,128,885	17.3%	66.3%
PC 24 Aliso Creek Outfall	45,000	-	14,786	30,214	32.9%	N/A
Total Large Capital	**$ 11,075,405**	**$ 1,691,601**	**$ 2,929,085**	**$ 10,697,490**	**26.4%**	**173.2%**
Non-Capital Engineering	238,000	59,500	297,269	(59,269)	124.9%	499.6%
Small Internal Capital	1,385,000	346,250	217,319	1,167,681	15.7%	62.8%
Total Capital	**$ 12,698,405**	**$ 2,097,351**	**$ 3,443,672**	**$ 11,805,903**	**27.1%**	**164.2%**

Exhibit B-1

South Orange County Wastewater Authority
Preliminary O & M & Environmental Safety Costs Summary[1]
For the Period Ended September 30, 2026
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
Salary and Fringe					
-5000--**-**	Regular Salaries-O&M	3,965,680	870,364	3,095,316	21.9%
-5001--**-**	Overtime Salaries-O&M	59,700	25,510	34,190	42.7%
-5306--**-**	Scheduled Holiday Work	42,600	4,299	38,301	10.1%
-5315--**-**	Comp Time - O&M	27,800	13,677	14,123	49.2%
-5401--**-**	Fringe Benefits IN to PC's & Depts.	2,038,947	444,061	1,594,886	21.8%
-5700--**-**	Standby Pay	78,000	18,000	60,000	23.1%
	Total Payroll Costs	6,212,727	1,375,910	4,836,817	22.1%
Other Expenses					
-5002--**-**	Electricity	1,211,000	339,009	871,991	28.0%
-5003--**-**	Natural Gas	225,980	15,867	210,113	7.0%
-5004--**-**	Potable & Reclaimed Water	54,922	20,196	34,726	36.8%
-5006--**-**	Chlorine/Sodium Hypochlorite	272,900	71,075	201,825	26.0%
-5007--**-**	Polymer Products	550,000	185,321	364,679	33.7%
-5008--**-**	Ferric Chloride	600,000	177,547	422,453	29.6%
-5009--**-**	Odor Control Chemicals	118,000	37,808	80,192	32.0%
-5010--**-**	Small Purchases and Consumables	219,600	72,037	147,563	32.8%
-5011--**-**	Laboratory Services	70,800	32,976	37,824	46.6%
-5012--**-**	Grit Hauling	106,400	21,437	84,963	20.1%
-5015--**-**	Management Support Services	340,100	159,736	180,364	47.0%
-5016--**-**	Audit - Environmental	4,400	-	4,400	0.0%
-5017--**-**	Legal Fees	10,000	1,183	8,817	11.8%
-5019--**-**	Contract Services Misc.	613,345	165,195	448,150	26.9%
-5027--**-**	Insurance - Property/Liability	663,411	349,302	314,109	52.7%
-5030--**-**	Trash Disposal	8,500	1,930	6,570	22.7%
-5033--**-**	Recruitment	1,500	865	635	N/A
-5034--**-**	Memberships, Conferences, Training & Travel	236,347	27,276	209,071	11.5%
-5036--**-**	Laboratory Supplies	158,600	55,395	103,205	34.9%
-5037--**-**	Office Equipment	17,000	-	17,000	0.0%
-5038--**-**	Permits	750,700	27,117	723,583	3.6%
-5044--**-**	Offshore Monitoring	103,000	20,171	82,829	19.6%
-5045--**-**	Offshore Biochemistry - 20B	18,000	-	18,000	0.0%
-5046--**-**	Effluent Chemistry	54,470	17,556	36,914	32.2%
-5047--**-**	Access Road Expenses	15,000	-	15,000	0.0%
-5048--**-**	Storm Damage	20,000	-	20,000	0.0%
-5049--**-**	Biosolids Disposal	775,000	215,598	559,402	27.8%
-5053--**-**	Contract Serv - Digester Cleaning - 29E	62,000	-	62,000	0.0%
-5054--**-**	Diesel Truck Maint	30,500	432	30,068	1.4%
-5056--**-**	Maintenance Equip. & Facilities (Solids)	125,000	31,265	93,735	25.0%
-5057--**-**	Maintenance Equip. & Facilities (Liquids)	303,000	92,878	210,122	30.7%
-5058--**-**	Maintenance Equip. & Facilities (Common)	57,500	5,290	52,210	9.2%
-5059--**-**	Maintenance Equip. & Facilities (Co-Gen)	351,000	81,316	269,684	23.2%
-5060--**-**	Maintenance Equip. & Facilities (AWT)	35,000	2,597	32,403	7.4%
-5068--**-**	MNWD Potable Water Supplies & Svcs.	42,200	7,469	34,731	17.7%
-5076--**-**	SCADA Infrastructure	252,000	319	251,681	0.1%
-5080--**-**	CCWRP Contracted Service Expenses	-	1,422	(1,422)	N/A
-5303--**-**	Group Insurance Waiver	3,600	-	3,600	0.0%
-5309--**-**	Operating Leases	20,000	1,555	18,445	7.8%
-5705--**-**	Monthly Car Allowance	21,800	5,100	16,700	23.4%
-5777--**-**	Laboratory Lease	12,000	12,360	(360)	103.0%

Exhibit B-1

South Orange County Wastewater Authority
Preliminary O & M & Environmental Safety Costs Summary[1]
For the Period Ended September 30, 2026
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
-5799--**-**	Stormwater Station Costs Share - O&M	(14,000)	-	(14,000)	0.0%
-6500--**-**	IT Allocations in to PC's & Depts.	790,582	188,191	602,391	23.8%
	Total Other Expenses	9,311,157	2,444,793	6,866,364	26.3%
	Total O&M Expenses	**15,523,884**	**3,820,704**	**11,703,180**	**24.6%**

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

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

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

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

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC[1]
For the Period Ended September 30, 2026
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
02 - Jay B. Latham Plant		9,004,450	2,241,639	6,762,811	24.9%
05 - San Juan Creek Ocean Outfall		928,180	145,854	782,326	15.7%
08 - Pre Treatment		295,428	60,283	235,145	20.4%
12 - Water Reclamation Permits		111,423	35,106	76,317	31.5%
15 - Coastal Treatment Plant		3,702,773	940,838	2,761,935	25.4%
17 - Joint Regional Wastewater Reclamation and Sludge Handling		641,711	179,591	462,120	28.0%
21 - Effluent Transmission Main		24,183	7,794	16,389	32.2%
23 - North Coast Interceptor		10,290	4,552	5,738	44.2%
24 - Aliso Creek Ocean Outfall		805,446	205,047	600,399	25.5%
Total		15,523,884	3,820,704	11,703,180	24.7%
02 - Jay B. Latham Plant					
Salary and Fringe					
02-5000-**-**-**	Regular Salaries-O&M	2,214,488	442,584	1,771,904	20.0%
02-5001-**-**-**	Overtime Salaries-O&M	42,300	13,419	28,881	31.7%
02-5306-**-**-**	Scheduled Holiday Work	27,800	3,395	24,405	12.2%
02-5315-**-**-**	Comp Time - O&M	21,300	7,071	14,229	33.2%
02-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	1,138,575	227,554	911,021	20.0%
02-5700-**-**-**	Standby Pay	58,000	16,500	41,500	28.4%
	Total Payroll Costs	3,502,463	710,524	2,791,939	20.3%
Other Expenses					
02-5002-**-**-**	Electricity	870,000	236,048	633,952	27.1%
02-5003-**-**-**	Natural Gas	222,480	15,811	206,669	7.1%
02-5004-**-**-**	Potable & Reclaimed Water	28,620	12,227	16,393	42.7%
02-5006-**-**-**	Chlorine/Sodium Hypochlorite	68,900	24,346	44,554	35.3%
02-5007-**-**-**	Polymer Products	550,000	185,321	364,679	33.7%
02-5008-**-**-**	Ferric Chloride	400,000	121,989	278,011	30.5%
02-5009-**-**-**	Odor Control Chemicals	48,000	21,564	26,436	44.9%
02-5010-**-**-**	Small Purchases and Consumables	152,600	43,141	109,459	28.3%
02-5011-**-**-**	Laboratory Services	15,400	13,368	2,032	86.8%
02-5012-**-**-**	Grit Hauling	80,000	15,807	64,193	19.8%
02-5015-**-**-**	Management Support Services	45,000	23,316	21,684	51.8%
02-5016-**-**-**	Audit - Environmental	500	-	500	0.0%
02-5017-**-**-**	Legal Fees	5,000	-	5,000	0.0%
02-5019-**-**-**	Contract Services Misc.	343,000	94,067	248,933	27.4%
02-5027-**-**-**	Insurance - Property/Liability	329,934	173,718	156,216	52.7%
02-5030-**-**-**	Trash Disposal	4,500	1,066	3,434	23.7%
02-5033-**-**-**	Recruitment	1,000	433	567	43.3%
02-5034-**-**-**	Memberships, Conferences, Training & Travel	102,870	10,520	92,350	10.2%
02-5036-**-**-**	Laboratory Supplies	24,300	8,541	15,759	35.1%
02-5037-**-**-**	Office Equipment	14,000	-	14,000	0.0%
02-5038-**-**-**	Permits	35,000	25,768	9,232	73.6%
02-5049-**-**-**	Biosolids Disposal	775,000	215,598	559,402	27.8%
02-5053-**-**-**	Contract Serv - Digester Cleaning - 29E	62,000	-	62,000	0.0%
02-5054-**-**-**	Diesel Truck Maint	29,000	250	28,750	0.9%
02-5056-**-**-**	Maintenance Equip. & Facilities (Solids)	125,000	30,832	94,168	24.7%
02-5057-**-**-**	Maintenance Equip. & Facilities (Liquids)	200,000	58,126	141,874	29.1%
02-5058-**-**-**	Maintenance Equip. & Facilities (Common)	31,500	4,065	27,435	12.9%
02-5059-**-**-**	Maintenance Equip. & Facilities (Co-Gen)	351,000	81,316	269,684	23.2%
02-5076-**-**-**	SCADA Infrastructure	126,000	94	125,907	0.1%
02-5309-**-**-**	Operating Leases	20,000	1,555	18,445	7.8%
02-5705-**-**-**	Monthly Car Allowance	9,900	3,808	6,092	38.5%
02-5777-**-**-**	Laboratory Lease	3,000	3,090	(90)	103.0%
02-5799-**-**-**	Stormwater Station Costs Share - O&M	(14,000)	-	(14,000)	0.0%
02-6500-**-**-**	IT Allocations in to PC's & Depts.	442,483	105,329	337,154	23.8%
	Total Other Expenses	5,501,987	1,531,115	3,970,872	27.8%
	Total Expenses	9,004,450	2,241,639	6,762,811	24.9%
05 - San Juan Creek Ocean Outfall					
Salary and Fringe					
05-5000-**-**-**	Regular Salaries-O&M	118,322	14,019	104,303	11.8%
05-5001-**-**-**	Overtime Salaries-O&M	500	232	268	46.4%
05-5306-**-**-**	Scheduled Holiday Work	500	-	500	0.0%
05-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	60,835	7,208	53,627	11.8%
	Total Payroll Costs	180,157	21,458	158,699	11.9%

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC[1]
For the Period Ended September 30, 2026
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
Other Expenses					
05-5015-**-**-**	Management Support Services	100,000	35,723	64,277	35.7%
05-5016-**-**-**	Audit - Environmental	500	-	500	0.0%
05-5019-**-**-**	Contract Services Misc.	6,000	-	6,000	0.0%
05-5027-**-**-**	Insurance - Property/Liability	90,111	47,446	42,665	52.7%
05-5034-**-**-**	Memberships, Conferences, Training & Travel	10,000	3,727	6,273	37.3%
05-5036-**-**-**	Laboratory Supplies	35,000	9,069	25,931	25.9%
05-5038-**-**-**	Permits	382,700	-	382,700	0.0%
05-5044-**-**-**	Offshore Monitoring	51,500	10,086	41,415	19.6%
05-5045-**-**-**	Offshore Biochemistry - 20B	14,000	-	14,000	0.0%
05-5046-**-**-**	Effluent Chemistry	29,870	9,629	20,241	32.2%
05-5058-**-**-**	Maintenance Equip. & Facilities (Common) 41-C	1,000	-	1,000	0.0%
05-5705-**-**-**	Monthly Car Allowance	700	-	700	0.0%
05-5777-**-**-**	Laboratory Lease	3,000	3,090	(90)	103.0%
05-6500-**-**-**	IT Allocations in to PC's & Depts.	23,642	5,628	18,014	23.8%
	Total Other Expenses	748,023	124,396	623,627	16.6%
	Total Expenses	928,180	145,854	782,326	15.7%
08 - Pre Treatment					
Salary and Fringe					
08-5000-**-**-**	Regular Salaries-O&M	142,673	32,903	109,770	23.1%
08-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	73,355	16,917	56,438	23.1%
	Total Payroll Costs	216,028	49,820	166,208	23.1%
Other Expenses					
08-5010-02-00-00	Small Purchases and Consumables	5,000	-	5,000	0.0%
08-5011-02-00-00	Laboratory Services	6,000	-	6,000	0.0%
08-5015-02-00-00	Management Support Services	20,600	-	20,600	0.0%
08-5016-02-00-00	Audit - Environmental	1,400	-	1,400	0.0%
08-5019-02-00-00	Contract Services Misc.	1,600	-	1,600	0.0%
08-5027-02-00-00	Insurance - Property/Liability	5,392	2,839	2,553	52.7%
08-5034-02-00-00	Memberships, Conferences, Training & Travel	9,600	839	8,761	8.7%
08-5038-02-00-00	Permits	600	-	600	0.0%
08-5705-02-00-00	Monthly Car Allowance	700	-	700	0.0%
08-6500-02-00-00	IT Allocations in to PC's & Depts.	28,508	6,786	21,722	23.8%
	Total Other Expenses	79,400	10,464	68,936	13.2%
	Total Expenses	295,428	60,283	235,145	20.4%
12 - Water Reclamation Permits					
Salary and Fringe					
12-5000-**-**-**	Regular Salaries-O&M	39,213	18,852	20,362	48.1%
12-5001-**-**-**	Overtime Salaries-O&M	-	389	(389)	N/A
12-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	20,161	9,692	10,469	48.1%
	Total Payroll Costs	59,374	28,933	30,441	48.7%
Other Expenses					
12-5015-02-00-00	Management Support Services	35,000	-	35,000	0.0%
12-5016-02-00-00	Audit - Environmental	500	-	500	-
12-5027-02-00-00	Insurance - Property/Liability	2,014	1,060	954	52.7%
12-5034-02-00-00	Memberships, Conferences, Training & Travel	6,000	1,341	4,659	22.3%
12-5080-02-00-00	CCWRP Contracted Service Expenses	-	1,422	(1,422)	N/A
12-5705-02-00-00	Monthly Car Allowance	700	485	215	69.2%
12-6500-02-00-00	IT Allocations in to PC's & Depts.	7,835	1,865	5,970	23.8%
	Total Other Expenses	52,049	6,173	45,876	11.9%
	Total Expenses	111,423	35,106	76,317	31.5%
15 - Coastal Treatment Plant					
Salary and Fringe					
15-5000-**-**-**	Regular Salaries-O&M	1,070,530	265,492	805,038	24.8%
15-5001-**-**-**	Overtime Salaries-O&M	14,300	9,291	5,009	65.0%
15-5306-**-**-**	Scheduled Holiday Work	10,400	417	9,983	4.0%
15-5315-**-**-**	Comp Time - O&M	5,000	6,024	(1,024)	120.5%
15-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	550,411	136,502	413,909	24.8%
15-5700-**-**-**	Standby Pay	20,000	1,500	18,500	7.5%
	Total Payroll Costs	1,670,641	419,226	1,251,415	25.1%
Other Expenses					

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC[1]
For the Period Ended September 30, 2026
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
15-5002-**-**-**	Electricity	341,000	102,961	238,039	30.2%
15-5003-**-**-**	Natural Gas	3,500	56	3,444	1.6%
15-5004-**-**-**	Potable & Reclaimed Water	26,302	7,969	18,333	30.3%
15-5006-**-**-**	Chlorine/Sodium Hypochlorite	204,000	46,729	157,271	22.9%
15-5008-**-**-**	Ferric Chloride	200,000	55,558	144,442	27.8%
15-5009-**-**-**	Odor Control Chemicals	70,000	16,244	53,756	23.2%
15-5010-**-**-**	Small Purchases and Consumables	59,500	26,469	33,031	44.5%
15-5011-**-**-**	Laboratory Services	18,500	8,141	10,359	44.0%
15-5012-**-**-**	Grit Hauling	26,400	5,630	20,770	21.3%
15-5015-**-**-**	Management Support Services	34,500	4,989	29,511	14.5%
15-5016-**-**-**	Audit - Environmental	500	-	500	0.0%
15-5017-**-**-**	Legal Fees	5,000	-	5,000	0.0%
15-5019-**-**-**	Contract Services Misc.	228,145	57,057	171,088	25.0%
15-5027-**-**-**	Insurance - Property/Liability	141,603	74,557	67,046	52.7%
15-5030-**-**-**	Trash Disposal	4,000	865	3,135	21.6%
15-5033-**-**-**	Recruitment	500	433	67	86.5%
15-5034-**-**-**	Memberships, Conferences, Training & Travel	92,677	9,446	83,231	10.2%
15-5036-**-**-**	Laboratory Supplies	23,700	9,112	14,588	38.4%
15-5037-**-**-**	Office Equipment	3,000	-	3,000	0.0%
15-5038-**-**-**	Permits	3,500	1,349	2,151	38.5%
15-5047-**-**-**	Access Road Expenses	15,000	-	15,000	0.0%
15-5048-**-**-**	Storm Damage	20,000	-	20,000	0.0%
15-5054-**-**-**	Diesel Truck Maint	1,500	-	1,500	0.0%
15-5057-**-**-**	Maintenance Equip. & Facilities (Liquids)	103,000	35,185	67,815	34.2%
15-5058-**-**-**	Maintenance Equip. & Facilities (Common)	20,000	1,225	18,775	6.1%
15-5060-**-**-**	Maintenance Equip. & Facilities (AWT)	35,000	2,597	32,403	7.4%
15-5076-**-**-**	SCADA Infrastructure	126,000	226	125,775	0.2%
15-5705-**-**-**	Monthly Car Allowance	8,400	808	7,592	9.6%
15-5777-**-**-**	Laboratory Lease	3,000	3,090	(90)	103.0%
15-6500-**-**-**	IT Allocations in to PC's & Depts.	213,905	50,918	162,987	23.8%
	Total Other Expenses	2,032,132	521,612	1,510,520	25.7%
	Total Expenses	3,702,773	940,838	2,761,935	25.4%
17 - Joint Regional Wastewater Reclamation and Sludge Handling					
Salary and Fringe					
17-5000-**-**-**	Regular Salaries-O&M	271,775	70,782	200,993	26.0%
17-5001-**-**-**	Overtime Salaries-O&M	600	608	(8)	101.3%
17-5306-**-**-**	Scheduled Holiday Work	3,400	488	2,912	14.3%
17-5315-**-**-**	Comp Time - O&M	1,500	-	1,500	0.0%
17-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	139,733	36,360	103,373	26.0%
	Total Payroll Costs	417,008	108,238	308,770	26.0%
Other Expenses					
17-5010-**-**-**	Small Purchases and Consumables	1,500	2,428	(928)	161.8%
17-5011-**-**-**	Laboratory Services	30,900	11,466	19,434	37.1%
17-5015-02-00-00	Management Support Services	5,000	1,009	3,991	20.2%
17-5016-02-00-00	Audit - Environmental	500	-	500	0.0%
17-5019-**-**-**	Contract Services Misc.	28,600	14,071	14,529	49.2%
17-5027-02-00-00	Insurance - Property/Liability	11,599	6,107	5,492	52.7%
17-5034-02-00-00	Memberships, Conferences, Training & Travel	5,200	-	5,200	0.0%
17-5036-**-**-**	Laboratory Supplies	40,600	15,694	24,906	38.7%
17-5054-01-00-00	Diesel Truck Maint	-	182	(182)	N/A
17-5068-02-00-00	MNWD Potable Water Supplies & Svcs.	42,200	7,469	34,731	17.7%
17-5303-02-00-00	Group Insurance Waiver	3,600	-	3,600	0.0%
17-5705-02-00-00	Monthly Car Allowance	700	-	700	0.0%
17-6500-02-00-00	IT Allocations in to PC's & Depts.	54,304	12,927	41,377	23.8%
	Total Other Expenses	224,703	71,353	153,350	31.8%
	Total Expenses	641,711	179,591	462,120	28.0%
21 - Effluent Transmission Main					
Salary and Fringe					
21-5000-**-**-**	Regular Salaries-O&M	7,060	503	6,557	7.1%
21-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	3,630	258	3,372	7.1%
	Total Payroll Costs	10,690	761	9,929	7.1%
Other Expenses					
21-5010-01-00-00	Small Purchases and Consumables	1,000	-	1,000	0.0%
21-5017-01-00-00	Legal Fees	-	455	(455)	N/A

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC[1]
For the Period Ended September 30, 2026
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
21-5027-01-00-00	Insurance - Property/Liability	12,493	6,578	5,915	52.7%
	Total Other Expenses	13,493	7,033	6,460	52.1%
	Total Expenses	24,183	7,794	16,389	32.2%
23 - North Coast Interceptor					
Salary and Fringe					
23-5000-**-**-**	Regular Salaries-O&M	2,000	-	2,000	0.0%
23-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	1,028	-	1,028	0.0%
	Total Payroll Costs	3,028	-	3,028	0.0%
Other Expenses					
23-5017-01-00-00	Management Support Services	-	728	(728)	N/A
23-5027-**-**-**	Insurance - Property/Liability	7,262	3,824	3,438	52.7%
	Total Other Expenses	7,262	4,552	2,710	62.7%
	Total Expenses	10,290	4,552	5,738	44.2%
24 - Aliso Creek Ocean Outfall					
Salary and Fringe					
24-5000-**-**-**	Regular Salaries-O&M	99,619	25,229	74,390	25.3%
24-5001-**-**-**	Overtime Salaries-O&M	2,000	1,571	429	78.5%
24-5306-**-**-**	Scheduled Holiday Work	500	-	500	0.0%
24-5315-**-**-**	Comp Time - O&M	-	582	(582)	N/A
24-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	51,219	9,569	41,650	18.7%
	Total Payroll Costs	153,338	36,951	116,387	24.1%
Other Expenses					
24-5015-**-**-**	Management Support Services	100,000	94,699	5,301	94.7%
24-5016-**-**-**	Audit - Environmental	500	-	500	0.0%
24-5027-**-**-**	Insurance - Property/Liability	6,000	-	6,000	0.0%
24-5034-**-**-**	Memberships, Conferences, Training & Travel	63,003	33,173	29,830	52.7%
24-5036-**-**-**	Laboratory Supplies	10,000	1,404	8,596	14.0%
24-5038-**-**-**	Permits	35,000	12,980	22,020	37.1%
24-5044-**-**-**	Offshore Monitoring	328,900	-	328,900	0.0%
24-5045-**-**-**	Offshore Biochemistry - 20B	51,500	10,086	41,415	19.6%
24-5046-**-**-**	Effluent Chemistry	4,000	-	4,000	0.0%
24-5047-**-**-**	Access Road Expenses	24,600	7,927	16,673	32.2%
24-5058-**-**-**	Maintenance Equip. & Facilities (Common) 41-C	5,000	-	5,000	0.0%
24-5705-**-**-**	Monthly Car Allowance	700	-	700	0.0%
24-5777-**-**-**	Laboratory Lease	3,000	3,090	(90)	103.0%
24-6500-**-**-**	IT Allocations in to PC's & Depts.	19,905	4,738	15,167	23.8%
	Total Other Expenses	652,108	168,096	484,012	25.8%
	Total Expenses	805,446	205,047	600,399	25.5%
	Total O&M Expenses	**15,523,884**	**3,820,704**	**11,703,180**	**24.6%**

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

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

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

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

Exhibit B-3

South Orange County Wastewater Authority
Preliminary Budget vs. Actual Comparison- Administration
For the Period Ended September 30, 2026
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
01-5000-04-00-00	Regular Salaries-ADMIN	754,388	173,255	581,133	23.0%
01-5001-04-00-00	Overtime Salaries-O&M	950	-	950	0.0%
01-5315-04-00-00	Comp Time - O&M	-	247	(247)	N/A
01-5401-04-00-00	Fringe Benefits IN to PC's & Depts.	387,867	89,079	298,788	23.0%
	Total Payroll Costs	2,286,410	262,580	880,625	23.0%
Other Expenses					
01-5010-04-00-00	Small Purchases and Consumables	18,000	3,683	14,317	20.5%
01-5015-04-00-00	Management Support Services	140,000	57,523	82,477	41.1%
01-5016-04-00-00	Audit	45,000	4,550	40,450	10.1%
01-5017-04-00-00	Legal Fees	100,000	30,920	69,080	30.9%
01-5018-04-00-00	Public Notices/ Public Relations	12,000	8,000	4,000	N/A
01-5019-04-00-00	Contract Services Misc. - 29	10,000	85	9,915	0.8%
01-5034-04-00-00	Memberships & Trainings	121,000	70,256	50,744	58.1%
01-5037-04-00-00	Office Equipment	2,000	58	1,942	2.9%
01-5074-04-00-00	Education Reimbursement	1,000	-	1,000	0.0%
01-5079-04-00-00	Scholarship Reimbursement	1,000	-	1,000	0.0%
01-5101-04-00-00	Employee Recognition	41,000	8,387	32,613	20.5%
01-5705-04-00-00	Monthly Car Allowance	19,200	3,900	15,300	20.3%
01-6500-04-00-00	IT Allocations in to PC's & Depts.	150,409	35,804	114,605	23.8%
	Total Other Expenses	660,609	223,166	437,443	33.8%
	Total Admin Expenses	**2,947,019**	**485,747**	**1,318,067**	**26.9%**

Exhibit B-4

South Orange County Wastewater Authority
Preliminary Budget vs. Actual Comparison-IT
For the Period Ended September 30, 2026
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
Salary & Fringe					
01-5000-05-00-00	Regular Salaries-IT	190,328	40,431	149,897	21.2%
01-5401-05-00-00	Fringe Benefits IN to PC's & Depts.	97,857	20,788	77,069	21.2%
	Total Salary & Fringe	288,185	61,219	226,966	21.2%
Other Expenses					
01-5010-05-00-00	Small Purchases and Consumables	6,000	261	5,739	4.4%
01-5015-05-00-00	IT Professional Services	130,500	36,885	93,615	28.3%
01-5034-05-00-00	Memberships, Conferences, Training & Travel	7,760	192	7,568	0.0%
01-5076-05-00-00	IT & SCADA Software and Hardware	279,784	64,437	215,347	23.0%
01-5078-05-00-00	Telecommunications	162,032	44,696	117,336	0.0%
01-5309-05-00-00	Operating Leases	62,530	15,336	47,194	24.5%
01-5705-05-00-00	Monthly Car Allowance	4,200	969	3,231	23.1%
	Total Other Expenses	652,806	162,776	490,030	24.9%
	Total Expenses before Allocation	**940,991**	**223,995**	**716,996**	**23.8%**

Agenda Item 6

Finance Committee Meeting

Meeting Date: December 1, 2026

TO: Finance Committee

FROM: Amber Boone, General Manager

SUBJECT: Quarterly Investment Reporting Under Government Code Section 53646

Summary

At the May 20, 2025, Finance Committee meeting, the Committee asked SOCWA staff to produce quarterly reports of investments applicable to SOCWA as a Joint Powers Authority (JPA) under California Government Code Section 53646. Given SOCWA's current investment in the Local Agency Investment Fund (LAIF), certain simplified reporting provisions apply that reduce our administrative burden while maintaining optional compliance with state law.

Background

California Government Code Section 53646 established quarterly investment reporting requirements for all local agencies, including Joint Powers Authorities. These requirements are designed to ensure transparency, accountability, and proper oversight of public investment activities. SOCWA currently maintains investments in the California Local Agency Investment Fund (LAIF), which is administered by the State Treasurer's Office. LAIF is specifically created under Government Code Section 16429.1 and provides a pooled investment option for California public agencies.

At the May 20, 2025 Finance Committee Meeting, the Committee requested the General Manager to complete the following:

1. **At Least Quarterly:** Distribute the most recent LAIF quarterly statement(s) to:
    - Finance Committee, and/or
    - Board of Directors

2. **Include with LAIF statements:**
    - Brief staff memo confirming compliance with investment policy
    - Statement regarding liquidity and ability to meet six-month expenditure requirements
    - Any additional information requested by the Board

Reportable Action

Attached are the LAIF statements ending Q3 2026. No other investments were made outside of LAIF, in compliance with the Investment Policy. All expenses were met, concluding September 30, 2026, with ample liquidity to meet the Authority's expenses.

Recommended Action: Information Item

Attachment: LAIF Statements for Q3 2026

MALIA M. COHEN

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name	SO ORANGE CO WSTWTR AUTH
Account Number	

As of 10/15/2026, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 9/30/2026.

Earnings Ratio		0.00010867429987458
Interest Rate		3.97%
Dollar Day Total	$	1,102,350,359.14
Quarter End Principal Balance	$	10,029,991.75
Quarterly Interest Earned	$	119,797.15

Agenda Item 7

Finance Committee Meeting

Meeting Date: December 1, 2026

TO: Finance Committee

FROM: Amber Boone, General Manager

SUBJECT: Banking Services Award

Summary/Discussion

Staff notified the SOCWA Finance Committee at the September 15, 2026 Finance Committee meeting that SOCWA was releasing a Banking Request for Proposals (RFP) for banking services as there was no previous RFP when Bank of the West was acquired by BMO, SOCWA's current banking provider.

The following schedule was provided in the RFP:

- Advertisement of RFP October 23, 2026
- Deadline for Questions November 3, 2026
- Response to Questions November 6, 2026
- Deadline for RFP Submittal November 12, 2026 at 3:00 pm
- Interview Banking Institutions Week of November 30, 2026
- Final Consultant Selection December 10, 2026
- Banking Service Implemented January 11, 2027

The RFP was distributed to the following firms:

- JP Morgan Chase
- BMO
- Five Star Bank
- Wells Fargo
- Bank of America

SOCWA held interviews by the firms that submitted proposals.

Recommended Action: Committee discussion, direction, and action.

Under Separate Cover: Scoring sheets

Agenda Item 8

Finance Committee Meeting
Legal Counsel Review: Yes
Meeting Date: December 1, 2026

TO: Finance Committee

FROM: Amber Boone, General Manager

SUBJECT: Capital Lifecycle Policy

Summary

At the September Finance and Engineering Committees, SOCWA staff provided a capital program update for discussion and review through the updating of the capital program. Through the review of the emerging program and review of the current policies included in the SOCWA Policy Handbook, it was recognized by staff that there should be a centralized policy to ensure cohesion and strengthen fiduciary oversight. At the October 13, 2026 SOCWA Executive Committee meeting, staff reviewed the policy gap analysis with Executive Committee members with direction to bring the policy for the SOCWA Board to review. At the November 5, 2026 Board meeting, the Board requested the Engineering and Finance Committees review the Policy and provide comments.

Discussion

Staff performed a gap analysis of needed Board oversight of the following relevant SOCWA policies: Uniform Purchasing Policy, Capitalization and Depreciation Policy, Budget Policy, Cost Allocation Policy, Investment Policy, Disposal of Surplus Property and Document Management Policy. These policies address pieces of procurement, accounting, high-level planning, and cost sharing but leave capital program fiduciary responsibility and Board/Project Committee oversight diffuse. No single location establishes cohesive cradle-to-grave governance, mandatory formal acceptance steps, or project-level charters.

The following related policy items were discussed at the Executive Committee:

- Full cradle-to-grave lifecycle stages as Board policy
- Formal project-level charters
- Mandatory Board (or Project Committee) acceptance of completed work, Notice of Completion, and retention/escrow release
- Integrated multi-year CIP planning, annual cash-request budgeting, and cash-flow management
- Project budget composition standards and full-cost tracking
- Capital-specific approval authority matrix and amendment controls
- Pre-purchase authorization for long-lead items
- Interfund transfers, capital cash transparency, and unbudgeted expenditure rules specific to the CIP
- Risk-based prioritization and asset-management linkage as policy
- Standardized closeout, capitalization trigger, lessons-learned, and reporting cadence
- Alignment with existing policies and external requirements

Recommended Action: Staff recommends that the Finance Committee recommend the SOCWA Board of Directors include the Capital Lifecycle Policy in the SOCWA Policy Handbook.

Attachment: Capital Lifecycle Policy

Capital Lifecycle Policy

Purpose of Policy

This Policy establishes a cohesive, Board-level framework for the cradle-to-grave governance, fiduciary oversight, planning, delivery, acceptance, capitalization, and retirement of the South Orange County Wastewater Authority's ("Authority" or "SOCWA") capital assets and Capital Improvement Program (CIP). Existing policies address pieces of procurement, accounting, high-level planning, and cost sharing but leave capital program fiduciary responsibility and Board/Project Committee oversight diffuse. This Policy fills that gap by centralizing capital program fiduciary responsibility, mandating formal project-level controls (including charters), and ensuring integrated Board (or Project Committee) oversight in a single location.

It applies to all capital projects and assets funded through or associated with the CIP, including large capital projects (multi-year facility upgrades and major replacements), small capital and equipment, non-capital studies and assessments that may lead to capital construction, and projects executed under any Project Committee (PC) agreement. The Policy is intended to align with the California Public Contract Code, Civil Code (including stop payment notices, payment bond claims, and Notice of Completion effects), Government Code, GASB standards, the Joint Powers Agreement, and existing SOCWA policies.

Scope

This Policy applies to:

- All capital improvement projects, capital equipment, studies leading to capital work, and related activities funded through the CIP or otherwise creating capital assets, across all Project Committees.

- Staff, consultants, contractors, and others involved in the planning, procurement, delivery, acceptance, capitalization, or retirement of capital assets.

Alignment with Existing Policies and External Requirements

This Policy is designed for cohesion with the following and defers to them where they specifically control:

- **Uniform Purchasing Policy**: Procurement thresholds (generally ≤ $25,000 open market/one written quote; $25,001–$100,000 informal quotes; > $100,000 formal competitive), General Manager authority for contracts under $100,000 and ≤ 5 years, Board approval above those limits and for unbudgeted capital expenditures ≥ $100,000, emergency/sole-source procedures, and public works/professional services distinctions.

- **Capitalization and Depreciation Policy**: $5,000 threshold (individual or grouped for integrated systems), useful life generally > 3 years (or > 1 year for certain intangibles), full project cost capitalization (studies, design, construction,

equipment, construction management, legal, and administration) upon completion and start-up, straight-line depreciation, and GASB compliance.

• **Budget Policy and Cost Allocation Policy**: Multi-year CIP integration with annual O&M + CIP budget adoption; capital costs allocated by Participating Member Agencies' percentage share of ownership of capacity in Project facilities (Joint Powers Agreement § 6.3.1); changes to CIP cost-allocation methodology require unanimous consent of Participating Member Agencies.

• **Investment Policy, Disposal of Surplus Property Policy, and Document Management Policy**: Cash management and reserves support CIP cash flow; surplus disposition (General Manager authority ≤ $50,000 residual salvage value, Board above, excluding real property, water rights, easements, and rights of way); permanent or long-term retention of CIP records, plans, contracts, and as-builts as vital records.

• External requirements include the California Public Contract Code (bidding, design-build, retention/escrow, Notice of Completion), Civil Code, Government Code, GASB Statements, and peer agency practices.

In the event of conflict, applicable law controls, followed by the Joint Powers Agreement, then this Policy (for capital program matters), then other SOCWA policies.

Full Cradle-to-Grave Lifecycle Stages

All capital projects shall proceed through the following stages, with appropriate documentation and approvals:

1. **Needs Identification & Prioritization** – Condition assessments, Facility Planning Assessments/Master Plans, regulatory drivers, operational recommendations, risk rankings (Likelihood of Failure × Consequence of Failure), and Member Agency requests via Project Committee.

2. **Planning & Charter** – Project charter development, preliminary scope, risk assessment, multi-year cash-flow estimate, and inclusion in the 10-Year CIP.

3. **Design** – Preliminary and final design, specifications, CEQA/permitting, engineer's estimate, and identification of long-lead items.

4. **Procurement & Award** – Solicitation per the Uniform Purchasing Policy; award and contract execution.

5. **Construction / Implementation** – Notice to Proceed, construction management/inspection, change-order control, progress reporting, and staff charges.

6. **Substantial Completion, Formal Acceptance, Notice of Completion & Retention/Escrow Release** – Punch-list completion; Board or Project Committee

acceptance of the work as complete; recording of a Notice of Completion with the Orange County Recorder within 15 days after acceptance; and release of retention or escrow funds within the time required by Public Contract Code Section 7107 (generally within 60 days after completion), subject to withholding permitted by law for disputed amounts and for stop payment notices timely served following recordation of the Notice of Completion. This stage is mandatory.

7. **Capitalization & Commissioning Close-out** – Upon beneficial use/start-up and formal Board or Project Committee acceptance (including authorization of Notice of Completion and retention/escrow release), Finance capitalizes the full project cost per the Capitalization and Depreciation Policy and begins straight-line depreciation. Useful life is determined by the Chief Engineer or designated Department Head. O&M manuals, training, warranties, as-builts, and spare parts are finalized; the asset is transferred to the relevant Project Committee's operating inventory.

8. **Operation, Maintenance & Monitoring** – Asset enters the relevant Project Committee's O&M program; condition monitoring and performance tracking continue.

9. ~~**Mid-Life**~~ **Intervention or Replacement Planning** – Risk or regulatory triggers return the asset to Stage 1; residual book value and life-extension opportunities are considered.

10. **Retirement / Disposal** – Asset is taken out of service; surplus disposition occurs per the Disposal of Surplus Property Policy; records are retained per the Document Management Policy; gains/losses are recognized per GASB.

Formal Project-Level Charters

Every capital project (or logical group of related small capital items) with an estimated total cost of $100,000 or greater, or any project involving multi-year delivery, regulatory drivers, or significant Member Agency cost shares, shall have a formal Project Charter approved at the appropriate level (Engineering Committee recommendation, Project Committee, or Board as applicable) prior to significant expenditure beyond planning/studies.

The Charter shall include at minimum:

- Project ID, title, category (Liquids/Solids/Common/AWT/Outfall), and Project Committee affiliation.
- Purpose, scope boundaries, and success criteria.
- Estimated total budget by major cost category and multi-year cash-flow phasing.
- Funding sources and cost-allocation basis (capacity ownership shares).
- Key risks, assumptions, and constraints.

- Project Manager / CIP Manager and key roles.
- Approval authorities and change-control thresholds.
- Reporting cadence and closeout requirements.
- Linkage to asset management risk ranking.

Charters shall be updated for material scope or budget changes and retained as part of the project file.

Mandatory Board (or Project Committee) Acceptance, Notice of Completion, and Retention/Escrow Release

Formal acceptance of completed work, authorization to record a Notice of Completion, and authorization to release retention or escrow funds are reserved Board (or, where applicable under Project Committee agreements, Project Committee) actions. Staff recommendations shall route through the Engineering Committee for review and recommendation.

The closeout package for Board/Project Committee action shall include:

- Certification of substantial/final completion and punch-list resolution.
- Conditional and unconditional waivers and releases in the statutory forms required by Civil Code Sections 8132 through 8138, as applicable.
- Confirmation of no outstanding stop notices or claims.
- As-built status, O&M manuals, and training completion.
- Final cost reconciliation against budget and contingency.
- Recommendation for capitalization.

This requirement is intended to support compliance with the Public Contract Code and Civil Code obligations and to provide clear fiduciary accountability. Sample resolution language may be maintained in administrative procedures.

Integrated Multi-Year CIP Planning, Annual Cash-Request Budgeting, and Cash-Flow Management

- Engineering staff shall annually update a Ten-Year Capital Improvement Plan with unique Project IDs, categories, total estimated budgets, expenditures to date, remaining budgets, and cash-request phasing by fiscal year.
- The Engineering Committee reviews the draft CIP list and multi-year cash-flow projections.

- The Finance Committee evaluates affordability, cash-on-hand, reserves, rate impacts, and UAL/OPEB interactions.
- Relevant Project Committees review and recommend Project Committee-specific requests.
- The full Board adopts the combined O&M + CIP budget (typically May/June), authorizing expenditure within the adopted cash request.
- Increases beyond approved contingency or material scope changes require Board or Project Committee action.
- Cash-flow is monitored continuously; excess cash-on-hand may reduce subsequent requests. Multi-year phasing aligns with design, procurement, construction, and Member Agency rate cycles.

Project Budget Composition Standards and Full-Cost Tracking

Every capital project budget shall capture the full cost necessary to deliver the asset ready for beneficial use, consistent with the Capitalization and Depreciation Policy. Standard cost categories include:

- Planning & Studies / Facility Planning Assessments
- Design (preliminary and final, including specifications and cost estimating)
- Permitting & Regulatory (including CEQA, AQMD, Coastal Commission, RWQCB, etc.)
- Pre-Purchase / Long-Lead Equipment
- Construction Contract
- Construction Management & Inspection (in-house and/or consultant)
- SOCWA Staff Charges (engineering, operations, safety, administrative + fringe)
- Legal & Administrative
- Contingency (typically 5–10% of construction, higher for complex/rehab work)
- Owner-Furnished Materials / Temporary Facilities
- Close-out, Commissioning, Training, O&M Manuals, Startup Testing

Budgets are tracked by Project ID. Full costs (including used contingency) are capitalized and depreciated at the close of each fiscal year.

Capital Lifecycle Policy

Capital-Specific Approval Authority Matrix and Amendment Controls

Action	Engineering Committee	Finance Committee	Project Committee	Board ~~/ General Manager~~
CIP Prioritization & 10-Year Plan	Review		Review	Approve
Annual CIP Budget / Cash Request	Recommend	Recommend	Review	Approve
Budget / Scope Amendments	Review	Review	Review	Approve
Contract Award (within delegated)	Review		As Required	~~GM /~~ Board
Notice of Completion	Review		Recommend	Approve
Retention/Escrow Release	Review		Recommend	Approve
Project Closeout	Review		Recommend	Approve
Capitalization	Inform	Inform		Inform
Unbudgeted CIP Expenditure ≥ $100,000	Review	Review	Review	Approve

Amendments exceeding contingency or materially changing scope, schedule, or Member Agency cost shares require the same level of approval as the original action. Serial purchases to circumvent thresholds are prohibited per the Uniform Purchasing Policy.

Pre-Purchase Authorization for Long-Lead Items

Long-lead equipment (e.g., motor control centers, generators, specialized process equipment, major pumps, SCADA hardware with lead times exceeding 12 months) may be pre-purchased under Board or Project Committee authorization prior to full construction award when:

- Identified during preliminary or final design with documented critical-path impact.
- An independent cost estimate and technical specifications suitable for competitive procurement are prepared.
- Funding and contingency are identified within the project budget or via amendment.
- Procurement follows Uniform Purchasing Policy methods.

Pre-purchase authorizations shall be explicit in the staff report and Board/Project Committee action.

Capital Lifecycle Policy

Interfund Transfers, Capital Cash Transparency, and Unbudgeted Expenditure Rules Specific to the CIP

• Capital project funds are accounted separately; large projects accumulate Member Agency cash advances drawn against balances.

• Interfund transfers (fringe benefits, IT allocations, administrative overhead, staff time to capital, project-to-project within Project Committees) shall be documented in the budget book and monthly/quarterly reports and disclosed to the relevant Committee and Board as appropriate.

• Transparency requirements include: Capital cash requests by Project Committee and Member Agency in the Annual Budget Book; monthly or quarterly CIP Workplan/Progress Reports (funds collected/spent, remaining balance, percent complete, schedule status); change-order summaries; updates to quarterly billings; and final acceptance/Notice of Completion/retention actions in the public record.

• Unbudgeted CIP expenditures of $100,000 or greater require Board approval, with identification of funding source, contingency impact, effects on Member Agencies, and any required CIP cash-request adjustments.

~~Risk-Based~~ Prioritization and Asset-Management Linkage

Projects shall be prioritized using multi-criteria factors aligned with asset-management best practices:

• Safety & Regulatory Compliance (immediate risks or permit deadlines)

• Asset Criticality & Condition (Consequence of Failure × Likelihood of Failure)

• Operational Reliability (impact on capacity, energy, chemicals)

• Lifecycle Cost Efficiency

• Regional / Inter-Agency Coordination

• Funding Affordability & Cash Flow

• Constructability & Lead Times

Condition assessments, risk rankings, and Master Plans/Facility Planning Assessments shall inform CIP development. Residual book value and life-extension opportunities shall be considered at mid-life and retirement stages.

Capital Lifecycle Policy

Standardized Closeout, Capitalization Trigger, Lessons-Learned, and Reporting Cadence

• **Closeout**: Follow the sequence in the Mandatory Acceptance section above. Finance capitalizes only after Board/Project Committee acceptance and beneficial use.

• **Lessons-Learned**: Within 60 days of capitalization, the Project Manager shall document lessons-learned (scope, schedule, cost, risks, process improvements) and share with Engineering, Finance, and relevant Project Committees. Significant findings shall be reported to the Engineering Committee.

• **Reporting Cadence**: - Monthly or quarterly CIP Progress Reports to the Engineering Committee and Board. - Annual CIP update as part of the budget process. - Board reporting of General Manager-authorized purchases between $25,000 and $100,000 per the Uniform Purchasing Policy. - Annual report on surplus dispositions. - Physical inventory of capital assets at least every two years. - Lessons-learned summary in annual CIP materials as appropriate.

Policy Administration

The General Manager, with support from the Chief Engineer and Finance, shall implement this Policy through administrative procedures and standard operating procedures (including bid checklists, closeout packages, and charter templates).

For multi-Project Committee projects, acceptance, cost allocation, and related actions shall follow the applicable provisions of the Joint Powers Agreement and Project Committee agreements.

This Policy is intended for inclusion in the SOCWA Policy Handbook.

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-~~10 on November 5,~~ 2026, superseding all previous versions.