

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

**November 18, 2025  
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 **November 18, 2025, 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](http://WWW.SOCWA.COM), ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. FOR PARTIES PARTICIPATING REMOTELY, PUBLIC COMMENTS WILL BE TAKEN DURING THE MEETING FOR ORAL COMMUNICATION IN ADDITION TO PUBLIC COMMENTS RECEIVED BY PARTIES PARTICIPATING IN PERSON. COMMENTS MAY BE SUBMITTED PRIOR TO THE MEETING VIA EMAIL TO ASSISTANT SECRETARY LYNDA MAY AT [LMAY@SOCWA.COM](mailto: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: 837 6721 0291  
Passcode: 641075

One Tap Mobile  
+16694449171,,83767210291#,,,,\*641075# US  
+16699006833,,83767210291#,,,,\*641075# US (San Jose)

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.*

3. Approval of Committee Member Request for Remote Participation (Standing Item)

**Recommended Action:** Committee Discussion/Direction and Action.

PAGE NO.

4. Approval of Minutes ..... 1

- Finance Committee Meeting of September 16, 2025

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

5. Financial Reports for the Month of September 2025 ..... 4

The reports included are as follows:

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

**Recommended Action:** Staff recommends that the Finance Committee recommend that the Board of Directors receive and file the September 2025 Financial Reports.

6. Finance Committee Bylaws..... 17

**Recommended Action:** Committee Discussion, Direction, or Action

7. Annual Financial Audit Update..... 20

**Recommended Action:** Committee Discussion, Direction, or Action

8. Financial Policies Update..... 22

**Recommended Action:** Staff recommends that the Finance Committee recommends the updated policies to the SOCWA Board for inclusion into the SOCWA Policy Handbook.

FINANCE COMMITTEE MEETING  
November 18, 2025

9. Quarterly Investment Report Update ..... 58

**Recommended Action:** Committee Discussion, Direction, or Action

10. Adjournment

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

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

Dated this 14th day of November 2025.



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Lynda May, Assistant  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

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

**Finance Committee**

**September 16, 2025**

**DRAFT**

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee was held on September 16, 2025, at 10:30 a.m. in-person and via teleconference from the Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Finance Committee were present:

GAVIN CURRAN	City of Laguna Beach	Alternate Director [arrived @ 10.33 am]
DENNIS CAFFERTY	El Toro Water District	Alternate Director
ERICA CASTILLO	South Coast Water District	Alternate Director
PAUL PENDER	Santa Margarita Water District	Alternate Director

Staff Participation:

AMBER BOONE	General Manager
JIM BURROR	Deputy GM/Chief Engineer
JACK BECK	Accountant
ANNA SUTHERLAND	Staff Accountant
RONI GRANT	Capital Improvement Program Manager
DINA ASH	HR Administrator
MATT CLARKE	Chief Technology Officer
LYNDA MAY	Administrative Assistant
DANITA HIRSH	Executive Assistant/Clerk of the Board

Also Participating:

ADRIANA OCHOA	Snell & Wilmer
KATHRYN FRESHLEY	El Toro Water District
JENNIFER LOPEZ	South Coast Water District
SAUNDER HUANG	South Coast Water District
KELSEY DECASAS	Moulton Niguel Water District

1. Call Meeting to Order

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

2. Public Comments

None.

3. Approval of Committee Member Request for Remote Participation (Standing Item)

None.

4. Approval of Minutes

- Finance Committee Meeting of August 19, 2025.

ACTION TAKEN

A motion was made by Director Castillo and seconded by Director Cafferty to approve the Minutes for August 19, 2025, as submitted.

Motion carried:	Aye 3, Nay 0, Abstained 0, Absent 1
	Director Curran            Absent
	Director Cafferty        Aye
	Director Pender         Aye
	Director Castillo        Aye

5. Financial Policies Update

An open discussion ensued regarding revisions, additions, and clarifications to the following SOCWA policies:

- Capitalization and Depreciation of Facilities & Equipment
- Cost Allocation Policy
- Disposal of Surplus Property
- External Auditor Policy; and
- Travel and Expense Reimbursement Policy

The Finance Committee reviewed the Capitalization and Depreciation of Facilities & Equipment and the External Auditor policies and expressed no further comments. They were satisfied with the content as presented.

The Finance Committee reached a consensus to direct staff to incorporate the feedback from the discussion into the remaining policies and return updated versions for the Committee's review at the October meeting.

6. Quarterly Investment Reporting Under Government Code Section 53646

An open discussion ensued regarding the framework for the quarterly reporting of the Local Agency Investment Fund (LAIF).

The Finance Committee reached a consensus to direct staff to incorporate the feedback from the discussion and return with an updated version for the Committee's review at the October meeting.

7. Ocean Institute Partnership Opportunity Funding Strategy

An open discussion ensued on the cost allocations of the proposed partnership with the Ocean Institute to support public outreach and internship opportunities.

ACTION TAKEN

A motion was made by Director Castillo and seconded by Director Curran recommending to the Board of Directors the cost allocation Option 2: Equal Split Among six (6) Board-Represented Agencies.

Motion carried: Aye 3, Nay 1, Abstained 0, Absent 0  
Director Curran Aye  
Director Cafferty Nay  
Director Pender Aye  
Director Castillo Aye

ACTION TAKEN

A motion was made by Director Castillo and seconded by Director Pender recommending to the Board of Directors the payment structure: Annual Basis (\$10,000/yr for 5 years).

Motion carried: Aye 3, Nay 0, Abstained 1, Absent 0  
Director Curran Aye  
Director Cafferty Abstained  
Director Pender Aye  
Director Castillo Aye

8. Adjournment

There being no further business, Chairperson Pender adjourned the meeting at 11:43 a.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Special Meeting of the South Orange County Wastewater Authority Finance Committee of September 16, 2025, and approved by the Finance Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

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Lynda May / Assistant Secretary  
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

# Agenda Item

# 5

**Finance Committee Meeting**

**Meeting Date:** November 18, 2025

**TO:** Finance Committee  
**FROM:** Amber Boone, General Manager  
**STAFF CONTACT:** Jack Beck, Accountant  
**SUBJECT:** Financial Reports for the Month of September 2025

## 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, 2025:

### South Orange County Wastewater Authority Preliminary O&M Budget vs. Actual Comparison by PC

For the Period Ended September 30, 2025  
(in dollars)

	FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
02 - Jay B. Latham Plant	8,616,077	2,187,294	6,428,783	25.4%
05 - San Juan Creek Ocean Outfall	944,588	150,885	793,703	16.0%
08 - Pre Treatment	289,662	57,257	232,405	19.8%
12 - Water Reclamation Permits	88,769	5,768	83,001	6.5%
15 - Coastal Treatment Plant	3,822,518	885,455	2,937,063	23.2%
17 - Joint Regional Wastewater Reclamation and Sludge Handling	568,217	117,126	451,091	20.6%
21 - Effluent Transmission Main	27,589	8,789	18,800	31.9%
23 - North Coast Interceptor	17,500	5,168	12,332	29.5%
24 - Aliso Creek Ocean Outfall	807,996	169,538	638,458	21.0%
<b>Total</b>	<b>15,182,916</b>	<b>3,587,279</b>	<b>11,595,637</b>	<b>23.7%</b>

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

The reports included are as follows:

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

**Recommended Action:** Staff recommends that the Finance Committee recommend that the Board of Directors receive and file the September 2025 Financial Reports.

**South Orange County Wastewater Authority  
Capital Projects Summaries  
For the Period Ended September 30, 2025  
(in dollars)**

<b>FY 2025-26 Budget vs. Actual Spending</b>				
<u>Description</u>	<b>Capital Budget</b>	<b>Fiscal Year Spending</b>	<b>(Over)/ Under Budget</b>	<b>% Expended</b>
PC 2-JB Latham	\$ 8,213,790	\$ 438,997	\$ 7,774,793	5.3%
PC 5-San Juan Creek Outfall	-	7,626	(7,626)	-
PC 15-Coastal	3,771,345	470,004	3,301,341	12.5%
PC 17-Regional	176,500	7,562	168,938	4.3%
PC 21 Effluent Transmission	827,273	10,407	816,866	1.3%
PC 24 Aliso Creek Outfall	45,000	9,942	35,058	22.1%
<b>Total Large Capital</b>	<b>\$ 13,033,908</b>	<b>\$ 944,539</b>	<b>\$ 12,089,369</b>	<b>7.2%</b>
Non-Capital Engineering	836,000	33,723	802,277	4.0%
Small Internal Capital	1,380,000	111,234	1,268,766	8.1%
<b>Total Capital</b>	<b>\$ 15,249,908</b>	<b>\$ 1,089,496</b>	<b>\$ 14,160,412</b>	<b>7.1%</b>

**South Orange County Wastewater Authority**  
**Preliminary O & M & Environmental Safety Costs Summary<sup>1</sup>**  
 For the Period Ended September 30, 2025  
 (in dollars)

	<b>FY 2025-26 Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>	
<b>Salary and Fringe</b>					
**_5000-**-***	Regular Salaries-O&M	3,891,857	865,707	3,026,150	22.2%
**_5001-**-***	Overtime Salaries-O&M	56,941	7,733	49,208	13.6%
**_5306-**-***	Scheduled Holiday Work	40,772	6,541	34,231	16.0%
**_5315-**-***	Comp Time - O&M	16,966	9,007	7,959	53.1%
**_5401-**-***	Fringe Benefits IN to PC's & Depts.	1,962,205	407,187	1,555,018	20.8%
**_5700-**-***	Standby Pay	53,000	18,000	35,000	34.0%
	<b>Total Payroll Costs</b>	<b>6,021,741</b>	<b>1,314,175</b>	<b>4,707,566</b>	<b>21.8%</b>
<b>Other Expenses</b>					
**_5002-**-***	Electricity	1,101,040	311,782	789,258	28.3%
**_5003-**-***	Natural Gas	225,980	36,676	189,304	16.2%
**_5004-**-***	Potable & Reclaimed Water	51,000	13,673	37,328	26.8%
**_5006-**-***	Chlorine/Sodium Hypochlorite	182,500	78,058	104,442	42.8% (1)
**_5007-**-***	Polymer Products	550,000	178,582	371,418	32.5%
**_5008-**-***	Ferric Chloride	700,000	176,712	523,288	25.2%
**_5009-**-***	Odor Control Chemicals	115,000	28,072	86,928	24.4%
**_5010-**-***	Small Purchases and Consumables	217,516	47,379	170,137	21.8%
**_5011-**-***	Laboratory Services	66,104	41,951	24,153	63.5% (6)
**_5012-**-***	Grit Hauling	102,000	26,495	75,505	26.0%
**_5015-**-***	Management Support Services	407,500	87,743	319,757	21.5%
**_5016-**-***	Audit - Environmental	4,356	-	4,356	0.0%
**_5017-**-***	Legal Fees	10,000	874	9,126	8.7%
**_5019-**-***	Contract Services Misc.	566,100	98,116	467,984	17.3%
**_5027-**-***	Insurance - Property/Liability	737,903	380,868	357,035	51.6% (2)
**_5030-**-***	Trash Disposal	6,000	1,953	4,047	32.6%
**_5034-**-***	Travel Expense/Tech. Conferences	212,430	35,318	177,112	16.6%
**_5036-**-***	Laboratory Supplies	144,522	47,341	97,181	32.8%
**_5037-**-***	Office Equipment	17,000	492	16,508	2.9%
**_5038-**-***	Permits	749,801	25,965	723,836	3.5%
**_5044-**-***	Offshore Monitoring	100,000	20,750	79,250	20.8%

**South Orange County Wastewater Authority**  
**Preliminary O & M & Environmental Safety Costs Summary<sup>1</sup>**  
 For the Period Ended September 30, 2025  
 (in dollars)

	<b>FY 2025-26 Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>	
**_5045-**-***	Offshore Biochemistry - 20B	22,000	12,424	9,576	56.5% (5)
**_5046-**-***	Effluent Chemistry	52,880	11,302	41,578	21.4%
**_5047-**-***	Access Road Expenses	48,000	-	48,000	0.0%
**_5048-**-***	Storm Damage	20,000	-	20,000	0.0%
**_5049-**-***	Biosolids Disposal	800,000	226,564	573,436	28.3%
**_5054-**-***	Diesel Truck Maint	30,500	2,885	27,615	9.5%
**_5056-**-***	Maintenance Equip. & Facilities (Solids)	125,000	15,974	109,026	12.8%
**_5057-**-***	Maintenance Equip. & Facilities (Liquids)	300,000	60,814	239,186	20.3%
**_5058-**-***	Maintenance Equip. & Facilities (Common)	56,000	11,988	44,012	21.4%
**_5059-**-***	Maintenance Equip. & Facilities (Co-Gen)	308,000	85,580	222,420	27.8%
**_5060-**-***	Maintenance Equip. & Facilities (AWT)	30,000	17,552	12,448	58.5% (3)
**_5068-**-***	MNWD Potable Water Supplies & Svcs.	41,000	11,606	29,394	28.3%
**_5076-**-***	SCADA Infrastructure	220,000	464	219,536	0.2%
**_5101-**-***	Employee Recognition	1,300	200	1,100	15.4%
**_5303-**-***	Group Insurance Waiver	3,600	-	3,600	0.0%
**_5309-**-***	Operating Leases	66,000	-	66,000	0.0%
**_5705-**-***	Monthly Car Allowance	22,800	4,708	18,092	20.6%
**_5777-**-***	Laboratory Lease	12,000	-	12,000	0.0%
**_5799-**-***	Stormwater Station Costs Share - O&M	(14,000)	-	(14,000)	0.0%
**_6500-**-***	IT Allocations in to PC's & Depts.	749,343	172,244	577,099	23.0%
	<b>Total Other Expenses</b>	<b>9,161,175</b>	<b>2,273,105</b>	<b>6,888,070</b>	<b>24.8%</b>
	<b>Total O&amp;M Expenses</b>	<b>15,182,916</b>	<b>3,587,279</b>	<b>11,595,637</b>	<b>23.6%</b>

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

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

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

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

- (1) Bleach Usage is elevated due to ongoing sewage septicity issues and elevated recycled water deliveries.
- (2) Annual payments are made at the beginning of the FY.
- (3) Annual repairs were completed on the CTP AWT.

**South Orange County Wastewater Authority**  
**Preliminary O&M Budget vs. Actual Comparison by PC**  
 For the Period Ended September 30, 2025  
 (in dollars)

	<b>FY 2025-26 Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>
02 - Jay B. Latham Plant	8,616,077	2,187,294	6,428,783	25.4%
05 - San Juan Creek Ocean Outfall	944,588	150,885	793,703	16.0%
08 - Pre Treatment	289,662	57,257	232,405	19.8%
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15 - Coastal Treatment Plant	3,822,518	885,455	2,937,063	23.2%
17 - Joint Regional Wastewater Reclamation and Sludge Handling	568,217	117,126	451,091	20.6%
21 - Effluent Transmission Main	27,589	8,789	18,800	31.9%
23 - North Coast Interceptor	17,500	5,168	12,332	29.5%
24 - Aliso Creek Ocean Outfall	807,996	169,538	638,458	21.0%
<b>Total</b>	<b>15,182,916</b>	<b>3,587,279</b>	<b>11,595,637</b>	<b>23.7%</b>

**South Orange County Wastewater Authority**  
**Preliminary O&M Budget vs. Actual Comparison by PC**  
For the Period Ended September 30, 2025  
(in dollars)

	FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended	
<b>02 - Jay B. Latham Plant</b>					
Salary and Fringe					
02-5000-**-**-**	Regular Salaries-O&M	2,114,092	456,698	1,657,394	21.6%
02-5001-**-**-**	Overtime Salaries-O&M	41,564	4,953	36,611	11.9%
02-5306-**-**-**	Scheduled Holiday Work	24,475	4,438	20,037	18.1%
02-5315-**-**-**	Comp Time - O&M	13,574	8,008	5,566	59.0%
02-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	1,065,880	230,604	835,276	21.6%
02-5700-**-**-**	Standby Pay	41,000	15,500	25,500	37.8%
	Total Payroll Costs	3,300,585	720,201	2,580,384	21.8%

Other Expenses

02-5002-**-**-**	Electricity	791,040	215,416	575,624	27.2%
02-5003-**-**-**	Natural Gas	222,480	36,607	185,873	16.5%
02-5004-**-**-**	Potable & Reclaimed Water	27,000	8,188	18,812	30.3%
02-5006-**-**-**	Chlorine/Sodium Hypochlorite	65,000	20,558	44,442	31.6% (1)
02-5007-**-**-**	Polymer Products	550,000	178,582	371,418	32.5%
02-5008-**-**-**	Ferric Chloride	400,000	150,205	249,795	37.6% (1)
02-5009-**-**-**	Odor Control Chemicals	45,000	12,478	32,522	27.7%
02-5010-**-**-**	Small Purchases and Consumables	151,100	27,892	123,208	18.5%
02-5011-**-**-**	Laboratory Services	16,924	10,850	6,074	64.1% (6)
02-5012-**-**-**	Grit Hauling	80,000	20,061	59,939	25.1%
02-5015-**-**-**	Management Support Services	25,000	6,962	18,038	27.8%
02-5016-**-**-**	Audit - Environmental	500	-	500	0.0%
02-5017-**-**-**	Legal Fees	5,000	874	4,126	17.5%
02-5019-**-**-**	Contract Services Misc.	343,000	64,874	278,126	18.9%
02-5027-**-**-**	Insurance - Property/Liability	353,523	181,730	171,793	51.4% (2)
02-5030-**-**-**	Trash Disposal	3,000	1,456	1,544	48.5%
02-5034-**-**-**	Travel Expense/Tech. Conferences	90,785	19,826	70,959	21.8%
02-5036-**-**-**	Laboratory Supplies	21,630	8,714	12,916	40.3%
02-5037-**-**-**	Office Equipment	14,000	492	13,508	3.5%
02-5038-**-**-**	Permits	34,195	24,660	9,535	72.1% (2)
02-5049-**-**-**	Biosolids Disposal	800,000	226,564	573,436	28.3%
02-5054-**-**-**	Diesel Truck Maint	29,000	1,567	27,433	5.4%
02-5056-**-**-**	Maintenance Equip. & Facilities (Solids)	125,000	15,974	109,026	12.8%
02-5057-**-**-**	Maintenance Equip. & Facilities (Liquids)	200,000	42,816	157,184	21.4%
02-5058-**-**-**	Maintenance Equip. & Facilities (Common)	30,000	6,591	23,409	22.0%
02-5059-**-**-**	Maintenance Equip. & Facilities (Co-Gen)	308,000	85,580	222,420	27.8%
02-5076-**-**-**	SCADA Infrastructure	110,000	365	109,636	0.3%
02-5101-**-**-**	Employee Recognition	1,000	100	900	10.0%
02-5309-**-**-**	Operating Leases	66,000	-	66,000	0.0%
02-5705-**-**-**	Monthly Car Allowance	10,000	3,254	6,746	32.5%
02-5777-**-**-**	Laboratory Lease	3,000	-	3,000	0.0%
02-5799-**-**-**	Stormwater Station Costs Share - O&M	(14,000)	-	(14,000)	0.0%
02-6500-**-**-**	IT Allocations in to PC's & Depts.	408,315	93,855	314,460	23.0%
	Total Other Expenses	5,315,492	1,467,093	3,848,399	27.6%
	Total Expenses	8,616,077	2,187,294	6,428,783	25.4%

**South Orange County Wastewater Authority**  
**Preliminary O&M Budget vs. Actual Comparison by PC**  
For the Period Ended September 30, 2025  
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
<b>05 - San Juan Creek Ocean Outfall</b>					
Salary and Fringe					
05-5000-**-**-**	Regular Salaries-O&M	85,709	19,882	65,827	23.2%
05-5001-**-**-**	Overtime Salaries-O&M	106	-	106	0.0%
05-5306-**-**-**	Scheduled Holiday Work	515	-	515	0.0%
05-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	42,743	10,039	32,704	23.5%
	Total Payroll Costs	129,073	29,921	99,152	23.2%
Other Expenses					
05-5015-**-**-**	Management Support Services	150,000	25,000	125,000	16.7%
05-5016-**-**-**	Audit - Environmental	500	-	500	0.0%
05-5027-**-**-**	Insurance - Property/Liability	114,398	59,267	55,131	51.8% (2)
05-5034-**-**-**	Travel Expense/Tech. Conferences	15,585	1,790	13,795	11.5%
05-5036-**-**-**	Laboratory Supplies	41,300	8,000	33,300	19.4%
05-5038-**-**-**	Permits	382,658	-	382,658	0.0%
05-5044-**-**-**	Offshore Monitoring	50,000	10,375	39,625	20.8%
05-5045-**-**-**	Offshore Biochemistry - 20B	11,000	6,058	4,942	55.1% (5)
05-5046-**-**-**	Effluent Chemistry	29,000	6,711	22,289	23.1%
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	-	3,000	0.0%
05-6500-**-**-**	IT Allocations in to PC's & Depts.	16,374	3,764	12,610	23.0%
	Total Other Expenses	815,515	120,964	694,551	14.8%
	Total Expenses	944,588	150,885	793,703	16.0%
<b>08 - Pre Treatment</b>					
Salary and Fringe					
08-5000-**-**-**	Regular Salaries-O&M	141,939	30,601	111,338	21.6%
08-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	71,671	15,452	56,219	21.6%
	Total Payroll Costs	213,610	46,053	167,557	21.6%
Other Expenses					
08-5010-02-00-00	Small Purchases and Consumables	8,416	-	8,416	0.0%
08-5011-02-00-00	Laboratory Services	3,180	1,919	1,261	60.3% (6)
08-5015-02-00-00	Management Support Services	20,000	-	20,000	0.0%
08-5016-02-00-00	Audit - Environmental	1,356	-	1,356	0.0%
08-5019-02-00-00	Contract Services Misc.	1,600	-	1,600	0.0%
08-5027-02-00-00	Insurance - Property/Liability	4,152	2,151	2,001	51.8% (2)
08-5034-02-00-00	Travel Expense/Tech. Conferences	9,295	823	8,472	8.9%
08-5038-02-00-00	Permits	598	-	598	0.0%
08-6500-02-00-00	IT Allocations in to PC's & Depts.	27,455	6,311	21,144	23.0%
	Total Other Expenses	76,052	11,204	64,848	14.7%
	Total Expenses	289,662	57,257	232,405	19.8%

**South Orange County Wastewater Authority**  
**Preliminary O&M Budget vs. Actual Comparison by PC**  
For the Period Ended September 30, 2025  
(in dollars)

	FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended	
<b>12 - Water Reclamation Permits</b>					
Salary and Fringe					
12-5000-**-***	Regular Salaries-O&M	26,785	2,600	24,185	9.7%
12-5401-**-***	Fringe Benefits IN to PC's & Depts.	13,525	1,313	12,212	9.7%
	Total Payroll Costs	40,310	3,913	36,397	9.7%

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	1,283	665	618	51.8% (2)
12-5034-02-00-00	Travel Expense/Tech. Conferences	5,795	-	5,795	0.0%
12-5705-02-00-00	Monthly Car Allowance	700	-	700	0.0%
12-6500-02-00-00	IT Allocations in to PC's & Depts.	5,181	1,191	3,990	23.0%
	Total Other Expenses	48,459	1,856	46,603	3.8%

Total Expenses

88,769	5,768	83,001	6.5%
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**15 - Coastal Treatment Plant**

Salary and Fringe

15-5000-**-***	Regular Salaries-O&M	1,174,166	268,852	905,314	22.9%
15-5001-**-***	Overtime Salaries-O&M	14,223	2,201	12,022	15.5%
15-5306-**-***	Scheduled Holiday Work	12,602	1,239	11,363	9.8%
15-5315-**-***	Comp Time - O&M	2,120	998	1,122	47.1%
15-5401-**-***	Fringe Benefits IN to PC's & Depts.	592,346	135,754	456,592	22.9%
15-5700-**-***	Standby Pay	12,000	2,500	9,500	20.8%
	Total Payroll Costs	1,807,457	411,544	1,395,913	22.8%

Other Expenses

15-5002-**-***	Electricity	310,000	96,366	213,634	31.1%
15-5003-**-***	Natural Gas	3,500	69	3,431	2.0%
15-5004-**-***	Potable & Reclaimed Water	24,000	5,484	18,516	22.9%
15-5006-**-***	Chlorine/Sodium Hypochlorite	117,500	57,500	60,000	48.9% (1)(3)
15-5008-**-***	Ferric Chloride	300,000	26,508	273,492	8.8%
15-5009-**-***	Odor Control Chemicals	70,000	15,594	54,406	22.3%
15-5010-**-***	Small Purchases and Consumables	56,500	15,678	40,822	27.7%
15-5011-**-***	Laboratory Services	16,000	14,509	1,491	90.7% (6)
15-5012-**-***	Grit Hauling	22,000	6,434	15,566	29.2%
15-5015-**-***	Management Support Services	27,500	1,981	25,519	7.2%
15-5016-**-***	Audit - Environmental	500	-	500	0.0%
15-5017-**-***	Legal Fees	5,000	-	5,000	0.0%
15-5019-**-***	Contract Services Misc.	221,500	33,242	188,258	15.0%
15-5027-**-***	Insurance - Property/Liability	159,272	82,515	76,757	51.8% (2)
15-5030-**-***	Trash Disposal	3,000	497	2,503	16.6%
15-5034-**-***	Travel Expense/Tech. Conferences	78,625	11,075	67,550	14.1%
15-5036-**-***	Laboratory Supplies	23,000	9,078	13,922	39.5%
15-5037-**-***	Office Equipment	3,000	-	3,000	0.0%
15-5038-**-***	Permits	3,450	1,305	2,145	37.8%
15-5047-**-***	Access Road Expenses	45,000	-	45,000	0.0%
15-5048-**-***	Storm Damage	20,000	-	20,000	0.0%
15-5054-**-***	Diesel Truck Maint	1,500	1,318	182	87.8%
15-5057-**-***	Maintenance Equip. & Facilities (Liquids)	100,000	17,999	82,001	18.0%
15-5058-**-***	Maintenance Equip. & Facilities (Common)	24,000	5,396	18,604	22.5%
15-5060-**-***	Maintenance Equip. & Facilities (AWT)	30,000	17,552	12,448	58.5% (4)
15-5076-**-***	SCADA Infrastructure	110,000	100	109,901	0.1%
15-5101-**-***	Employee Recognition	300	100	200	33.3%
15-5705-**-***	Monthly Car Allowance	10,000	1,454	8,546	14.5%
15-5777-**-***	Laboratory Lease	3,000	-	3,000	0.0%
15-6500-**-***	IT Allocations in to PC's & Depts.	226,914	52,159	174,755	23.0%
	Total Other Expenses	2,015,061	473,911	1,541,150	23.5%

**South Orange County Wastewater Authority**  
**Preliminary O&M Budget vs. Actual Comparison by PC**  
For the Period Ended September 30, 2025  
(in dollars)

	FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
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Total Expenses	3,822,518	885,455	2,937,063	23.2%
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**17 - Joint Regional Wastewater Reclamation and Sludge Handling**

Salary and Fringe

17-5000-**-***	Regular Salaries-O&M	264,922	59,875	205,047	22.6%
17-5001-**-***	Overtime Salaries-O&M	530	579	(49)	109.2%
17-5306-**-***	Scheduled Holiday Work	3,180	864	2,316	27.2%
17-5315-**-***	Comp Time - O&M	1,272	-	1,272	0.0%
17-5401-**-***	Fringe Benefits IN to PC's & Depts.	133,769	292	133,477	0.2%
	<b>Total Payroll Costs</b>	<b>403,673</b>	<b>61,610</b>	<b>342,063</b>	<b>15.3%</b>

Other Expenses

17-5010-**-***	Small Purchases and Consumables	1,500	3,809	(2,309)	253.9%
17-5011-**-***	Laboratory Services	30,000	14,674	15,326	48.9%
17-5016-**-***	Audit - Environmental	500	-	500	0.0%
17-5034-**-***	Travel Expense/Tech. Conferences	5,000	54	4,946	1.1%
17-5036-**-***	Laboratory Supplies	31,000	13,593	17,407	43.8%
17-5068-**-***	MNWD Potable Water Supplies & Svcs.	41,000	11,606	29,394	28.3%
17-5303-**-***	Group Insurance Waiver	3,600	-	3,600	0.0%
17-5705-**-***	Monthly Car Allowance	700	-	700	0.0%
17-6500-**-***	IT Allocations in to PC's & Depts.	51,244	11,779	39,465	23.0%
	<b>Total Other Expenses</b>	<b>164,544</b>	<b>55,516</b>	<b>109,028</b>	<b>33.7%</b>

Total Expenses	568,217	117,126	451,091	20.6%
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**21 - Effluent Transmission Main**

Salary and Fringe

21-5000-**-***	Regular Salaries-O&M	7,060	-	7,060	0.0%
21-5401-**-***	Fringe Benefits IN to PC's & Depts.	3,565	-	3,565	0.0%
	<b>Total Payroll Costs</b>	<b>10,625</b>	<b>-</b>	<b>10,625</b>	<b>0.0%</b>

Other Expenses

21-5027-**-***	Insurance - Property/Liability	16,964	8,789		
	<b>Total Other Expenses</b>	<b>16,964</b>	<b>8,789</b>	<b>8,175</b>	<b>51.8%</b>

Total Expenses	27,589	8,789	18,800	31.9%
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**23 - North Coast Interceptor**

Salary and Fringe

23-5000-**-***	Regular Salaries-O&M	5,000	-	5,000	0.0%
23-5401-**-***	Fringe Benefits IN to PC's & Depts.	2,525	-	2,525	0.0%
	<b>Total Payroll Costs</b>	<b>7,525</b>	<b>-</b>	<b>7,525</b>	<b>0.0%</b>

Other Expenses

23-5027-**-***	Insurance - Property/Liability	9,975	5,168	4,807	51.8%
	<b>Total Other Expenses</b>	<b>9,975</b>	<b>5,168</b>	<b>4,807</b>	<b>51.8%</b>

Total Expenses	17,500	5,168	12,332	29.5%
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**South Orange County Wastewater Authority**  
**Preliminary O&M Budget vs. Actual Comparison by PC**  
For the Period Ended September 30, 2025  
(in dollars)

		FY 2025-26 Budget	Actual	(Over)/Under Budget	% Expended
<b>24 - Aliso Creek Ocean Outfall</b>					
Salary and Fringe					
24-5000-**-**-**	Regular Salaries-O&M	71,654	27,199	44,455	38.0%
24-5001-**-**-**	Overtime Salaries-O&M	518	-	518	0.0%
24-5306-**-**-**	Scheduled Holiday Work	530	-	530	0.0%
24-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	36,181	13,734	22,447	38.0%
	Total Payroll Costs	108,883	40,932	67,951	37.6%
Other Expenses					
24-5015-**-**-**	Management Support Services	150,000	53,800	96,200	35.9%
24-5016-**-**-**	Audit - Environmental	500	-	500	0.0%
24-5027-**-**-**	Insurance - Property/Liability	78,336	40,584	37,752	51.8% (2)
24-5034-**-**-**	Travel Expense/Tech. Conferences	7,345	1,749	5,596	23.8%
24-5036-**-**-**	Laboratory Supplies	27,592	7,955	19,637	28.8%
24-5038-**-**-**	Permits	328,900	-	328,900	0.0%
24-5044-**-**-**	Offshore Monitoring	50,000	10,375	39,625	20.8%
24-5045-**-**-**	Offshore Biochemistry - 20B	11,000	6,366	4,634	57.9% (5)
24-5046-**-**-**	Effluent Chemistry	23,880	4,591	19,289	19.2% (5)
24-5047-**-**-**	Access Road Expenses	3,000	-	3,000	0.0%
24-5058-**-**-**	Maintenance Equip. & Facilities (Common) 41-C	1,000	-	1,000	0.0%
24-5705-**-**-**	Monthly Car Allowance	700	-	700	0.0%
24-5777-**-**-**	Laboratory Lease	3,000	-	3,000	0.0%
24-6500-**-**-**	IT Allocations in to PC's & Depts.	13,860	3,186	10,674	23.0%
	Total Other Expenses	699,113	128,606	570,507	18.4%
	Total Expenses	807,996	169,538	638,458	21.0%
<b>Total O&amp;M Expenses</b>		<b>15,182,916</b>	<b>3,587,279</b>	<b>11,595,637</b>	<b>23.6%</b>

<sup>1</sup> 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**  
For the Period Ended September 30, 2025

- (1) Ferric chloride and bleach usage have continued to increase due to sewage septicity.
- (2) Annual payments are made at the beginning of the FY.
- (3) Bleach Usage is elevated due to elevated recycled water deliveries.
- (4) Annual repairs were completed on the CTP AWT.
- (5) 5 year NPDES Permit required testing. Costs will level out.
- (6) Inflationary and compliance testing timing.

**South Orange County Wastewater Authority**  
**Preliminary Budget vs. Actual Comparison- Administration**  
 For the Period Ended September 30, 2025  
 (in dollars)

		<b>FY 2025-26 Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>
01-5000-04-00-00	Regular Salaries-ADMIN	773,482	169,646	603,836	21.9%
01-5001-04-00-00	Overtime Salaries-O&M	530	144	386	27.2%
01-5315-04-00-00	Comp Time - O&M	1,060	-	1,060	0.0%
01-5401-04-00-00	Fringe Benefits IN to PC's & Depts.	390,561	85,661	304,900	21.9%
	<b>Total Payroll Costs</b>	<b>1,165,633</b>	<b>255,452</b>	<b>910,181</b>	<b>21.9%</b>
<b>Other Expenses</b>					
01-5010-04-00-00	Small Purchases and Consumables	26,000	3,600	22,400	13.8%
01-5015-04-00-00	Management Support Services	150,000	6,658	143,342	4.4%
01-5016-04-00-00	Audit	45,000	15,350	29,650	34.1%
01-5017-04-00-00	Legal Fees	100,000	26,252	73,748	26.3%
01-5019-04-00-00	Contract Services Misc. - 29	9,709	1,350	8,359	13.9%
01-5034-04-00-00	Memberships & Trainings	121,000	39,121	81,879	32.3%
01-5037-04-00-00	Office Equipment	1,000	-	1,000	0.0%
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	26,050	6,073	19,977	23.3%
01-5705-04-00-00	Monthly Car Allowance	16,200	3,969	12,231	24.5%
01-6500-04-00-00	IT Allocations in to PC's & Depts.	138,922	34,390	104,532	24.8%
	<b>Total Other Expenses</b>	<b>635,881</b>	<b>136,764</b>	<b>499,117</b>	<b>21.5%</b>
	<b>Total Admin Expenses</b>	<b>1,801,514</b>	<b>392,215</b>	<b>1,409,299</b>	<b>21.8%</b>

**South Orange County Wastewater Authority  
Preliminary Budget vs. Actual Comparison-IT**  
For the Period Ended September 30, 2025  
(in dollars)

		<b>FY 2025-26 Budget</b>	<b>Actual</b>	<b>(Over)/Under Budget</b>	<b>% Expended</b>
<b>Salary &amp; Fringe</b>					
01-5000-05-00-00	Regular Salaries-IT	151,848	34,476	117,372	22.7%
01-5401-05-00-00	Fringe Benefits IN to PC's & Depts.	76,674	17,408	59,266	22.7%
	<b>Total Salary &amp; Fringe</b>	<b>228,522</b>	<b>51,885</b>	<b>176,637</b>	<b>22.7%</b>
<b>Other Expenses</b>					
01-5010-05-00-00	Small Tools & Supplies	4,000	169	3,831	4.2%
01-5015-05-00-00	Training Expense	150,000	22,238	127,762	14.8%
01-5034-05-00-00	Recruitment & Employee Relations, IT DEPT	7,025	1,576	5,449	0.0%
01-5076-05-00-00	Memberships & Trainings	303,831	75,422	228,409	24.8%
01-5078-05-00-00	Travel & Conference	145,382	39,114	106,268	0.0%
01-5309-05-00-00	Software Maintenance Agreements	56,000	15,261	40,739	27.3%
01-5705-05-00-00	Hardware Maintenance Agreements	4,200	969	3,231	23.1%
	<b>Total Other Expenses</b>	<b>670,438</b>	<b>154,750</b>	<b>515,688</b>	<b>23.1%</b>
	<b>Total Expenses before Allocation</b>	<b>898,960</b>	<b>206,634</b>	<b>692,326</b>	<b>23.0%</b>

# Agenda Item

# 6

**Legal Counsel Review:** Yes

**Meeting Date:** November 18, 2025

**TO:** Finance Committee  
**FROM:** Amber Boone, General Manager  
**SUBJECT:** Finance Committee Bylaws Update

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## Summary

On January 21, 2025, the Finance Committee bylaws were amended to account for the reorganization of SOCWA (attached). The Finance Committee now consists of up to three with two as a quorum.

There has been a new request to potentially expand the seats of the Finance Committee or update the seats based on the terms in the JPA.

Section 2 of the Finance Committee bylaws state the term of the seat as follows:

“The term of all members of the Finance Committee shall be one (1) year. A member may be reappointed to serve on the Finance Committee. An Alternative Director may serve on the Finance Committee and may represent an appointed Director in the event of his/her absence.

**Recommendation:** Discussion, Direction, or Action

Attachment(s): Redlined Amended Finance Committee Bylaws

**Exhibit "A"**  
**BYLAWS OF THE**  
**SOUTH ORANGE COUNTY WASTEWATER AUTHORITY**  
**FINANCE COMMITTEE**

**PREAMBLE**

The SOCWA Finance Committee, with the support of the Treasurer and Authority staff shall coordinate and oversee all financial activities and fiscal affairs of the South Orange County Wastewater Authority ("SOCWA").

**Section 1. Membership**

The SOCWA Finance Committee shall consist of ~~up to three~~ ~~six~~ representatives from the SOCWA Board of Directors. The membership shall be appointed by the Chairman of SOCWA. Each member is appointed as an individual and not merely as representative of a specific Member Agency.

**Section 2. Term**

The term of all members of the Finance Committee shall be one (1) year. A member may be reappointed to serve on the Finance Committee. An Alternative Director may serve on the Finance Committee and may represent an appointed Director in the event of his/her absence.

**Section 3. Meetings**

The SOCWA Finance Committee shall conduct regular meetings thereof on the Tuesday preceding the SOCWA Board of Directors Meeting in March, June, September and December of every year at 10:30 a.m., unless otherwise rescheduled and properly noticed. The meetings shall be held at the SOCWA Administration Headquarters located at 34156 Del Obispo Street, Dana Point, California 92629.

**Section 4. Public Meetings**

All meetings of the SOCWA Finance Committee shall be open to the public, except as provided by law.

Section 5. Quorum

~~The presence of a majority of the SOCWA Finance Committee shall constitute a quorum for the transaction of business.~~

The presence of two (2) members of the SOCWA Finance Committee shall constitute a quorum for the transaction of business.

Section 6. Duties and Responsibilities

- a) Review monthly financial reports from staff/consultants.
- b) Review monthly disbursements made by staff.
- c) Recommend policies and procedures on financial matters to the Board, including long-range capital planning/financing.
- d) Recommend ratification of monthly disbursements to the Board.
- e) Approve travel expenditures of the General Manager.
- f) Recommend an external auditor to the Board.
- g) Review annual audited Authority financial statements and "Use Audit".

Section 7. Member's Fees

A member of the Finance Committee may receive compensation as established by the Board for attendance at meetings.

Section 8. Amendment

These Bylaws may be amended from time to time by the Board of Directors of SOCWA.

# Agenda Item

7

**Legal Counsel Review: Yes**

**Meeting Date: November 18, 2025**

**TO:** Finance Committee  
**FROM:** Amber Boone, General Manager  
**SUBJECT:** Annual Financial Audit Update

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## Summary

SOCWA staff and outside consultants are working to close the annual financial audit for the Authority. In the past, SOCWA management has presented to the Finance Committee the draft audit for recommendation from the Finance Committee to the SOCWA Board. SOCWA staff reexamined the requirements in the SOCWA JPA (Section X) which requires the General Manager to provide the audited financials to the SOCWA Member Agencies, State Controller, and the Orange County Auditor by December 31<sup>st</sup> each year. SOCWA staff will provide the status of the Audit for review and discussion by the Finance Committee, to continue to streamline administrative activities that better align with the SOCWA Board's direction.

## Background

The SOCWA JPA requires the following based on Section X. of the JPA:

### **X. ACCOUNTING AND AUDITS**

10.1 Accounting Procedures. Full books and accounts shall be maintained for the Authority in accordance with practices established by, or consistent with those utilized by, the Controller of the State of California for special districts, or for other public entities as specified by the Act. The Authority's Auditor and Treasurer shall comply strictly with requirements of the Act governing joint powers agencies relative to such matters.

10.2 Audit. In accordance with Section 6505 of the Act, the records and accounts of the Authority shall be audited annually by an independent certified public accountant and copies of such other reports shall be filed with the State Controller, Orange County Auditor and each Member Agency within six (6) months of the end of the Fiscal Year under examination. Copies shall also be provided to persons or entities so requesting as required by the Act.

SOCWA staff plan on working with the Audit team (the Pun Group) to complete and file the audit as required by the JPA by the term set forth in the governing statute. The audit will be brought to the Board for receipt and filing for compliance with the JPA.

### **SOCWA Efficiency Improvements**

SOCWA staff and the outside consultant have been working to better organize, thereby streamlining the internal financial procedures. Listed below are tasks that the Authority is working in alignment with the administrative efficiencies direction.

- Moving GASB 87/96 (leases and subscriptions) to the Authority's fixed assets software instead of handing them in separate worksheets.
  - Outcome: This move solves the administrative challenge of manual tracking, and error-prone spreadsheet management by integrating GASB 87/96 data into the fixed assets software, resulting in automated calculations, enhanced compliance, and streamlined audit processes.
- Moving PC 23 assets on to the Authority's fixed asset software and on the Authority's books instead of having to add them to the General Ledger (GL) Trial balance from separate worksheets.
  - Outcome: This move solves the administrative challenge of manual additions and reconciliation errors in the GL trial balance by integrating PC 23 assets directly into the fixed asset software and the Authority's books, resulting in automated tracking, improved financial accuracy, and simplified period-end processes.
- Changing some of the work flows for the Use Audit so that only data which is truly meaningful is allocated. This means not allocating items such as Deferred Inflows, Deferred Outflows, GASB 68 Pension Expense/Net Pension Liability, GASB 75 OPEB Expense/Liability, etc. Before making changes the possible impact on member agencies had to be analyzed. Allocations take a lot of effort and staff are looking to allocate only those items absolutely necessary.
  - Outcome: This change solves the administrative challenge of excessive effort and inefficiency focus solely on truly meaningful data optimizing resource allocation, and more relevant financial distributions.

Staff are still waiting for Foster & Foster to provide the OPEB Valuation and GASB 75 Reports. This is the first year that Foster & Foster are doing the GASB 75 Reports.

**Recommended Action:** Committee Discussion, Direction, or Action

# Agenda Item

# 8

**Finance Committee Meeting**

**Meeting Date:** November 18, 2025

**TO:** Finance Committee  
**FROM:** Amber Boone, General Manager  
**SUBJECT:** Financial Policies Updates

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## Overview

On April 8, 2025, the SOCWA Executive Committee met to review the SOCWA Policy Handbook. The Executive Committee recommended that the SOCWA Finance Committee review the SOCWA Policies that have a financial impact on the organizational standard business practices.

SOCWA staff has included the updated policies based on feedback from the September 16, 2025 FCM for review and direction. The list of SOCWA Policies is included below for reference. Please note that the Vehicle Charging Policy is a new policy for review. Staff is requesting a recommendation of the policies to the Board for inclusion in the SOCWA Board Policy Book.

1. Capitalization and Depreciation of Facilities & Equipment
2. Cost Allocation Policy
3. Disposal of Surplus Property
4. External Auditor
5. Travel and Expense Reimbursement
6. Vehicle Charging Policy

**Recommended Action:** Staff recommends that the Finance Committee recommends the updated policies to the SOCWA Board for inclusion into the SOCWA Policy Handbook.

Attachment: Capitalization and Depreciation of Facilities & Equipment Policy  
Cost Allocation Policy  
Disposal of Surplus Property Policy  
External Auditor Policy  
Travel and Expense Reimbursement Policy  
Vehicle Charging Policy

# Policy Establishing Guidelines or 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:

1. Software licenses
2. Patents and copyrights
3. Easements and rights-of-way
4. Water rights
5. 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. XXXX-XX on XX**, superseding all previous versions.

## Cost Allocation Policy

### Purpose

This policy establishes the methodology for allocating costs associated with the operation, maintenance, administration, and unfunded liabilities of the South Orange County Wastewater Authority (SOCWA). It ensures fair, transparent, and consistent distribution of costs among member agencies and project committees and shall govern the allocation of costs reflected in SOCWA's Budgets, including costs related to administration, operation, and maintenance, capital projects, information technology, fringe benefits, Unfunded Accrued Liabilities (UAL), and Other Post-Employment Benefits (OPEB).

### Budget Components

SOCWA's budget consists of four principal components outlined below.

1. **Capital Improvement Plan (CIP) Budget** – The CIP Plan is a multi-year plan outlining SOCWA's planned investments in public facilities and infrastructure, and more specifically, the financing, location, and timing of capital improvement projects. The CIP Budget is created with input from the Engineering Committee. The CIP Budget includes maintenance costs not directly related to use of the Project facilities, including necessary capital improvements, repairs, adjustments, replacements, and extraordinary or standby maintenance, and incidental accounting and administrative costs in connection therewith. Any change to the cost allocation methodology for the CIP Budget set forth in this Policy must be made by the unanimous consent of all the SOCWA Board of Directors in accordance with Section 6.3.1 of the SOCWA Joint Powers Agreement.
2. **Operations and Maintenance (O&M) Budgets** – Operations and maintenance budgets are prepared for each Project operated and maintained by SOCWA and approved at or prior to each June meeting of the Board for the ensuing Fiscal Year. Operations and maintenance costs directly related to the use of the Project facilities, including necessary improvements, repairs, adjustments, and replacement costs in connection therewith, are paid by each Member Agency using the Project facilities in proportion to its use, consistent with Section 6.3.1 of the SOCWA Joint Powers Agreement. The O&M Budgets include (a) the estimated expenses of operating the Project; (b) the estimated expenses of maintaining the Project, (c) an estimate of income from operations, if any; and (d) the allocation of operation and maintenance expenses among the Member Agencies in each particular Project Committee (the "Participating Member Agencies") in accordance with the formulas set forth in this Policy. O&M Budgets must be approved by a two-thirds (2/3) vote of the Participating Directors in that Project in accordance with Section 6.3 of the SOCWA Joint Powers Agreement. The O&M Budget includes two departments:
  - o Department 01: Operations and Maintenance
  - o Department 02: Environmental Services
3. **Administration Budget:** The Administrative Budget contains the administrative and incidental accounting costs arising specifically from the operations and maintenance of the Project facilities, as well as the allocation among the Member Agencies of the amounts necessary to cover the Administrative Budget expenditures. Because the Administrative

**Commented [A01]:** This is what participating agencies are called in the JPA so we should use this verbiage for consistency. See my note re replacing the term "participating agency" with "Contract Agency" below.

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## Cost Allocation Policy

Budget is a subset of the O&M costs for a Project, the Administrative Budget also must be approved by a two-thirds (2/3) vote of the Participating Directors in that Project in accordance with Section 6.3 of the SOCWA Joint Powers Agreement. The Administration Budget includes the following:

- Department 03: Engineering. Greater than 60% of non-labor expenses (residual engineering) in this department are administrative in nature, which were combined with administrative expenses. Engineering labor is billed directly to Capital projects in the CIP Budget with minimal time billed to administration.
- Department 04: Administration. Includes administration and incidental accounting costs arising specifically from the operations and maintenance of the Project facilities.
- Department 05: Information Technology - Expenses are budgeted as direct costs where technology services or equipment are needed at SOCWA facilities or as indirect costs based on the IT pool of expenses. Department 05 expenses are distributed to all project committees and departments based on the "where labor worked" methodology.

4. **General Fund Budget:** The General Fund Budget includes the general administrative expenses of SOCWA and the allocation among the Member Agencies of the amounts necessary to cover the General Budget expenditure. The General Fund Budget is allocated evenly among the six participating Member Agencies. If the General Fund Budget provides an allocation to the Member Agencies on some basis other than equal amounts, the General Fund Budget must be approved by the unanimous consent of all the Member Agencies in accordance with Section 6.1 of the SOCWA Joint Powers Agreement. Certain expenses are split between the General Fund Budget and the Administrative Budget. ~~General Fund Expenses are incorporated into the Administration Budget.~~ Items included in the General Fund Budget include portions of the following categories, as allocated in Table 1 and described below Table 1 for clarity. Please note that the percentages in Table 1 are the General Fund percentage allocations, and the remaining percentage allocations for each category of expense are allocated entirely to the Administration Budget. ~~Please note that the percentages in Table 1 are a portion of the expense from the Administration budget.~~ For example, Regular Salaries of the General Manager shall be split 50% into the General Fund (allocated proportionally to the SOCWA member agencies) and 50% into the Administration budget, which is allocated based on where labor worked, following O&M expenses.

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**Commented [A03]:** This sentence is a little confusing - I think it would be a little more clear here as revised, as long as it is accurate.

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**Table 1: General Fund Expenses and Percentage Allocations**

General Fund Allocation	
Salary and Fringe	
Regular Salaries-Admin	50% (General Manager) <del>50% (Executive Assistant)</del>
<del>Overtime Salaries-Admin</del>	50%

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### Cost Allocation Policy

<del>Comp Time—Admin</del>	<del>50%</del>
Other Expenses	
Car Allowance <u>(General Manager)</u>	50%
Public Notices/ Public Relations	100%
Contract Labor/Part-Time Labor	25%
Audit	100%
Legal <u>Fees</u>	40%
<del>Management Support</del>	<del>0%</del>
<del>Outside Services</del> <u>Memberships, Conferences, Training, and Travel</u>	<del>100</del> <u>75%</u>
<del>Postage</del> <u>Small Purchases and Consumables</u>	<del>20</del> <u>5%</u>
<del>Office Supplies—Admin</del>	<del>100%</del>
<del>Office Equipment</del>	<del>100%</del>
<del>Miscellaneous</del>	<del>20%</del>
IT Allocations into PC's & Depts.	5%

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Definitions of the General Fund:

Audit: Annual audit in accordance with Section 6505 of the California Government Code, the records and accounts of the Authority shall be audited annually by an independent certified public accountant and copies of such other reports shall be filed with the State Controller, Orange County Auditor and each Member Agency within six (6) months of the end of the Fiscal Year under examination. All costs associated with this requirement shall be included in this category.

Car Allowance: Monthly allowance for vehicle expense per the General Manager's contract.

Contract Labor/Part-Time Labor: Board approved budget for this additional work as needed.

## Cost Allocation Policy

General Fund: Also known as the General Budget as described in the SOCWA: "(i) "General Budget" means the approved budget applicable to the expenses of administration of the Authority."

IT Allocations into PC's & Depts: IT allocations follow O&M labor.

Legal: For matters related to conducting Board-related business for labor and general counsels.

Public Notices/Public Relations: Expenses incurred related to any public relations for the business of the Authority.

Regular Salaries-Admin: Regular salary of the SOCWA General Manager

Small Purchases and Consumables: Small tools and supplies, subscriptions, postage, office supplies in admin, miscellaneous, and shipping/freight that support Board-related business.

### 5. Other Budget Components:

- UAL
- OPEB

### Cost Allocations

The following sections provide the allocations by each component outlined above.

#### Engineering Allocations

Capital costs are considered projects that maintain the SOCWA facilities and follow Section 6.3.1 of the SOCWA JPA agreement, which states that capital costs "shall be paid by the Participating Member Agencies in proportion to their respective percentage share of the ownership of capacity in said Project facilities." The December 2024 reorganization agreements contain the most current cost allocations for capital projects and are utilized in the budget creation.

The capital portion of the O&M Budget is presented to the SOCWA Board's Engineering Committee for review, comment, and incorporation by consensus of each project committee member.

#### Administrative Cost Allocation

Administrative costs follow Section 6.2 of the SOCWA JPA agreement. The methodology divides costs per agency by the total Operations and Maintenance budget (Departments 01 & 02) without including Admin, UAL, or OPEB costs. This ensures administrative costs remain proportional to services received, as identified in the annual budget. Any changes to this methodology require unanimous consent from all Participating Member Agencies per Section 6.3.1 of the SOCWA JPA.

~~6.3.1 of the JPA.~~

#### Fringe Benefit Allocation

## Cost Allocation Policy

SOCWA utilizes a fringe benefit pool methodology that is applied to salaries with a utilization rate. The fringe benefit pool encompasses costs for accrued leave, group insurance, PERS Normal Costs, and other paid benefits. The utilization rate is the pay-for-time-worked rate based on the number of hours on leave divided by the total number of hours available to work. SOCWA plans to transition from the fringe pool method to an actual cost allocation approach to better accommodate labor changes throughout the fiscal year.

### Information Technology Allocation

IT costs are distributed using a labor-based ("where labor worked") allocation methodology, distinguishing between:

- Direct costs: Technology services or equipment needed at specific SOCWA facilities.
- Indirect costs: Distributed across project committees and departments based on labor allocation.

### Unfunded Liabilities Allocation

The allocation of Unfunded Accrued Liability (UAL) requires annual payments based on actuarial distributions. Distribution adheres to a proportional methodology based on labor services received by each Member Agency and is updated by an actuarial firm, when necessary, to account for structural changes at the agency. Employer retirement costs are allocated according to labor distribution and agency participation levels, reviewed and updated periodically by an outside consulting firm. Certain Participating agencies (referred to as Contract Agencies as defined herein) are liable for their payment to contractually obligated to cover all certain UAL and OPEB costs based on contractual terms set forth in individual agreements, such as withdrawal or continuing services agreements.

### Contracted Services Allocations

SOCWA may contract from time to time with partners to provide those partners with certain specialty services, such as recycled water permitting, permitting compliance services (such as NPDES and master recycled water permits), pretreatment program services, and/or laboratory services using the same general facilities and standard of care as provided to SOCWA's Member Agencies. Generally, SOCWA provides these services and invoices for the contracted partners, such as the Trabuco Canyon Water District and the Moulton Niguel Water District, on a quarterly or annual basis for actual costs, plus reasonable administration and overhead costs, which are calculated proportionately based on the same overhead and administration methodology used for Member Agencies.

De minimis contracts that provide revenue sources of under \$100k annually will have a flat overhead and administration rate, which will be set and reviewed annually, and these revenues will be used to offset costs associated with the specific Project Committee applicable to the service provided, if applicable, and shall be reconciled and credited as appropriate during the use audit process.

**Commented [AO4]:** Amber - in this policy we use Participating Agencies as a defined term, participating agencies as a nondefined term, and Participating Member Agencies to reference PC member agencies. I think instead of the term "Participating Agencies" we should use the term "Contract Agencies" when referring to non-member agencies that have contracts with member agencies or SOCWA so that we can use the terms Participating Member agencies and participating agencies (to include both member and contract agencies in a PC) where those references make sense

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## Cost Allocation Policy

SOCWA will defer to agreed-upon contract language from previous member agencies negotiated as part of subsequent withdrawal agreements related to unfunded public system liability while agencies were members of the Authority.

SOCWA will provide notice to each contracted services partner by no later than March 1 each year to determine whether they desire to continue using SOCWA's services for the following fiscal year, to determine inclusion in the budget, where and as applicable.

### Project Committee Allocation

SOCWA operates through a series of Project Committees (PCs), each with specific operational responsibilities and Participating Member Agencies. The Project Committee costs are inclusive of facility usage, operational needs, special studies determined by Engineering or Finance Committees, permit requirements, regulatory drivers, labor, and utility operational costs. Specific allocation methodologies vary by Project Committee. SOCWA will utilize the capacity ownership amounts set forth in the December 2024 Reorganization Agreements as normal budgeted costs and resolve the usage in the Use Audit process.

Table 2 sets forth the current SOCWA Project Committees, Member Agencies, and Participating Contract Agencies. "Participating Contract Agencies" are agencies that have contracted capacity through other SOCWA Member Agencies and/or otherwise receive ~~contracted~~ services ~~from through contracts directly with~~ SOCWA.

**Table 2: SOCWA Project Committee Participating Member Agencies and Participating Contract Agencies**

Project Committee	Description	SOCWA <u>Participating</u> Member Agencies	<u>Participating Contract</u> Agencies
PC 2	JB Latham WWTP	SCWD, SMWD	MNWD
PC 5	San Juan Creek Ocean Outfall (SJCOO)	CSC, SCWD, MNWD, SMWD	MNWD
PC 8	Pre-Treatment <u>Program</u>	CLB, CSC, EBSD, ETWD, SCWD, SMWD	IRWD, MNWD, <del>;</del>
PC 12	Recycled Water Permits <del>s</del>	SCWD, SMWD	MNWD, TCWD
PC 15	Coastal WWTP	CLB, EBSD, SCWD	N/A
PC 21	Effluent Transmission Main (ETM)	ETWD	IRWD, <u>MNWD</u>
PC23	<del>Effluent Transmission Main</del>	CLB, EBSD	N/A

### Cost Allocation Policy

	<u>North Coast Interceptor (NCI)</u>		
PC 24	Aliso Creek Ocean Outfall (ACOO)	CLB, EBSD, ETWD, SCWD	IRWD, MNWD

#### Agency Abbreviations:

- CLB: City of Laguna Beach
- CSC: City of San Clemente
- EBSD: Emerald Bay Service District
- ETWD: El Toro Water District
- IRWD: Irvine Ranch Water District (a Contract Agency, not a Member of SOCWA, Participating Agency)
- MNWD: Moulton Niguel Water District (a Contract Agency, not a Member Agency of SOCWA, Participating Agency)
- SCWD: South Coast Water District
- SMWD: Santa Margarita Water District
- TCWD: Trabuco Canyon Water District (a Contract Agency, not a Member Agency of SOCWA, Participating Agency)

#### PC 2 (JB Latham WWTP)

PC 2 O&M costs are budgeted and allocated based on the capacity rights specified in the Assignment and Assumption Agreement (PC 2) (Agreement No.5/Agreement #7 to PC 2, effective December 12, 2024), as outlined in Table 3. Please note that, based on the agreement, *MNWD costs are combined with SCWD costs, effective December 12, 2024*: "MNWD's 23.08% liquids treatment capacity allocation in (and effluent from) the JB Latham Treatment Plant, totaling 3.00 mgd; and (ii) MNWD's 21.62% solids treatment capacity allocation in the JB Latham Treatment Plant, totaling 8,340 lbs/day ((i))"

**Table 3: PC 2 Capacity Summary (Owned and Operated by SOCWA)**

PC 2 - SOCWA JBL Capacity Summary (Owned and Operated by SOCWA)					
Agency	Liquids (mgd)	Solids (mgd) (1)	Solids (lbs)(1)	Common-S (%)	Common - L (%)
SCWD	6.75	7.70	16055	41.62%	51.92%
SMWD	6.25	10.80	22518	58.38%	48.08%
Total	13.00	18.50	38573	100%	100%

#### PC 5 (San Juan Creek Ocean Outfall)

## Cost Allocation Policy

PC 5 O&M costs are budgeted and allocated based on the hydraulic capacity ownership amounts set forth in the Assignment and Assumption Agreement (Agreement No. 6, effective December 12, 2024) and represent fixed costs as noted in Table 4. Please note that, based on the agreement, *MNWD costs are combined with SMWD costs effective December 12, 2024*: “MNWD hereby permanently assigns to (a) SMWD and SMWD hereby accepts 59% of MNWD’s assigned Outfall Capacity, and (b) SCWD and SCWD hereby accepts 41% of MNWD’s Assigned Outfall Capacity and 100% of MNWD’s Assigned Pumping Capacity.”

**Table 4: PC 5 - SOCWA San Juan Creek Ocean Outfall Capacity Summary (Owned and Operated by SOCWA)**

Agency	Ownership (%)	Hydraulic Capacity (mgd)
CSC	16.620%	13.296
SCWD	18.829%	15.063
SMWD	64.551%	51.64
Total	100.000%	80.00

### PC 8 (Pretreatment Costs)

PC 8 costs remain in the budget with direct costs billed to ~~Contract Agencies MNWD, per the Moulton Niguel Water District SOCWA Continued Services Agreement (Agreement #0)~~, based on where labor worked.

### PC 12 (Water Reclamation Permits)

The PC 12 costs are volume based (recycled water produced) and are allocated by Agency in the following manner.

- MNWD: The amount of reclaimed water produced from the Regional Treatment Plant (RTP) and the 3A Treatment Plant (split with SMWD).
- South Coast Water District (SCWD): The total reclaimed water produced from the Coastal Treatment Plant (CTP).
- Santa Margarita Water District (SMWD): The combined sum of reclaimed water produced from the Oso Creek Water Reclamation Plant (OCWRP), the Chiquita Water Reclamation Plant (CWRP), and the Nichols Water Reclamation Plant (NWRP), the acre-foot sum of the Rosebaum well, the Mission Street Well, and the total reclaimed water from the SMWD/CSJC intertie.
- Trabuco Canyon Water District (TCWD): Reclaimed water produced from the Robinson Ranch Water Reclamation Plant (RRWRP).

### PC 15 (Coastal Treatment Plant) Allocation

PC 15 O&M costs are budgeted and allocated according to the Liquids, AWT, and Common capacity amounts set forth December 12, 2024, Coastal Treatment Plant Capacity Rights Transfer

### Cost Allocation Policy

Agreement (Agreement No.3)-(MNWD Capacity Rights in Project Committee 15), as noted in Table 5.

**Table 5: PC 15 - Coastal Treatment Plant Capacity Summary (CTP Owned and Operated by SOCWA: AWT is owned by SCWD but operated by SOCWA)**

Agencies	Liquids (mgd)	AWT (%)	Common (%)
CLB	3.64	0	54.30%
EBSD	0.2	0	3.00%
SCWD	2.86	100	42.70%
Total	6.7	100	100.00%

### PC 21 (Effluent Transmission Main) Costs

PC 21 O&M costs are budgeted and allocated according to hydraulic capacity ownership as set forth in the Assignment and Assumption Agreement (Agreement No.7, effective December 12, 2024) (Project Committees 21 and 24) as noted in Table 6. Please note that *IRWD costs are combined with ETWD costs, effective July 1, 2023, with 50% capacity rights to IRWD and 50% capacity rights to ETWD for ETM reach B/C/D, and IRWD and MNWD costs are combined with ETWD costs, effective December 12, 2024, with 23.29% allocated to ETWD, 23.29% allocated to IRWD, and 53.43% allocated to MNWD for Reach E.*

**Table 6: PC 21 - Effluent Transmission Main (ETM) Capacity Summary Reach B/C/D/E (Owned and Maintained by SOCWA)**

Agency	Hydraulic Capacity	Ownership Percentage (%)
ETWD - B/C/D	15	100%
ETWD - E	32.2	100%

### PC 23 (~~Effluent Transmission Main~~North Coast Interceptor) Costs

PC 23 O&M costs are budgeted and allocated according to hydraulic capacity ownership as set forth in the November 22, 2006, Amendment No. 3 to the Agreement for Design, Construction, Use, Operation, Maintenance, Repair, and Replacement of Phase I North Coastal Interceptor Sewer Pipeline and Pumping Stations for AWMA for and on Behalf of PC No. 7-A as noted in Table 7.

## Cost Allocation Policy

**Table 7: PC23 North Coast Interceptor**

Agency	<u>Capacity</u> Ownership Percentage (%)
CLB	95.88
EBSD	4.12

### PC 24 (Aliso Creek Ocean Outfall) Costs

PC 24 O&M costs are budgeted and allocated according to hydraulic capacity ownership as set forth in the December 12, 2024, Assignment and Assumption Agreement (Agreement No.7) (Project Committees 21 and 24) as noted in Table 8. As noted in the Agreement: *“Note MNWD costs are combined with ETWD costs, effective December 12, 2024. Assignment and Acceptance of MNWD’s Assigned Capacity and Rights and Obligations. MNWD hereby permanently assigns to ETWD, and ETWD hereby accepts from MNWD, (1) MNWD’s 53.42% capacity allocation in Reach E of the Effluent Transmission Main; (2) MNWD’s 43.848% capacity allocation in the ACO Outfall ((1) and (2) are collectively referred to herein as “MNWD’s Assigned Capacity”). Note that IRWD transferred capacity rights to ETWD effective July 1, 2023 via an Assignment and Assumption Agreement on XXXXX.”*

**Table 8: PC 24 - Aliso Creek Ocean Outfall (ACOO) Capacity Summary (Owned and Operated by SOCWA)**

Agency	Hydraulic Capacity (mgd)	Ownership Percent (%)
CLB	5.500	11.00%
EBSB	0.390	0.78%
ETWD	37.955	75.91%
SCWD	6.155	12.31%
Total	50.000	100.00%

### Cost Allocation Principles for SOCWA Wastewater Treatment Facilities

The following principles guide SOCWA's cost allocation methodologies and are applicable to PC 2 & PC 15. The other PCs have fixed cost distribution (PC 5 & PC 24), and are based on production (PC 12), or labor allocation (PC 8). Additional allocation categories are described below.

#### Treatment Plant Cost Allocation Categories

## Cost Allocation Policy

1. Process-Based Allocation: Costs are allocated based on operational processes (Liquids, Solids, Common, AWT).
2. Facility-Specific Considerations: Each facility has a unique allocation structure reflecting its operational characteristics.
3. Direct vs. Shared Costs: Direct costs are allocated to specific processes; shared resources are allocated proportionally.
4. Labor Distribution: Based on actual time spent supporting each facility or project committee.
5. Utility-Specific Allocation: Based on metering data and operational requirements.
6. Chemical Usage Tracking: Based on actual usage by treatment process, resolved in the use audit.
7. Equipment-Based Allocation: Based on the primary function of equipment (solids, liquids, or common costs).

### PC 2 Cost Allocation Structure

PC 2 operates with a four-way allocation system distributing costs among Liquids (55.1%), Solids (43.4%), Common/Liquids (0.8%), and Solids (0.8%) treatment processes. This allocation structure applies to regular labor costs, benefits, and most operational expenditures. Notable variations include:

- Electricity: 65.0% Liquids, 25.0% Solids, 5.0% Common/Liquids, 5.0% Common/Solids
- Natural Gas: 65.0% Liquids, 25.0% Solids, 5.0% Common/Liquids, 5.0% Common/Solids
- Chlorine/Sodium Hypochlorite: 50.0% Liquids, 50.0% Solids
- Polymer Products: 100% Solids
- Ferric Chloride: 100% Liquids
- Other Chemicals: 54.0% Liquids, 46.0% Solids
- Non-Control Chemicals: 50.0% Common/Liquids, 50.0% Common/Solids
- Laboratory Services: 75.0% Liquids, 25.0% Solids
- Grit Hauling: 100% Solids
- Capital projects follow the ownership allocations, depending on the type of project, that are presented as the Common-L or Common-S.

### PC15 Cost Allocation Structure

PC 15 employs a different allocation structure than PC 2, with costs distributed among Liquids (55.4%), Common/Liquids (3.4%), and AWT (41.2%) treatment processes. This reflects the facility's distinct operational focus. Key allocation patterns include:

- Regular Salaries: 76.4% Liquids, 18.2% Common/Liquids, 5.4% AWT
- Overtime Salaries: 64.9% Liquids, 21.9% Common/Liquids, 13.2% AWT
- Electricity: 100% Liquids
- Natural Gas: 50.0% Liquids, 50.0% Common/Liquids
- Water: 90.0% Liquids, 10.0% AWT
- Chlorine/Sodium Hypochlorite: 100% Liquids
- Ferric Chloride: 100% Liquids
- Laboratory Supplies: 75.0% Liquids, 25.0% AWT
- Petroleum Products: 50.0% Liquids, 3.4% Common/Liquids, 41.2% AWT
- Uniforms: 55.4% Liquids, 3.4% Common/Liquids, 41.2% AWT

## Cost Allocation Policy

- Maintenance Equipment & Facilities (Liquids): 100% Liquids
- Maintenance Equipment & Facilities (Common): 100% Common/Liquids
- Maintenance Equipment & Facilities (AWT): 100% AWT
- Capital projects follow the ownership allocations, depending on the type of project, that are presented as Common or AWT.

### PC 5, 21, 23, and 24 Cost Allocation Structure

All budgeted capital and O&M costs for PCs 5, 21, 23, and 24 are allocated based on the Member Agencies' ownership of hydraulic capacity of the pipelines.

### Participating Contract Agency Services

SOCWA provides services for ~~non-member agencies~~ Contract Agencies through contractual agreements, such as laboratory and permitting services. The budget for these services ~~are~~ is provided to the Contract participating Agencies by March of each year for approval of continuation of services.

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### Budget Allocations

Once the total cost of providing staffing and services on behalf of MAs is completed by SOCWA staff and approved by the Board, the following standardized methodology allocates costs to project committees (PCs) and ultimately rolled up to each SOCWA ~~member agency~~ Member Agency. It ensures equitable distribution of operations and maintenance (O&M) expenses, administrative costs, general fund (GF) contributions, unfunded actuarial liability (UAL), and other post-employment benefits (OPEB) liabilities. All allocations shall be based on verifiable data sources, such as capacity rights, labor utilization, or flow percentages, and shall adhere to board-approved guidelines and reorganization agreements. SOCWA staff shall provide Member Agency staff with the raw data for the allocations and methodology employed with a statement of quality assurance in adherence with the allocation steps below with the annual SOCWA Budget.

The steps for cost allocation are as follows:

1. Allocation Based on Capacity Rights: Utilize established capacity rights to determine the proportional contribution per agency for each PC and MA.
2. Alternative Allocation Methods: In instances where capacity rights are unavailable, employ labor utilization metrics (e.g., "where employee worked") or flow percentages to calculate the proportional utilization by each agency.
3. Calculation of MA Operating Cost Percentages: Determine the percentage that each MA's operating costs represent relative to the total O&M budgeted expenses. This calculation excludes administrative costs, GF contributions, UAL, and OPEB liabilities.
4. Determination of Administrative Costs per MA: Multiply the percentage derived in Step 3 for each MA by the draft budget amount to compute the total administrative cost attributable to that MA.
5. Computation of Administrative Cost Allocation Percentage: Divide the O&M cost per facility or service budget by the total MA budget to establish the administrative cost allocation percentage.
6. Allocation of General Fund: Calculate the percentage of costs based on Table 1, subtract that amount from the administrative costs and divide equally between the six member agencies.

## Cost Allocation Policy

7. Allocation of Administrative Costs per PC or Service: Multiply the percentage from Step 5 by the total administrative cost from Step 4 to allocate administrative costs to each PC or service.
- ~~8. Allocation of General Fund Costs: Repeat the process outlined in Step 6 for General Fund costs, excluding contributions related to MNWD in accordance with the applicable reorganization agreements.~~
- ~~9-9. Allocation of UAL and OPEB Liabilities: Use the admin cost allocation percentages per PC (that follows where labor worked) for the liability distribution of the UAL and OPEB. The total liability is the sum of the PCs that the MA is a member of based on UAL Methodology established by the SOCWA Board in 2018<sup>1</sup>. Apply the board approved allocation methodology (as established in November 2018) to determine the percentage allocation per agency. Multiply this percentage by the total UAL/OPEB liability, then apply the administrative cost percentage from Step 4 to allocate these costs to each PC or service.~~
- ~~10-9. Aggregation of Total Budget per Agency: Sum all allocated costs (including O&M, administrative, GF (if applicable), UAL, and OPEB) to derive the total budget attributable to each agency.~~
- ~~11. Quarterly Billing Calculation: Divide the total budget per agency by four to establish the quarterly billing amount.~~

This procedure shall be reviewed as needed to incorporate any updates to board methodologies, reorganization agreements, or budgetary frameworks. All calculations must be documented and auditable, with supporting data retained ~~for a minimum of seven years~~ as required by the [SOCWA Records Retention Policy](#).

### Use Audit Allocation

The Use Audit is completed by applying established flow allocation methodologies, circulated annually for review to SOCWA member agencies, which distribute costs among member agencies based on their proportional usage of treatment facilities. The process involves collecting actual flow data (measured in million gallons per day) and solids loading data (calculated from BOD and TSS measurements) for each ~~member agency~~ Member Agency during the fiscal year, then comparing these actual values against budgeted amounts to determine each agency's percentage share of total system usage.

The allocation methodology varies by project committee - some use average flows over multiple years, others incorporate solids loading calculations, and some account for special agreements between agencies (like the 2018 MNWD-SMWD agreement for solids allocation). Once the actual usage percentages are calculated and compared to budgeted percentages, any differences result in either disbursement of funds to agencies that were overcharged or collection of additional funds from agencies that were undercharged, with the final results reviewed through the Engineering and Finance Committees and recommended to the SOCWA Board of Directors before

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<sup>1</sup>Actuaries Marilyn Jones of Nyhart and Mary Beth Redding of Bartel Associates provided the updated UAL methodology at the June 17, 2018 Finance Committee meeting. The Finance Committee recommended to use the methodology on August 29, 2018, further discussion at the September 19, 2018 Finance Committee meeting, final action to approve the methodology for use in the audited financial statements on October 4, 2018 by the Finance Committee. This methodology was used in the distribution of liability in FY 2017-2018 audited financials that was brought to the Board to receive and file at the December 6, 2018 SOCWA Board meeting. The SOCWA Board voted to receive and file the audited financial statements and approved the methodology in the approval of the FY 2017-18 Annual Use Audit.

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Commented [AB5]: Include the Allocation methodology in the appendix

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### Cost Allocation Policy

implementation. [Table 9 provides a summary of the Use Audit Methodology with PC descriptions below Table 9.](#)

<u>Project Committee (PC)</u>	<u>Methodology</u>	<u>O &amp; M Costs - Variable</u>	<u>O &amp; M Costs - Fixed</u>	<u>Capital Costs</u>
<a href="#">PC 2</a>	<a href="#">Variable</a>	<a href="#">Liquids-related costs are based on each agency's prior calendar year flows to prepare the budget. Solids-related costs are based on each agency's prior three (3) years pounds ((BOD + TSS)/2) to prepare the budget. The Use Audit process utilizes the actual FY totals for Liquids and the actual FY solids, along with the two prior FY solids totals.</a>	<a href="#">Common costs are allocated based on the average ownership of liquids and solids capacity percentages, or ((L% + S%)/2).</a>	<a href="#">For facilities or equipment with a service life equal to or greater than 5 years, or a value in excess of \$1,000, costs are allocated on the basis of liquid treatment capacity ownership and/or solids treatment capacity ownership as may be applicable.</a>
<a href="#">PC 5</a>	<a href="#">Fixed</a>	<a href="#">Allocated to PC members based on fixed ownership.</a>	<a href="#">Allocated to PC members based on fixed ownership.</a>	<a href="#">Allocated to PC members based on fixed ownership.</a>
<a href="#">PC 8</a>	<a href="#">Variable</a>	<a href="#">Allocated based on percentage of staff time.</a>	<a href="#">Shared equally among all member agencies.</a>	<a href="#">Shared equally among all member agencies.</a>
<a href="#">PC 12</a>	<a href="#">Variable</a>	<a href="#">Total costs are split 50/50 between fixed and variable. Allocated proportionally to each PC member based on non-potable water production and projections.</a>	<a href="#">Total costs are split 50/50 between fixed and variable. Divided equally between each PC member. Insurance is allocated equally amongst the participating</a>	<a href="#">Not applicable</a>

### Cost Allocation Policy

			<u>Member A agencies.</u>	
<u>PC 15</u>	<u>Variable</u>	<u>Liquids related costs are allocated based on the agency's prior calendar year's flows to prepare the budget. The Use Audit process uses the actual FY totals for Liquids. 100% of the AWT costs are attributed to SCWD.</u>	<u>Common costs are allocated to the PC members based on their liquids ownership allocations.</u>	<u>Plant Liquids and Common capital costs are allocated to the PC members based on their liquids ownership allocations. 100% of the AWT capital costs are allocated to SCWD.</u>
<u>PC 17</u>	<u>Variable</u>	<u>All costs are allocated to MNWD unless otherwise stated in the Budget/Use Audit.</u>	<u>All costs are allocated to MNWD unless otherwise stated in the Budget/Use Audit.</u>	<u>Any designated capital costs will be allocated to the Budget/Use Audit based on the accompanying agreement.</u>
<u>PC 21</u>	<u>Fixed</u>	<u>Not applicable.</u>	<u>Allocated to each PC member based on percentage of ownership.</u>	<u>Allocated to PC members based on percentage of ownership.</u>
<u>PC 23</u>	<u>Fixed</u>	<u>None or NA - All Costs are considered to be allocated using the Fixed method</u>	<u>All O&amp;M Costs are allocated by ownership percentages per PC23 agreements (see Section 7 of the 11-4-1976 agreement).</u>	<u>All Capital O&amp;M Costs are allocated by ownership percentages per PC23 agreements (see Section 7 of the 11-4-1976 agreement).</u>
<u>PC 24</u>	<u>Fixed</u>	<u>Allocated to PC members based on fixed ownership.</u>	<u>Allocated to PC members based on fixed ownership.</u>	<u>Allocated to PC members based on</u>

## Cost Allocation Policy

				<u>fixed ownership.</u>
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The following provides the method for the Use Audit by PC:

### PC 2

~~Member agency~~Member Agency average flows for the FY were used in the flow allocation and applied proportionally from the total combined flow from each tributary trunk line. The PC 2 uses FY flows and three-year FY average solid loadings to reconcile the budgeted amounts. Solids loadings are calculated from adding the average FY BOD and TSS and, dividing by 2, and then multiplying the result by the flow and the 8.34 pounds conversion factor. In March 2018, PC2 members Moulton Niguel Water District (MNWD) and Santa Margarita Water District (SMWD) came to an agreement on how to allocate solids for budgeting and use audit purposes. The new method captures the influent loading at Plant 3A, as it was recognized that this allocation would isolate MNWD's solids contributions to JBL to a single variable. SMWD solids to JBL would then be the balance of solids contributed by the Oso Creek Water Reclamation Plant, 3A, and any other discharges to the Oso Trabuco line to JBL.

### PC 5

Fixed costs based on ownership capacity per ~~Member Agency~~,Member Agency,

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### PC 8

Allocation is based on ~~timecard~~ (where labor worked).

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### PC 12

The PC 12 method of production is detailed by ~~member agency~~Member Agency in the following narrative. San Juan Capistrano is the acre-foot sum of the Rosebaum well, the Mission Street Well, and the total reclaimed water from the SMWD/CSJC intertie. For MNWD, it is the amount of reclaimed water produced from the Regional Treatment Plant (RTP) and the 3A Treatment Plant (split with SMWD). South Coast Water District (SCWD) is the total reclaimed water produced from the Coastal Treatment Plant (CTP). The Santa Margarita Water District (SMWD) is the combined sum of reclaimed water produced from the 3A Treatment Plant (split with MNWD), the Oso Creek Water Reclamation Plant (OCWRP), the Chiquita Water Reclamation Plant (CWRP), and the Nichols Water Reclamation Plant (NWRP). The Trabuco Canyon Water District (TCWD) is reclaimed water produced from the Robinson Ranch Water Reclamation Plant (RRWRP).

### PC 15

## Cost Allocation Policy

Due to the lack of solids handling capacity at the Coastal Treatment Plant (CTP), allocation methodology is based on flows to the treatment plant. In addition, there are no current flow meters installed to account for any flow sent to CTP from MNWD, so no flow is being accounted for in this PC flow allocation methodology, unless for emergency use as needed through authorization by the PC15 members, with billing based on use, reconciled in the annual use audit. The City of Laguna Beach (CLB) is the average annual flow into CTP (metered). The Emerald Bay Services District (EBSD) is the average annual flow into CTP (calculated from monthly meter read from the lift station divided by the days in the month). The South Coast Water District (SCWD) is the average annual flow into CTP (metered). The meter calibration is performed annually in June.

### PC 17

The final use audit will be for FY 24-25 due to the reorganization agreements. The method is therefore included in this policy for memorialization.

PC 17 has liquid and solids contribution. The liquid flow allocation is based on influent flow to the plant. The influent flow is solely contributed by the MNWD. Due to liquid flow from CTP, thethe export sludge line transports solids to RTP from CTP for further processing. This centrate flow is divided by 5 and distributed to each agency, then summed to create a total liquid flow to RTP. The flows are then distributed on a proportional basis. The solids contribution is based on the total daily average pounds contributed by each agency distributed proportionally. The meter calibration is performed annually in June.

### PC 24

Fixed costs based on ownership capacity per ~~member agency~~Member Agency.

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### Review and Adjustment

Budgeted administrative costs may be adjusted mid-year as necessary to ensure accurate cost allocation, with all adjustments promptly communicated to member agencies. This policy undergoes periodic review during the budget development process, allowing for modifications based on operational changes, financial circumstances, or evolving Member Agency needs. Changes to this policy may only be made by the unanimous consent of all the Participating Member Agencies as set forth in Section 6.3.1 of the SOCWA Joint Powers Agreement.

# 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 Board of Directors and adopted by Resolution No. XXXX-XX on XX, 2025, 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. Multiyear 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 Board of Directors and adopted by Resolution No. XXXX-XX on XX, 2025, 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 a 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 SOCWA Board of Directors and adopted by Resolution No. [XXXX-XX] on XX, 2025.

## **Electric Vehicle Charging Station Policy**

The District has 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 and they are available on a first-come, first-serve basis.

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

A fee will be charged to the employee for use of the charging stations. The fee is set by the District and will be managed by Charge Point. The fee is subject to change. The employee will obtain a Charge Point card before using the charging station. 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 purchasing department for processing.

# Agenda Item

# 9

**Legal Counsel Review: Yes**

**Meeting Date: November 18, 2025**

**TO:** Finance Committee  
**FROM:** Amber Boone, General Manager  
**SUBJECT:** Quarterly Investment Reporting Under Government Code Section 53646

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## Summary

The May 20, 2025, Finance Committee asked SOCWA staff to investigate quarterly reports of investments. SOCWA staff reported an update at the September 16, 2025 SOCWA Finance Committee Meeting but the update contained the previous year's report. This updated staff report contains the Q1, Q2, and Q3 2025 quarterly investment reporting requirements applicable to our Joint Powers Authority (JPA) under California Government Code Section 53646. Given our 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.

The May 20, 2025, Finance 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

Table 1 provides the reportable due dates for compliance with the Quarterly Investing report. It is noted that the August 14, 2025, due date passed for Q4 2025 posting due to publication timelines for the August 19, 2025, Finance Committee. Staff will utilize the calendar in Table 1 for adherence to the reporting schedule moving forward.

Table 1: Reportable Due Dates

Quarter	Quarter-End Date	Report Due Date
Q1 2025	3/31/2026	8/14/2025
Q2 2025	6/30/2025	11/14/2025
Q3 2025	9/30/2025	2/14/2026
Q4 2025	12/31/2025	5/15/2026

**Reportable Action**

The direction from the Finance Committee was to provide information based on the information presented at the May 20, 2025, Finance Committee Meeting. Therefore, attached are the LAIF statements ending FY Q4 (June 30, 2025).

No other investments were made outside of LAIF, in compliance with the Investment Policy. All expenses were met, concluding June 30, 2025, with ample liquidity to meet the Authority’s expenses. The Annual Use Audit, with oversight by the External Auditor, will reconcile the funds to be refunded to SOCWA Member Agencies. No additional funds were requested by the close of FY 24-25, Q4, ending June 30, 2025.

**Recommended Action:** Committee Discussion, Direction, or Action

**Attachments:** LAIF Statements for Q1, Q2, & Q3 2025



MALIA M. COHEN  
California State Controller

LOCAL AGENCY INVESTMENT FUND  
REMITTANCE ADVICE

Agency Name SO ORANGE CO WSTWTR AUTH  
Account Number 70-30-007

As of 4/15/2025, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 3/31/2025.

Earnings Ratio		0.00012266258268207
Interest Rate		4.48%
Dollar Day Total	\$	1,446,930,967.22
Quarter End Principal Balance	\$	16,077,578.05
Quarterly Interest Earned	\$	177,484.29



MALIA M. COHEN  
California State Controller

LOCAL AGENCY INVESTMENT FUND  
REMITTANCE ADVICE

Agency Name SO ORANGE CO WSTWTR AUTH

Account Number

As of 7/15/2025, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 6/30/2025.

Earnings Ratio		0.00012059828906715
Interest Rate		4.40%
Dollar Day Total	\$	1,467,785,892.88
Quarter End Principal Balance	\$	14,385,062.34
Quarterly Interest Earned	\$	177,012.47



MALIA M. COHEN  
California State Controller

LOCAL AGENCY INVESTMENT FUND  
REMITTANCE ADVICE

Agency Name SO ORANGE CO WSTWTR AUTH

Account Number

As of 10/15/2025, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 9/30/2025.

Earnings Ratio		0.00011893333163814
Interest Rate		4.34%
Dollar Day Total	\$	1,100,232,707.94
Quarter End Principal Balance	\$	15,062,074.81
Quarterly Interest Earned	\$	130,854.34