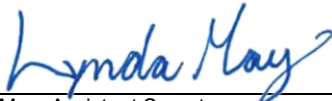


I hereby certify that the following Agenda was posted at least 24 hours prior to the time of the Special Board Meeting so noticed below at the usual agenda posting location of the South Orange County Wastewater Authority (SOCWA) and at www.socwa.com.

Revised



Lynda May, Assistant Secretary
SOCWA and the Board of Directors thereof

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

January 08, 2026
8:30 a.m.

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

THE BOARD OF DIRECTORS MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5400 AT LEAST SEVENTY-TWO (72) 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 SEVENTY-TWO (72) HOURS PRIOR TO THE SCHEDULED MEETING. MEMBERS OF THE PUBLIC HAVE THE OPTION TO PARTICIPATE IN AND MAY JOIN THE MEETING REMOTELY VIA VIDEO CONFERENCE FOR VISUAL INFORMATION ONLY (USE ZOOM LINK BELOW) AND BY TELECONFERENCE FOR AUDIO PARTICIPATION (USE PHONE NUMBERS BELOW). THIS IS A PHONE-CALL MEETING AND NOT A WEB-CAST MEETING, SO PLEASE REFER TO AGENDA MATERIALS AS POSTED ON THE WEBSITE AT WWW.SOCWA.COM. ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. FOR PARTIES PARTICIPATING REMOTELY, PUBLIC COMMENTS WILL BE TAKEN DURING THE MEETING FOR ORAL COMMUNICATION IN ADDITION TO PUBLIC COMMENTS RECEIVED BY PARTIES PARTICIPATING IN PERSON. COMMENTS MAY BE SUBMITTED PRIOR TO THE MEETING VIA EMAIL TO ASSISTANT SECRETARY LYNDA MAY AT LMAY@SOCWA.COM WITH THE SUBJECT LINE "REQUEST TO PROVIDE PUBLIC COMMENT." IN THE EMAIL, PLEASE INCLUDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER YOU WILL BE CALLING FROM SO THAT THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. THOSE MAKING PUBLIC COMMENT REQUESTS REMOTELY VIA TELEPHONE IN REAL-TIME WILL BE ASKED TO PROVIDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER THAT YOU ARE CALLING FROM SO THE COORDINATOR CAN UNMUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. ONCE THE MEETING HAS COMMENCED, THE CHAIR WILL INVITE YOU TO SPEAK AND ASK THE COORDINATOR TO UNMUTE YOUR LINE AT THE APPROPRIATE TIME.

AGENDA ATTACHMENTS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY BOARD OF DIRECTORS IN CONNECTION WITH A MATTER SUBJECT FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE BOARD OF DIRECTORS ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY ADMINISTRATIVE OFFICE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE") OR BY PHONE REQUEST MADE TO THE AUTHORITY OFFICE AT 949-234-5400. IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE BOARD OF DIRECTORS LESS THAN SEVENTY-TWO (72) HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE BOARD OF DIRECTORS AND SENT TO ANY REMOTE PARTICIPANTS REQUESTING EMAIL DELIVERY OR POSTED ON SOCWA'S WEBSITE. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE MEETING ROOM OR IMMEDIATELY UPON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES PARTICIPATING REMOTELY.

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

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

Meeting ID: 830 6306 6780
Passcode: 820091

One Tap Mobile
+16694449171,, 83063066780#,,,,*820091# US
+16699006833,, 83063066780#,,,,*820091# US (San Jose)

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

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

4. APPROVAL OF BOARD MEMBER REQUEST FOR REMOTE PARTICIPATION

ACTION Board Discussion/Direction and Action.

PAGE NO.

5. CONSENT CALENDAR

- A. Minutes of Board of Directors 1

- Board of Directors Regular Meeting of December 11, 2025

ACTION The Board will be requested to approve the subject Minutes.

- B. Annual Financial Statements and Independent Audit for Fiscal Years Ending June 30, 2024, and 2025 7

ACTION Board Discussion/Direction and Action.

- C. Annual Use Audit, FY 2024-25 Budget vs. Annual75

ACTION Board Discussion/Direction and Action.

- D. November 2025 Operations Report 76

1. Monthly Operational Report
2. SOCWA Ocean Outfall Discharges by Agency
3. Fiscal Year Report on Key Operational Expenses
4. Beach Ocean Monitoring Report
5. Recycled Water Report
6. Pretreatment Report (November)

ACTION The Board will be requested to receive and file subject reports as submitted.

- E. Capital Improvement Construction Projects Progress and Change Order Report (December) [Project Committees 2 and 15] 116

ACTION Information Item.

6. ENGINEERING MATTERS

A. JBL Facility Planning Assessment Contract Amendment No. 1 [Project Committee 2]129

ACTION The Engineering Committee recommend that the PC 2 Board of Directors:

1. Authorize an additional contract contingency of \$54,533, increasing the total project contingency to \$109,066, to accommodate the additional scope item.
2. Authorize Amendment No. 1 in the amount of \$49,336, resulting in a revised contract total of \$594,661 for the JBL FPA agreement with HDR.

7. GENERAL MANAGER'S REPORT

A. Engineering Cost Estimate Update..... 136

ACTION Board Discussion/Direction and Action.

B. PC2 Orbis Public Affairs Contract.....139

ACTION Staff recommends that the PC2 Members approve the Orbis Affairs contract in an amount not to exceed \$24,000 through June 30, 2026 with a split in the contract of \$19,200 cost to SMWD and \$4,800 to SCWD.

C. Cost Allocation Policy 143

ACTION Board Discussion/Direction and Action.

D. Transfer Price MOU Forward-Thinking Services Model Review..... 161

ACTION Board Discussion/Direction and Action.

E. AB 643 Support 169

ACTION Board Discussion/Direction and Action.

F. General Manager's Report..... 173

ACTION The Board will be requested to receive and file subject report as submitted.

G. Closed Session

1. Closed Session Conference:
Public Employee Appointment
(Government Code § 54957)
Title: General Counsel

Report out of Closed Session

H. Upcoming Meetings Schedule:

- January 20, 2026 – Finance Committee Meeting
- January 22, 2026 – Engineering Committee Meeting
- February 5, 2026 – Board of Directors Regular Meeting

ACTION Information Item.

8. OTHER MATTERS

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

9. ADJOURNMENT

THE NEXT SOCWA BOARD MEETING
February 5, 2026

**MINUTES OF REGULAR MEETING
OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
Board of Directors**

December 11, 2025

DRAFT

The Regular Meeting of the South Orange County Wastewater Authority (SOCWA) Board of Directors was held in person and via teleconference on December 11, 2025, at 8:30 a.m. at the Ocean Institute located at 24200 Dana Point Harbor Drive, Dana Point, California. The following members of the Board of Directors were present:

KATHRYN FRESHLEY	El Toro Water District	Director
BOB WHALEN	City of Laguna Beach	Director
SCOTT GOLDMAN	South Coast Water District	Director
FRANK URY	Santa Margarita Water District	Director
MIKE DUNBAR	Emerald Bay Service District	Director
DAVE REBENDS DORF	City of San Clemente	Director

Arrival 8:40 am

Staff Present:

AMBER BOONE	General Manager
RONI GRANT	Capital Improvement Program Manager
JIM BURROR	Deputy GM/ Chief Engineer
BOB CULVER	Environment Services Manager
LYNDA MAY	Assistant Secretary
ANNA SUTHERLAND	Staff Accountant
JACK BECK	Accountant
MATT CLARKE	Chief Technology Officer

Also Present:

ADRIANA OCHOA	Snell & Wilmer
KARI VOZENILEK	Kidman Law, LLP
ROSEMARY ROBINSON	Procopio, Cory, Hargreaves & Savitch, LLP
DENNIS CAFFERTY	El Toro Water District
MIKE GASKINS	El Toro Water District
MATT COLLINGS	Moulton Niguel Water District
JENNIFER LOPEZ	South Coast Water District
RICK SHINTAKU	South Coast Water District
ERICA CASTILLO	South Coast Water District
AMY OMAE	HDR, Inc.

1. CALL TO ORDER

Director Frank Ury called the meeting to order at 8:31 a.m.

2. PLEDGE OF ALLEGIANCE – Director Frank Ury

3. ORAL COMMUNICATIONS

None.

4. APPROVAL OF BOARD MEMBER REQUEST FOR REMOTE PARTICIPATION

None.

5. CONSENT CALENDAR

Director Dunbar pulled Item 5.F for corrections.

ACTION TAKEN

A motion was made by Director Ury and seconded by Director Whalen to approve the remainder of the Consent Calendar .

Motion carried: Aye 5 Nay 0, Abstained 0, Absent 1
Director Dunbar Aye
Director Freshley Aye
Director Whalen Aye
Director Ury Aye
Director Goldman Aye
Director Rebensdorf Absent

(5A-5E, 5G & 5H)

- A. Minutes of Board of Directors Regular Meeting for November 6, 2025
- B. Minutes of Finance Committee Meeting for September 16, 2025
- C. Minutes of Engineering Committee Meeting for September 11, 2025
- D. Minutes of Executive Committee Meeting for October 28,2025
- E. Financial Reports for the month of September
Approved Action: The Board received and filed the September 2025 Financial Reports
- G. October 2025 Operations Report
Approved Action: Information Item; received and filed.
- H. Capital Improvement Construction Projects Progress and Change Order Report (November) [Project Committees 2 and 15]
Approved Action: Information Item.

Director Dunbar pulled Item 5.F to fix and approve the Quarterly Due Dates in Table 1.

ACTION TAKEN

A motion was made by Director Dunbar and seconded by Director Ury to approve the amendments for item 5.F.

Motion carried: Aye 5 Nay 0, Abstained 0, Absent 1
Director Dunbar Aye
Director Freshley Aye
Director Whalen Aye
Director Ury Aye
Director Goldman Aye
Director Rebensdorf Absent

6. ENGINEERING MATTERS

- A. JBL Facility Planning Assessment Contract Award
[Project Committee 2]

An open discussion ensued on the selection of HDR over Carollo Engineers, and the additional scope of work including the CTP Regional Flow Study, followed by an introduction to the project management team at HDR. Director Goldman requested specifics on the flow study and what

is included in the estimate. Directory Ury discussed a schedule of updates and summary reporting.

ACTION TAKEN

A motion was made by Director Goldman and seconded by Director Ury to authorize 1. execution of a contract with HDR in the amount of \$545,325 for the JBL FPA contract, and 2. a contract contingency of \$109,066, to cover the additional scope item, and to address any unforeseen issues during the planning phase.

Motion carried: Aye 2 Nay 0, Abstained 0, Absent 0
Director Ury Aye
Director Goldman Aye

- B. J.B Latham Treatment Plant Old Effluent Pump Station Storage and Staging Area Construction Contract Award [Project Committee 2]

An brief discussion ensued regarding the project's underestimation due to the budget scheduling, as well as the additional allocation being over the budget. It was recommended to add budget amendments to the Capital Funding.

Director Goldman opened a legal discussion on negotiating procedures and awarding based on the best value, not just the bid amount. Referring to the purchasing policy, Ms. Ochoa recommended rejecting all bids and negotiating with the preferred bidder.

ACTION TAKEN

A motion was made by Director Ury and seconded by Director Goldman to 1) approve an increase of \$600,000 to the project budget, resulting in a revised total project budget of \$850,000, 2) authorize execution of a contract with Pacific Hydrotech in the amount of \$791,700 for the JBL Old Effluent Pump Storage and Staging Area project, and 3) approve a construction contingency of \$35,040 to address any unforeseen conditions encountered during the work

Motion carried: Aye 2 Nay 0, Abstained 0, Absent 0
Director Ury Aye
Director Goldman Aye

- C. Contract Award for Coastal Treatment Plant West Primary and Secondary Scum Skimming System Construction [Project Committee 15]

An open discussion ensued bringing up the same estimate and budget issue as Item 6.B. Director Dunbar inquired with legal on awarding the contract followed by a change order for deduction. Ms. Ochoa recommended this as the safer option. Director Whalen recommended clarification in the staff report on how budget implications are being addressed.

Ms. Grant addressed concerns on estimates, stating a third-party consultant will be included to assist in a better construction estimate. A brief discussion also ensued on the pre-purchasing of system equipment due to the urgency of the project.

ACTION TAKEN

A motion was made by Director Dunbar and seconded by Director Ury to 1) approve an increase of \$500,000 to the project budget, resulting in a revised total project budget of \$1.75 million, 2) authorize execution of a contract with Filanc in the amount of

\$784,000, and 3) approve a construction contingency of \$35,040 to address any unforeseen conditions encountered during the work

Motion carried: Aye 3 Nay 0, Abstained 0, Absent 0
Director Dunbar Aye
Director Whalen Aye
Director Goldman Aye

7. GENERAL MANAGER'S REPORT

- A. Resolution No. 2025-15: A Resolution of the Board of Directors of the South Orange County Wastewater Authority Adopting the position change for the Administration department and Employee Salary Ranges Updated Exhibit "B" Salary Schedule and Exhibit "C" Organization Chart for January 2026.

ACTION TAKEN

A motion was made by Director Goldman and seconded by Director Whalen to approve Resolution No. 2025-15: A Resolution of the Board of Directors of the South Orange County Wastewater Authority Adopting the position change for the Administration department and Employee Salary Ranges Updated Exhibit "B" Salary Schedule and Exhibit "C" Organization Chart for January 2026.

Motion carried: Aye 6, Nay 0, Abstained 0, Absent 0
Director Dunbar Aye
Director Freshley Aye
Director Whalen Aye
Director Ury Aye
Director Goldman Aye
Director Rebensdorf Aye

- B. Resolution No. 2025-16: A Resolution of the Board of Directors of the South Orange County Wastewater Authority Approving the Updated SOCWA Policy Handbook.

An open discussion ensued regarding the separation of Public Notices and Public Relations into two categories in the Cost Allocation Policy, with the main issue being individual agency involvement in Public Relations. Director Freshley emphasized that public relations is optional and this can be an issue with joint agencies, since each member may have different expenditures and uses for public relations. Director Ury brought up concerns on visibility as a SOCWA board member on the general fund. An agreement was made to bring back the policy handbook to the next board meeting.

This was an information item; no action was taken.

- G. Resolution No. 2025-17: A Resolution of the Board of Directors of the South Orange County Wastewater Authority Acknowledging Receipt of the 2025 'Roses' Award for the 2024 Reorganization Efforts.

ACTION TAKEN

A motion was made by Director Freshley and seconded by Director Ury to approve Resolution No. 2025-17: A Resolution of the Board of Directors of the South Orange County Wastewater Authority Acknowledging Receipt of the 2025 'Roses' Award for the 2024 Reorganization Efforts

Motion carried: Aye 6, Nay 0, Abstained 0, Absent 0
Director Dunbar Aye
Director Freshley Aye
Director Whalen Aye
Director Ury Aye
Director Goldman Aye
Director Rebensdorf Aye

C. Annual Financial Policy Update

An open discussion ensued on the upcoming principal auditor change. Ms. Ochoa clarified the legal requirements of submitting the reports, and the board's oversight responsibilities. The board agreed to continue with the current audit process according to JPA law.

This was an information item; no action was taken.

D. General Manager's Report

The status on the Coastal Treatment Plant's Regional Flow Study was briefed, including the upcoming pre-proposal meeting, and planned flow placement.

This was an information item; no action was taken.

E. SB 707 Virtual/Remote Meeting Options for SOCWA

Ms. Ochoa briefed on the remote options and rules from SB 707, effective January 2026. The board agreed to bring the resolution for remote capabilities at the next board meeting.

This was an information item; no action was taken.

F. 2026 Meeting Calendar

The board agreed on the proposed date changes for the 2026 Board and Committee Calendar, and to keep the board meeting start time at 8:30am.

This was an information item; no action was taken.

H. Closed Session

A. A Closed Session Conference was held with legal counsel- Existing Litigation pursuant to Government Code 54956.9(d)(1)): *Case: SOCWA v. Olsson Construction, Inc.*
Orange County Superior Court Case No. 30-2025-01465359-CU-BC-NJC

The Board of Directors reconvened to Open Session at 10:08am. Chairman Ury stated there were no reportable actions from the Closed Session.

9. OTHER MATTERS

None.

10. ADJOURNMENT

There being no further business, Director Ury adjourned the meeting at 10:08 a.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Regular Meeting of the South Orange County Wastewater Authority Board of Directors on December 11, 2025, and approved by the Board of Directors of the South Orange County Wastewater Authority.

Lynda May, Assistant Secretary
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Agenda Item

5.B.

Board of Directors Meeting

Meeting Date: January 8, 2026

TO: Board of Directors

FROM: Amber Boone, General Manager

SUBJECT: Annual Financial Statements and Independent Audit for Fiscal Years Ending June 30, 2024, and 2025

Summary/Discussion

The annual Financial Statements Audit for FY 2024-25 are presented as follows:

- Basic Financial Statements and Independent Auditor's Report for FY Ending June 30, 2024, and 2025

Recommended Action: Board discussion, direction, and action.

Attachments:

- Annual Basic Financial Statements and the Independent Auditor's Report for FY 2024-25
- The Auditor's Governance Letter
- The Auditor's Letter on Internal Controls is included in the Financial Package
- The Auditor's Management Letter

Basic Financial Statements and Independent Auditor's Report

FOR THE FISCAL YEARS ENDED June 30, 2025 and 2024



SOCWA
South Orange County Wastewater Authority
34156 DEL OBISPO STREET, DANA POINT, CALIFORNIA 92629

South Orange County Wastewater Authority
Basic Financial Statements
For the Years Ended June 30, 2025 and 2024

Table of Contents

FINANCIAL SECTION

Independent Auditor's Report	1
Basic Financial Statements:	
Statements of Net Position	7
Statements of Revenues, Expenses, and Changes in Net Position	8
Statements of Cash Flows	9
Notes to the Financial Statements	15
Required Supplementary Information (Unaudited):	
Schedule of the Proportionate Share of the Net Pension Liability and Related Ratios	46
Schedule of the Contributions - Pensions	48
Schedule of Changes in Net OPEB Liability and Related Ratios	50
Schedule of the Contributions - OPEB	52

This page intentionally left blank

FINANCIAL SECTION

This page intentionally left blank.



INDEPENDENT AUDITOR'S REPORT



To the Board of Directors
of the South Orange County Wastewater Authority
Dana Point, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the South Orange County Wastewater Authority (the "Authority") as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2025 and 2024, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Notes 2 and 17 to the financial statements, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences* during the year ended June 30, 2025. The adoption of this standard resulted in the restatement of the Authority's net position as of June 30, 2024. Our opinion is not modified with respect to this matter.

Special Items

As discussed in Note 15 to the financial statements, during the fiscal year ended June 30, 2025, the Authority completed non routine transfers related to Project Committee 10 (PC 10) and Project Committee 17 (PC 17). These transactions resulted in special items consisting of a loss on the PC 10 transfer of \$1,694,564, a net loss on the PC 17 transfer of \$17,813,850 comprised of a loss on disposal of PC 17 capital assets of \$39,313,850 and a gain on the PC 17 transfer selling price of \$21,500,000, and member agency distribution payments of \$9,000,000, for total special items of \$28,508,414, which are reported in the statement of revenues, expenses, and changes in fund net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that, the Schedule of the Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of the Contributions - Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios and the Schedule of the Contributions – Other Postemployment Benefits Liability, be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2025 on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority’s internal control over financial reporting and compliance.



Santa Ana, California
December 29, 2025

This page intentionally left blank.

Basic Financial Statements

This page intentionally left blank.

South Orange County Wastewater Authority
Statements of Net Position
June 30, 2025 and 2024

ASSETS	2025	2024 (Restated)
Current assets:		
Cash and investments (Note 3)	\$ 14,656,683	\$ 15,261,326
Receivables:		
Accounts	14,000	62,612
Note (Note 4)	7,166,667	-
Legal settlement (Note 11)	-	1,060,041
Due from member and contracted agencies (Note 12)	2,123,669	986,554
Interest	117,012	159,130
Total receivable, net	<u>9,421,348</u>	<u>2,268,337</u>
Prepaid items	250,557	298,706
Total current assets	<u>28,495,254</u>	<u>17,828,369</u>
Noncurrent assets:		
Restricted cash and investments withheld by the Agency (Note 3)	4,166,666	-
Receivables:		
Note (Note 4)	7,166,667	-
Capital assets:		
Nondepreciable (Note 5)	31,800,696	34,337,020
Depreciable, net (Note 5)	83,221,374	122,477,221
Intangible assets, net (Note 5)	115,111	158,377
Total noncurrent assets	<u>122,303,848</u>	<u>156,972,618</u>
Total assets	<u>150,799,102</u>	<u>174,800,987</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions (Note 8)	5,558,264	7,507,318
Other postemployment benefits (Note 7)	2,717,909	1,025,922
Total deferred outflows of resources	<u>8,276,173</u>	<u>8,533,240</u>
LIABILITIES		
Current liabilities:		
Accounts payable	2,179,150	3,098,403
Retention payable	4,719	28,523
Due to member and contracted agencies (Note 12)	2,982,982	2,354,300
Accrued payroll and related liabilities	205,728	418,503
Distribution payable to member agencies - due within one year (Note 4)	3,000,000	-
Compensated absences - due within one year (Note 6)	230,989	300,364
Lease and SBITA liability - due within one year (Note 7)	51,018	49,528
Total current liabilities	<u>8,654,586</u>	<u>6,249,621</u>
Noncurrent liabilities:		
Legal settlement payable (Note 11)	1,062,694	1,062,694
Distribution payable to member agencies - due in more than one year (Note 4)	3,000,000	-
Compensated absences - due in more than one year (Note 6)	447,732	599,662
Lease and SBITA liability - due in more than one year (Note 7)	54,804	105,822
Net other postemployment benefits liability (Note 8)	6,748,770	4,963,332
Net pension liability (Note 9)	19,599,505	19,716,589
Total noncurrent liabilities	<u>30,913,505</u>	<u>26,448,099</u>
Total liabilities	<u>39,568,091</u>	<u>32,697,720</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions (Note 9)	564,556	1,016,719
Other postemployment benefits (Note 8)	858,145	874,050
Total deferred inflows of resources	<u>1,422,701</u>	<u>1,890,769</u>
NET POSITION		
Net investment in capital assets (Note 13)	115,026,640	156,788,745
Restricted net position (Note 13)	12,500,000	-
Unrestricted (deficit)	(9,442,157)	(8,043,007)
Total net position	<u>\$ 118,084,483</u>	<u>\$ 148,745,738</u>

See accompanying Notes to the Financial Statements.

South Orange County Wastewater Authority
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2025 and 2024

	2025	2024 (Restated)
OPERATING REVENUES:		
O&M Member Agency Assessments :		
City of Laguna Beach	\$ 2,267,898	\$ 3,249,953
City of San Clemente	254,699	256,108
Emerald Bay Service District	189,219	183,442
El Toro Water District	699,381	1,032,510
Irvine Ranch Water District	150,464	178,929
Moulton Niguel Water District	7,369,295	10,045,236
South Coast Water District	4,529,385	4,599,931
Santa Margarita Water District	6,009,375	5,528,134
Total O&M Member Agency Assessments	<u>21,469,716</u>	<u>25,074,243</u>
Total Operating Revenues	<u>21,469,716</u>	<u>25,074,243</u>
OPERATING EXPENSES:		
O&M, environmental, compliance and safety	16,907,805	20,869,380
Engineering after capital transfer	87,844	242,668
Administration	2,331,706	2,152,651
Unallocated portion of pension, OPEB and accrued payroll related liabilities	3,585,730	2,568,058
Other expense	3,751,457	1,245,297
Depreciation and amortization	7,222,978	8,830,175
Total Operating Expenses	<u>33,887,520</u>	<u>35,908,229</u>
Operating (Loss)	<u>(12,417,804)</u>	<u>(10,833,986)</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest income	691,854	561,064
Interest expense	(4,242)	(5,325)
Severance member agency billings	-	420,041
Other revenues	2,828,895	1,289,750
Total Non-Operating Revenue (Expenses)	<u>3,516,507</u>	<u>2,265,530</u>
CAPITAL CONTRIBUTIONS FROM MEMBER AGENCIES:		
Member Agency Assessments and Severances:		
City of Laguna Beach	1,112,555	1,731,979
City of San Clemente	-	22,003
Emerald Bay Service District	77,263	105,539
El Toro Water District	75,415	283,382
Irvine Ranch Water District	19,419	149,523
Moulton Niguel Water District	1,342,426	3,214,405
South Coast Water District	2,127,928	2,074,487
Santa Margarita Water District	1,993,450	2,116,640
Total Member Agency Assessments and Severances	<u>6,748,456</u>	<u>9,697,958</u>
Total Capital Contributions from Member Agencies	<u>6,748,456</u>	<u>9,697,958</u>
Change in Net Position before Special Items	<u>(2,152,841)</u>	<u>1,129,502</u>
SPECIAL ITEMS:		
Loss on PC10 Transfer (Note 15)	(1,694,564)	-
Loss on PC17 Transfer (Note 15):		
Loss on disposal of PC17 capital asset	(39,313,850)	-
PC17 transfer selling price	21,500,000	-
Member agencies distribution payments (Note 15)	(9,000,000)	-
Total special items	<u>(28,508,414)</u>	<u>-</u>
Change in Net Position	<u>(30,661,255)</u>	<u>1,129,502</u>
NET POSITION:		
Beginning of year	148,745,738	147,582,696
Change in accounting principle (GASB 101)		33,540
Beginning of year, as restated (Note 17)	148,745,738	147,616,236
End of year	<u>\$ 118,084,483</u>	<u>\$ 148,745,738</u>

See accompanying Notes to the Financial Statements.

South Orange County Wastewater Authority
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025	2024 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from member agencies	\$ 20,381,213	\$ 25,848,174
Cash payments to vendors and suppliers for operations	(19,198,707)	(19,711,659)
Cash payments to employees for services	(5,648,747)	(7,258,679)
Net cash provided by (used in) operating activities	(4,466,241)	(1,122,164)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from severance member agency billings	-	420,041
Cash payments for distribution to member agency	(3,000,000)	-
Proceeds from grant revenue	2,828,895	1,289,750
Net cash provided by (used in) noncapital financing activities	(171,105)	1,709,791
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributions received from Member Agencies for capital use	6,748,456	9,697,958
Acquisition of capital assets	(6,395,956)	(4,797,617)
Proceed from sale of capital assets	7,166,667	-
Principal paid on leases and subscriptions	(49,528)	(48,446)
Interest paid on leases and subscriptions	(4,242)	(5,325)
Net cash provided by (used in) capital and related financing activities	7,465,397	4,846,570
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment earnings	733,972	459,524
Net cash provided by (used in) investing activities	733,972	459,524
Net change in cash and cash equivalents	3,562,023	5,893,721
CASH AND CASH EQUIVALENTS:		
Beginning of year	15,261,326	9,367,605
End of year	<u>\$ 18,823,349</u>	<u>\$ 15,261,326</u>
RECONCILIATION OF NET OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net Operating (Loss)	\$ (12,417,804)	\$ (10,833,986)
Adjustments to reconcile net operating (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,222,978	8,830,175
Changes in operating assets and liabilities:		
Accounts receivable	48,612	603,741
Due from Member Agencies	(1,137,115)	170,190
Prepaid items	48,149	28,706
Pensions related deferred outflows of resources	1,949,054	102,412
OPEB related deferred outflows of resources	(1,691,987)	(367,032)
Accounts payable	(966,861)	(58,471)
Retention payable	23,804	-
Legal settlement (net)	1,060,041	2,653
Due to Member Agencies	628,682	(489,364)
Accrued payroll liabilities	(212,775)	(247,431)
Compensated absences	(221,305)	133,923
Net OPEB liability	1,785,438	188,695
Net pension liability	(117,084)	1,423,658
Pensions related deferred inflows of resources	(452,163)	(583,594)
OPEB related deferred inflows of resources	(15,905)	(26,439)
Net cash provided by (used in) operating activities	\$ (4,466,241)	\$ (1,122,164)
NON CASH ITEM FROM INVESTING ACTIVITIES		
Capital contributions	\$ -	\$ 360,157
Loss on disposal of PC10 capital assets	(1,694,564)	-
Loss on disposal of PC17 capital assets	(39,313,850)	-
Notes receivable set up due to PC17	21,500,000	-
Distribution payables to member agencies	(9,000,000)	-
Issuance of subscription liability	-	14,486
Unrealized gain (loss) on investments	-	11,585
	<u>\$ (28,508,414)</u>	<u>\$ 386,228</u>

This page intentionally left blank.



Notes to the Basic Financial Statements

This page intentionally left blank.

South Orange County Wastewater Authority
Index to the Notes to the Financial Statements
For the Years Ended June 30, 2025 and 2024

The notes to the financial statements include a summary of significant accounting policies and other information considered essential to fully disclose and fairly present the transactions and financial position of the Authority, as follows:

Note 1 – Reporting Entity	15
Note 2 – Summary of Significant Accounting Policies	16
Note 3 – Cash and Investments	21
Note 4 – Note Receivable and Distribution Payable related to PC 17 Transfer	23
Note 5 – Capital Assets	24
Note 6 – Compensated Absences	26
Note 7 – Lease and Subscription Liability	26
Note 8 – Other Postemployment Benefits (“OPEB”)	27
Note 9 – Defined Benefit Pension Plan	33
Note 10 – Risk Management	40
Note 11 – Legal Settlement Receivables and Payables	40
Note 12 – Due From and Due To Member and Contracted Agencies	41
Note 13 – Net Position	41
Note 14 – Commitments and Contingencies	42
Note 15 – Special Items	42
Note 16 – Subsequent Event	43
Note 17 – Restatement of Beginning Net Position	44

This page intentionally left blank.

South Orange County Wastewater Authority
Notes to the Financial Statements
For the Years Ended June 30, 2025 and 2024

Note 1 – Reporting Entity

Effective July 1, 2001, the Aliso Water Management Agency ("AWMA"), South East Regional Reclamation Authority ("SERRA"), and South Orange County Reclamation Authority ("SOCRA") were consolidated to form the South Orange County Wastewater Authority (the "Authority"). The Authority was formed as a joint exercise of powers agreement under the laws of the State of California. The member agencies of AWMA, SERRA and SOCRA became member agencies of the Authority. Each member agency appoints one representative to the Authority's board of directors. The Authority assumed all assets, obligations, agreements and liabilities of AWMA, SERRA, and SOCRA. The accompanying financial statements present the Authority and its component units for which the Authority is considered to be financially accountable, if any. Currently, there are no such component units.

AWMA was created under a joint exercise of powers agreement dated March 1, 1972. AWMA was formed to enable its members to jointly exercise their common powers regarding the treatment and disposal of wastewater to establish a total water management program for their consolidated service areas.

SERRA was formed by a joint exercise of powers agreement on March 9, 1970. SERRA was formed to coordinate regional planning of wastewater disposal and reclamation of wastewater in the San Juan Basin.

SOCRA was created under a joint exercise of powers agreement dated September 5, 1991. SOCRA was formed to enable its members to jointly exercise their common powers regarding the acquisition and holding of a single water reclamation primary user permit for the San Juan, Aliso Valley and other watershed areas within Region 8 and 9 of the California State Water Resources Control Board.

The Authority is comprised of the following six member agencies as of June 30, 2025:

- City of Laguna Beach ("CLB")
- City of San Clemente ("CSC")
- Emerald Bay Service District ("EBSD")
- El Toro Water District ("ETWD")
- South Coast Water District ("SCWD")
- Santa Margarita Water District ("SMWD")

Effective July 1, 2023, Irvine Ranch Water District (IRWD)'s ownership capacity and ongoing financial obligations were assumed by the ETWD. IRWD is shown as a member agency for financial tracking purposes only.

Effective December 12, 2024, Moulton Niguel Water District (MNWD) withdrew from the Authority. MNWD assumed ownership of certain Regional Treatment Plant improvements and related interests pursuant to executed transfer agreements. MNWD is shown as a member agency for financial tracking purposes only.

The Authority is economically dependent upon assessments from the above member agencies.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (“GASB”) commonly referred to as accounting principles generally accepted in the United States of America (“U.S. GAAP”). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Financial Statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows) report information on all of the activities of the Authority. The Authority accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The financial statements are prepared using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent), and deferred outflows and inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues are those revenues that are generated from the primary operations of the Authority. The Authority reports a measure of operations by presenting the change in net position from operations as “Net Surplus/(Deficit)” in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the Authority as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, settlement receivable allowance, and other infrequently occurring transactions of a non-operating nature. Operating revenues consists primarily of member assessments for services. Operating expenses are those expenses that are essential to the primary operations of the Authority. Operating expenses include the cost of services, administrative expenses, and depreciation and amortization expense on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value. Investments are reported at fair value. Changes in fair value that occur during the fiscal year are recognized as investment income for that fiscal year.

The Authority participates in an investment pool managed by the State of California titled Local Agency Investment Fund (“LAIF”), which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value, which is amortized costs, of the pool approximates the fair value of the pool shares.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (Continued)

Receivables, Due from Member Agencies, and Allowance for Doubtful Accounts

Accounts receivable consist of amounts owed by member agencies rendered in the regular course of business operations. All of the Authority's costs are funded by the member agencies that are served; therefore, SOCWA does not have doubtful accounts. Due from Member Agencies are actual costs that are greater than amounts invoiced based on the annual budget or Capital Projects forecast.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

Capital Assets

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost was not available. Donated capital assets are valued at their estimated acquisition value on the date donated. The Authority policy has set the capitalization threshold for reporting capital assets at \$5,000, all of which must have an estimated useful life in excess of three years. The original completed joint construction project costs of all original facilities constructed or acquired by AWMA and SERRA were transferred to the Authority and are reflected in the accompanying financial statements as capital assets owned by the Authority. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	3 to 50 years
Building Improvements	3 to 25 years
Computer Hardware	3 to 10 years
Computer Software	3 to 10 years
Furniture and Fixtures	5 to 10 years
Infrastructure	3 to 50 years
Machinery and Equipment	3 to 20 years
Vehicles	3 to 10 years

Capital expenditures are recorded as construction-in-progress (CIP) and capitalized as a Capital Asset once all costs have been recorded and the asset has been placed in service. Repairs and maintenance costs are expensed.

Deferred Outflows of Resources and Deferred Inflows of Resources

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable. Deferred Outflows of Resources represent a consumption of net assets that applies to future periods. Deferred Inflows of Resources represent an acquisition of net assets that applies to future periods.

Due to Member Agencies

Due to Member Agencies represents amounts that the Authority owes to its member agencies, arising from regular business operations. These amounts reflect actual costs that are lower than the amounts invoiced based on the annual budget or Capital Projects forecast, resulting in overpayments by the member agencies. Such overpayments are treated as current liabilities, with the understanding that the Authority is accountable to settle these amounts with the respective member agencies.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (Continued)

Lease Assets and Liabilities

The Authority has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the financial statements. The Authority recognizes lease liabilities with an initial, individual present value of \$5,000 or more with a lease term greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The right to use the lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the Authority has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right to use the lease assets are reported as intangible assets along with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Subscription Based Information Technology Arrangements (“SBITA”) Assets and Liabilities

The Authority has a policy to recognize a SBITA liability and a right-to-use subscription asset (SBITA asset) in the financial statements with an initial, individual value of \$5,000 or more with a subscription term greater than one year. At the commencement of a subscription, when the subscription asset is placed into service, the SBITA liability is measured at the present value of payments expected to be made during the subscription term. Future subscription payments are discounted using the Authority's incremental borrowing rate and the Authority recognizes amortization of the discount on the subscription liability as interest expense in subsequent financial reporting periods.

SBITA assets are measured as the sum of the initial subscription liability, payments made to the SBITA vendor before the commencement of the lease term, and capitalizable implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized using the straight-line method over the subscription term.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (Continued)

Subscription Based Information Technology Arrangements (“SBITA”) Assets and Liabilities (Continued)

Key estimates and judgments related to SBITAs include how the Authority determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

The Authority uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.

The subscription term includes the period during which the Authority has a noncancelable right to use the underlying IT asset. The subscription term also includes periods covered by an option to extend if it is reasonably certain to be exercised.

Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option years that the Authority is reasonably certain to exercise. The Authority monitors changes in circumstances that would require a remeasurement of a subscription and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use subscription assets are reported along with other capital assets and subscription liabilities are reported on the statement of net position.

Compensated Absences

The liability for compensated absences is recognized as leave is earned, based on the employee’s pay rate in effect at the financial statement date, including any applicable salary-related costs. The liability includes only leave attributable to services already rendered and that is more likely than not to be paid. Sick leave is accrued only to the extent the amounts are more likely than not to be paid in accordance with the Authority’s sick leave payout provisions. Compensated absences are reported in the statement of net position as the portion due within one year and the portion due after one year.

Under GASB 101, a liability must be recognized for leave that is attributable to services already rendered, accumulates and carries forward to future periods, and is more likely than not to be used or paid. This represents a shift from previous guidance, particularly in how likelihood and eligibility are assessed.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

For the Year Ended	June 30, 2025	June 30, 2024
Valuation Date	June 30, 2023	June 30, 2022
Measurement Date	June 30, 2024	June 30, 2023
Measurement Period	July 1, 2023 to June 30, 2024	July 1, 2022 to June 30, 2023

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (Continued)

Pensions (Continued)

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized using the straight-line method over five (5) years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Other Postemployment Benefits

For purposes of measuring the net other postemployment benefits (“OPEB”) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority’s Retiree Benefits Plan (“OPEB Plan”) and additions to/deductions from OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan (Note 7). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for OPEB reporting:

For the Year Ended	June 30, 2025	June 30, 2024
Valuation Date	January 1, 2025	January 1, 2023
Measurement Date	June 30, 2025	June 30, 2024
Measurement Period	July 1, 2024 to June 30, 2025	July 1, 2023 to June 30, 2024

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over 5 years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Net Position

Net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of debt that are attributable to the acquisition of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis for Member Assessments

Member assessments are determined based on each member's participation in project committee costs. Costs are allocated to member agencies based on usage.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Implementation of New GASB Pronouncements

There are two new GASB pronouncements effective in Fiscal Year ended June 30, 2025:

GASB Statement No. 101 – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Implementation of this Statement resulted in a restatement of the beginning fund balance as of July 1, 2024, as presented in Note 15.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints which may limit a government's ability to acquire resources or control spending. The Authority has evaluated its exposure to financial risk stemming from concentrations and constraints. Management has determined that no concentration exists for the fiscal year ended June 30, 2025.

Note 3 – Cash and Investments

At June 30, 2025 and 2024, the Authority's cash and investments were comprised of the following:

	June 30, 2025	June 30, 2024
Petty cash	\$ 1,600	\$ 1,600
Demand deposits	4,408,159	1,818,077
Local Agency Investments Fund	14,413,590	13,441,649
Total cash and investments	\$ 18,823,349	\$ 15,261,326

A. Demand Deposits

At June 30, 2025 and 2024, the carrying amount of demand deposits were \$4,408,159 and \$1,818,077, respectively. Bank balances at that date were \$4,463,850 and \$2,082,679, the total amount of which was fully insured and/or collateralized with securities held by the pledging financial institutions in the Authority's name as discussed below. The California Government Code requires California banks and savings and loan associations to secure the Authority's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Authority's name.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 3 – Cash and Investments (Continued)

A. Demand Deposits (Continued)

The fair value of pledged securities must equal at least 110% of the Authority's cash deposits. California law also allows institutions to secure the Authority's deposits by pledging first trust deed mortgage notes having a value of 150% of the Authority's total cash deposits. The Authority may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The Authority, however, has not waived the collateralization requirements.

B. Restricted Cash

As of June 30, 2025, the Authority held \$4,166,666 that is restricted for Project Committee 15 (PC 15) future capital projects in accordance with the transfer arrangement described in Note 13. These funds are restricted for specified capital purposes and are not available for general operations. As of June 30, 2024, the Authority had no restricted cash.

C. Investments

The table below identifies the investment types that are authorized for the Authority by the California Government Code and the Authority's investment policy. The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, if more restrictive) that addresses interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investments In One Issuer*
U.S. Treasury Obligations	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Local Agency Investment Fund ("LAIF")	N/A	None	None
Other Joint Powers Agency Investments	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

D. Investment in Local Agency Investment Fund

The Authority is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2025 and 2024, the Authority had \$14,413,590 and \$13,441,649 invested in LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. LAIF is reported at amortized cost, which approximates fair value.

E. Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2025 and 2024, the Authority's investment portfolio consisted of \$14,413,590 and \$13,441,649 invested in the State of California Local Agency Investment Fund, which is valued at amortized cost and "uncategorized" under the fair value hierarchy.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 3 – Cash and Investments (Continued)

F. Risk Disclosures

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value will be to changes in market interest rates. In accordance with the Authority's Investment Policy, the Authority manages its exposure to interest rate risks by placing all deposits of member agency funds in passbook savings account demand deposits that are federally insured and additionally in the State of California Local Agency Investment Fund ("LAIF") for deposits up to \$75 million where investments may be made by the State Treasurer in accordance with the above guidelines. For any held funds over \$75 million, investments may be made in negotiable certificates of deposits, U.S. Treasury Notes and other JPA Investment Programs allowable under State statute.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2025 and 2024, the Authority's investment portfolio consisted of \$14,413,590 and \$13,441,649 invested in the State of California Local Agency Investment Fund, which is not rated.

Disclosures Relating to Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Note 4 – Note Receivable and Distribution Payable related to PC 17 Transfer

In connection with MNWD's withdrawal from the Authority and the related transfer of Regional Treatment Plant assets and capacity rights, the Authority entered into an Asset and Capacity Transfer Agreement dated December 9, 2024. Under this agreement, MNWD remitted a Transfer Price of \$21,500,000 to the Authority, which was used in determining the loss on disposal of assets recorded by the Authority.

As of June 30, 2025, the Authority reported a note receivable of \$14,333,334, comprised of \$7,166,667 included in current assets and \$7,166,667 included in noncurrent assets. The note receivable represents the unpaid portion of the PC 17 transfer price due from MNWD under the applicable transfer agreements. The transfer and related loss are disclosed as special item under Note 15.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 4 – Note Receivable and Distribution Payable related to PC 17 Transfer (Continued)

In connection with the PC 17 transfer proceeds, the Authority entered into a Memorandum of Understanding (MOU) among the remaining member agencies regarding the allocation of certain amounts received from MNWD. Under the MOU, the Authority is responsible for administering payments totaling \$9,000,000 to the remaining member agencies. These amounts are not part of the Transfer Price and were not included in the loss on disposal calculation.

As of June 30, 2025, the Authority reported an allocation payable comprised of \$3,000,000 included in current liabilities and \$3,000,000 included in noncurrent liabilities. An additional \$3,000,000 was paid to member agencies on January 9, 2025.

Note 5 – Capital Assets

The summary of changes in capital assets for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Deletions	Transfer	Balance June 30, 2025
Tangible capital assets, not depreciated					
Land	\$ 14,402,224	\$ -	\$ (6,589,000)	\$ -	\$ 7,813,224
Construction In Progress	19,934,796	6,386,028	-	(2,333,352)	23,987,472
Total tangible capital assets, not depreciated	34,337,020	6,386,028	(6,589,000)	(2,333,352)	31,800,696
Tangible capital assets, being depreciated					
Buildings	10,727,125	-	(4,780,410)	-	5,946,715
Buildings Improvements	14,717,448	-	(6,866,000)	252,570	8,104,018
Computer Hardware	2,153,848	-	(673,693)	21,826	1,501,981
Computer Software	299,703	-	(102,074)	-	197,629
Furniture and Fixtures	160,036	-	-	-	160,036
Infrastructure	179,681,709	-	(38,777,799)	1,007,549	141,911,459
Machinery and Equipment	160,619,467	-	(55,463,569)	1,051,407	106,207,305
Vehicles	1,709,587	-	(213,771)	-	1,495,816
Total tangible capital assets, being depreciated	370,068,923	-	(106,877,316)	2,333,352	265,524,959
Less accumulated depreciation on tangible assets					
Buildings	(8,089,842)	(133,038)	3,812,544	-	(4,410,336)
Buildings Improvements	(5,821,745)	(372,776)	3,369,403	-	(2,825,118)
Computer Hardware	(1,719,200)	(92,332)	505,455	-	(1,306,077)
Computer Software	(254,390)	(17,009)	96,413	-	(174,986)
Furniture and Fixtures	(160,036)	-	156,692	-	(3,344)
Infrastructure	(130,665,329)	(2,793,934)	28,257,889	-	(105,201,374)
Machinery and Equipment	(99,669,943)	(3,667,141)	36,057,218	-	(67,279,866)
Vehicles	(1,211,217)	(93,554)	202,287	-	(1,102,484)
Total accumulated depreciation on tangible assets	(247,591,702)	(7,169,784)	72,457,901	-	(182,303,585)
Total tangible capital assets, being depreciated, net	122,477,221	(7,169,784)	(34,419,415)	2,333,352	83,221,374
Intangible assets, being amortized:					
Right-to-use Lease Assets - Equipment	226,759	-	-	-	226,759
Right-to-use Subscription Assets - Equipment	23,511	9,928	(9,025)	-	24,414
Total lease assets	250,270	9,928	(9,025)	-	251,173
Less accumulated amortization					
Right-to-use Lease Assets - Equipment	(84,573)	(45,352)	-	-	(129,925)
Right-to-use Subscription Assets - Equipment	(7,320)	(7,842)	9,025	-	(6,137)
Total accumulated amortization	(91,893)	(53,194)	9,025	-	(136,062)
Total intangible assets, being amortized, net	158,377	(43,266)	-	-	115,111
Total capital assets, net	\$ 156,972,618	\$ (827,022)	\$ (41,008,415)	\$ -	\$ 115,137,181

Depreciation and amortization expenses for the year ended June 30, 2025 were \$7,222,978.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 5 – Capital Assets (Continued)

The summary of changes in capital assets for the year ended June 30, 2024 was as follows:

	Balance July 1, 2024	Additions	Deletions	Transfer	Balance June 30, 2024
Tangible capital assets, not depreciated					
Land	\$ 14,402,224	\$ -	\$ -	\$ -	\$ 14,402,224
Construction In Progress	18,905,336	4,797,617	-	(3,768,157)	19,934,796
Total tangible capital assets, not depreciated	33,307,560	4,797,617	-	(3,768,157)	34,337,020
Tangible capital assets, being depreciated					
Buildings	10,727,125	-	-	-	10,727,125
Buildings Improvements	14,554,338	-	-	163,110	14,717,448
Computer Hardware	2,132,394	-	-	21,454	2,153,848
Computer Software	299,703	-	-	-	299,703
Furniture and Fixtures	160,036	-	-	-	160,036
Infrastructure	178,478,552	-	-	1,203,157	179,681,709
Machinery and Equipment	158,404,560	-	-	2,214,907	160,619,467
Vehicles	1,544,058	-	-	165,529	1,709,587
Total tangible capital assets, being depreciated	366,300,766	-	-	3,768,157	370,068,923
Less accumulated depreciation on tangible assets					
Buildings	(7,917,016)	(172,826)	-	-	(8,089,842)
Buildings Improvements	(5,286,360)	(535,385)	-	-	(5,821,745)
Computer Hardware	(1,572,991)	(146,209)	-	-	(1,719,200)
Computer Software	(229,031)	(25,359)	-	-	(254,390)
Furniture and Fixtures	(160,036)	-	-	-	(160,036)
Infrastructure	(127,391,229)	(3,274,100)	-	-	(130,665,329)
Machinery and Equipment	(95,130,051)	(4,539,892)	-	-	(99,669,943)
Vehicles	(1,124,435)	(86,782)	-	-	(1,211,217)
Total accumulated depreciation on tangible assets	(238,811,149)	(8,780,553)	-	-	(247,591,702)
Total tangible capital assets, being depreciated, net	127,489,617	(8,780,553)	-	3,768,157	122,477,221
Intangible assets, being amortized:					
Right-to-use Lease Assets - Equipment	226,759	-	-	-	226,759
Right-to-use Subscription Assets - Equipment	9,025	14,486	-	-	23,511
Total lease assets	235,784	14,486	-	-	250,270
Less accumulated amortization					
Right-to-use Lease Assets - Equipment	(39,221)	(45,352)	-	-	(84,573)
Right-to-use Subscription Assets - Equipment	(3,050)	(4,270)	-	-	(7,320)
Total accumulated amortization	(42,271)	(49,622)	-	-	(91,893)
Total intangible assets, being amortized, net	193,513	(35,136)	-	-	158,377
Total capital assets, net	\$ 160,990,690	\$ (4,018,072)	\$ -	\$ -	\$ 156,972,618

Depreciation and amortization expenses for the year ended June 30, 2024 were \$8,830,175.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 6 – Compensated Absences

The summary of changes in compensated absences for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024 (As restated)		Net Changes	Balance June 30, 2025	Classification	
					Current	Long-term
Compensated absences	\$ 900,026	\$ (221,305)		\$ 678,721	\$ 230,989	\$ 447,732

The summary of changes in compensated absences for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023 (As restated)		Net Changes	Balance June 30, 2024	Classification	
					Current	Long-term
Compensated absences	\$ 803,312	\$ 96,714		\$ 900,026	\$ 300,364	\$ 599,662

Note 7 – Lease and Subscription Liability

A summary of changes in lease and subscription liability for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024			Balance June 30, 2025	Due within One Year	Due in More Than One Year
		Additions	Deletions			
Lease liability	\$ 145,814	\$ -	\$ (44,820)	\$ 100,994	\$ 46,190	\$ 54,804
Subscription liability	9,536	9,928	(14,636)	4,828	4,828	-
Total	\$ 155,350	\$ 9,928	\$ (59,456)	\$ 105,822	\$ 51,018	\$ 54,804

A summary of changes in lease liability for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023			Balance June 30, 2024	Due within One Year	Due in More Than One Year
		Additions	Deletions			
Lease liability	\$ 189,310	\$ -	\$ (43,496)	\$ 145,814	\$ 44,820	\$ 100,994
Subscription liability	-	14,486	(4,950)	9,536	4,708	4,828
Total	\$ 189,310	\$ 14,486	\$ (48,446)	\$ 155,350	\$ 49,528	\$ 105,822

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 7 – Lease and Subscription Liability (Continued)

Lease Liability

The Authority has entered into leases for building space and equipment use. The terms of the agreements range from 25 to 60 months. The calculated interest rate used was from 0.6870% to 3.4450%. At June 30, 2025 and 2024, the outstanding balance of the leases is \$100,994 and \$145,814, respectively.

Principal and interest payments to maturity as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 46,190	\$ 2,631	\$ 48,821
2027	41,018	1,234	42,252
2028	13,786	99	13,885
Total	<u>\$ 100,994</u>	<u>\$ 3,964</u>	<u>\$ 104,958</u>

Subscription Liability

The Authority has entered into subscriptions for information technology arrangements. The term of the arrangements were 36 months with implicit rate from 2.5330% to 2.8760%. At June 30, 2025 and 2024, the outstanding balance of the leases is \$4,828 and \$9,536, respectively.

Principal and interest payments to maturity as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	<u>\$ 4,828</u>	<u>\$ 122</u>	<u>\$ 4,950</u>

Note 8 – Other Postemployment Benefits (“OPEB”)

General Information about the OPEB

Plan Description and Eligibility

The Authority provides post-retirement health care benefits to employees who retire from PERS on or after age 50 with at least 5 years of service with the Authority and PERS. (Authority service for employees hired after October 5, 2007). Eligible employees must retire (commence pension payment) with CalPERS within 120 days of separation from service. Eligible retirees receive a similar contribution towards benefits as active employees. Retiree benefits are paid for the lifetime of the retiree, spouse or surviving spouse and to age 26 for dependents. The Authority's plan is a single employer plan that provides post-retirement health care benefits in accordance with the Public Employee's Medical and Hospital Care Act through the PERS health program.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)

General Information about the OPEB (Continued)

Plan Description and Eligibility (Continued)

All permanent full-time and part-time employees working at least half-time are offered a choice of medical (including prescription drug coverage) plans through the CalPERS Health Program under the Public Employees’ Medical and Hospital Care Act (PEMHCA). SOCWA currently pays an amount each year that is based on a percentage of the average of all health plans (excluding the PERS Care Plan) made available to SOCWA employees through the CalPERS Health Program. Any premium costs above this amount are paid for by the employee. Alternatively, the employee may elect a cash-in-lieu option of \$300/month but opt back into the health plan at any time before retirement during an enrollment period. SOCWA offers the same medical plans to eligible retirees except once retirees are eligible for Medicare, the retiree must join a Medicare HMO or Supplement Plan with Medicare being the primary payer. Employees hired on or after July 1, 2017 are only eligible for the PEMHCA minimum contribution (\$158 for 2025, \$157 for 2024 and \$151 for 2023) and an HSA contribution. For the purposes of GASB 75, only the PEMHCA minimum contribution will be valued for these employees. The Plan does not issue a stand-alone financial report.

Employees Covered by Benefit Terms

At the June 30, 2025 and June 30, 2024, year-end dates, the following employees were covered by the benefit terms under the OPEB Plan:

	2025	2024
Active employees	40	57
Inactive employees or beneficiaries currently receiving benefits	53	50
Inactive employees entitled to, but not yet receiving benefits	-	-
Total	93	107

Contribution

The Authority contributes on a pay-as-you-go basis and the benefits were paid outside the trust and not reimbursed.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)

Net OPEB Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The January 1, 2025 valuation was rolled forward to determine the June 30, 2025 total OPEB liability, respectively, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	5.75% at June 30, 2025 6.50% at June 30, 2024
Long-Term Expected Rate of Return on Assets	Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.50% annually
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Salary Increases	Aggregate - 2.75% annually Merit - CalPERS 2000-2019 Experience Study
Medical Trend	Non-Medicare - 7.35% for 2027, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 6.50% for 2027, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 5.45% for 2027, decreasing to an ultimate rate of 3.45% in 2076
PEMHCA Minimum Increases	3.50% annually
Cap Increases	95% of average premium cap - Non-Medicare healthcare trend
Healthcare Participation for Future Retirees	Hired before 1/1/2017 - 100% Hired on or after 1/1/2017 - 50%

Change of Assumptions

From the January 1, 2025 valuation date to the June 30, 2025 measurement date, the Authority had the following changes of assumptions:

- (1) The Discount rate was changed from 6.50% to 5.75%.
- (2) Updated medical and PEMHCA minimum trend.
- (3) Updated mortality to CalPERS 2000-2019 Experience Study.
- (4) Updated participation for those hired on or after January 1, 2017.
- (5) Added family coverage at retirement.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)

Net OPEB Liability (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investment is assumed to be 5.75%. This was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage and adding in expected inflation (2.75%). The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan’s target asset allocation as of June 30, 2025 are summarized in the following table.

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	60%	4.56%
Fixed Income	35%	0.78%
Cash	5%	-0.50%
Total	100%	6.50
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return, Rounded		5.75%

Discount Rate

The discount rate used to measure the 2025 and 2024 total OPEB liability were 5.75% and 6.50%, respectively.

Change in the Net OPEB Liability

The following table shows the changes in net OPEB liability recognized over the measurement period of July 1, 2024 to June 30, 2025.

	2025		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c)=(a)-(b)
Balance at June 30, 2024	\$ 12,001,605	\$ 7,038,273	\$ 4,963,332
Changes Recognized for the Measurement Period:			
Service Cost	290,703	-	290,703
Interest on the total OPEB liability	773,131	-	773,131
Changes in benefit terms	-	-	-
Difference between expected and actual experience	424,630	-	424,630
Changes in assumptions	1,805,672	-	1,805,672
Contribution from the employer	-	795,977	(795,977)
Net investment income	-	731,082	(731,082)
Benefit payments	(795,977)	(795,977)	-
Administrative expenses	-	(18,361)	18,361
Net changes during July 1, 2024 to June 30, 2025	2,498,159	712,721	1,785,438
Balance at June 30, 2025 (Measurement Date)	\$ 14,499,764	\$ 7,750,994	\$ 6,748,770

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)

Change in the Net OPEB Liability (Continued)

The following table shows the changes in net OPEB liability recognized over the measurement period of July 1, 2023 to June 30, 2024.

	2024		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c)=(a)-(b)
Balance at June 30, 2023	\$ 10,993,133	\$ 6,218,496	\$ 4,774,637
Changes Recognized for the Measurement Period:			
Service Cost	256,265	-	256,265
Interest on the total OPEB liability	707,487	-	707,487
Changes in benefit terms	164	-	164
Difference between expected and actual experience	292,779	-	292,779
Changes in assumptions	493,433	-	493,433
Contribution from the employer	-	745,474	(745,474)
Net investment income	-	852,011	(852,011)
Benefit payments	(741,656)	(741,656)	-
Administrative expenses	-	(36,052)	36,052
Net changes during July 1, 2023 to June 30, 2024	1,008,472	819,777	188,695
Balance at June 30, 2024 (Measurement Date)	\$ 12,001,605	\$ 7,038,273	\$ 4,963,332

Sensitivity of the Net OPEB Liability to Changes in Discount Rate

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current discount rate, for the measurement period ended June 30, 2025:

Measurement Date	Plan's Net OPEB Liability		
	Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
	June 30, 2025	\$ 8,657,707	\$ 6,748,770

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current discount rate, for the measurement period ended June 30, 2024:

Measurement Date	Plan's Net OPEB Liability		
	Discount Rate -1% (5.50%)	Current Discount Rate (6.50%)	Discount Rate +1% (7.50%)
	June 30, 2024	\$ 6,441,475	\$ 4,963,332

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 8 – Other Postemployment Benefits (“OPEB”) (Continued)

Change in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rates

The following presents the net OPEB liability of the Authority, as well as what the Authority’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates, for the measurement periods ended June 30, 2025 and 2024:

Measurement Date	Plan's Net OPEB Liability		
	Trend -1%	Current Trend Rate	Trend +1%
June 30, 2025	\$ 5,004,867	\$ 6,748,770	\$ 8,884,619
June 30, 2024	3,620,229	4,963,332	6,617,866

OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the years ended June 30, 2025 and 2024, the Authority recognized OPEB expense in the amounts of \$873,523 and \$540,698, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 1,989,626	\$ (69,147)	\$ 592,955	\$ (656,075)
Difference between expected and actual experience	728,283	(503,858)	432,967	(80,672)
Differences between projected and actual earnings on OPEB plan investments	-	(285,140)	-	(137,303)
Total	\$ 2,717,909	\$ (858,145)	\$ 1,025,922	\$ (874,050)

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five-year period. The remaining gains and losses are amortized over the expected average remaining service life. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ending June 30	2025		2024	
	Deferred Outflows/(Inflows) of Resources	Year Ending June 30	Deferred Outflows/(Inflows) of Resources	Year Ending June 30
2026	\$ 464,052	2025	\$ (95,211)	2025
2027	199,399	2026	120,622	2026
2028	229,962	2027	(144,031)	2027
2029	387,529	2028	(113,468)	2028
2030	330,267	2029	44,100	2029
Thereafter	248,555	Thereafter	339,860	Thereafter
Total	\$ 1,859,764	Total	\$ 151,872	Total

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 9 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

The Authority contributes to the California Public Employees' Retirement System ("CalPERS"), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2023 and 2022 Annual Actuarial Valuation Reports. These reports and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Employees Covered by Benefit Terms

At June 30, 2023 and 2022 valuation dates, the following employees were covered by the benefit terms:

	2023			2022		
	Tier 1	Tier 2	PEPRA	Tier 1	Tier 2	PEPRA
Active employees	11	7	39	12	8	40
Transferred and terminated employees	10	1	12	13	1	6
Separated	11	0	11	12	0	9
Retired Employees and Beneficiaries	98	1	0	94	0	0
Total	130	9	62	131	9	55

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment.

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	2025		
	Tier 1	Tier 2	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Benefit Formula	2.5% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.00% to 2.50%	2.0%	2.0%
Require employee contribution rates	8.00%	7.00%	7.75%
Required employer contribution rates	14.13%	12.52%	7.87%

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 9 – Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

	2024		
	Tier 1	Tier 2	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Benefit Formula	2.5% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.00% to 2.50%	2.00%	2.00%
Require employee contribution rates	8.00%	7.00%	7.75%
Required employer contribution rates	14.06%	12.47%	7.68%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Public agency cost-sharing plans covered by the miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 9 – Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2023 and 2022 valuations were rolled forward to determine the June 30, 2024 and 2023 total pension liabilities, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumption:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

¹The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Change of Assumptions

There were no assumption changes in 2024 and 2023.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 9 – Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Long-Term Expected Rate of Return (Continued)

The expected real rates of return by asset class are as follows:

2024 and 2023		
Asset Class	Assumed Asset Allocation	Real Return ^{1,2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted Private Equity	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	<u>100.00%</u>	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the June 30, 2024 and 2023 total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 9 – Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability of the Plan as of the measurement dates at June 30, 2024 and 2023, calculated using the discount rates of 6.90% for both June 30, 2024 and 2023 measurement dates, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Measurement Date	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
	June 30, 2024	\$ 29,511,146	\$ 19,599,505
Plan's Aggregate Net Pension Liability/(Asset)			
	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
June 30, 2023	\$ 29,254,354	\$ 19,716,589	\$ 11,866,189

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement periods:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2023 (Valuation Date)	\$ 70,521,737	\$ 50,805,148	\$ 19,716,589
Balance at June 30, 2024 (Measurement Date)	73,451,993	53,852,488	\$ 19,599,505
Net changes during 2023-2024	2,930,256	3,047,340	(117,084)
Balance at June 30, 2022 (Valuation Date)	\$ 66,443,205	\$ 48,150,274	\$ 18,292,931
Balance at June 30, 2023 (Measurement Date)	70,521,737	50,805,148	19,716,589
Net changes during 2022-2023	4,078,532	2,654,874	1,423,658

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool for the measurement periods ended June 30, 2024 and 2023, respectively.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation dates (June 30, 2023 and 2022). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 9 – Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense

- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2024 and 2023). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2024 and 2023 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2023-2024 and 2022-2023).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of the market value assets.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the measurement date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the measurement date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocate based on the Authority's share of contributions during measurement period.

The Authority's proportionate share of the net pension was as follows:

FY 2025		FY 2024	
Measurement Date		Measurement Date	
June 30, 2023	0.15804%	June 30, 2022	0.15837%
June 30, 2024	0.16161%	June 30, 2023	0.15804%
Change - Increase (Decrease)	0.00357%	Change - Increase (Decrease)	-0.00033%

For the years ended June 30, 2025 and 2024, the Authority recognized pension expense in the amounts of \$3,534,784 and \$2,940,640, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 9 – Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the measurement date ended June 30, 2024 and 2023 are 3.8 years, which was obtained by dividing the total service years of 630,177 and 600,538 (the sum of remaining service lifetimes of the active employees) by 166,163 and 160,073 (the total number of participants: active, inactive, and retired), respectively.

At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution after measurement date	\$ 2,154,977	\$ -	\$ 1,998,164	\$ -
Changes of assumptions	503,748	-	1,190,379	-
Difference between expected and actual experience	1,694,557	(66,120)	1,007,230	(156,246)
Projected earnings on pension plan investments under/(in excess of) actual earnings	1,128,320	-	3,192,293	-
Adjustment due to differences in proportions				-
Change in employer's proportion	76,662	(240,791)	119,252	(320,284)
Employer's actual contributions in excess of/(under) employer's proportionate share of contribution	-	(257,645)	-	(540,189)
Total	<u>\$ 5,558,264</u>	<u>\$ (564,556)</u>	<u>\$ 7,507,318</u>	<u>\$ (1,016,719)</u>

Deferred outflows of resources related to pensions resulting from the Authority’s contributions made subsequent to the measurement date in the amount of \$2,154,977 and \$1,998,164 will be recognized as a reduction of the collective net pension liability in the years ending June 30, 2026 and 2025, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,	2025	Year Ending June 30,	2024
	Deferred Outflows/ (Inflows) of Resources Miscellaneous		Deferred Outflows/ (Inflows) of Resources Miscellaneous
2026	\$ 813,172	2025	\$ 1,164,604
2027	2,431,070	2026	827,432
2028	(18,850)	2027	2,408,800
2029	(386,661)	2028	91,599
2030	-	2029	-
Thereafter	-	Thereafter	-
Total	<u>\$ 2,838,731</u>	Total	<u>\$ 4,492,435</u>

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 10 – Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has joined the California Sanitation Risk Management Authority ("CSRMA"), a public entity risk pool currently operating as a common risk management and insurance program for 60-member sanitation districts. The Authority pays an annual premium to CSRMA for its general insurance coverage. The agreement for formation of the CSRMA provides that CSRMA will be self-sustaining through member premiums and will provide specific excess insurance through commercial companies. The CSRMA is allowed to make additional assessments to its members based on a retrospective premium adjustment process.

At June 30, 2025 and 2024, the Authority's participation in the insurance with California Sanitation Risk Management Authority, CSRMA, a pooled liability program, was as follows:

- Workers' Compensation – the Authority is self-insured through the CSRMA up to \$1,000,000 per occurrence with a \$0 deductible for both years ended June 30, 2025 and 2024, respectively. Excess insurance up to the statutory limits per occurrence has been purchased. Excess insurance of \$1,000,000 for employer's liability has also been purchased for both years ended June 30, 2025 and 2024.
- General Liability (including errors and omissions ("E&O") and employment practices liability ("EPL")) - the Authority is insured through the CSRMA at first layer coverage of \$500,000 (\$100,000 for EPL) with a \$25,000 deductible (\$2,500 for E&O). Excess insurance is purchased by CSRMA at two levels: \$10,000,000 and \$15,750,000 per occurrence for the year ended June 30, 2025. Excess insurance is purchased by CSRMA at \$5,000,000, part of the \$10,750,000 quota-share for the year ended June 30, 2024.

In addition to the above, the Authority has also purchased insurance coverage for property loss including auto, employees' dishonesty bonds, pollution and remediation liability and employee health and accident. The Authority is not insured against earthquake damage.

For property and pooled liability insurance, the premiums paid in the fiscal years ended June 30, 2025 and 2024 totaled \$723,051 and \$777,471, respectively. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11 – Legal Settlement Receivables and Payables

The Authority was identified as a Potentially Responsible Party related to nominally nonhazardous waste disposed at the BKK Landfill in West Covina between 1983 and 1996. The Authority accepted a de minimis settlement offer of \$1,062,694 on June 3, 2024.

As of June 30, 2024, the Authority recorded a legal settlement receivable of \$1,060,041 and a legal settlement liability of \$1,062,694 related to anticipated settlement amounts as of June 30, 2024. The legal settlement receivable was received during the year ended June 30, 2025.

As of June 30, 2025, the Authority reported a legal settlement liability of \$1,062,694, presented as a noncurrent liability, and no legal settlement receivable was outstanding. As of December 2025, the Authority is awaiting a Payment Notice from the California Department of Toxic Substances Control. Upon receipt of the Payment Notice, the Authority is required to remit \$1,062,694 within 15 days in accordance with the settlement agreement.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 12 – Due From and Due To Member and Contracted Agencies

The following represents the Due From Member and Contracted Agencies balances as of June 30, 2025 and 2024:

Due From Member and Contracted Agencies	June 30, 2025	June 30, 2024
City of Laguna Beach ("CLB")	\$ 227,047	\$ 434,695
El Toro Water District ("ETWD")	36,403	-
Emerald Bay Service District ("EBSB")	16,282	17,637
Moulton Niguel Water District ("MNWD")*	1,440,194	240,026
Santa Margarita Water District ("SMWD")	217,591	32,508
South Coast Water District ("SCWD")	186,152	261,688
Total Due From Member Agencies	\$ 2,123,669	\$ 986,554

* Contracted Agencies

The following represents the Due To Member and Contracted Agencies balances as of June 30, 2025 and 2024:

Due To Member and Contracted Agencies	June 30, 2025	June 30, 2024
City of Laguna Beach ("CLB")	\$ 89,289	\$ 157,712
City of San Clemente ("CSC")	34,485	30,940
El Toro Water District ("ETWD")	256,185	164,332
Emerald Bay Service District ("EBSB")	53,538	13,774
Irvine Ranch Water District ("IRWD")*	31,534	47,490
Moulton Niguel Water District ("MNWD")*	420,535	655,791
Santa Margarita Water District ("SMWD")	399,720	785,953
South Coast Water District ("SCWD")	1,697,696	498,308
Total Due To Member Agencies	\$ 2,982,982	\$ 2,354,300

* Contracted Agencies

Note 13 – Net Position

A. Net Investment in Capital Assets

The following is the calculation of net investment in capital assets at June 30, 2025 and 2024:

	June 30, 2025	June 30, 2024
Capital Assets, net of		
accumulated depreciation and amortization	\$ 115,137,181	\$ 156,972,618
Less: outstanding principal on capital related debt	(105,822)	(155,350)
Less: retention payable	(4,719)	(28,523)
Net investments in capital assets	<u>\$ 115,026,640</u>	<u>\$ 156,788,745</u>

B. Restricted Net Position Related PC 15 within Net Investment in Capital Asset

The Authority holds PC15 funds on behalf of the PC 15 remaining member agencies for use in future capital projects. These funds are not distributed to member agencies and may only be applied to future capital project costs with the approval of the PC 15 remaining member agencies.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 13 – Net Position (Continued)

B. Restricted Net Position Related PC 15 within Net Investment in Capital Asset (Continued)

As of June 30, 2025, the Authority held \$12,500,000 related to PC 15 for this purpose. The Authority reports these amounts as restricted cash and restricted net position because the funds are externally restricted for specified capital purposes and are not available for general operations. Because the funds had not been expended on capital assets as of June 30, 2025, they are not included in net investment in capital assets. The PC 15 allocated amounts by member agency were as follows: South Coast Water District, \$5,335,000; Emerald Bay Service District, \$373,750; and City of Laguna Beach, \$6,791,250.

Of the \$12,500,000 related to PC 15, the Authority had received the first installment and reported \$4,166,666 as restricted cash and investment held by the Agency at June 30, 2025. The remaining \$8,333,334 represents amounts contractually restricted for PC 15 purposes that had not yet been received as of June 30, 2025 and is included in restricted net position through the related receivable from Moulton Nigel Water District.

C. Unrestricted Net Position

The Authority had an unrestricted net position of \$(9,442,157) and \$(8,076,547) at June 30, 2025 and 2024. The deficit was mainly due to the reporting of the net other postemployment benefits liability and the net pension liability. The net other postemployment benefits liability were \$6,748,770 and \$4,963,332 at June 30, 2025 and 2024, respectively. The net pension liability were \$19,599,505 and \$19,716,589 at June 30, 2025 and 2024, respectively.

Note 14 – Commitments and Contingencies

A. General Lawsuits

The Authority is subject to other litigation arising in the normal course of business. In the opinion of the Authority Counsel, there is not pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

B. Commitments

The Authority had several outstanding or planned construction and other projects as of June 30, 2025 and 2024. These projects are evidenced by contractual commitments within engineering related services and the outstanding balance as of June 30, 2025 and 2024 was \$14,876,878 and \$14,262,470, respectively.

Note 15 – Special Items

During the fiscal year ended June 30, 2025, the Authority completed transfers of certain project related assets and capacity rights associated with Project Committee 10 (PC 10) and Project Committee 17 (PC 17). These transactions were non routine in nature and are presented as special items in the statement of revenues, expenses, and changes in net position.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 15 – Special Items (Continued)

A. PC 10 Transfer

On December 9, 2024, the Authority executed the PC 10 San Clemente Land Outfall asset transfer and dissolution agreement with the City of San Clemente, which provides for the transfer of the outfall and related rights and includes dissolution of PC 10 in connection with the transfer.

The Authority recognized a loss on the PC 10 transfer of \$1,694,564, which reflects the net book value of the assets removed from the Authority's accounting records.

B. PC 17 Transfer

During the fiscal year, the Authority executed the PC 17 Regional Treatment Plant Capacity Rights Transfer Agreement to transfer Regional Treatment Plant solids handling capacity rights to MNWD. In addition, on December 12, 2024, the Authority executed a bill of sale to convey certain Regional Treatment Plant improvements and other personal property to MNWD on an as is basis, with consideration as detailed in the related asset and capacity transfer agreement.

The Authority recognized a loss on the PC 17 transfer of \$17,813,850. The net book value of the transferred assets consisted of original cost of \$109,969,188, net of accumulated depreciation of \$70,655,338, resulting in a net book value of \$39,313,850. Consideration received for the transfer totaled \$21,500,000. The difference between the net book value of the assets transferred and the consideration received resulted in the loss recognized on the PC 17 transfer.

C. Member Agencies Distribution Payments

In connection with the PC 17 transfer proceeds, the Authority entered into a Memorandum of Understanding (MOU) among the remaining member agencies regarding the allocation of certain amounts received from MNWD. Under the MOU, the Authority is responsible for administering payments totaling \$9,000,000 to the remaining member agencies. These amounts are not part of the Transfer Price and were not included in the loss on disposal calculation.

Note 16 – Subsequent Event

Subsequent to fiscal year end, the Authority received \$7,166,667 from MNWD related to the PC 17 transfer on December 11, 2025. This receipt is consistent with the current note receivable reported as of June 30, 2025 disclosed under Note 4. No adjustment is needed for the June 30, 2025 financial statements as a result of this subsequent event.

South Orange County Wastewater Authority
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

Note 17 – Restatement of Beginning Net Position

Implementation of GASB Statement No. 101, Compensated Absences

Effective for the fiscal year ended June 30, 2025, the Authority implemented GASB Statement No. 101, *Compensated Absences*. This statement establishes accounting and financial reporting standards for compensated absences, including vacation, sick leave, and other paid time off. The implementation of GASB 101 resulted in a change in accounting principle, and prior year amounts have been restated accordingly.

Under GASB 101, a liability must be recognized for leave that is attributable to services already rendered, accumulates and carries forward to future periods, and is more likely than not to be used or paid. This represents a shift from previous guidance, particularly in how likelihood and eligibility are assessed.

The effect of the restatement is as shown below:

	June 30, 2025	June 30, 2024
Beginning of year	\$ 148,745,738	\$ 147,582,696
Change in accounting principal:		
GASB 101 - Compensated Absences	-	33,540
Beginning net position, as restated	\$ 148,745,738	\$ 147,616,236

Required Supplementary Information (Unaudited)

South Orange County Wastewater Authority
Required Supplementary Information (Unaudited)
Schedule of the Proportionate Share of the Net Pension Liability and Related Ratios
For the Years Ended June 30, 2025 and 2024

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

For the measurement date:	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Authority's proportion of the net pension liability/(asset)	0.13190%	0.13350%	0.13522%	0.13684%	0.14015%
Authority's proportionate share of the net pension liability/(asset)	\$ 9,054,535	\$ 11,549,944	\$ 13,410,437	\$ 13,186,316	\$ 14,361,551
Authority's covered payroll	\$ 5,452,666	\$ 5,616,113	\$ 5,784,596	\$ 6,083,399	\$ 6,331,043
Authority's proportionate share of the net pension liability/(asset) as a percentage of covered payroll	166.06%	205.66%	231.83%	216.76%	226.84%
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	78.43%	74.15%	73.31%	74.75%	74.10%

South Orange County Wastewater Authority
Required Supplementary Information (Unaudited)
Schedule of the Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
For the Years Ended June 30, 2025 and 2024

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan (Continued)

For the measurement date:	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
Authority's proportion of the net pension liability/(asset)	0.14271%	0.17117%	0.15837%	0.15804%	0.16161%
Authority's proportionate share of the net pension liability/(asset)	\$ 15,527,683	\$ 9,257,418	\$ 18,292,931	\$ 19,716,589	\$ 19,599,505
Authority's covered payroll	\$ 6,456,681	\$ 6,607,567	\$ 6,633,831	\$ 6,850,169	\$ 7,405,023
Authority's proportionate share of the net pension liability/(asset) as a percentage of covered payroll	240.49%	140.10%	275.75%	287.83%	264.68%
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	73.69%	85.11%	72.47%	76.21%	78.08%

**South Orange County Wastewater Authority
Required Supplementary Information (Unaudited)
Schedule of the Contributions - Pensions
For the Years Ended June 30, 2025 and 2024**

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Risk Management	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Actuarially determined contribution ¹	\$ 495,877	\$ 521,940	\$ 1,094,606	\$ 1,297,346	\$ 1,441,008
Contribution in relation to the actuarially determined contribution ¹	<u>(1,121,220)</u>	<u>(1,019,645)</u>	<u>(1,094,606)</u>	<u>(1,297,346)</u>	<u>(1,441,008)</u>
Contribution deficiency/(excess)	<u>\$ (625,343)</u>	<u>\$ (497,705)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll ²	<u>\$ 5,616,113</u>	<u>\$ 5,784,596</u>	<u>\$ 6,083,399</u>	<u>\$ 6,456,681</u>	<u>\$ 6,456,681</u>
Contributions as a percentage of covered payroll	<u>19.96%</u>	<u>17.63%</u>	<u>17.99%</u>	<u>20.09%</u>	<u>22.32%</u>

¹ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

² Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal year ended June 30, 2022 through 2024; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule

Change in Benefit Terms: There were no changes to benefit terms.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

**South Orange County Wastewater Authority
Required Supplementary Information (Unaudited)
Schedule of the Contributions - Pensions (Continued)
For the Years Ended June 30, 2025 and 2024**

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan (Continued)

Risk Management	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-2025</u>
Actuarially determined contribution ¹	\$ 1,620,095	\$ 1,783,637	\$ 1,942,569	\$ 1,981,169	\$ 2,154,977
Contribution in relation to the actuarially determined contribution ¹	<u>(1,620,095)</u>	<u>(1,783,637)</u>	<u>(1,942,569)</u>	<u>(1,998,164)</u>	<u>\$ (2,154,977)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,995</u>	<u>\$ -</u>
Authority's covered payroll ²	<u>\$ 6,607,567</u>	<u>\$ 6,633,831</u>	<u>\$ 6,850,169</u>	<u>\$ 7,405,023</u>	<u>\$ 7,612,364</u>
Contributions as a percentage of covered payroll	<u>24.52%</u>	<u>26.89%</u>	<u>28.36%</u>	<u>26.98%</u>	<u>28.31%</u>

South Orange County Wastewater Authority
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Years Ended June 30, 2025 and 2024

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	<u>2017-2018¹</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
Total OPEB Liability:					
Service Cost	\$ 256,866	\$ 274,847	\$ 231,479	\$ 264,352	\$ 226,409
Interest	677,737	713,467	692,192	710,590	695,353
Changes of benefit terms	-	(42,119)	-	-	-
Differences between expected and actual experience	-	(822,505)	-	(840,089)	(377,647)
Changes of assumptions	-	109,406	607,338	297,733	-
Contribution from the employer ²	-	-	-	-	-
Benefit payments, including refunds of member contributions	(354,582)	(529,726)	(457,597)	(592,075)	(667,236)
Net change in Total OPEB Liability	580,021	(296,630)	1,073,412	(159,489)	(123,121)
Beginning of Year	9,602,387	10,182,408	9,885,778	10,959,190	10,799,701
End of Year	<u>\$ 10,182,408</u>	<u>\$ 9,885,778</u>	<u>\$ 10,959,190</u>	<u>\$ 10,799,701</u>	<u>\$ 10,676,580</u>
Plan Fiduciary Net Position:					
Employer contribution	\$ 585,582	\$ 529,726	\$ 457,597	\$ 592,075	\$ 667,236
Employee contributions	-	-	-	-	-
Contributions - nonemployer contributing member	-	-	-	-	-
Net investment income	348,619	341,412	163,035	1,420,672	(891,743)
Benefit payments	(354,582)	(529,726)	(457,597)	(592,075)	(667,236)
Administrative expenses	(26,133)	(27,005)	(30,213)	(34,089)	(37,506)
Net changes in Fiduciary Net Position	553,486	314,407	132,822	1,386,583	(929,249)
Beginning of Year	4,269,924	4,823,410	5,137,817	5,270,639	6,657,222
End of Year	<u>\$ 4,823,410</u>	<u>\$ 5,137,817</u>	<u>\$ 5,270,639</u>	<u>\$ 6,657,222</u>	<u>\$ 5,727,973</u>
Net OPEB Liability	<u>\$ 5,358,998</u>	<u>\$ 4,747,961</u>	<u>\$ 5,688,551</u>	<u>\$ 4,142,479</u>	<u>\$ 4,948,607</u>
Fiduciary Net Position as a percentage of Total OPEB Liability	47.37%	51.97%	48.09%	61.64%	53.65%
Covered Payroll²	\$ 6,083,399	\$ 6,456,681	\$ 6,456,681	\$ 6,607,567	\$ 6,812,966
Net OPEB Liability as a percentage of Covered Payroll	88.09%	73.54%	88.10%	62.69%	72.64%

¹Historical information is presented only for measurement periods when GASB 75 was implemented for measurement period 2017-18. Additional years' information will be displayed as it becomes available.

²The contribution are not based on a measure of pay.

South Orange County Wastewater Authority
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)
For the Years Ended June 30, 2025 and 2024

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB") (Continued)

Measurement period	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>
Total OPEB Liability:			
Service Cost	\$ 226,817	\$ 256,265	\$ 290,703
Interest	685,995	707,487	773,131
Changes of benefit terms	-	164	-
Differences between expected and actual experience	217,884	292,779	424,630
Changes of assumptions	(103,722)	493,433	1,805,672
Contribution from the employer ²	-	-	-
Benefit payments, including refunds of member contributions	(710,421)	(741,656)	(795,977)
Net change in Total OPEB Liability	316,553	1,008,472	2,498,159
Beginning of Year	10,676,580	10,993,133	12,001,605
End of Year	<u>\$ 10,993,133</u>	<u>\$ 12,001,605</u>	<u>\$ 14,499,764</u>
Plan Fiduciary Net Position:			
Employer contribution	\$ 710,421	\$ 745,474	\$ 795,977
Employee contributions	-	-	-
Contributions - nonemployer contributing member	-	-	-
Net investment income	524,077	852,011	731,082
Benefit payments	(710,421)	(741,656)	(795,977)
Administrative expenses	(33,554)	(36,052)	(18,361)
Net changes in Fiduciary Net Position	490,523	819,777	712,721
Beginning of Year	5,727,973	6,218,496	7,038,273
End of Year	<u>\$ 6,218,496</u>	<u>\$ 7,038,273</u>	<u>\$ 7,750,994</u>
Net OPEB Liability	<u>\$ 4,774,637</u>	<u>\$ 4,963,332</u>	<u>\$ 6,748,770</u>
Fiduciary Net Position as a percentage of Total OPEB Liability	56.57%	58.64%	53.46%
Covered Payroll²	\$ 6,850,169	\$ 7,307,632	\$ 6,603,902
Net OPEB Liability as a percentage of Covered Payroll	69.70%	67.92%	102.19%

1Historical information is presented only for measurement periods when GASB 75 was implemented for measurement period 2017-18. Additional years' information will be displayed as it becomes available.

²The contribution are not based on a measure of pay.

**South Orange County Wastewater Authority
Required Supplementary Information (Unaudited)
Schedule of Contributions - OPEB
For the Years Ended June 30, 2025 and 2024**

Last Ten Fiscal Years¹

Other Postemployment Benefits ("OPEB")

Fiscal year end	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
Actuarially Determined					
Employer Contribution ²	\$ 585,582	\$ 613,218	\$ 631,614	\$ 595,227	\$ 611,596
Contributions in relation to the actuarially determined contribution	<u>(585,582)</u>	<u>(529,726)</u>	<u>(457,597)</u>	<u>(592,075)</u>	<u>(667,236)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 83,492</u>	<u>\$ 174,017</u>	<u>\$ 3,152</u>	<u>\$ (55,640)</u>
Covered Employee Payroll	6,083,399	6,456,681	6,456,681	6,607,567	6,812,966
Contributions as a percentage of covered payroll ²	9.63%	8.20%	7.09%	8.96%	9.79%

¹ Historical information is presented only for measurement periods when GASB 75 was implemented for measurement period 2017-18. Additional years' information will be displayed as it becomes available.

²The contribution are not based on a measure of pay.

Notes to Schedule

Valuation date January 1, 2023

Methods and assumptions used to determine contribution rates:

Amortization Method: Level % of pay

Actuarial Cost Method: Entry age normal level % of salary method

Amortization Method: Level % of pay

Amortization Period: 15-year fixed period for 2024/25

Asset Valuation Method: Market value of assets

Discount Rate: 6.50%

Medical Trend: Non-Medicare - 8.00% for 2025, decreasing to an ultimate rate of 4.50% in 2039
Medicare - 6.50% for 2025, decreasing to an ultimate rate of 4.50% in 2033

**South Orange County Wastewater Authority
Required Supplementary Information (Unaudited)
Schedule of the Contributions - OPEB (Continued)
For the Years Ended June 30, 2025 and 2024**

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB") (Continued)

Fiscal year end	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>
Actuarially Determined			
Employer Contribution ²	\$ 648,238	\$ 681,796	\$ 755,739
Contributions in relation to the actuarially determined contribution	<u>(710,421)</u>	<u>(745,474)</u>	<u>(795,977)</u>
Contribution deficiency (excess)	<u>\$ (62,183)</u>	<u>\$ (63,678)</u>	<u>\$ (40,238)</u>
Covered Employee Payroll	6,850,169	7,307,632	6,603,901
Contributions as a percentage of covered payroll ²	10.37%	10.20%	12.05%

This page intentionally left blank.



December 29, 2025

To the Board of Directors
of the South Orange County Wastewater Authority
Dana Point, California

We have audited the financial statements of the business-type activities of the South Orange County Wastewater Authority (the “Authority”) for the years ended June 30, 2025 and 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 29, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 2 to the financial statements. As discussed in Note 2 to the financial statements, the Authority implemented the following accounting standards:

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Implementation of this Statement resulted in restatement of beginning net position on July 1, 2024 presented in Note 17.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints which may limit a government's ability to acquire resources or control spending. The Authority has evaluated its exposure to financial risk stemming from concentrations and constraints. Management has determined that no concentration exists for the fiscal year ended June 30, 2025.

No other new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority’s financial statements were:

- Management’s estimate of the investment fair market value is based on information provided by the State of California for its investment in the Local Agency Investment Fund. We evaluated the key factors and assumptions used to develop the investment fair market value in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management’s estimate of the depreciation and amortization on capital assets and intangible asset – right to use asset is based on the industry standard and past experience on actual useful life of the asset groups. We evaluated the key factors and assumptions used to develop the depreciation and amortization on capital assets and intangible asset – right to use asset in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the net other postemployment benefits (“OPEB”) liability is based on the actuarial valuation on total OPEB liability and financial statements on fiduciary net position. We evaluated the key factors and assumptions used to develop the OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the net pension liabilities is based on the actuarial valuation on total pension liability and based on audited financial statements on fiduciary net position for CalPERS plans. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate for the “more likely than not” amount of sick leave to be accrued in the compensated absences liability is based on historical “days used” data determined by taking a sample of historic sick leave usage patterns.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 2 – Summary of Significant Accounting Policies
- Note 4 – Note Receivable and Distribution Payable related to PC 17 Transfer
- Note 8 – Other Postemployment Benefits (“OPEB”)
- Note 9 – Defined Benefit Pension Plan
- Note 14 – Commitments and Contingencies
- Note 15 – Special Items
- Note 17 – Restatement of Beginning Net Position

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

To the Board of Directors
of the South Orange County Wastewater Authority
Dana Point, California
Page 3

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 29, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Schedule of the Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of Contributions – Pensions, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of Contributions - OPEB, which is required supplementary information (“RSI”) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Board of Directors
of the South Orange County Wastewater Authority
Dana Point, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the business-type activities of the South Orange County Wastewater Authority (the "Authority"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 29, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

To the Board of Directors
of the South Orange County Wastewater Authority
Dana Point, California
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
December 29, 2025

South Orange County Wastewater Authority
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Finding 2025-001 Internal Control Over Financial Reporting

Criteria:

Management is responsible for designing and maintaining effective internal control over financial reporting. This includes preparing monthly bank reconciliations in a timely manner and obtaining documented supervisory review and approval. This also includes performing a complete and accurate year end close process, such as identifying, supporting, and recording all accounts payable accruals, and performing review procedures designed to detect and correct errors before the financial statements are issued.

Condition:

During our audit, we noted the following items related to financial reporting controls:

1. **Bank reconciliation:** We noted a delay in the approval of the January 2025 bank reconciliation due to staff turnover at the Authority.
2. **Accounts payable accruals:** We noted that certain accounts payable accruals were missed SOCWA booked closing journal entries to correct these items.
3. **Capital Asset:**
 - a. **Construction in progress labor costs:** We noted that labor costs capitalized to certain construction in progress projects did not have sufficient supporting documentation. Specifically, the project closeout process did not include a labor reconciliation step at the time Engineering completed the project. As a result, labor costs were recorded without adequate support to demonstrate completeness and accuracy.
 - b. **Project Committee 23 (PC23) capital asset:** During the audit, we were unable to perform comprehensive audit procedures over the PC 23 capital assets.

Cause:

These conditions occurred primarily because there was significant turnover within the Finance Department during the year. The turnover reduced continuity and available capacity, which contributed to delays in completing and approving the monthly bank reconciliation and increased the likelihood that certain accounts payable accrual procedures were not performed timely or consistently during the year end close process. In addition, changes in management contributed to gaps in the project closeout process, including the absence of a formal labor reconciliation procedure for construction in progress.

Effect:

Delays in bank reconciliation review, missed accounts payable accruals, unsupported construction in progress labor costs and insufficient support for PC 23 capital assets increase the risk that errors in cash activity, liabilities, and capitalized project costs are not identified and corrected on a timely basis. These conditions also increase the risk that the financial statements may contain misstatements and may require audit adjustments to achieve accurate reporting.

South Orange County Wastewater Authority
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2025

Finding 2025-001 Internal Control Over Financial Reporting (Continued):

Recommendation:

We recommend that management implement and consistently follow written procedures that require monthly bank reconciliations to be prepared and approved within established deadlines and that require evidence of supervisory review and approval to be retained. We also recommend that management strengthen the year end close process by using a formal closing checklist that includes specific steps to identify and support accounts payable accruals and construction in progress balances. This checklist should include a documented labor reconciliation as part of the project closeout process prior to capitalizing labor costs. In addition, management should implement procedures to support PC 23 capital asset financial reporting, including maintaining complete supporting documentation for additions and disposals, performing periodic reconciliations of detailed capital asset records to the general ledger, and providing the audit support timely.

View of Responsible Officials:

Management have reviewed the audit findings related to internal control over financial reporting. We concur with the auditors' assessment and appreciate the identification of these areas for improvement.

While these deficiencies did not result in material misstatements to the financial statements, we recognize their potential impact on the accuracy and timeliness of financial reporting, as well as the risk of undetected errors in cash activities, payables, and project costs. To address these matters, management has developed the following corrective action plan:

1. **Bank Reconciliations:** While we already have an established monthly reconciliation process, it was missed in this instance due to staff turnover. To prevent future occurrences, we will incorporate this process explicitly into the Financial Procedures Manual.
2. **Accounts Payable Accruals:** Enhanced procedures will be established to ensure all year-end accruals are captured through a comprehensive checklist that includes cross-verification with vendor invoices, purchase orders, and departmental approvals. Training sessions for accounting staff on accrual identification and journal entry preparation will be conducted. These updated procedures will be included in the Financial Procedures Manual.
3. **Construction in Progress Labor Costs:** We will add a documented labor reconciliation step into the capital project closeout process, requiring timesheet reviews and capitalization support prior to finalizing any project. This will include periodic audits of in-progress projects to verify compliance to track labor hours more accurately. These procedures will also be included in the Financial Procedures Manual.

Management is committed to strengthening our internal controls to prevent recurrence and will monitor the effectiveness of these actions through quarterly internal reviews with updates to the Authority's Finance Committee and governing Board. We believe these steps will enhance the reliability of our financial reporting and support Authority's mission of efficient wastewater management.



To the Management
of the South Orange County Wastewater Authority
Dana Point, California

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the South Orange County Wastewater Authority (the “Authority”) for the years ended June 30, 2025 and 2024 and have issued our report thereon dated December 29, 2025.

Allocation to Member Agency Project Committees (PCs)

During the audit, we observed opportunities to enhance the allocation processes for certain balance sheet items, such as cash and investments, prepaid expenses, pension liabilities, and other postemployment benefits liabilities to better support the agency's project funding priorities and ensure timely and transparent visibility through the financial audit.

Recommendation:

While we understand the Authority’s intent to reduce administrative costs and eliminate any unnecessary allocation steps, if the Authority intends to not allocate the balance sheet items noted above, the Cost Allocation Policy should be revised to make that point clear and to explain why that is the case. The Policy should also address how the associated expense for these liabilities is to be accounted for.

Member Agency Billing Methodology

We noted that member agency billings were issued under a revised methodology before the revised approach was documented as being received and filed by the Board. Based on the invoice support provided, revised quarterly billings were issued between January and April 2025. The Board minutes stated that the Board received and filed the Updated Quarterly Billings on May 1, 2025. This timing indicates the revised billings were implemented prior to the documented Board action.

Recommendation:

Management should obtain and retain documentation that explicitly evidences Board approval of any billing methodology that deviates from the original budget before revised billings are issued.

Restriction of Use

This information is intended solely for the use of the management of the Authority and is not intended to be, and should not be, used by anyone other than the specific parties.



Santa Ana, California
December 29, 2025

Agenda Item

5.C.

Board of Directors Meeting

Meeting Date: January 8, 2026

TO: Board of Directors Meeting
FROM: Amber Boone General Manager
SUBJECT: Final Use Audit, FY 2024-25 Budget vs. Actual

Summary/Discussion

The FY 2024-25 Use Audit is presented as part of the annual financial audit. This audit reconciles the budgeted amounts with actual usage, as well as the collection and distribution of funds to relevant agencies. FY 2024-25 Use Audit distributed under separate cover

Recommended Action: Board discussion, direction, action.

Agenda Item

5.D.

Board of Directors Meeting

Meeting Date: January 8, 2026

TO: Board of Directors
FROM: Jim Burror, Deputy General Manager/Chief Engineer
SUBJECT: November 2025 Operations Report

Summary/Discussion

The following selected operational reports are provided monthly to the Board of Directors. The operational reports included are as follows:

1) Monthly Operational Report

An six (6) page overview and comparison of owner use of facilities, including influent and recycled water production. The pages include ongoing calculations used by SOCWA for billing the agencies. Other items include important statistics for regulatory compliance, visits by the public to the treatment works, and other vendor interactions. The information is broken down by facility and by Member Agency.

2) SOCWA Ocean Outfall Discharges by Agency

This data shows how much water is being discharged into the ocean each month and for the last 12 months. This data is presented for the agencies planning reuse projects to better understand the potential to expand water reuse in their service area.

3) Beach Ocean Monitoring Report

4) Recycled Water Report

5) Pretreatment Report

Fiscal Impact

No change.

Recommended Action:

Receive and file the Operational Reports.

Monthly Operational Report

SOCWA Operational Report November 2025

Excursion, Complaint, and Violation Events

Events	CTP	JBL	Totals
Odor	0	0	0
Noise	0	0	0
Spills	0	0	0
Violations	0	0	0
Others	0	0	0

Plant Wastewater Characteristics

Key Parameters	CTP	JBL TP1	JBL TP2	Total
Influent (mgd) (1)	2.40	7.79	1.02	11.20
Effluent (mgd)	2.68	7.79	2.86	13.33
Peak Flow (mgd)	10.53	17.10	10.00	37.63
Influent BOD (mg/l)	278	271	393	
Influent TSS (mg/l)	349	452	399	
Effluent BOD (mg/l)	3.2	7.4	5.7	
Effluent TSS (mg/l)	5.9	8.7	6.6	
Effluent Turbidity (NTU)	2.0	4.5	2.8	

(1) CTP Influent value does not include AWT backwash in this table.

Recycled Water (AWT) Operations

Key Parameters	CTP	JBL	Totals
Average Flow (mgd)	0.27		0.27
Days of Operation (days)	18		
Total Flow (million gallons)	8.09		8.09
Plant Irrigation (million gallons)	0.10	0.34	0.44
AWT Time Online (%)	100%		

Wastewater Unit Definitions

mgd = million gallons per day

mg/l = milligram per liter also known as parts per million

NTU = Nephelometric Turbidity Units

SOCWA Operational Report November 2025 (cont'd)

Biosolids Management

Biosolids Management Site	CTP	JBL	Totals
Nursery Products (tons)		872.0	64.5
Prima Deshecha (tons)		0.0	0.0
Other: _____ (tons)		0.0	0.0
Total Processed (tons)		64.5	64.5

Summary of Maintenance Activities

Task Type	CTP	JBL	Totals
Preventative Maintenance	109	234	343
Corrective Maintenance	5	34	39

Site Visitors

Visitor Types	CTP	JBL	Totals
Regulatory	0	0	0
Member Agency	0	1	1
Residents	0	0	0
Others	29	15	44
Tours #/Visitors	1	0	1

Grit Disposal Management

Grit & Screenings	CTP	JBL	Totals
Simi Valley Landfill (tons)	7.2	NA	7.2

Chemical and Energy Utilization

Chemical/Utility	CTP	JBL	Totals
Ferric Chloride (tons)	9.4	NA	9
Utility Power Purchase (kWh)	204,445	213,478.0	417,923
Cogen Power (kWh)		241,093	241,093
Natural Gas (Dth)	5	2,505	2,510
Digester Gas to Engine (scfm)		3,357,583	3,357,583
Digester Gas to Boiler (scfm)		543,086	543,086
Digester Gas to Flares (scfm)		2,394,800	2,394,800

NA = Not Available at the time this report was generated.

Wastewater Unit Definitions

kWh = kilowatt hours

Dth = Dekatherms

scfm = standard cubic feet per minute

SOCWA Operational Report November 2025 (cont'd)

Agency Flows to SOCWA Operated Treatment Plants (Including Internal Waste Streams Used for Billing)

Agency	CTP (mgd)	CTP (%)	JBL (mgd)	JBL (%)	Total (mgd)	Notes
CLB	1.297	52.93%			1.297	
EBS	0.113	4.59%			0.113	
MNWD			1.400	15.90%	1.400	C/O SCWD
SCWD	1.041	42.48%	1.703	19.34%	2.744	
SMWD			5.702	64.76%	5.702	
Total	2.451	100.00%	8.805	100.00%	11.256	

Total Agency Outfall Flows by Outfall System-Billing Flows

Agency	SJCOO (mgd)	SJCOO (%)	ACOO (mgd)	ACOO (%)	Total (mgd)	Notes
CLB			1.30	8.75%	1.30	
EBS			0.11	0.76%	0.11	
MNWD	2.84	20.26%	4.74	31.99%	7.58	C/O SCWD/SMWD (SJCOO) & ETWD (ACOO)
SCWD	1.88	13.42%	1.27	8.57%	3.15	
ETWD			3.09	20.81%	3.09	
IRWD			4.32	29.13%	4.32	C/O ETWD
SMWD	6.26	44.68%			6.26	
CSC	3.03	21.64%			3.03	
Total	14.00	100.00%	14.83	100.00%	28.83	

SOCWA Operational Report November 2025 (cont'd)

FY Flow/Solids Summary-Billing

Project Committee No. 2 Liquids (JBL)

Agency	Own (mgd)	Own (%)	Budget (mgd)	Budget (%)	Month (mgd)(1)	Month (%)	FY Avg to Date (mgd)	FY Avg to Date (%)
SCWD	6.75	51.92%	1.598	20.85%	1.703	19.34%	1.51	17.82%
SMWD	6.25	48.08%	4.667	60.89%	5.702	64.76%	5.56	65.63%
MNWD(3)			1.400	18.26%	1.400	15.90%	1.40	16.54%
Total	13.00	100.00%	7.665	100.00%	8.805	100.00%	8.46	100.00%

Project Committee No. 2 Solids (JBL)

Agency	Own (lbs/d)	Own (%)	Budget (lbs/d)	Budget (%)	Month (lbs/d)	Month (%)	36 Month Rol. Avg. (lbs/d) (2)	36 Month Rol. Avg. (%)
SCWD	16,055	41.62%	5,183	17.12%	2,832	8.82%	3,417	14.06%
SMWD	22,518	58.38%	19,402	64.08%	22,580	70.33%	16,161	66.47%
MNWD(3)			5,693	18.80%	6,694	20.85%	4,735	19.47%
Total	38,573	100.00%	30,278	100.00%	32,106	100.00%	24,313	100.00%

Project Committee No. 5 - San Juan Creek Ocean Outfall (SJCOO)

Agency	Own (%)	Budget (mgd)	Budget (%)	Month (mgd)	Month (%)	FY Avg to Date (mgd)	FY Avg to Date (%)
CSC	16.63%	13.300	16.63%	3.029	21.64%	2.473	19.90%
SCWD	12.46%	9.970	12.46%	1.878	13.42%	1.686	13.57%
SMWD	55.40%	44.320	55.40%	6.256	44.68%	6.081	48.93%
MNWD(4)		12.410	15.51%	2.837	20.26%	2.187	17.60%
Total	100.00%	80.000	100.00%	14.000	100.00%	12.428	100.00%

(1) Influent billing meter summary:

- a. CSJC is metered daily in the collection system. The area-velocity meter has an accuracy of +/- 20%.
- b. MNWD flows with SCWD flows are assumed to be 1.4 mgd unless Treatment Plant 3A is discharging to the sewer. If other discharges occur, they are estimated.
- c. SCWD flows are the summation of the DPSD and Victoria PS meters. The two metering systems have an accuracy of +/- 10%.
- d. The Oso Trabuco sewer is metered daily in the collection system. The flows from MNWD are subtracted from the metering data collected to determine SMWD's flows. The metering system in the collection system has an accuracy of +/- 20%.

(2) The 36-month average is the average of the past 36 months. The Use Audit is based on the last 3 Fiscal Years versus the average of the past 36 months.

(3) C/O SCWD for billing.

(4) C/O SCWD and SMWD for billing.

SOCWA Operational Report November 2025 (cont'd)

FY Flow/Solids Summary-Billing (cont'd)

Project Committee No. 15 (CTP)

Agency	Own (mgd)	Own (%)	Budget (mgd)	Budget (%)	Month (mgd)	Month (%)	FY Avg to Date (mgd)	FY Avg to Date (%)
CLB	3.64	54.33%	1.430	53.56%	1.297	52.93%	1.354	53.44%
EBSB	0.20	2.99%	0.060	2.25%	0.113	4.59%	0.070	2.76%
SCWD	2.86	42.69%	1.180	44.19%	1.041	42.48%	1.109	43.80%
Total	6.70	100.00%	2.670	100.00%	2.451	100.00%	2.533	100.00%

Project Committee No. 24 (ACOO)

Agency	Own (%)	Budget (mgd)	Budget (%)	Month Outfall Flow (mgd)	Month Outfall Flow (%)	FY Avg Outfall Flow (mgd)	FY Avg Outfall Flow (%)
CLB	11.00%	5.500	11.00%	1.297	8.75%	1.354	13.82%
EBSB	0.78%	0.390	0.78%	0.113	0.76%	0.070	0.71%
ETWD	16.30%	8.151	16.30%	3.086	20.81%	1.709	17.45%
MNWD(1)	43.85%	21.924	43.85%	4.745	31.99%	2.382	24.32%
IRWD(1)	15.76%	7.880	15.76%	4.321	29.13%	3.337	34.07%
SCWD	12.31%	6.155	12.31%	1.271	8.57%	0.941	9.61%
Total	100.00%	50.000	100.00%	14.832	100.00%	9.792	100.00%

(1) Permitted flow to the ACOO from IRWD and MNWD who are not member agencies of SOCWA.

SOCWA Operational Report November 2025 (cont'd)

Select Critical Equipment Repairs

JBL - PC2

Rebuilt failing TWAS Pump 2 at JBL.
Repaired failed Process Water Line at JBL.
Troubleshoot leaking Air Gap Pump #1 at JBL.
Completed the 60,000-hour overhaul of the Cogen Engine at JBL.
Troubleshoot failed Vent Fan #1 at JBL.
Repaired a leak on the Scrubber Caustic Tank discharge line at JBL.
Troubleshoot the failing Flare gas meter system at JBL.
Troubleshoot failed Centrifuge #2 PLC that did not show drive and feed vibration at JBL.
Troubleshoot failing Plant #1 Air Compressor at JBL.
Troubleshoot failing Raw Sewage Pump #5 and tested repairs at JBL.
Troubleshoot failing Raw Sewage Pump #5 and tested repairs at JBL.
Troubleshoot failed Digester #4 instrumentation.
Replaced failed Urea Storage Tank feed line at JBL.
Troubleshoot failing Digester #1 and #2 heat loop pumps at JBL.
Replaced failing digester hot water loop meter at JBL.
Troubleshoot failing Digesters 2, 3, and 4 communication failures at JBL.
Troubleshoot failing Grit Pump #1 at JBL.
Troubleshoot failing Scrubber Recirc Pump #2 at JBL.
Replaced failed Process Water Strainer #2 at JBL.
Troubleshoot failing Raw Sewage Pump #6 at JBL.
Troubleshoot failed Supply Air Fan for Building 35 at JBL.

CTP - PC15

Replaced failed Aeration Tank #3 flow meter at CTP.
Troubleshoot failing West WAS Pump at CTP.
Troubleshoot failed Filtered Water Turbidimeter at CTP.
Troubleshoot failing EBSD flow meter SCADA input at CTP.
Supported the ongoing DPS design project with field investigations at CTP.

SOCWA Ocean Outfall Discharges by Agency

SOCWA Operational Report November 2025 (cont'd)

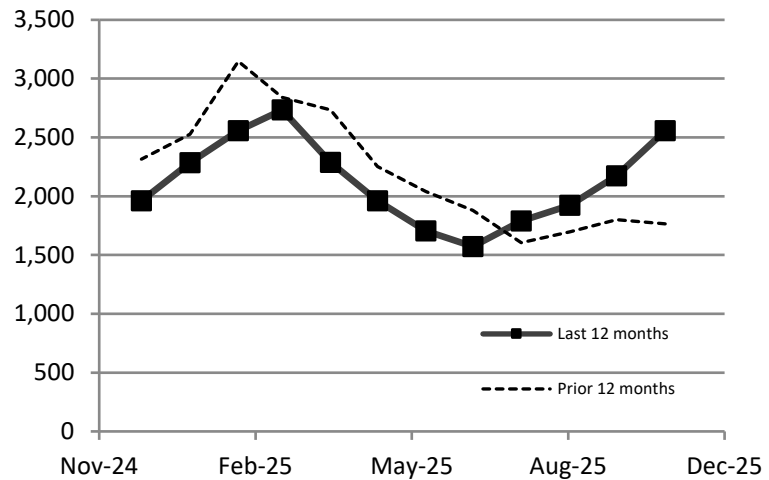
Agency	SJCOO (mgd)	SJCOO (%)	ACOO (mgd)	ACOO (%)	Total (mgd)
CLB			1.30	8.75%	1.30
EBSD			0.11	0.76%	0.11
MNWD(1)	2.84	20.26%	4.74	31.99%	7.58
SCWD	1.88	13.42%	1.27	8.57%	3.15
ETWD			3.09	20.81%	3.09
IRWD(2)			4.32	29.13%	4.32
SMWD	6.26	44.68%			6.26
CSC	3.03	21.64%			3.03
Total	14.00	100.00%	14.83	100.00%	28.83
or Acre-Feet per year equivalent					32,292

(1) C/O ETWD, SCWD & SMWD

(2) C/O ETWD

12-Month Running Total Discharge to Ocean Outfalls (AF)

Nov-25	2,557
Oct-25	2,174
Sep-25	1,924
Aug-25	1,790
Jul-25	1,573
Jun-25	1,705
May-25	1,962
Apr-25	2,288
Mar-25	2,734
Feb-25	2,558
Jan-25	2,286
Dec-24	1,961
Total	25,510



Beach / Ocean Monitoring Report

ALISO CREEK OCEAN OUTFALL MONITORING REPORT

November 2025

DATE	IRWD LOS ALISOS WRP				EL TORO WRP				SOCWA REGIONAL PLANT				SOCWA COASTAL PLANT				IRWD IDP	IRWD SGU	SCWD ACWRF	ACOO FLOW	Rain Fall
	FLOW	TSS	cBOD	SS	FLOW	TSS	cBOD	SS	FLOW	TSS	cBOD	SS	FLOW	TSS	cBOD	SS	FLOW	FLOW	FLOW	FLOW	inches
	MGD	mg/L	mg/L	ml/L	MGD	mg/L	mg/L	ml/L	MGD	mg/L	mg/L	ml/L	MGD	mg/L	mg/L	ml/L	MGD	MGD	MGD	MGD	
11/01/25	3.286	8.2	<0.1	<0.1	2.348	9.2	3.3	<0.1	2.110	5.3	4.5		2.264	5.1	2.0		0.447	0.469	0.138	11.062	0.00
11/02/25	3.301	8.4	2.5	<0.1	2.685	4.2	3.9	<0.1	3.68	5.5	3.4	<0.1	2.330	2.5	<2.0	<0.1	0.465	0.453	0.120	13.034	0.00
11/03/25	3.290	9.0	2.5	<0.1	1.987	6.2		0.1	3.020	6.1	5.0	0.1	2.283	6.6	2.0	<0.1	0.447	0.458	0.109	11.594	0.00
11/04/25	3.277	8.2	2.9	<0.1	2.331	11.7	4.2	0.1	2.820	6.0	5.0	<0.1	2.213	13.1	8.5	<0.1	0.448	0.453	0.129	11.671	0.00
11/05/25	3.283	7.8	3.0	<0.1	2.407	7.3	3.8	<0.1	2.750	4.1	4.0	<0.1	2.249	2.8	2.1	<0.1	0.451	0.444	0.137	11.721	0.00
11/06/25	3.272	10.8	3.0	<0.1	3.152	12.0	3.5	<0.1	2.780	4.0	4.3	<0.1	2.470	15.0	5.4	<0.1	0.450	0.438	0.147	12.709	0.00
11/07/25	3.259	10.0	2.9	<0.1	0.756	6.9	3.7	<0.1	2.860	4.7	3.4	<0.1	2.510	3.0	2.0	<0.1	0.451	0.438	0.131	10.405	0.00
11/08/25	3.260	9.8	3.0	<0.1	1.965	7.1	6.5	<0.1	2.770	3.7	10.0		2.421	15.2	10.5		0.451	0.438	0.139	11.444	0.00
11/09/25	3.265	10.8	2.7	<0.1	3.031	8.6	4.3	<0.1	2.950	5.1	3.5	<0.1	2.523	11.3	4.9	<0.1	0.451	0.438	0.124	12.782	0.00
11/10/25	3.266	9.8	2.6	<0.1	2.117	8.2		0.1	3.180	6.0	4.6	<0.1	2.265	3.2	2.0	<0.1	0.450	0.437	0.137	11.852	0.00
11/11/25	3.329	11.4	3.4	<0.1	1.997	10.2	3.6	0.1	2.720	5.7	5.0	0.1	2.136	2.5	<2.0	<0.1	0.451	0.437	0.121	11.191	0.00
11/12/25	3.360	11.2	3.2	<0.1	2.772	15.2	4.8	0.1	2.910	6.4	5.6	<0.1	2.227	2.7	2.3	<0.1	0.451	0.453	0.123	12.296	0.00
11/13/25	3.405	8.4	3.2	<0.1	3.957	13.3	5.5	0.1	4.290	5.2	5.0	0.1	2.337	1.2	4.5	<0.1	0.451	0.442	0.117	14.999	0.00
11/14/25	3.571	12.0	3.7	<0.1	3.932	11.9	3.3	0.2	5.320	4.6	3.3	0.2	2.098	1.8	<2.0	<0.1	0.451	0.437	0.136	15.945	0.82
11/15/25	3.578	9.0		<0.1	4.543	14.0	3.8	0.2	5.610	10.6	6.2		2.988	4.2	2.5		0.451	0.430	0.117	17.717	1.24
11/16/25	3.706	10.2	<2.4	<0.1	3.908	2.3	2.0	<0.1	8.130	14.0	5.7	<0.1	3.543	9.9	3.0	<0.1	0.450	0.386	0.137	20.260	0.04
11/17/25	3.700	9.4	2.7	<0.1	3.777	39.0		0.1	6.010	5.4	5.0	<0.1	2.849	6.6	3.4	<0.1	0.451	0.376	0.138	17.301	0.44
11/18/25	3.703	7.8	2.9	<0.1	3.313	22.0	3.8	<0.1	6.110	4.4	3.1	<0.1	2.585	4.4	3.4	<0.1	0.450	0.376	0.162	16.699	0.02
11/19/25	3.719	8.4	3.0	<0.1	1.700	18.5	11.8	0.1	5.850	3.6	4.4	<0.1	2.387	1.0	<2.0	<0.1	0.450	0.378	0.100	14.584	0.00
11/20/25	3.640	8.6	2.8	<0.1	4.472	31.5	7.5	0.1	5.600	4.6	6.0	<0.1	2.417	3.6	2.2	<0.1	0.451	0.446	0.007	17.033	1.18
11/21/25	3.414	8.5	3.5	<0.1	4.778	10.8	4.0	0.1	7.360	6.1	4.6	0.1	2.887	4.6	2.6	<0.1	0.450	0.433	0.117	19.439	0.41
11/22/25	3.531	10.3		<0.1	2.570	7.1	3.2	<0.1	7.270	5.4	3.9		3.403	3.9	2.0		0.451	0.377	0.133	17.735	0.00
11/23/25	3.589	10.6	2.7	<0.1	4.072	4.3	2.1	<0.1	6.340	7.0	3.5	<0.1	2.882	5.9	2.0	<0.1	0.450	0.377	0.144	17.854	0.00
11/24/25	3.700	10.3	2.9	<0.1	3.717	5.2		0.1	5.950	7.7	3.7	<0.1	2.837	9.0	4.0	<0.1	0.451	0.377	0.020	17.052	0.00
11/25/25	3.699	13.1	3.8	<0.1	3.324	10.2	4.2	0.1	5.820	6.8	4.7	<0.1	2.740	7.6	5.4	<0.1	0.450	0.374	0.000	16.407	0.02
11/26/25	3.487	12.3	3.6	<0.1	3.635	8.8	3.1	0.1	5.880	5.3	6.3	<0.1	2.653	4.7	<2.0	<0.1	0.451	0.388	0.000	16.494	0.01
11/27/25	3.429	11.7	3.8	<0.1	3.396	1.4	2.0	0.1	5.810	5.1	3.0	<0.1	2.889	2.7	<2.0	<0.1	0.450	0.393	0.000	16.367	0.00
11/28/25	3.454	11.5		<0.1	3.401	2.0	2.0	<0.1	5.730	4.4	2.4	<0.1	2.725	6.7	<2.0	<0.1	0.451	0.391	0.000	16.152	0.00
11/29/25	3.446	11.1		<0.1	3.390	13.3	4.4	0.1	5.230	5.0	2.4		2.698	7.4	<2.0		0.450	0.387	0.000	15.601	0.00
11/30/25	3.371	11.8	2.7	<0.1	3.150	8.1		<0.1	5.480	4.7	2.6	<0.1	2.736	9.0	2.1	<0.1	0.451	0.386	0.000	15.574	0.01
AVG	3.453	10.0	3.0	<0.1	3.086	11.0	4.2	<0.1	4.745	5.8	4.5	<0.1	2.585	5.9	3.2	<0.1	0.451	0.417	0.096	14.832	
TOTAL	103.59				92.58				142.34				77.55				13.52	12.51	2.883	444.97	4.19

Unified Beach Monitoring

#1

South Orange County Wastewater Authority-Aliso Creek Ocean Outfall

REPORT FOR: November 2025
 REPORT DUE: January 1 2026
 SAMPLE SOURCE: Surf zone
 TYPE OF SAMPLE: Grab

REPORT FREQUENCY: Monthly
 EXACT SAMPLE POINTS: As specified in Unified Monitoring Plan
 SAMPLES COLLECTED BY: SOCWA Lab
 SAMPLES ANALYZED BY: SOCWA Lab

Tidal Condition: High Tide 7:46

Weather: Clear

COMMENTS:

STA#	DATE	TIME	Total	Fecal	Entero-	Material of Sewage		Oil & Grease	Odor	Water Color	H2O Temp(F)	Water Condition	Water Outlet	Birds
			Coliform CFU/100ml SM9222B	Coliform CFU/100ml SM9222D	coccus CFU/100ml EPA 1600	Onshore	Offshore							
S3	11/05/25	9:10	<10	20	6	None	None	None	None	Green	61	Clear		
S4	11/05/25	8:50	<10	30	2	None	None	None	None	Green		Clear		
S5	11/05/25	8:20	10	<10	<2	None	None	None	None	Green		Clear		
S6	11/05/25	8:27	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
WEST	11/05/25	8:25	<10	10	<2	None	None	None	None	Green		Slightly Turbid		
S7	11/05/25	8:20	<10	<10	2	None	None	None	None	Green		Slightly Turbid		
S8	11/05/25	8:15	<10	40	<2	None	None	None	None	Green		Slightly Turbid		
S9	11/05/25	7:55	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
ACM1	11/05/25	7:50	70	10	<2	None	None	None	None	Green		Slightly Turbid		
S10	11/05/25	7:55	<10	<10	<2	None	None	None	None	Green		Clear		
S11	11/05/25	9:40	<10	<10	<2	None	None	None	None	Green		Clear		
S12	11/05/25	9:30	<10	<10	<2	None	None	None	None	Green		Clear		

RECEIVING WATER LIMITATIONS: Single Sample Maximum - Total coliform density shall not exceed 10,000 per 100ml; Fecal coliform density shall not exceed 400 per 100ml; Enterococcus density shall not exceed 104 per 100ml.

Unified Beach Monitoring

#2

South Orange County Wastewater Authority-Aliso Creek Ocean Outfall

REPORT FOR: November 2025
 REPORT DUE: January 1, 2026
 SAMPLE SOURCE: Receiving water surf zone
 TYPE OF SAMPLE: Grab

REPORT FREQUENCY: Monthly
 EXACT SAMPLE POINTS: As specified in Unified Monitoring Plan
 SAMPLES COLLECTED BY: SOCWA Lab
 SAMPLES ANALYZED BY: SOCWA Lab

Tidal Condition: Low Tide 10:58

Weather: Clear

COMMENTS:

STA#	DATE	TIME	Total	Fecal	Entero-	Material of Sewage		Oil & Grease	Odor	Water Color	H2O Temp(F)	Water Condition	Water Outlet	Birds
			Coliform CFU/100ml SM9222B	Coliform CFU/100ml SM9222D	coccus CFU/100ml EPA 1600	Onshore	Offshore							
S3	11/13/25	10:40	<10	<10	<2	None	None	None	None	Green	66	Slightly Turbid		
S4	11/13/25	10:02	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
S5	11/13/25	10:10	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
S6	11/13/25	9:28	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
WEST	11/13/25	9:31	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
S7	11/13/25	9:38	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
S8	11/13/25	9:11	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
S9	11/13/25	9:08	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
ACM1	11/13/25	9:00	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
S10	11/13/25	8:49	<10	<10	2	None	None	None	None	Green		Slightly Turbid		
S11	11/13/25	8:41	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
S12	11/13/25	8:32	60	<10	<2	None	None	None	None	Green		Slightly Turbid		

RECEIVING WATER LIMITATIONS: Single Sample Maximum - Total coliform density shall not exceed 10,000 per 100ml; Fecal coliform density shall not exceed 400 per 100ml; Enterococcus density shall not exceed 104 per 100m

South Orange County Wastewater Authority-Aliso Creek Ocean Outfall

REPORT FOR: November 2025
 REPORT DUE: January 1, 2026
 SAMPLE SOURCE: Receiving water surf zone
 TYPE OF SAMPLE: Grab

REPORT FREQUENCY: Monthly
 EXACT SAMPLE POINTS: As specified in Unified Monitoring Plan
 SAMPLES COLLECTED BY: SOCWA Lab
 SAMPLES ANALYZED BY: SOCWA Lab

Tidal Condition: High Tide 7:05
 Weather: Partly Cloudy
 COMMENTS:

STA#	DATE	TIME	Total	Fecal	Entero-	Material of Sewage		Oil & Grease	Odor	Water Color	H2O Temp(F)	Water Condition	Water Outlet	Birds
			Coliform CFU/100ml SM9222B	Coliform CFU/100ml SM9222D	coccus CFU/100ml EPA 1600	Onshore	Offshore							
S3	11/18/25	8:20	<20	<20	<10	None	None	None	None	Green		Clear		
S4	11/18/25	10:35	<20	20	<10	None	None	None	None	Green	59	Slightly Turbid		
S5	11/18/25	10:05	<20	<20	<10	None	None	None	None	Green		Slightly Turbid		
S6	11/18/25	9:40	<20	20	<10	None	None	None	None	Green		Slightly Turbid		
WEST	11/18/25	9:35	40	60	10	None	None	None	None	Green		Slightly Turbid		
S7	11/18/25	9:30	100	100	130	None	None	None	None	Green		Slightly Turbid		
S8	11/18/25	9:25	280	200	260	None	None	None	None	Blue		Slightly Turbid		
S9	11/18/25	9:15	240	760	3000	None	None	None	None	Green		Slightly Turbid		
ACM1	11/18/25	9:22	300	250	5000	None	None	None	None	Brown		Slightly Turbid	Flowing	
S10	11/18/25	8:57	<20	<20	250	None	None	None	None	Green		Slightly Turbid		
S11	11/18/25	8:52	<20	20	<10	None	None	None	None	Green		Slightly Turbid		
S12	11/18/25	8:45	<20	<20	30	None	None	None	None	Green		Slightly Turbid		

RECEIVING WATER LIMITATIONS: Single Sample Maximum - Total coliform density shall not exceed 10,000 per 100ml; Fecal coliform density shall not exceed 400 per 100ml; Enterococcus density shall not exceed 104 per 100ml.

South Orange County Wastewater Authority-Aliso Creek Ocean Outfall

REPORT FOR: November 2025
 REPORT DUE: January 1, 2026
 SAMPLE SOURCE: Receiving water surf zone
 TYPE OF SAMPLE: Grab

REPORT FREQUENCY: Monthly
 EXACT SAMPLE POINTS: As specified in Unified Monitoring Plan
 SAMPLES COLLECTED BY: SOCWA Lab
 SAMPLES ANALYZED BY: SOCWA Lab

Tidal Condition: High Tide 10:51

Weather: Clear

COMMENTS:

STA#	DATE	TIME	Total Coliform	Fecal Coliform	Enterococcus	Material of Sewage Origin		Oil & Grease	Odor	Water Color	H2O Temp(F)	Water Condition	Water Outlet	Birds
			CFU/100ml SM9222B	CFU/100ml SM9222D	CFU/100ml EPA 1600	Onshore	Offshore							
S3	11/25/25	8:50	10	<10	<2	None	None	None	None	Green		Slightly Turbid		
S4	11/25/25	11:33	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
S5	11/25/25	11:11	<10	<10	<2	None	None	None	None	Green	64	Slightly Turbid		
S6	11/25/25	9:11	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
WEST	11/25/25	9:14	<10	10	2	None	None	None	None	Green		Slightly Turbid		
S7	11/25/25	9:20	10	<10	6	None	None	None	None	Green		Slightly Turbid		
S8	11/25/25	10:17	10	<10	<2	None	None	None	None	Green		Slightly Turbid		
S9	11/25/25	10:20	10	<10	<2	None	None	None	None	Green		Slightly Turbid		
ACM1	11/25/25	10:45	10	10	4	None	None	None	None	Green		Slightly Turbid		
S10	11/25/25	10:40	<10	<10	<2	None	None	None	None	Green		Slightly Turbid		
S11	11/25/25	10:30	10	<10	4	None	None	None	None	Green		Slightly Turbid		
S12	11/25/25	10:35	10	<10	<2	None	None	None	None	Green		Slightly Turbid		

RECEIVING WATER LIMITATIONS: Single Sample Maximum - Total coliform density shall not exceed 10,000 per 100ml; Fecal coliform density shall not exceed 400 per 100ml; Enterococcus density shall not exceed 104 per 100ml.

Unified Beach Water Quality Sample Station Map – Aliso Creek Ocean Outfall



Aliso Creek Ocean Outfall

Unified Beach Water Quality Monitoring Stations

SOCWA's NPDES discharge permit requires participation in the South Orange County Unified Beach Water Quality Monitoring Program. The monitoring stations below are tested by SOCWA at least once per week for Total and Fecal Coliform and Enterococcus Bacteria.

Station	Location
S3	Three Arch Bay Beach; 10,000' down-coast from ACOO
S4	Ninth Street-1000 Steps; 5,000' down-coast from ACOO
S5	Laguna Lido Beach; 4,000 down-coast from ACOO
West	West Street Drain; 2,000' down-coast from ACOO
S6	Table Rock Beach; 3,000' down-coast from ACOO
S7	Camel Point Beach; 2,000' down-coast from ACOO
S8	Aliso Beach south; 1,000' down-coast from ACOO
S9	Aliso Beach middle; at ACOO
ACM1	Aliso Beach at Aliso Creek Outlet
S10	Aliso Beach north; 1,000' up-coast of ACOO
S11	Treasure Island Beach; 2,000' up-coast of ACOC
S12	Goff Island Beach; 3,000' up-coast of ACOO

MONITORING REPORT

Off Shore Stations

South Orange County Wastewater Authority

DISCHARGE: Aliso Creek Ocean Outfall

Report For: November 2025

Report Frequency: Monthly

Report Due: January 1, 2026

Sample Source: Receiving water, nearshore and offshore

Sampling Frequency: Monthly

Exact Sample Points: As specified in permit

Type of Sample: Grab

Samples Collected By: Seaventures/SOCWA staff

Tide: High Tide 15:30

Samples Analyzed By: SOCWA Lab

Comments:

Sta No.	Sample Depth	Sample Date	Total Coliform CFU/100ml SM9222B	Fecal Coliform CFU/100ml SM9222D	Enterococcus CFU/100ml EPA 1600	Sample Time	Oil & Grease	Sewage Debris	0 - None 1 - Mild 2 - Moderate 3 - Severe
A-1	Surface	11/19/25	<2	<2	2	13:12	0	0	
A-1	Mid depth	11/19/25	<10	<10	<10				
A-2	Surface	11/19/25	<2	<2	<2	13:05	0	0	
A-2	Mid depth	11/19/25	<10	<10	<10				
A-3	Surface	11/19/25	<2	<2	<2	13:20	0	0	
A-3	Mid depth	11/19/25	<10	<10	<10				
A-4	Surface	11/19/25	<2	<2	<2	13:24	0	0	
A-4	Mid depth	11/19/25	<10	<10	<10				
A-5	Surface	11/19/25	<2	<2	<2	13:16	0	0	
A-5	Mid depth	11/19/25	<10	10	<10				
B-1	Surface	11/19/25	2	<2	<2	12:56	0	0	
B-1	Mid depth	11/19/25	<10	<10	<10				
B-2	Surface	11/19/25	<2	<2	4	13:33	0	0	
B-2	Mid depth	11/19/25	<10	<10	<10				
N1	Surface	11/19/25	10	2	<2	13:58	0	0	
N2	Surface	11/19/25	10	6	8	13:52	0	0	
N3	Surface	11/19/25	20	6	10	13:51	0	0	
N4	Surface	11/19/25	4	<2	<2	13:50	0	0	
N5	Surface	11/19/25	<2	<2	<2	13:49	0	0	
N6	Surface	11/19/25	2	<2	<2	13:45	0	0	
N7	Surface	11/19/25	<2	<2	<2	13:43	0	0	

REQUIREMENT: (1) Floating particulates and grease and oil shall not be visible. (2) The discharge of waste shall not cause aesthetically undesirable discoloration of the ocean surface.

Receiving Water Limitations: (1)30-Day geometric mean of fecal coliform density not to exceed 200CFU/100 mL

calculated based on the five most recent samples from each site (2)single sample max not to exceed 400 CFU/100mL

(3) Enterococcus 6-week rolling geometric mean not to exceed 30 CFU/100 mL, calculated weekly. (4) Statistical threshold value (STV)

of 110 CFU/100 mL for enterococcus not to be exceeded by more than 10% of samples collected in a calendar month, calculated in a static manner

**Compliance Summary Report
Aliso Creek Ocean Outfall November 2025**

ACOO Permit Order No. R9-2022-0006							
Agency - Facility	Violation Date	Constituent	Effluent Limit Violation	Units	Permit Limit	Reported Value	Potential Fine
There were no water quality violations during this reporting period.							



**SOCWA and MEMBER AGENCY FACILITIES ACOO
Spill / Overflow Report Log - November 2025 Order
No. R9-2022-0006 ~ NPDES Permit No. CA0107611**

Reporting Agency	Responsible Agency	Estimated Volume (Gallons)	Type of Discharge	Location/Comments	Receiving Waters	Date Reported To State	Date Resolved
				No Spills During this Monitoring Period			

SAN JUAN CREEK OCEAN OUTFALL MONITORING REPORT

November 2025

DATE	J.B. LATHAM FACILITY				SAN CLEMENTE WRP				SMWD CHIQUITA WRP				3-A PLANT				CSJC	SCWD	SJCOO	Rain
	FLOW MGD	TSS mg/L	cBOD mg/L	SS ml/L	FLOW MGD	TSS mg/L	cBOD mg/L	SS ml/L	FLOW MGD	TSS mg/L	cBOD mg/L	SS ml/L	FLOW MGD	TSS mg/L	cBOD mg/L	SS ml/L	Desalter FLOW MGD	Desalter FLOW MGD	FLOW MGD	inches
11/01/25	8.300	7.1	5.5		2.941				0.000				1.342				0.330	0.183	12.810	0.00
11/02/25	8.420	7.8	5.3	<0.1	2.258	5.6	5.0		0.004	1.2	4.9	<0.1	1.433				0.000	0.177	12.930	0.00
11/03/25	8.470	6.2	8.5	<0.1	2.996	5.2	6.3	<0.1	0.000				1.350	5.0	4.5	<0.1	0.170	0.173	13.250	0.00
11/04/25	8.220	7.0	9.8	0.1	2.628	5.2	5.7	<0.1	0.002	2.2	2.6	<0.1	1.329	6.0	5.9	<0.1	0.490	0.175	13.050	0.00
11/05/25	7.820	7.3	6.3	<0.1	2.417	5.2	4.6	<0.1	0.003	1.5	1.9	<0.1	1.362	5.0	3.0	<0.1	0.490	0.176	12.610	0.00
11/06/25	7.860	5.3	6.0	<0.1	2.510	5.1	6.0	<0.1	0.000				1.349	5.0	3.0	<0.1	0.510	0.176	12.470	0.00
11/07/25	7.890	5.5	5.9	<0.1	2.835	4.0	6.8	<0.1	0.000				1.363	<5.0	2.7	<0.1	0.690	0.172	12.620	0.00
11/08/25	7.880	6.6	14.1		2.911				0.000				1.393				0.690	0.177	12.780	0.00
11/09/25	8.190	7.7	6.7	<0.1	2.146	5.0	6.2		0.006	1.0	5.3	<0.1	1.418				0.690	0.176	13.250	0.00
11/10/25	8.160	7.9	6.6	<0.1	2.850	5.4	7.0	<0.1	0.003	1.5	1.7	<0.1	1.349	2.0	2.6	<0.1	0.690	0.172	13.510	0.00
11/11/25	7.990	7.1	6.6	<0.1	2.829	6.7	6.4	<0.1	0.000				1.384	4.0	3.6	<0.1	0.500	0.176	13.030	0.00
11/12/25	8.000	5.5	5.2	<0.1	2.771	7.4	5.4	<0.1	0.004	1.8	1.5	0.2	1.320	6.3	4.4	<0.1	0.690	0.176	12.760	0.00
11/13/25	7.800	7.5	6.8	0.1	2.927	8.4	6.1	<0.1	0.000				1.309	2.0	3.5	<0.1	0.690	0.171	12.820	0.00
11/14/25	7.740	8.3	5.7	<0.1	2.469	5.6	7.3	<0.1	0.000				1.450	10.4	4.5	<0.1	0.700	0.177	12.760	0.82
11/15/25	8.650	8.0	6.7		3.644				0.481	0.5	3.1	<0.1	1.832				0.690	0.177	14.150	1.24
11/16/25	11.180	12.7	6.7	<0.1	3.552	5.2	6.5		0.039	17.6	10.8	<0.1	1.508				0.690	0.171	19.120	0.04
11/17/25	9.130	8.0	7.2	<0.1	3.464	5.5	5.8	<0.1	0.009	1.9	2.1	<0.1	1.587	3.5	3.3	<0.1	0.700	0.176	15.020	0.44
11/18/25	8.980	5.9	5.2	<0.1	3.439	5.2	7.7	<0.1	0.002	2.1	1.8	<0.1	1.470	1.4	3.6	<0.1	0.640	0.172	15.000	0.02
11/19/25	8.700	10.0	5.9	<0.1	3.305	4.5	2.0	<0.1	0.000				1.373	4.5	3.0	<0.1	0.600	0.176	14.180	0.00
11/20/25	8.240	6.0	6.9	<0.1	3.192	3.8	4.9	<0.1	0.012	1.5	1.8	<0.1	1.736	3.5	4.6	<0.1	0.600	0.177	14.180	1.18
11/21/25	10.720	7.9	7.0	<0.1	3.712	5.4	5.6	0.2	0.044	2.3	2.5	<0.1	1.624	7.7	5.3	0.1	0.570	0.173	17.540	0.41
11/22/25	9.890	7.4	6.4		4.456				0.000				1.469				0.550	0.176	16.000	0.00
11/23/25	9.020	11.2	6.7	<0.1	2.783	4.4	5.1		0.000				1.476				0.550	0.172	14.390	0.00
11/24/25	8.770	9.6	6.9	<0.1	3.199	5.2	5.2	<0.1	0.000				1.446	4.3		<0.1	0.480	0.176	14.390	0.00
11/25/25	8.590	8.7	5.9	<0.1	3.147	5.0	4.7	<0.1	0.025	2.1	1.6	<0.1	1.417	2.1	2.0	<0.1	0.410	0.177	14.000	0.02
11/26/25	8.440	9.2	8.3	<0.1	3.052	5.5	7.9	0.2	0.001	2.0	2.1	<0.1	1.440	1.2	2.7	<0.1	0.430	0.174	13.760	0.01
11/27/25	8.640	9.3	6.4	<0.1	3.469	5.0	7.9	<0.1	0.000				1.423	1.5	2.0	<0.1	0.430	0.176	13.610	0.00
11/28/25	8.460	9.6	6.1	<0.1	3.096	5.8	8.3	<0.1	0.000				1.333	2.5	2.3	<0.1	0.430	0.178	13.680	0.00
11/29/25	8.220	7.5	5.7		2.872				0.000				1.372				0.430	0.173	13.210	0.00
11/30/25	8.320	10.4	7.0	<0.1	3.010	5.8	6.5		0.000				1.439				0.430	0.177	13.660	0.01
AVG	8.556	7.9	6.8	<0.1	3.029	5.4	6.0	<0.1	0.021	2.8	3.1	<0.1	1.437	4.1	3.5	<0.1	0.532	0.175	13.885	
TOTAL	256.690				90.880				0.635				43.096				15.960	5.258	416.540	4.19

South Orange County Wastewater Authority-San Juan Creek Ocean Outfall

REPORT FOR: November 2025
 REPORT DUE: January 1, 2026
 SAMPLE SOURCE: Receiving water surf zone
 TYPE OF SAMPLE: Grab

REPORT FREQUENCY: Monthly
 EXACT SAMPLE POINTS: As specified in Unified Monitoring Plan
 SAMPLES COLLECTED BY: SOCWA Lab
 SAMPLES ANALYZED BY: SOCWA Lab

Tidal Condition: High Tide 7:12

Weather: Overcast

COMMENTS:

STATION #	DATE	TIME	Total Coliform	Fecal Coliform	Entero-coccus	Material of Sewage Origin		Oil & Grease	Odor	Water Color	H2O Temp(F)	Water Condition	Water Outlet	Birds
			CFU/100ml	CFU/100ml	CFU/100ml	Onshore	Offshore	None	None	None	None	None	None	None
S0	11/04/25	8:23	<20	60	48	None	None	None	None	Green		Slightly Turbid		
S1	11/04/25	8:56	<20	<20	38	None	None	None	None	Green		Slightly Turbid		
S2	11/04/25	8:30	20	20	32	None	None	None	None	Green		Slightly Turbid		
DSB5	11/04/25	8:38	80	40	34	None	None	None	None	Green		Slightly Turbid		
S3	11/04/25	8:58	<20	20	28	None	None	None	None	Green	66	Slightly Turbid		
DSB4	11/04/25	9:23	<20	<20	4	None	None	None	None	Green		Slightly Turbid		
S5	11/04/25	9:12	<20	<20	12	None	None	None	None	Green		Slightly Turbid		
DSB1	11/04/25	9:15	<20	20	52	None	None	None	None	Green		Slightly Turbid		
SJC1	11/04/25	8:26	<20	40	50	None	None	None	None	Green		Slightly Turbid		

RECEIVING WATER LIMITATIONS: Single Sample Maximum - Total coliform density shall not exceed 10,000 per 100ml; Fecal coliform density shall not exceed 400 per 100ml; Enterococcus density shall not exceed 104 per 100ml.

South Orange County Wastewater Authority-San Juan Creek Ocean Outfall

REPORT FOR: November 2025
 REPORT DUE: January 1, 2026
 SAMPLE SOURCE: Receiving water surf zone
 TYPE OF SAMPLE: Grab

REPORT FREQUENCY: Monthly
 EXACT SAMPLE POINTS: As specified in Unified Monitoring Plan
 SAMPLES COLLECTED BY: SOCWA Lab
 SAMPLES ANALYZED BY: SOCWA Lab

Tidal Condition: High Tide 09:45

Weather: Overcast

COMMENTS:

STATION #	DATE	TIME	Total Coliform	Fecal Coliform	Entero-coccus	Material of Sewage Origin		Oil & Grease	Odor	Water Color	H2O Temp(F)	Water Condition	Water Outlet	Birds
			CFU/100ml SM9222B	CFU/100ml SM9222D	CFU/100ml EPA 1600	Onshore	Offshore							
S0	11/12/25	9:00	80	20	46	None	None	None	None	Green	64	Turbid		
S1	11/12/25	9:12	80	<20	10	None	None	None	None	Green		Turbid		
S2	11/12/25	9:45	<20	<20	4	None	None	None	None	Green		Turbid		
DSB5	11/12/25	9:50	40	20	4	None	None	None	None	Green		Turbid		
S3	11/12/25	9:14	40	20	2	None	None	None	None	Green		Turbid		
DSB4	11/12/25	9:15	60	20	4	None	None	None	None	Green		Turbid		
S5	11/12/25	9:28	20	<20	2	None	None	None	None	Green		Turbid		
DSB1	11/12/25	9:30	40	<20	2	None	None	None	None	Green		Turbid		
SJC1	11/12/25	8:57	40	60	80	None	None	None	None	Green		Turbid		

RECEIVING WATER LIMITATIONS: Single Sample Maximum - Total coliform density shall not exceed 10,000 per 100ml; Fecal coliform density shall not exceed 400 per 100ml; Enterococcus density shall not exceed 104 per 100ml.

South Orange County Wastewater Authority-San Juan Creek Ocean Outfall

REPORT FOR: November 2025
 REPORT DUE: January 1, 2026
 SAMPLE SOURCE: Receiving water surf zone
 TYPE OF SAMPLE: Grab

REPORT FREQUENCY: Monthly
 EXACT SAMPLE POINTS: As specified in Unified Monitoring Plan
 SAMPLES COLLECTED BY: SOCWA Lab
 SAMPLES ANALYZED BY: SOCWA Lab

Tidal Condition: High Tide 7:53

Weather: Partly Cloudy

COMMENTS:

STATION #	DATE	TIME	Total Coliform	Fecal Coliform	Entero-coccus	Material of Sewage Origin		Oil & Grease		Water Color	H2O Temp(F)	Water Condition	Water Outlet	Birds
			CFU/100ml SM9222B	CFU/100ml SM9222D	CFU/100ml EPA 1600	Onshore	Offshore	Grease	Odor					
S0	11/19/25	8:18	100	500	800	None	None	None	None	Brown		Turbid		
S1	11/19/25	8:09	40	140	540	None	None	None	None	Brown		Turbid		
S2	11/19/25	8:59	40	580	800	None	None	None	None	Brown	62	Turbid		
DSB5	11/19/25	9:05	3000	400	500	None	None	None	None	Brown		Turbid	Flowing	
S3	11/19/25	8:08	60	200	100	None	None	None	None	Brown		Turbid		
DSB4	11/19/25	8:06	60	40	100	None	None	None	None	Brown		Turbid		
S5	11/19/25	8:01	200	100	40	None	None	None	None	Brown		Turbid		
DSB1	11/19/25	7:56	40	20	60	None	None	None	None	Brown		Turbid		
SJC1	11/19/25	8:23	1200	1000	2100	None	None	None	None	Brown		Turbid	Flowing	

RECEIVING WATER LIMITATIONS: Single Sample Maximum - Total coliform density shall not exceed 10,000 per 100ml; Fecal coliform density shall not exceed 400 per 100ml; Enterococcus density shall not exceed 104 per 100ml.

South Orange County Wastewater Authority-San Juan Creek Ocean Outfall

REPORT FOR: November 2025
 REPORT DUE: January 1, 2026
 SAMPLE SOURCE: Receiving water surf zone
 TYPE OF SAMPLE: Grab

REPORT FREQUENCY: Monthly
 EXACT SAMPLE POINTS: As specified in Unified Monitoring Plan
 SAMPLES COLLECTED BY: SOCWA Lab
 SAMPLES ANALYZED BY: SOCWA Lab

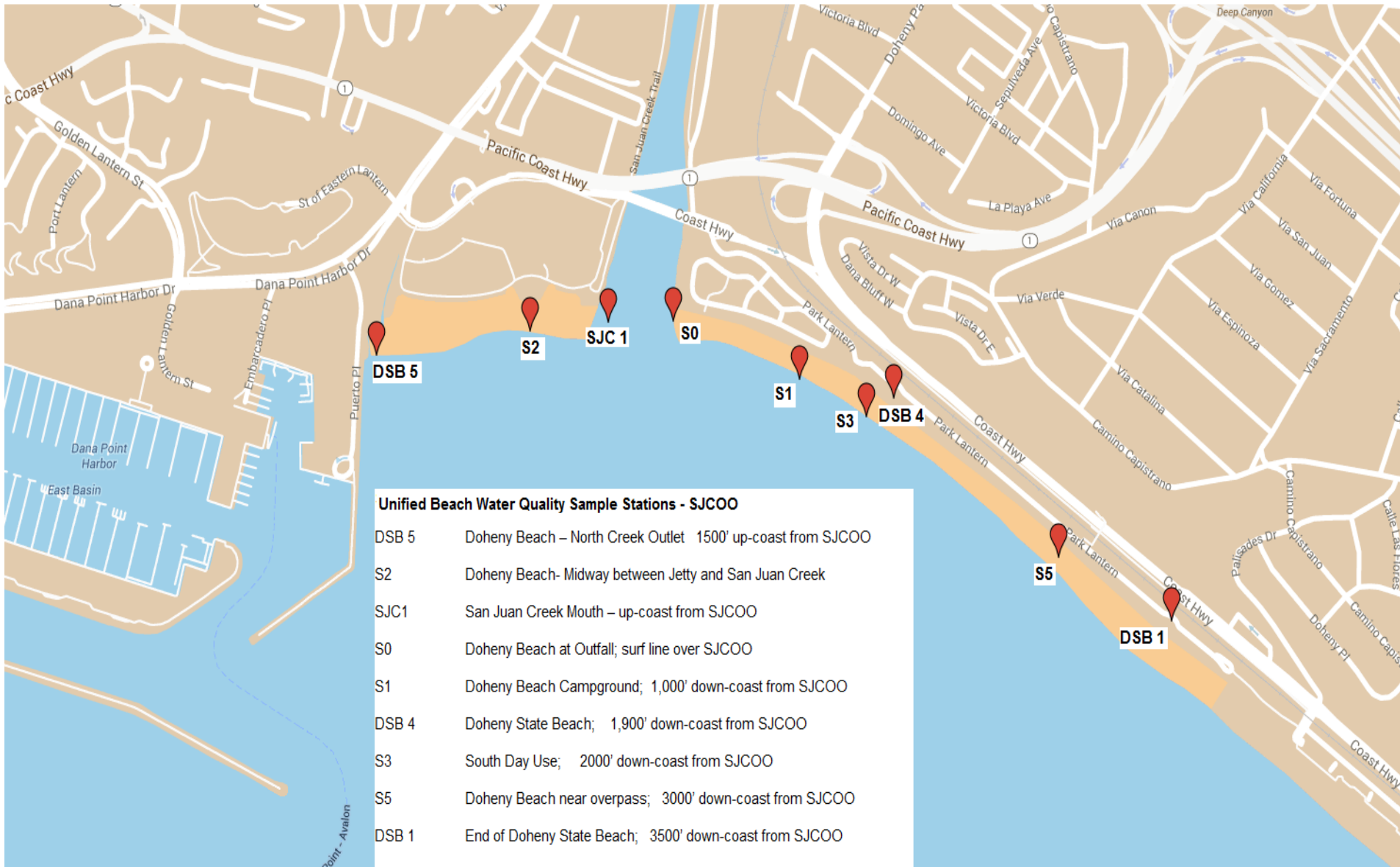
Tidal Condition: High Tide 10:52

Weather: Clear

COMMENTS:

STATION #	DATE	TIME	Total Coliform	Fecal Coliform	Entero-coccus	Material of Sewage Origin		Oil & Grease	Odor	Water Color	H2O Temp(F)	Water Condition	Water Outlet	Birds
			CFU/100ml	CFU/100ml	CFU/100ml	Onshore	Offshore	None	None	None	None	None	None	None
S0	11/25/25	10:07	<100	100	<10	None	None	None	None	Brown		Turbid		
S1	11/25/25	09:30	<100	<100	10	None	None	None	None	Brown	62	Turbid		
S2	11/25/25	10:00	500	400	580	None	None	None	None	Brown		Turbid		
DSB5	11/25/25	10:20	300	100	300	None	None	None	None	Brown		Turbid	Flowing	
S3	11/25/25	09:33	<20	20	10	None	None	None	None	Brown		Turbid		
DSB4	11/25/25	09:34	<20	20	<10	None	None	None	None	Brown		Turbid		
S5	11/25/25	09:40	20	<20	10	None	None	None	None	Brown		Turbid		
DSB1	11/25/25	09:45	<20	20	<10	None	None	None	None	Green		Turbid		
SJC1	11/25/25	09:23	400	300	100	None	None	None	None	Brown		Turbid	Flowing	

RECEIVING WATER LIMITATIONS: Single Sample Maximum - Total coliform density shall not exceed 10,000 per 100ml; Fecal coliform density shall not exceed 400 per 100ml; Enterococcus density shall not exceed 104 per 100ml.



San Juan Creek Ocean Outfall

Unified Beach Water Quality Monitoring Stations

SOCWA's NPDES discharge permit requires participation in the South Orange County Unified Beach Water Quality Monitoring Program. The monitoring stations below are tested by SOCWA at least once per week for Total and Fecal Coliform and Enterococcus Bacteria.

Station	Location
DSB 5	Doheny Beach – North Creek Outlet 1500' up-coast from SJCOO
S2	Doheny Beach- Midway between Jetty and San Juan Creek
SJC1	San Juan Creek Mouth – up-coast from SJCOO
S0	Doheny Beach at Outfall; surf line over SJCOO
S1	Doheny Beach Campground; 1,000' down-coast from SJCOO
DSB 4	Doheny State Beach; 1,900' down-coast from SJCOO
S3	South Day Use; 2000' down-coast from SJCOO
S5	Doheny Beach near overpass; 3000' down-coast from SJCOO
DSB 1	End of Doheny State Beach; 3500' down-coast from SJCOO

MONITORING REPORT

Offshore

South Orange County Wastewater Authority

DISCHARGE: San Juan Creek Ocean Outfall

Report For: November 2025

Report Frequency: Monthly

Report Due: January 1, 2026

Sample Source: Receiving water, nearshore and offshore

Sampling Frequency: Monthly

Exact Sample Points: As specified in permit

Type of Sample: Grab

Samples Collected By: Seaventures/SOCWA staff

Tide: High Tide 15:30

Samples Analyzed By: SOCWA Lab

Comments:

Station No.	Sample Depth	Sample Date	Total Coliform CFU/100ml SM9222B	Fecal Coliform CFU/100ml SM9222D	Enterococcus CFU/100ml EPA 1600	Sample Time	Oil & Grease	Sewage Debris	
A-1	Surface	11/19/25	<2	<2	<2	15:06	0	0	0 - None 1 - Mild 2 - Moderate 3 - Severe
A-1	Mid depth	11/19/25	<10	<10	<10				
A-2	Surface	11/19/25	<2	<2	<2	15:01	0	0	
A-2	Mid depth	11/19/25	<10	<10	<10				
A-3	Surface	11/19/25	<2	<2	2	15:13	0	0	
A-3	Mid depth	11/19/25	<10	<10	<10				
A-4	Surface	11/19/25	<2	<2	<2	15:19	0	0	
A-4	Mid depth	11/19/25	<10	<10	<10				
A-5	Surface	11/19/25	<2	<2	<2	15:09	0	0	
A-5	Mid depth	11/19/25	<10	<10	<10				
B-1	Surface	11/19/25	<2	2	<2	14:53	0	0	
B-1	Mid depth	11/19/25	<10	<10	<10				
B-2	Surface	11/19/25	<2	<2	<2	15:27	0	0	
B-2	Mid depth	11/19/25	<10	<10	<10				
N1	Surface	11/19/25	2	<2	<2	14:43	0	0	
N2	Surface	11/19/25	2	<2	<2	14:41	0	0	
N3	Surface	11/19/25	4	4	10	14:38	0	0	
N4	Surface	11/19/25	20	10	20	14:33	0	0	
N5	Surface	11/19/25	20	<2	10	14:30	0	0	
N6	Surface	11/19/25	10	<2	<2	14:27	0	0	

REQUIREMENT: (1) Floating particulates and grease and oil shall not be visible. (2) The discharge of waste shall not cause aesthetically undesirable discoloration of the ocean surface.

Receiving Water Limitations: (1)30-Day geometric mean of fecal coliform density not to exceed 200CFU/100 mL

calculated based on the five most recent samples from each site (2)single sample max not to exceed 400 CFU/100mL

(3) Enterococcus 6-week rolling geometric mean not to exceed 30 CFU/100 mL, calculated weekly. (4) Statistical threshold value (STV) of 110 CFU/100 mL for enterococcus not to be exceeded by more than 10% of samples collected in a calendar month, calculated in a static manner

Compliance Summary Report
San Juan Creek Ocean Outfall November 2025

SJCOO Permit Order No. R9-2025-0001

SJCOO Permit Order No. R9-2025-0001							
Agency	Violation Date	Constituent	Effluent Limit Violation	Units	Permit Limit	Reported Value	Potential Fine
3A	11/29/2025	cBOD	Deficient Monitroing	mg/L	Daily (5 days/week)	NA	\$3,000



SOCWA and MEMBER AGENCY FACILITIES
SJCOO Spill / Overflow Report Log -November 2025
Order No. R9-2025-0001 ~ NPDES Permit No.
CA0107417

Reporting Agency	Responsible Agency	Estimated Volume (Gallons)	Type of Discharge	Location/Comments	Receiving Waters	Date Reported To State	Date Resolved
No spills during this monitoring period.							

Waste Discharge Requirement Order 97 - 52

Agency - Facility	Violation Date	Constituent	Effluent Limit Violation	Units	Permit Limit	Reported Value	Remarks
MNWD - RTP	1/7/2025	TDS	12 month	mg/L	1000	1212	
MNWD - RTP	1/7/2025	Manganese	12-Month	mg/L	0.05	0.13	
MNWD - RTP	1/7/2025	Manganese	Daily Maximum	mg/L	0.06	0.07	
SOCWA - CTP	1/7/2025	Manganese	12-Month	mg/L	0.05	0.09	
MNWD - 3A	10/2/2024	TDS	12 month	mg/L	1000	1213	Offline
MNWD - 3A	10/2/2024	Manganese	12 month	mg/L	0.05	0.10	Offline
SMWD-NWRP	1/15/2025	TDS	Daily Maximum	mg/L	1000	1200	
SOCWA - CTP	2/4/2025	Manganese	Daily Maximum	mg/L	0.06	0.08	
SOCWA - CTP	2/4/2025	Manganese	12 month	mg/L	0.05	0.09	
MNWD - RTP	2/4/2025	Manganese	Daily Maximum	mg/L	0.06	0.15	
MNWD - RTP	2/4/2025	Manganese	12 month	mg/L	0.05	0.13	
MNWD - RTP	2/4/2025	TDS	12 month	mg/L	1000	1189	
MNWD - 3A	10/2/2024	TDS	12 month	mg/L	1000	1213	Offline
MNWD - 3A	10/2/2024	Manganese	12 month	mg/L	0.05	0.10	Offline
MNWD - RTP	3/5/2025	TDS	12 month	mg/L	1000	1126	
MNWD - RTP	3/5/2025	Manganese	12-Month	mg/L	0.05	0.12	
MNWD - RTP	3/5/2025	Manganese	Daily Maximum	mg/L	0.06	0.10	
MNWD - 3A	3/5/2025	TDS	12 month	mg/L	1000	1174	
MNWD - 3A	3/5/2025	Manganese	12 month	mg/L	0.05	0.10	
MNWD - 3A	3/5/2025	Manganese	Daily Maximum	mg/L	0.06	0.10	
SOCWA - CTP	3/4/2025	Manganese	Daily Maximum	mg/L	0.06	0.08	
SOCWA - CTP	3/4/2025	Manganese	12-Month	mg/L	0.05	0.08	
SMWD-NWRP	3/21/2025	TDS	12 month	mg/L	1000	1024	
SMWD-NWRP	3/21/2025	TDS	Daily Maximum	mg/L	1000	1153	
MNWD - RTP	4/8/2025	TDS	12 month	mg/L	1000	1088	
MNWD - RTP	4/8/2025	Manganese	12-Month	mg/L	0.05	0.13	
MNWD - RTP	4/8/2025	Manganese	Daily Maximum	mg/L	0.06	0.20	
MNWD - 3A	4/3/2025	TDS	12 month	mg/L	1000	1149	

Waste Discharge Requirement Order 97 - 52

Agency - Facility	Violation Date	Constituent	Effluent Limit Violation	Units	Permit Limit	Reported Value	Remarks
MNWD - 3A	4/3/2025	Manganese	12 month	mg/L	0.05	0.10	
MNWD - 3A	4/3/2025	Manganese	Daily Maximum	mg/L	0.06	0.12	
SOCWA - CTP	4/1/2025	Manganese	12-Month	mg/L	0.05	0.08	
SOCWA - CTP	4/1/2025	Daily Maximum	12-Month	mg/L	0.05	0.09	
SMWD-NWRP	4/17/2025	TDS	12 month	mg/L	1000	1075	
MNWD - RTP	5/6/2025	TDS	12 month	mg/L	1000	1023	
MNWD - RTP	5/6/2025	Manganese	12-Month	mg/L	0.05	0.13	
MNWD - RTP	5/6/2025	Manganese	Daily Maximum	mg/L	0.06	0.12	
MNWD - 3A	5/5/2025	TDS	12 month	mg/L	1000	1090	
MNWD - 3A	5/5/2025	Manganese	12 month	mg/L	0.05	0.10	
MNWD - 3A	5/5/2025	Manganese	Daily Maximum	mg/L	0.06	0.09	
SOCWA - CTP	5/19/2025	Manganese	12-Month	mg/L	0.05	0.08	
SMWD-NWRP	5/13/2025	TDS	12 month	mg/L	1000	1048	
MNWD - RTP	6/2/2025	TDS	12 month	mg/L	1000	1008	
MNWD - RTP	6/2/2025	Manganese	12-Month	mg/L	0.05	0.13	
MNWD - RTP	6/2/2025	Manganese	Daily Maximum	mg/L	0.06	0.16	
MNWD - 3A	6/2/2025	TDS	12 month	mg/L	1000	1048	
MNWD - 3A	6/2/2025	Manganese	12 month	mg/L	0.05	0.10	
MNWD - 3A	6/2/2025	Manganese	Daily Maximum	mg/L	0.06	0.12	
SOCWA - CTP	6/3/2025	Manganese	12-Month	mg/L	0.05	0.08	
SOCWA - CTP	6/3/2025	Manganese	Daily Maximum	mg/L	0.06	0.09	
SMWD-NWRP	6/25/2025	TDS	12 month	mg/L	1000	1032	
MNWD - RTP	7/1/2025	Manganese	12-Month	mg/L	0.05	0.12	
MNWD - RTP	7/1/2025	Manganese	Daily Maximum	mg/L	0.06	0.10	
MNWD - 3A	7/2/2025	TDS	12 month	mg/L	1000	1024	
MNWD - 3A	7/2/2025	Manganese	12 month	mg/L	0.05	0.09	
MNWD - 3A	7/2/2025	Manganese	Daily Maximum	mg/L	0.06	0.07	
SOCWA - CTP	7/1/2025	Manganese	12-Month	mg/L	0.05	0.08	
SMWD-NWRP	7/16/2025	TDS	12 month	mg/L	1000	1091	
TCWD	7/1/2025	MBAS	Daily Maximum	mg/L	0.06	4.30	

Waste Discharge Requirement Order 97 - 52

Agency - Facility	Violation Date	Constituent	Effluent Limit Violation	Units	Permit Limit	Reported Value	Remarks
MNWD - RTP	8/5/2025	Manganese	12-Month	mg/L	0.05	0.12	
MNWD - RTP	8/5/2025	Manganese	Daily Maximum	mg/L	0.06	0.13	
MNWD - 3A	8/5/2025	Manganese	12 month	mg/L	0.05	0.10	
MNWD - 3A	8/5/2025	Manganese	Daily Maximum	mg/L	0.06	0.13	
SOCWA - CTP	8/5/2025	Manganese	12-Month	mg/L	0.05	0.08	
SOCWA - CTP	8/5/2025	Manganese	Daily Maximum	mg/L	0.06	0.09	
SMWD-NWRP	8/20/2025	TDS	12 month	mg/L	1000	1003	
MNWD - RTP	9/1/2025	Manganese	12-Month	mg/L	0.05	0.12	
MNWD - RTP	9/1/2025	Manganese	Daily Maximum	mg/L	0.06	0.14	
MNWD - 3A	9/26/2025	Manganese	12 month	mg/L	0.05	0.10	
MNWD - 3A	9/26/2025	Manganese	Daily Maximum	mg/L	0.06	0.08	
SOCWA - CTP	9/2/2025	Manganese	12-Month	mg/L	0.05	0.08	
SOCWA - CTP	9/2/2025	Manganese	Daily Maximum	mg/L	0.06	0.08	
MNWD - RTP	10/6/2025	Manganese	12-Month	mg/L	0.05	0.13	
MNWD - RTP	10/6/2025	Manganese	Daily Maximum	mg/L	0.06	0.14	
SOCWA - CTP	10/7/2025	Manganese	12-Month	mg/L	0.05	0.08	
SOCWA - CTP	10/7/2025	Manganese	Daily Maximum	mg/L	0.06	0.09	
MNWD - 3A	9/26/2025	Manganese	12 month	mg/L	0.05	0.10	Offline
MNWD - 3A	9/26/2025	Manganese	Daily Maximum	mg/L	0.06	0.08	Offline
MNWD - RTP	11/3/2025	Manganese	12-Month	mg/L	0.05	0.13	
MNWD - RTP	11/3/2025	Manganese	Daily Maximum	mg/L	0.06	0.13	
SOCWA - CTP	11/4/2025	Manganese	12-Month	mg/L	0.05	0.08	
SOCWA - CTP	11/4/2025	Manganese	Daily Maximum	mg/L	0.06	0.11	
MNWD - 3A	9/26/2025	Manganese	12 month	mg/L	0.05	0.10	Offline
MNWD - 3A	9/26/2025	Manganese	Daily Maximum	mg/L	0.06	0.08	Offline

Recycled Water Report

SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

QUARTERLY RECYCLED WATER MONITORING

Monitoring Period Ending: Nov 30, 2025

Constituent	Units	12-month Avg Maximum Permit Limit	TCWD 12-month Average	SMWD Oso 12-month Average	SMWD Chiquita 12-month Average	SMWD Nichols 12-month Average	MNWD-3A 12-month Average	MNWD-RTP 12-month Average	SCWD-CTP 12-month Average

TDS	mg/L	1000	823		902	938	898	869	737
Chloride	mg/L	375	220		242	280	228	192	153
Sulfate	mg/L	400	286		226	204	355	177	193
Sodium	mg/L	None	60		178	206		205	155
Alkalinity	mg/L	None	-	-	-	-		239	181
Adjusted SAR	Ratio	None	5.33		5.49	5.82	4.57	4.45	4.25
Iron	mg/L	0.3	0.057		0.136	0.136	0.20	0.286	0.152
Manganese	mg/L	0.05	0.003		0.042	0.015	0.10	0.128	0.081
MBAS	mg/L	0.5	<0.49		0.19	0.23	<0.05	<0.12	<0.09
Boron	mg/L	0.67	0.256		0.256	0.436	0.27	0.317	0.27
Fluoride	mg/L	None	0.84		0.55	0.59	0.75	0.76	0.54
Total Organic Carbon	mg/L	None	5.9		12.8	11.9	11.9	12.2	10.0

*** The CTP 12-month permit limits are listed below:

TDS	1200 mg/L
Chloride	400 mg/L
Sulfate	500 mg/L

SOCWA Service Area
Recycled Water Production (ac-ft)
2025

Agency	Facility or Region	Jan '25	Feb '25	Mar '25	Apr '25	May '25	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25	Annual Totals
CSJC 1	3-A Plant/MNWD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CSJC 2	Chiquita/SMWD	12.90	1.91	4.31	19.45	21.06	24.54	30.49	30.26	38.37	39.77	22.23		245.29
CSJC 3	Non-Domestic Wel	30.43	14.44	18.76	33.64	50.52	59.51	66.21	66.45	48.90	15.11	3.86		407.83
ETWD	Region 8	76.42	28.25	39.53	113.74	154.52	200.91	258.40	242.44	185.71	97.63	53.03		1,450.59
IRWD														
	⁴ IRWD - 8	135.30	38.33	37.59	135.62	178.24	203.03	280.41	221.64	258.15	201.25	97.93		1,787.50
	⁴ IRWD - 9	53.53	18.46	20.85	64.04	70.76	80.72	114.75	113.14	99.92	67.95	40.26		744.37
SCWD	SOCWA CTP	54.89	19.84	35.36	62.63	70.54	68.33	101.59	99.61	82.06	46.70	24.83		704.43
MNWD	JRP	449.87	260.06	73.93	223.63	378.52	439.96	531.16	583.83	465.24	395.76	262.18		4,064.13
	3-A Plant	0.00	0.00	145.44	144.28	126.07	117.61	23.67	152.77	147.78	0.00	0.00		857.62
	⁵ CTP	5.27	-1.23	9.09	22.13	19.90	4.28	13.67	14.69	14.07	0.00	0.00		101.87
SMWD	Oso Creek													
	Chiquita	362.93	426.67	506.31	471.75	495.66	472.46	515.08	511.77	491.21	504.13	512.29		5,270.23
	Nichols	1.73	1.49	1.74	1.63	1.91	1.97	2.18	2.49	2.49	2.16	1.97		21.76
TCWD	RRWRP	37.50	35.59	41.56	39.15	39.67	38.45	24.77	37.70	38.01	37.98	40.22		410.59
TOTALS		1,220.77	843.82	934.45	1,331.69	1,607.37	1,711.77	1,962.39	2,076.77	1,871.90	1,408.45	1,058.79		16,066.22

- 1 Denotes transfer of recycled water from MNWD (3A Plant) for use in the CSJC service area. Not counted as additional production.
 - 2 Denotes recycled water purchased from SMWD Chiquita-WRP used in the CSJC service area. Not counted as additional production.
 - 3 Denotes nondomestic groundwater produced from wells used for landscape irrigation.
 - 4 IRWD production is from recycled water production, nonpotable water wells, and surface water impoundments
 - 5 Denotes transfer of recycled water from SCWD (SOCWA CTP) for use in the MNWD service area. Not counted as additional production.
- Note: All of ETWD reclaimed water produced and used in Region 8.
NR = No Report

Pretreatment Report

Agenda Item

Legal Counsel Review: No

Meeting Date: January 8, 2026

TO: Board of Directors

FROM: Amber Boone, General Manager

STAFF CONTACT: Katie Greenwood, Source Control Manager

SUBJECT: Monthly Pretreatment Report – December 2025
San Juan Creek Ocean Outfall
NPDES Permit #CA0107417 Order # R9-2022-0005
Aliso Creek Ocean Outfall
NPDES Permit #CA0107611 Order # R9-2022-0006

Summary of Program Activities

Staff continue to utilize the California Manufacturers Directory, submitted will-serve notices, and business licensing data to identify industrial users (IUs) and update each Member Agency's (MA) Industrial Waste Survey (IWS) spreadsheet. Refer to the "Summary of IWS Activities" table below for details. In addition, staff are conducting targeted outreach to Dental User Establishments (DSEs) within the service area to obtain the submittals of the One-Time Compliance Report. As this is an ongoing effort, the most up-to-date DSE compliance figures will be reported later.

Staff are in process of compiling the 2025 annual pretreatment report and entering influent/effluent sampling data for eight treatment plants including SOCWA (JBL, CTP), SMWD (Chiquita), MNWD (RTP, 3A), CSC, IRWD (Alisos) and ETWD into the Water Information Management Solution (WIMS) database so it may be uploaded electronically to the State CA Integrated Water Quality System (CIWQS) database. Staff are additionally completing the narrative portion of the 2025 SOCWA Annual Pretreatment report. The final report in its entirety is due to the RWQCB-SD by March 1, 2026, and copy will be distributed to key service agency staff.

Permit Related Activities

The following Wastewater Discharge (WD) Permits, Special Wastewater Discharge (SWD) Permits, Nuisance Water-Special Wastewater Discharge (NSWD) Permits, Non-Industrial Wastewater Discharge (NIWD) forms, and BMP letters were issued or are in the process of being drafted for issuance:

SMWD – CR&R La Pata Transfer Station– SOCWA received a partial permit application for a proposed truck wash facility. To complete the application, staff requested confirmation of the wastewater generating processes, truck type and volume, and proposed pretreatment. Additionally, the applicant is required to characterize the wastewater through sampling of a similar sister site. In late November, staff requested to review the sampling plan and is awaiting response.

SOCWA/SMWD – San Juan Meadows – Staff is anticipating submittal of a discharge permit application for groundwater associated with new development on top of the former Forster Landfill

site. Staff participated in two virtual meetings on November 7, 2025, and December 11, 2025, with Geosyntec, consultants for the site, to discuss the application process.

MNWD – Filanc – MNWD is working with a contractor to replace a manhole structure at the 3A WWTP. The project requires dewatering groundwater to the treatment plant headworks during excavation. Filanc staff submitted a complete discharge permit application with sampling data on December 29, 2025. Since this is a short-term project projected to last no more than one week, staff anticipates issuing a discharge permission letter with prescribed BMPs on January 5, 2026.

Training and Meetings

Staff attend monthly OC Strike Force meetings to share and receive environmental case updates.

Staff attend monthly CWEA SARBS BOD meetings as the current pretreatment chair.

On December 16, 2025, staff participated in the Clean Water SoCal BOD meeting as an acting Pretreatment Co-Chair. Updates surrounding PFAS regulations and effluent limitation guidelines (ELGs) were provided.

Inspections

MNWD – Staff is actively investigating elevated sewer flows within the Crown Valley/I-5 wastewater shed. The inspection of Triumshire Century Center has been completed, and all unauthorized groundwater pumping to the sewer has ceased. Staff will next inspect additional locations within the sewer shed—beginning with the Shops at Mission Viejo—to identify any remaining illicit discharges.

IRWD – On December 15, 2025, staff performed a semi-annual wastewater inspection of Semi-Q. Semi-Q maintains a zero Categorical Industrial User discharge permit. No new facility findings were noted, and the facility remains in compliance with all permit requirements.

Summary of IWS Activities in SOCWA’s Service Area - YTD through December 31, 2025

MA IUs	Events	Permits	NIWD	BMPs	FSEs	OSEs	DSEs	Closed	Enforcement	Total IUs
CLB (S)	0	2	2	5	8	110	15	0	0	143
CSC (S)	23	10	35	18	191	1263	38	0	2	1556
CSJC (S)	38	0	27	58	141	1705	30	7	0	1961
ETWD (M)	22	0	88	0	261	144	50	5	0	499
EBSD (U)	0	1	0	0	0	0	0	0	0	1
IRWD (S)	3	5	51	21	63	915	18	1	0	1073
MNWD (S)	39	4	120	38	662	2145	152	10	2	3121
SMWD (S)	62	9	19	19	222	858	52	20	4	1179
SCWD (S)	0	8	33	7	148	186	15	0	2	397
TCWD (S)	0	0	11	0	7	33	2	0	0	51
SOCWA (S)	0	6	1	0	0	0		0	0	6
Totals	187	45	387	166	1703	7359	372	43	10	9987

(S) = SOCWA conducts PT program
(M) = MA conducts PT program /w SOCWA
(U) = Urban Diversion Only

NIWD = Non-industrial Waste Discharger
BMP = Best Management Practices
FSE = Food Service Establishment

YTD = Year to Date
OSE = Other Surveyed Establishment
DSE = Dental Surveyed Establishment

Agenda Item

5.E.

Board of Directors Meeting

Meeting Date: January 8, 2026

TO: Board of Directors

FROM: Amber Boone, General Manager

STAFF CONTACT: Roni Grant, Capital Improvement Program Manager

SUBJECT: Capital Improvement Construction Projects Progress and Change Order Report (December) [Project Committees 2 and 15]

The status of the SOCWA Capital Improvement Program and construction projects progress are presented in the tables on the following pages. Below are updates for the previous month for the major construction projects currently underway at SOCWA facilities, including any change orders.

J.B. Latham Treatment Plant Electrical System Upgrades

Replacement of MCC-M and Plant 1 Standby Generator

Pre-purchasing activities for the Motor Control Center (MCC) and Plant 1 Generator are currently underway. Construction is anticipated to be completed by December 2026, contingent upon the issuance of the AQMD Permit to Construct for the generator.

J.B. Latham Treatment Plant Effluent Pump Station and Energy Building Upgrades

Replacement of effluent valves and piping; installation of monorail system, roof, safety, and seismic retrofit in the Energy Building.

Construction is currently in progress. Construction is anticipated to be completed by July 2026.

J.B. Latham Plant 2 Headworks Rehabilitation

Plant 2 Headworks Building Rehabilitation, including roof, channel coating, grating, HVAC system, and misc. electrical upgrades.

Construction is currently in progress. Construction is anticipated to be completed by March 2026.

J.B. Latham Old Effluent Pump Station Staging and Repurposing

Demolition of the Old Effluent Pump Station and Repurpose the site into needed staging and storage area.

The contract has been awarded, the work will start in January 2026, and construction is anticipated to be completed by July 2026.

Coastal Treatment Plant Aeration Deck Grating Replacement

Improvements to the aeration deck grating, including concrete repair and grating supports.

Construction was completed at the end of December 2025.

CTP West Primary and Secondary Scum Skimming System

Replacement of the west primary and secondary scum skimmers, launders, and weirs

The contract has been awarded, the work will start in January 2026, and construction is anticipated to be completed by July 2026.

Coastal Treatment Plant Personnel Building Reconstruction

Improvements to Personnel Building, including lockers, fixtures, ceilings, tiles, and minor electrical items.

The bids are currently under review. Construction is anticipated to be completed by July 2026.

Coastal Treatment Plant Grit Tank Coating System Upgrades

Removal of the existing coating system and application of a new coating system in the grit tanks.

The first phase of the construction has been completed. Phase 2 will be combined with the Foul Air System Upgrades project.

Recommended Action: Information only.

Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun
-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

SOCWA CIP Workplan

Project Number	Project Name	Project Budget	Status	FY 2025/2026				FY 2026/2027			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
PC 2 - J.B. Latham Treatment Plant											
3215/3252	MCC M and Plant 1 Generator Replacement	\$ 4,406,903	Pre-procurement and design underway	D	D	D	B&A	C	C	C	C
3285	Main Plant Drain Line Reconstruction	\$ 500,000	Design underway	D	D	B&A	C	C	C		
32241L	Effluent Pump Station Storage and Staging Area	\$ 850,000	Bids under review	D	B&A	C	C	C			
32226L	Effluent Pump Station Upgrades	\$ 1,877,000	Construction underway	C	C	C					
32243L	Plant 2 Headworks Rehabilitation	\$ 2,200,000	Construction underway	C	C	C					
32262L	DAF Polymer System Upgrade	\$ 741,000	Planning underway	P	P	D	D	D	B&A	C	C
3216/32225C /32225S	Energy Building Upgrades	\$ 1,955,000	Construction underway	C	C	C					
32232S	Buried Digester Gas and Flare Piping Improvements	\$ 125,000	Design underway	D	D	D	D	B&A	C	C	C
32234S	Heat Exchanger 4 Pipe Replacement	\$ 75,000	Design underway	D	D	D	D	B&A	C	C	C
32224S	Truck Loading area, MCC 2 and CF Reconstruction	\$ 3,000,000	FY 26/27					P	P	D	D
32231S	Gas Flare Replacement	\$ 2,000,000	Design underway	D	D	D	D	B&A	C	C	C
32261S	Odor Control Scrubber No. 2 Replacement	\$ 2,000,000	Planning underway	P	P	D	D	D	B&A	C	C
32262S/32264S	Dewatering System Replacement	\$ 1,056,490	Planning underway	P	P	D	D				
32263S	Buried Digester Piping Reconstruction	\$ 250,000	Design underway	D	D	D	D	B&A	C	C	C
322236S	Digester 3 and 4 Upgrades and Coating	\$ 500,000	FY 26/27	P	P	D	D	B&A	C	C	C
32252S	Cogen 60K Overhaul	\$ 400,000	Construction completed	C	C						
PC 5 - San Juan Creek Ocean Outfall											
5059	Monitoring Vault Rehabilitation	\$ 165,000	FY 26/27					P	D	D	D
PC15 - Coastal Treatment Plant											
3541A	Export Sludge Environmental Mitigation	\$ 1,392,100	Mitigation work/permitting ongoing	ENV	ENV	ENV	ENV				
35242L	Grit Baffles and Diffusers	\$ 200,000	Phase 1 completed	B&A	C	C	C				
15820/15821	East Primary Tank Sludge Piping, Troughs and Scum Skimmers	\$ 275,000	Planning underway					P	D	D	D
3543	Export Sludge Pipeline Replacement at RTP	\$ 400,000	Planning underway	P	D	D	D	P	D	D	D

SOCWA CIP Workplan

Project Number	Project Name	Project Budget	Status	FY 2025/2026				FY 2026/2027			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
35247L	Aeration Blower System Upgrades	\$ 142,657	Preliminary design underway	P	P	D	D	B&A	C	C	C
35246L/35239L	West Primary and Secondary Sludge Skimmers and Launderers/Weirs	\$ 1,750,000	Contract awarded	D	B&A	C	C				
35229L/35235L	Odor Control Scrubber/Foul Air System Reconstruction	\$ 1,650,000	Final design underway	D	D	D	B&A	C	C	C	C
3522AL	Drainage Pump Station	\$ 4,200,000	Final design underway	D	D	D	B&A	C	C	C	
3525	Personnel Building Reconstruction	\$ 471,586	Phase 1 completed, Phase 2 bidding underway	D	B&A	C	C				
35233L/35236L	Scum Pump Station and Wet well	\$ 300,000	FY 26/27					P	D	D	D
35234L	RAS/WAS Pump Station Repair	\$ 100,000	FY 26/27					P	P	D	D
35237L	Electrical Manhole/Cable Project	\$ 85,000	FY 26/27					P	P	D	D
15817	EQ Tank Liner Rehabilitation	\$ 300,000	FY 26/27					D	B&A	C	C
35248L	Access Road Repaving	\$ 950,000	Design underway	D	B&A	C	C				
35245L	Grating Replacement on Aeration/Secondary Deck	\$ 160,000	Construction completed	B&A	C	C	C				
PC 21 - Effluent Transmission Main											
3107/3108	Air Valve Replacement	\$ 911,424	Design/permitting underway	D	ENV	ENV	B&A	C	C		
31222B	Reach B Techite Pipe Replacement	\$ 657,000	RFP underway		P	D	D	D	C	C	C
3101/31221B	Trail Bridge Crossing	\$ 1,947,284	Planning/design underway	P	P	P	P	ENV	ENV	ENV	ENV
PC 24 - Aliso Creek Ocean Outfall											
542210	Outfall inspection, port cleaning and repairs	\$ 400,000	FY26/27					P	D	D	B&A
342220	Golf Course Road	\$ 45,000	Planning underway	D	D	B&A	C	C			

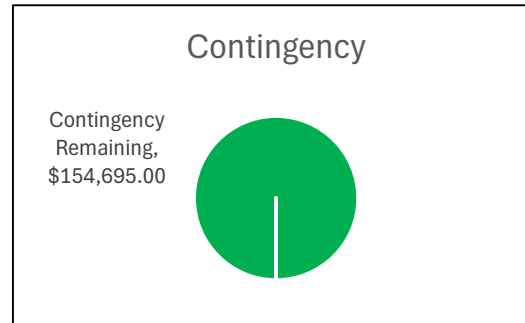
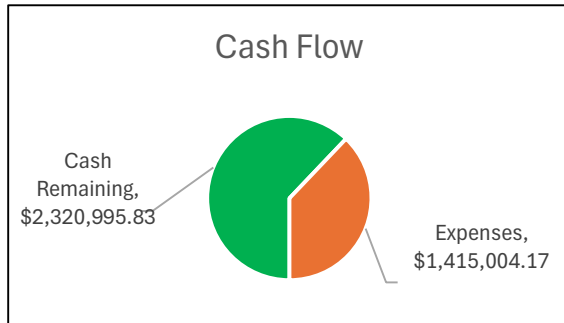
- P Planning
- CA Condition Assessment
- ENV Environmental/Permitting
- D Design
- B&A Bidding and Award
- C Construction

Project Financial Status

Project Committee	2
Project Name	Effluent Pump Station and Energy Building Upgrades
Project Description	Replacement of effluent valves and piping; installation of monorail, roof, safety upgrades and seismic retrofit in the Energy Building

Data Last Updated

December 22, 2025



Cash Flow

Collected	\$ 3,736,000.00
Expenses	\$ 1,415,004.17

Project Completion

Schedule	40%
Budget	37.87%

Construction Contracts

Company	PO No.	Original	Change Orders	Amendments	Total	Costs to Date
Pacific Hydrotech	21280	\$ 3,093,900.00			\$ 3,093,900.00	\$ 1,332,108.11
Carollo Engineers	20453	\$ 119,316.00			\$ 119,316.00	\$ 48,530.40
Project Partners	21283	\$ 12,500.00			\$ 12,500.00	
SOCWA Staff Time	32226L/32225S/3216					\$ 34,365.66
		\$ 3,225,716.00	\$ -	\$ -	\$ 3,225,716.00	\$ 1,415,004.17

Construction Contingency

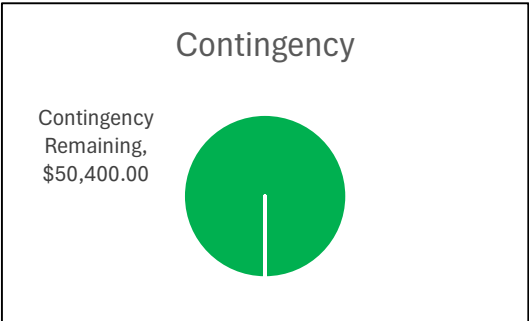
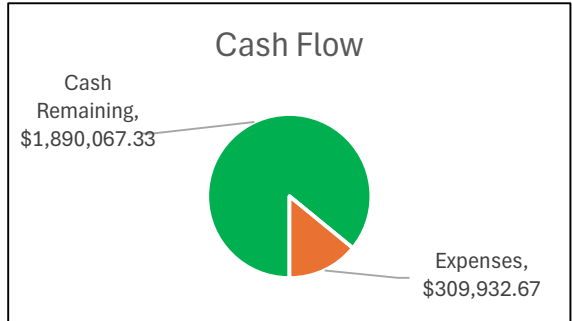
Area	Project Code	Amount	Change Orders	Total Remaining	Percent Used
Liquids/Solids/Common	32226L/32225S/3216	\$ 154,695.00		\$ 154,695.00	0.0%
		\$ 154,695.00	\$ -	\$ 154,695.00	0.0%

Project Financial Status

Project Committee	2
Project Name	Plant 2 Headworks Rehabilitation - 32243L
Project Description	Plant 2 Headworks building roof replacement, channel concrete repair and cover replacement, and electrical modification

Data Last Updated

December 22, 2025



Cash Flow

Collected	\$ 2,200,000.00
Expenses	\$ 309,932.67

Project Completion

Schedule	20%
Budget	14.07%

Construction Contracts

Company	PO No.	Original	Change Orders	Amendments	Total	Costs to Date
Pacific Hydrotech		\$ 2,149,600.00			\$ 2,149,600.00	\$ 277,289.41
Dudek Engineers	20250	\$ 47,858.00			\$ 47,858.00	\$ 8,017.50
Project Partners	21283	\$ 5,000.00			\$ 5,000.00	
SOCWA Staff Time	32243L					\$ 24,625.76
		\$ 2,202,458.00	\$ -	\$ -	\$ 2,202,458.00	\$ 309,932.67

Construction Contingency

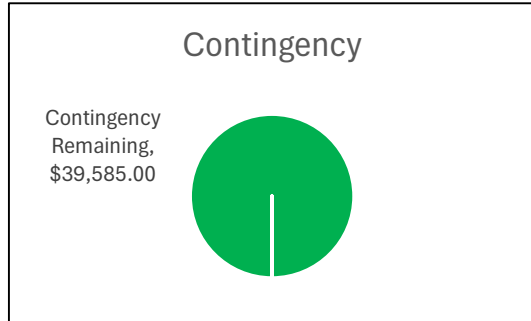
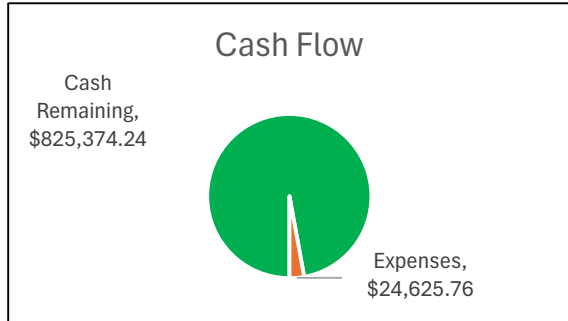
Area	Project Code	Amount	Change Orders	Total Remaining	Percent Used
Liquids	32243L	\$ 50,400.00		\$ 50,400.00	0.0%
		\$ 50,400.00	\$ -	\$ 50,400.00	0.0%

Project Financial Status

Project Committee	2
Project Name	JBL Old Effluent Pump Station Storage and Staging Area (32241L)
Project Description	Demolition of the existing Effluent Pump Station and Repurpose into parking and storage area

Data Last Updated

December 22, 2025



Cash Flow

Collected	\$ 850,000.00
Expenses	\$ 24,625.76

Project Completion

Schedule	20%
Budget	3.01%

Construction Contracts

Company	PO No.	Original	Change Orders	Amendments	Total	Costs to Date
Pacific Hydrotech		\$ 791,700.00			\$ 791,700.00	
Z&K/Ardurra	21446	\$ 26,640.00			\$ 26,640.00	
SOCWA Staff Time	32241L					\$ 24,625.76
		\$ 818,340.00	\$ -	\$ -	\$ 818,340.00	\$ 24,625.76

Construction Contingency

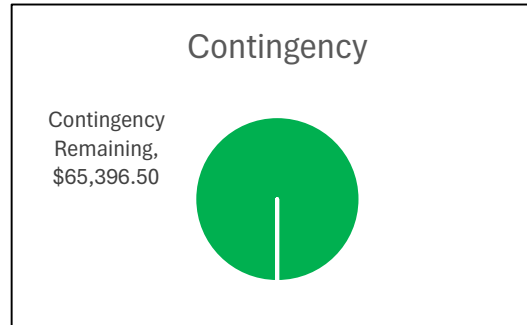
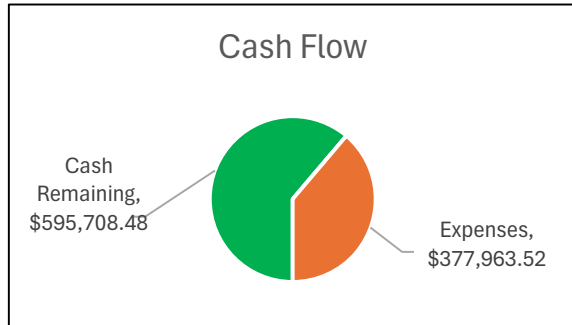
Area	Project Code	Amount	Change Orders	Total Remaining	Percent Used
Liquids	32241L	\$ 39,585.00		\$ 39,585.00	0.0%
		\$ 39,585.00	\$ -	\$ 39,585.00	0.0%

Project Financial Status

Data Last Updated

December 22, 2025

Project Committee	2
Project Name	JBL Electrical System Upgrades - 3252
Project Description	Electrical System upgrades including MCC and Plant 1 Generator



Cash Flow

Collected	\$ 973,672.00
Expenses	\$ 377,963.52

Project Completion

Schedule	40%
Budget	46%

Construction Contracts

Company	PO No.	Original	Change Orders	Amendments	Total	Costs to Date
Quinn Power	20975	\$ 414,940.00			\$ 414,940.00	\$ 264,999.15
Pacific Parts	20561	\$ 239,025.00			\$ 239,025.00	\$ 56,331.22
Hazen	14331	\$ 164,350.00			\$ 164,350.00	\$ 6,140.00
SOCWA Staff Time	3252					\$ 50,493.15
		\$ 818,315.00	\$ -	\$ -	\$ 818,315.00	\$ 377,963.52

Construction Contingency

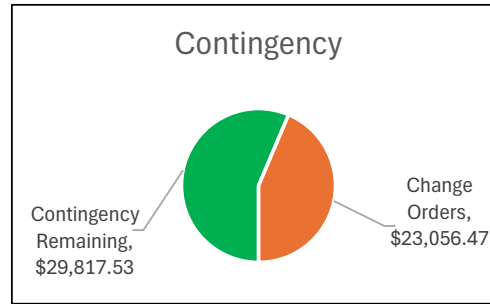
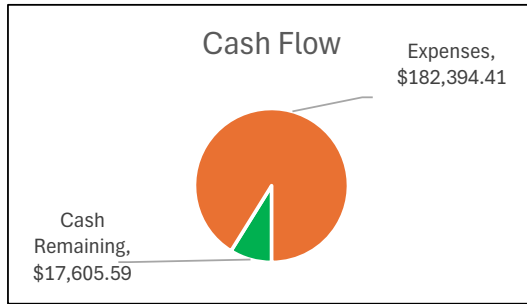
Area	Project Code	Amount	Change Orders	Total Remaining	Percent Used
Liquids	3252	\$ 65,396.50		\$ 65,396.50	0.0%
		\$ 65,396.50	\$ -	\$ 65,396.50	0.0%

Project Financial Status

Project Committee	15
Project Name	CTP Grating Replacement on Aeration/Secondary Deck - 35245L
Project Description	Replacement of grating on west aeration/secondary deck

Data Last Updated

December 22, 2025



Cash Flow

Collected	\$ 200,000.00
Expenses	\$ 182,394.41

Project Completion

Schedule	95%
Budget	91%

Construction Contracts

Company	PO No.	Original	Change Orders	Amendments	Total	Costs to Date
SS Mechanical	20588	\$ 147,126.00	\$ 23,056.47		\$ 170,182.47	\$ 161,673.35
Project Partners	20877	\$ 25,000.00			\$ 25,000.00	\$ 9,759.00
Steve Andrews	20332	\$ 2,818.00			\$ 2,818.00	\$ 483.00
SOCWA Staff Time	35245L					\$ 10,479.06
		\$ 174,944.00	\$ 23,056.47	\$ -	\$ 198,000.47	\$ 182,394.41

Construction Contingency

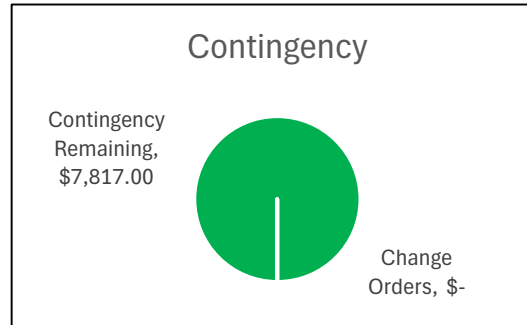
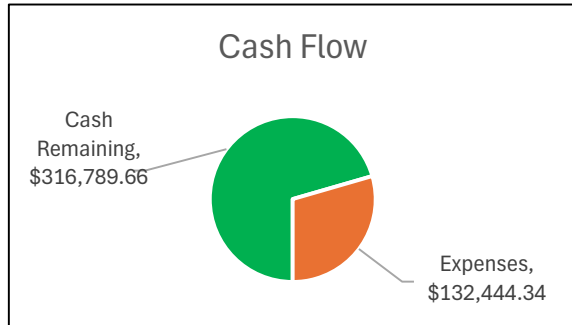
Area	Project Code	Amount	Change Orders	Total Remaining	Percent Used
Liquids	35245L	\$ 52,874.00	\$ 23,056.47	\$ 29,817.53	43.6%
		\$ 52,874.00	\$ 23,056.47	\$ 29,817.53	43.6%

Change Order No.	Vendor Name	Project ID	Description	Status Date	Days	Amount
1	SS Mechanical	35245L	316L SST angle in lieu of 304L SST angle at the Step-Feed Channel	1/8/2025	94	\$ 2,235.25
2	SS Mechanical	35245L	Change Secondary effluent grating from 1-inch to 1.5"	1/31/2025	89	\$ 8,639.53
3	SS Mechanical	35245L	Removal and Replacement of Rebar without proper edge clearances	7/9/2025	90	\$ 12,181.69
						\$ 23,056.47

Project Financial Status

Project Committee	15
Project Name	CTP Personnel Building Reconstruction - 3525
Project Description	Personnel building reconstruction including fixtures, lightings, ceiling, tiles and minor electrical

Data Last Updated
December 22, 2025



Cash Flow

Collected	\$ 449,234.00
Expenses	\$ 132,444.34

Project Completion

Schedule	100%
Budget	29%

Construction Contracts

Company	PO No.	Original	Change Orders	Amendments	Total	Costs to Date
T.E. Roberts	20930	\$ 78,165.00			\$ 78,165.00	\$ 78,165.00
Project Partners	20877	\$ 35,000.00			\$ 35,000.00	\$ 26,633.50
SOCWA Staff Time	3525					\$ 27,645.84
		\$ 113,165.00	\$ -	\$ -	\$ 113,165.00	\$ 132,444.34

Construction Contingency

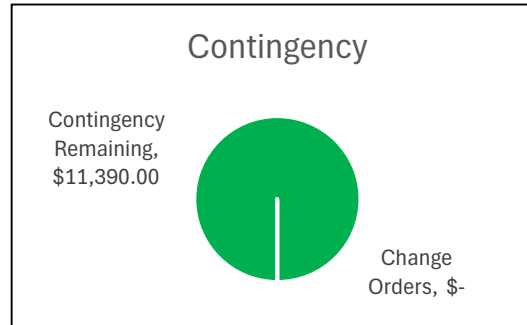
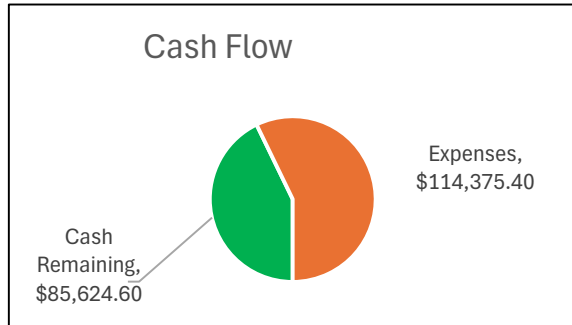
Area	Project Code	Amount	Change Orders	Total Remaining	Percent Used
Liquids	3525	\$ 7,817.00		\$ 7,817.00	0.0%
		\$ 7,817.00	\$ -	\$ 7,817.00	0.0%

Change Order No.	Vendor Name	Project ID	Description	Status Date	Days	Amount
						\$ -

Project Financial Status

Project Committee	15
Project Name	Grit Tanks Coating Upgrades (35242L)
Project Description	Coating of grit tanks

Data Last Updated
December 22, 2025



Cash Flow

Collected	\$ 200,000.00
Expenses	\$ 114,375.40

Project Completion

Schedule	50%
Budget	57%

Construction Contracts

Company	PO No.	Original	Change Orders	Amendments	Total	Costs to Date
Murphy Coating	21425	\$ 113,894.00			\$ 113,894.00	\$ 113,984.00
SOCWA Staff Time	35228L					\$ 391.40
		\$ 113,894.00	\$ -	\$ -	\$ 113,894.00	\$ 114,375.40

Construction Contingency

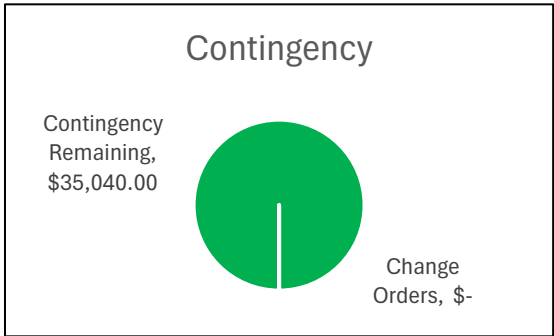
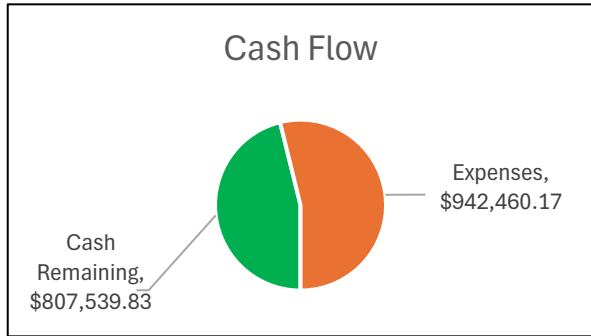
Area	Project Code	Amount	Change Orders	Total Remaining	Percent Used
Liquids	35242L	\$ 11,390.00		\$ 11,390.00	0.0%
		\$ 11,390.00	\$ -	\$ 11,390.00	0.0%

Change Order No.	Vendor Name	Project ID	Description	Status Date	Days	Amount
1	Filanc	35228L	Contract Extension	4/4/2024	273	\$ -
2	Filanc	35228L	Solids removal in basins	1/25/2025	60	\$ 25,725.84

Project Financial Status

Project Committee	15
Project Name	West Primary and Secondary Sludge Skimming System - 35246L/35239L
Project Description	Replacement of west primary and secondary sludge skimming system

Data Last Updated
December 22, 2025



Cash Flow

Collected	\$ 1,750,000.00
Expenses	\$ 942,460.17

Project Completion

Schedule	50%
Budget	54%

Construction Contracts

Company	PO No.	Original	Change Orders	Amendments	Total	Costs to Date
Filanc		\$ 784,000.00			\$ 784,000.00	
Brentwood	20496	\$ 930,960.00			\$ 930,960.00	\$ 930,960.00
Z&K/Ardurra	21446	\$ 39,860.00			\$ 39,860.00	
SOCWA Staff Time	35246L/35239L					\$ 11,500.17
		\$ 970,820.00	\$ -	\$ -	\$ 1,754,820.00	\$ 942,460.17

Construction Contingency

Area	Project Code	Amount	Change Orders	Total Remaining	Percent Used
Liquids	35246L/35239L	\$ 35,040.00	\$ -	\$ 35,040.00	0.0%
		\$ 35,040.00	\$ -	\$ 35,040.00	0.0%

Change Order No.	Vendor Name	Project ID	Description	Status Date	Days	Amount

Agenda Item

6.A.

Board of Directors Meeting

Meeting Date: January 8, 2026

TO: Board of Directors

FROM: Amber Boone, General Manager

STAFF CONTACT: Roni Grant, Capital Improvement Program Manager

SUBJECT: JBL Facility Planning Assessment Contract Amendment No. 1 [Project Committee 2]

Overview

In December 2025, the PC 2 Board of Directors authorized execution of the JBL FPA contract with HDR for \$545,325. Subsequently, staff submitted a request for Amendment No. 1 to incorporate findings from the CTP Regional Flow Study. This study evaluates the feasibility of decommissioning the CTP and diverting flows to the Orange County Sanitation District, the Regional Treatment Plant, and/or the J.B. Latham Treatment Plant.

HDR has proposed a fee of \$49,336 for Amendment No. 1, which would bring the total contract amount to \$594,661. HDR's proposal for Amendment No. 1 is attached for review.

A summary of the cost allocations by member agency are in Table 1.

Table 1 –Cost Allocation by Member Agency

Agency	PC 2 Common (L)	PC 2 Common (S)	Total
South Coast Water District	\$12,827.36	\$10,360.56	\$23,187.92
Santa Margarita Water District	\$11,840.64	\$14,307.44	\$26,148.08
Total	\$24,668.00	\$24,668.00	\$49,336.00

Budget

The JBL FPA initiative will be funded through PC 2 non-capital engineering funds. At the December Board Meeting, the PC 2 Board of Directors authorized a 10% contingency to address unforeseen issues that may arise during the planning phase.

Staff recommends including an additional 10% contingency of \$54,533 to accommodate the expanded scope of work. This adjustment results in a total project contingency of \$109,066, bringing the overall project authorization to \$654,391.

Prior Related Project Committee or Board Action(s)

This item was reviewed and discussed by the Board of Directors on December 11, 2025.

Recommended Action: Staff recommends that the PC 2 Board of Directors:

1. Authorize an additional contract contingency of \$54,533, increasing the total project contingency to \$109,066, to accommodate the additional scope item.
2. Approve Amendment No. 1 in the amount of \$49,336, resulting in a revised contract not to exceed \$594,661 for the JBL FPA agreement with HDR.



December 19, 2025

Amber Boone, MS, MPA
General Manager
South Orange County Wastewater Authority (SOCWA)
34156 Del Obispo Street
Dana Point, CA 92629

Subject: Request for Amendment No. 1 to incorporate the SOCWA Coastal Treatment Plant Regional Flow Study with the JB Latham Treatment Plant Feasibility Planning Assessment

Dear Ms. Boone,

HDR appreciates the opportunity to provide engineering services for the JB Latham Treatment Plant (JBLTP) Feasibility Planning Assessment (FPA), which will inform upgrades to the JBLTP and future regional master planning efforts. We are requesting an amendment to capture the findings of the Coastal Treatment Plant (CTP) Regional Flow Study, which has the potential to impact the development of the JBLTP and the planning efforts of the FPA.

As part of this effort, HDR will integrate the findings of the CTP Regional Flow Study, which evaluates the feasibility of decommissioning CTP and diverting flows to Orange County Sanitation District, the Regional Treatment Plant, and/or JBLTP. A completed report is expected by June 2026.

However, to avoid schedule impacts for the JBLTP FPA, SOCWA will provide flow and loading assumptions, along with other planning assumptions necessary to support HDR's analysis, by January 9, 2026. This will be performed in conjunction with Tasks 2 and 3 in the current scope of work. This proposed amended scope and level of effort does not include validation of the results from the CTP Regional Flow Study, when they are available. Validation of these results and identification of potential impacts to the findings of the JBLTP FPA can be addressed under a separate scope item when those results are available.

The following outlines the additional scope for Amendment No. 1 to incorporate the results of the CTP Flow study into the flow and loading projections under Task 2 and to evaluate the inclusion of CTP flows as part of the alternatives analysis under Task 3, along with a proposed fee and schedule. The results from this effort will be documented in the FPA Final Report.

Scope of Services

TASK 1 | PROJECT MANAGEMENT

HDR will conduct up to two (2) additional workshops to review the proposed approach, assumptions, and data inputs, as well as to confirm understanding prior to incorporation of CTP flows into the FPA. Each workshop will be up to two (2) hours in duration and will include participation from CTP staff (SOCWA) and PC2 Member Agencies, if needed.

Assumptions:

- *Up to two (2) hour workshops, to be held either in-person or virtually.*

Deliverable:

- *Agenda, presentation slides, and meeting minutes.*

TASK 2 | EXISTING FACILITIES EVALUATION

HDR will assess incorporation of CTP flows and loads into the JBLTP.

Two historical existing conditions and two projected conditions of the flows and loading representing the “bookends”, or highest and lowest anticipated ranges from the CTP, will be evaluated. Influent loading considered in the evaluation include, but are not limited to: biological oxygen demand (BOD), total suspended solids (TSS), ammonia, total Kjeldahl nitrogen (TKN), total inorganic nitrogen (TIN), total phosphorus (TP), and total dissolved solids (TDS).

Since the flows and loads analysis results from the CTP Regional Flow Study will not be available until later in the year, SOCWA will provide flows and concentrations, and projection assumptions by January 9, 2026, for incorporation into the current Task 2 scheduled to be performed in early 2026.

SOCWA will summarize and provide any background information that may be needed to appropriately incorporate the basis of assumptions for the flows and loads, which may include a summary document of the SOCWA reorganization and capacity assignment agreements for our review. The actual agreements will not be provided or reviewed. CTP-related analyses and findings will be documented as an additional scenario within the Task 2 – Existing Facilities Evaluation Memo.

Assumptions:

- *SOCWA to provide the high and low bookend conditions of diverted CTP flows to JBLTP for existing and projected future growth, including the flow and loading. Specifically, provide assumptions on flow and load peaking factor conditions and average concentrations for the following key parameters: BOD, TSS, ammonia, TIN, TKN, TP, and TDS.*
- *SOCWA to indicate timing of diverted flows and projected future growth.*

- *This effort does not include validation of the results from the CTP Regional Flow Study.*
- *HDR to provide data request for CTP flows and loads by December 19, 2025. SOCWA to provide CTP information no later than January 9, 2026. Note that response to the JBLTP data request should be submitted by SOCWA no later than December 31, 2025.*

Deliverable:

- *Description of CTP flows and loads implications in Existing Facilities Evaluation Technical Memo.*

TASK 3 | WASTEWATER TREATMENT ALTERNATIVES

Using the results of the concentration and loading projections from Task 2 - Existing Facilities Evaluation, HDR will consider the diversion of CTP flows into the liquids and solids treatment alternatives evaluation. This task will include assessing the required capacity and treatment requirements of the JBLTP for both liquid and solids streams to accommodate projected CTP flow and constituent loading.

In the Task 3 – Wastewater Treatment Alternatives Technical Memo, HDR will incorporate figures and descriptions related to the impact of CTP flows to the treatment alternative analysis.

Assumptions:

- *SOCWA to indicate effluent type to be diverted (either raw sewage or secondary effluent).*
- *Treatment evaluation will be based on either projected flow and loading from CTP, or anticipated effluent quality from CTP.*
- *SOCWA to indicate if there is a requirement to send recycled water flows back to CTP or other end uses.*

Deliverable:

- *Description of CTP implications to wastewater treatment at JBLTP in Wastewater Treatment Alternatives Technical Memo.*

Estimated Level of Effort and Fee

Our estimated level of effort and fee is attached. HDR requests an amendment to the project fee of \$49,336. The table below summarizes the changes to the project fee.

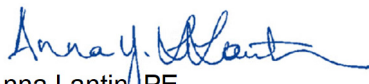
Task	Current Fee	Fee for New Scope	Amended Fee
Task 1 Project Management	\$88,130	\$6,372	\$94,502
Task 2 Existing Facilities Evaluation	\$158,310	\$14,804	\$173,114
Task 3 Wastewater Treatment Alternatives	\$160,835	\$28,160	\$188,995
Task 4 Effluent Utilization Evaluation	\$44,095	-	\$44,095
Task 5 Develop Project Alternatives	\$71,200	-	\$71,200
Task 6 Prepare FPA Report and Documents	\$22,755	-	\$22,755
Total	\$545,325	\$49,336	\$594,661

Schedule

HDR anticipates receiving direction on CTP information no later than January 9, 2026. As previously mentioned, this effort is not anticipated to impact the overall project schedule, as this work will be performed in parallel to the currently proposed Task 2 and 3.

If you have any questions, please contact Amy Omae at (714) 425-1662 or at Amy.Omae@hdrinc.com.

Sincerely,
HDR Engineering, Inc.


Anna Lantin, PE
Senior Vice President


Amy Omae, PE
Project Manager

South Orange County Wastewater Authority
 J.B. Latham Treatment Plant Facility Planning Assessment Effort, ENG-25-04
 Estimated Level of Effort and Fee - Amendment 1 - CTP Diversion to JBL



No.	Description	TASKS												FEE				Rounded Total	
		Principal \$390	Project Manager \$360	Quality Reviewer \$380	Sr Technical Expert \$390	Senior Engineer \$300	Project Engineer \$235	Staff Engineer \$150	Cost Estimator \$275	BIM Technician \$160	Document Specialist \$140	Project Coordinator \$120	Accountant \$170	Total Labor \$238	Labor	Subs	Direct Costs		Total
1 Project Management																			
1.3.3	CTP Staff Workshops (2, 2 hours each)		4		4	4	4	8						24	\$6,340	\$0	\$32	\$6,372	
Subtotal 1 Project Management		0	4	0	4	4	4	8	0	0	0	0	0	24	\$6,340	\$0	\$32	\$6,372	\$6,400
2 Existing Facilities Evaluation																			
2.2	Review Existing Reports and Models													0	\$0	\$0	\$0	\$0	
	Review Existing CTP Reports													0	\$0	\$0	\$0	\$0	
2.3	Flows and Loads Analysis													0	\$0	\$0	\$0	\$0	
	CTP Flows and Loads		2		5		8	24						39	\$8,150	\$0	\$41	\$8,191	
2.6	Technical Memorandum													0	\$0	\$0	\$0	\$0	
	CTP Sections in TM		1	1	4	2	8	12						28	\$6,580	\$0	\$33	\$6,613	
Subtotal 2 Existing Facilities Evaluation		0	3	1	9	2	16	36	0	0	0	0	0	67	\$14,730	\$74	\$74	\$14,804	\$14,800
3 Wastewater Treatment Alternatives																			
3.1	Identify and Develop Treatment Alternatives													0	\$0	\$0	\$0	\$0	
	CTP Flows added to Alternatives Evaluation		2		8	20	8	24	12					74	\$18,620	\$0	\$93	\$18,713	
3.3	Technical Memorandum													0	\$0	\$0	\$0	\$0	
	CTP Sections in TM		2	1	4	4	12	16		2				41	\$9,400	\$0	\$47	\$9,447	
Subtotal 3 Wastewater Treatment Alternatives		0	4	1	12	24	20	40	12	2	0	0	0	115	\$28,020	\$0	\$140	\$28,160	\$28,200
TOTAL, hours		0	11	2	25	30	40	84	12	2	0	0	0	206					
TOTAL, dollars															\$49,090	\$0	\$246	\$49,336	\$49,400

Agenda Item

7.A.

Legal Counsel Review: No

Meeting Date: January 8, 2026

TO: SOCWA Board of Directors
FROM: Amber Boone, SOCWA General Manager
STAFF CONTACT: Roni Grant, Capital Improvement Program Manager
SUBJECT: Engineering Cost Estimate Update

Summary

In competitive bidding for the Coastal Treatment Plant (CTP) and J.B. Latham Treatment Plant (JBL) projects, significant discrepancies emerged between engineering estimates and actual bids, with variations up to 56% in CTP bids highlighting differences in contractor assessments, risk evaluations, and market perceptions. These independent, sealed bids underscore the challenges in achieving accurate cost forecasting, emphasizing the need for SOCWA to adopt advanced tools and systems to minimize such gaps.

Discussion

This report examines the misalignment between initial engineering estimates and received bids for two recent SOCWA projects: the CTP West Primary and Secondary Scum Skimming System (estimated at \$300,000, with the low bid at \$784,000) and the JBL Old Effluent Pump Station Demolition (estimated at \$250,000, with the low bid at \$791,700). In both cases, actual bids exceeded estimates by over 160-215%, prompting budget increases and contingency requests. This pattern aligns with industry trends where traditional "engineer's estimates" often underrepresent uncertainties, leading to the adoption of the "Opinion of Probable Cost" (OPC) model by engineering firms. The OPC approach emphasizes that cost projections are professional opinions based on available data and experience, rather than firm guarantees, to better manage expectations, reduce liability, and account for variables like market fluctuations. Additionally, this report references standard professional practices and evaluates construction management tools to improve estimate accuracy and bridge the gaps between projected and actual costs.

Analysis of Estimate Misalignments

Traditional Engineer's Estimates, as used in these projects, are typically developed early for budgeting and feasibility, providing a ballpark figure based on preliminary designs and historical data. However, they often fail to fully incorporate real-time factors such as inflation, supply chain disruptions, labor shortages, or site-specific challenges, resulting in significant overruns. For the CTP project, the \$300,000 estimate did not account for difficult constructability and protective coating installation challenges due to cold temperatures anticipated by the bidders that more than double the projection. Similarly, the JBL estimate of \$250,000 overlooked complexities in demolition, hazardous materials, and site work, with bids exceeding it by over \$500,000 even after negotiations.

The industry is shifting toward the OPC model, which qualifies estimates as "opinions" to reflect inherent uncertainties and lower legal exposure for engineers. Unlike a rigid estimate, OPC is presented as a range (e.g., $\pm 20\text{-}30\%$ accuracy at conceptual stages) and evolves with project phases, fostering better stakeholder communication and risk allocation. Adopting OPC could help SOCWA align expectations more realistically, potentially reducing the frequency of budget amendments.

Additionally, to improve fiscal governance and decision transparency, many organizations adopt standardized cost-estimating frameworks that clearly align estimate accuracy with project maturity. The AACE (Association for the Advancement of Cost Engineering) International Cost Estimate Classification System provides such a framework, defining estimate classes (Class 5 through Class 1) based on level of project definition, expected accuracy range, and appropriate use in decision-making.

Incorporating this system into future scopes of work could establish a common language between staff, consultants, executives, and policymakers, reducing ambiguity about what an estimate can—and cannot—reliably support at each stage of project development. The CIP budget documents should also include a statement noting that the presented budgets are in current-year dollars and do not account for future inflation beyond the first year of the presented CIP.

Each estimate class should be tied to specific decision points:

- Class 4–5 estimates: Used for long-range planning, feasibility screening, and capital improvement programming.
- Class 3 estimates: Used for budget authorization, funding strategy development, and preliminary board approvals.
- Class 2 estimates: Used for pre-final design validation, financial risk assessment, near-term capital commitment planning, and final bid authorization for smaller projects with minimal construction cost risk.
- Class 1 estimates: Used to support final bid authorization for larger projects (over \$5M) or projects that contain considerable construction cost risk or financial exposure.

A Class 2 estimate typically incorporates advanced engineering, discipline-level quantities, and cost modeling. While less expensive than a Class 1 estimate, a Class 2 estimate relies more heavily on near-term historical cost data, parametric assumptions, broader contingencies to address remaining design and market uncertainty, and detailed takeoffs from the final drawings and specifications. As a result, a lower-cost Class 2 estimate provides a strong basis for near-term financial planning and risk evaluation but carries greater exposure to cost variability at bid due to unresolved design details and evolving market conditions.

Construction Management Tools to Address Cost Differences

To address gaps between construction estimates and actual costs, SOCWA can integrate advanced tools leveraging data analytics, real-time updates, and project management for enhanced accuracy. Recommended options include RSMMeans Data Online for up-to-date cost data on materials, labor, and equipment with real-time adjustments and BIM integration starting at $\sim \$300/\text{year}$; Buildern for automated bidding and budget forecasting at $\$99/\text{month}$; Trimble Quest for risk modeling and overrun predictions with enterprise pricing; Zebel for AI-driven market insights and variance detection with custom pricing; and Deltek Costpoint for integrated accounting and compliance on a subscription model. These tools are tailored for public sector

needs, mid-sized projects, infrastructure like treatment plants, and multi-agency cost allocations. Implementing one or more of these tools could facilitate the transition to OPC by providing data-backed opinions, reducing overruns through predictive analytics, and enabling better bid evaluations. SOCWA will discuss these tools and the International Cost Estimate Classification System integration into Member Agency workflows for guidance on a workable solution to increase accuracy of bids.

Budget Implications

No immediate budget changes are proposed, but adopting OPC and tools could minimize future requests for increases, as seen in the \$500,000 and \$600,000 adjustments for the CTP and JBL projects, respectively.

Recommended Actions: Board Direction, Discussion, Action

Agenda Item

7.B.

Board of Directors Meeting

Meeting Date: January 8, 2026

TO: Board of Directors Meeting
FROM: Amber Boone, General Manager
SUBJECT: PC2 Orbis Public Affairs Contract

Revised

Summary/Discussion

Public Relations was discussed briefly at the December 11, 2025, Board meeting. SOCWA staff has attached the scope of work for review and discussion by Project Committee 2.

Recommended Action: Staff recommends that the PC2 Members approve the Orbis Affairs contract in an amount not to exceed \$24,000 through June 30, 2026 with a split in the contract of \$19,200 cost to SMWD and \$4,800 to SCWD.

Attachment: Orbis Public Affairs Scope of Work and Contract



PUBLIC AFFAIRS

Government Affairs
Proposal to
South Orange
County
Wastewater
Authority (SOCWA)

Chad Wanke- Principal

ORBIS PUBLIC AFFAIRS

650 N. Rose Drive Suite 363 Placentia, CA 92870

714-606-1973

Summary

Thank you for the opportunity to present this proposal on behalf of Orbis Public Affairs.

We have significant experience with complex environmental, water and wastewater issues. Our extensive relationships in Orange County and the state at both the elected and staff levels provide insight into current policy issues and potential roadblocks. The intent and goal of the services presented here is to provide strategic advice, advocacy, outreach and government affairs services on behalf of SOCWA.

We appreciate your consideration and are available to answer any questions you might have.

This proposal is for the sole use of **South Orange County Wastewater Authority**, their officers, and/or agents and shall be considered confidential.

Scope of Work-

- Monitor and report on meetings of relevant public agencies, private companies and key water/ wastewater industry stakeholders.
- Facilitate and participate in meetings with members of relevant public agencies, private companies and key water/ wastewater industry stakeholders.
- Monitor and report on discussed, proposed or prepared legislation, programs, proposals, discussions or any other items that may affect SOCWA.
- Monitor and provide strategic guidance and advocacy related to agreements, mergers, consolidation, annexation, or similar items that may impact SOCWA.
- Based on the above tasks and regularly or upon request, provide activity reports to the Board that include actionable data and information.
- Directly advocate for or against items based on specific guidance provided by the Board.

Client Initials:

Consultant Initials: *CW*

Compensation:

Consultant's compensation for the performance of this work and for compliance with the terms of this Contract shall be;

- a) An initial six-month contract with a monthly retainer of \$4,000/month, due and payable on the first day of each month. At the conclusion of this period, the agreement may be extended with the concurrence of both parties.

Complete contract to follow pending approval of these initial terms.

Client Initials:

Consultant Initials: *CW*

Agenda Item

7.C.

Budgeted: N/A

Legal Counsel Review: Yes

Meeting Date: January 8, 2026

TO: SOCWA Board of Directors
FROM: Amber Boone, SOCWA General Manager
SUBJECT: SOCWA Policy Handbook

Summary

At the December 11, 2025, meeting, SOCWA staff brought the updated draft Policy Handbook for review. The SOCWA Board requested an update to the Cost Allocation Policy related to the Public Relations expense language. Additionally, the FY 24-25 Annual Financial Audit's Management letter recommended the following: "While we understand the Authority's intent to reduce administrative costs and eliminate any unnecessary allocation steps, if the Authority intends not to allocate the balance sheet items noted above, the Cost Allocation Policy should be revised to make that point clear and to explain why that is the case. The Policy should also address how the associated expense for these liabilities is to be accounted for."

The attached Cost Allocation Policy provides the updates requested at the December 11, 2025, Board meeting, but seeks directions to work with the Finance Committee to revise the Cost Allocation Policy as recommended by the annual financial audit.

Recommended Action: Board Discussion, Direction, and Action

Attachment: Draft Cost Allocation Policy

Cost Allocation Policy

DRAFT

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 Budget is a Project; 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.”. 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. For example, Regular Salaries of the General Manager shall be split 50% into the General Fund (allocated equally to the SOCWA member agencies) and 50% into the Administration budget, which is allocated based on where labor worked, following O&M expenses.

Table 1: General Fund Expenses and Percentage Allocations

General Fund Allocation	
Salary and Fringe	
Regular Salaries-Admin	50% (General Manager)
Assistant Clerk	50%
Comp Time - Admin	50%
Other Expenses	
Car Allowance (General Manager)	50%
Public Notices	100%
Public Relations	Board Member Agency Directed
Contract Labor/Part-Time Labor	25%
Audit	100%
Legal Fees	40%
Memberships, Conferences, Training, and Travel	75%
Small Purchases and Consumables	5%
IT Allocations into PC's & Depts.	5%

Definitions of the General Fund:

Audit: Annual audit 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.

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~~ notices required for the business of the Authority.

Public Relations: Expenses incurred based on Member Agency requests and **may be funded or co-funded** through respective Member Agency partnerships. Public Relations expenses shall be allocated on a case-by-case basis at the direction of the SOCWA Board of Directors. These expenses may be added to the General Budget (and thereby allocated evenly among the six participating Member Agencies) only if directed to do so by a majority vote of the SOCWA Board. If a particular Public Relations expense is proposed to be allocated only among certain Member Agencies, or on some basis other than equal amounts, then it must be approved by the unanimous consent of the Participating Directors representing the Member Agencies that will fund the expense.

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 - "UAL" is an abbreviation for Unfunded Actuarial Liability, which is the gap between a pension plan's total obligations to employees and the assets it has on hand to pay for those benefits. This liability represents the portion of accumulated benefits that an organization is committed to paying but for which it has not yet set aside sufficient funding. For example, in the UAL calculation for a public agency, the UAL represents the amount of promised benefits that is greater than the plan's assets.
- OPEB - An OPEB liability is an accounting term for the financial obligation an employer has to pay for Other Postemployment Benefits (OPEB) provided to its retired employees and their beneficiaries. These benefits are non-pension benefits earned during an employee's service period but paid after employment has ended.

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.

Fringe Benefit Allocation

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 agencies (referred to as Contract Agencies as defined herein) are contractually obligated to cover certain UAL and OPEB costs based on 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.

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 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 Contract Agencies. "Contract Agencies" are agencies that have contracted capacity through other SOCWA Member Agencies and/or otherwise receive services through contracts directly with SOCWA.

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

Project Committee	Description	SOCWA Participating Member Agencies	Contract 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 Program	CLB, CSC, EBSD, ETWD, SCWD, SMWD	IRWD, MNWD
PC 12	Recycled Water Permit	SCWD, SMWD	MNWD, TCWD
PC 15	Coastal WWTP	CLB, EBSD, SCWD	N/A
PC 21	Effluent Transmission Main (ETM)	ETWD	IRWD, MNWD
PC23	North Coast Interceptor (NCI)	CLB, EBSD	N/A
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)
- MNWD: Moulton Niguel Water District (a Contract Agency, not a Member Agency of SOCWA)
- SCWD: South Coast Water District
- SMWD: Santa Margarita Water District
- TCWD: Trabuco Canyon Water District (a Contract Agency, not a Member Agency of SOCWA)

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)					
	Liquids (mgd)	Solids (mgd) (1)	Solids (lbs)(1)	Common-S (%)	Common - L (%)

Agency					
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)

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 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 Agreement (Agreement No.3MNWD 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 -	15	100%

B/C/D		
ETWD - E	32.2	100%

PC 23 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.

Table 7: PC23 North Coast Interceptor

Agency	Capacity 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.

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

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
- 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.

Contract Agency Services

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

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. 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.
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 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 2018¹.
9. 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.

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 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 during the fiscal year, then comparing these actual values against budgeted amounts to determine each agency's percentage share of total system usage.

¹ 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.

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 implementation. Table 9 provides a summary of the Use Audit Methodology with PC descriptions below Table 9.

Table 9: Use Audit Methodology Table

Project Committee (PC)	Method	O & M Costs - Variable	O & M Costs - Fixed	Capital Costs
PC 2	Variable	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 three (3) year prior 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.	Common costs are allocated based on the average ownership of liquids and solids capacity percentages, or $((L\% + S\%)/2)$.	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.
PC 5	Fixed	Allocated to PC members based on fixed ownership.	Allocated to PC members based on fixed ownership.	Allocated to PC members based on fixed ownership.
PC 8	Variable	Allocated based on percentage of staff time.	Shared equally among all member agencies.	Shared equally among all member agencies.
PC 12	Variable	Total costs are split 50/50 between fixed and variable. Allocated proportionally to each PC member based on non-potable water production and projections.	Total costs are split 50/50 between fixed and variable. Divided equally between each PC member. Insurance is allocated equally amongst the	Not applicable

			Participating Member Agencies.	
PC 15	Variable	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.	Common costs are allocated to the PC members based on their liquids ownership allocations.	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.
PC 17	Variable	All costs are allocated to MNWD unless otherwise stated in the Budget/Use Audit.	All costs are allocated to MNWD unless otherwise stated in the Budget/Use Audit.	Any designated capital costs will be allocated to the Budget/Use Audit based on the accompanying agreement.
PC 21	Fixed	Not applicable.	Allocated to each PC member based on percentage of ownership.	Allocated to PC members based on percentage of ownership.
PC 23	Fixed	None or NA - All Costs are considered to be allocated using the Fixed method	All O&M Costs are allocated by ownership percentages per PC23 agreements (see Section 7 of the 11-4-1976 agreement).	All Capital O&M Costs are allocated by ownership percentages per PC23 agreements (see Section 7 of the 11-4-1976 agreement).
PC 24	Fixed	Allocated to PC members based on fixed ownership.	Allocated to PC members based on fixed ownership.	Allocated to PC members based on fixed ownership.

The following provides the method for the Use Audit by PC:

PC 2

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.

PC 8

Allocation is based on timecard (where labor worked).

PC 12

The PC 12 method of production is detailed by 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

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. The export sludge line transports solids

to RTP from CTP for further processing. The liquid flow from CTP's export sludge line is divided by five and distributed to each agency, then summed up 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.

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 Approval and Adoption

This Policy has been reviewed by the Authority Board of Directors and adopted by Resolution No. 2025-16 on December 11, 2025, superseding all previous versions.

Agenda Item

7.D.

Budgeted: N/A

Legal Counsel Review: Yes

Meeting Date: January 8, 2026

TO: SOCWA Board of Directors
FROM: Amber Boone, SOCWA General Manager
SUBJECT: Transfer Price MOU Forward Thinking Service Model

Summary

The Transfer Price Memorandum of Understanding (MOU) included a working group of the SOCWA Member Agency General Managers to meet and discuss a Forward Thinking Services Model. There have been eight General Manager meetings to date. The shared goal has been to advance innovative strategies that enhance operational efficiency, generate new revenue streams, and position SOCWA and its member agencies as leaders in the water and wastewater sector. The recommendations build on the three core business lines at SOCWA for capital planning, operational management, and regional laboratory/regulatory support. This staff report outlines the preliminary recommendations beyond the three core business lines. SOCWA staff will work with the General Manager working group on the Operational Plan for the preliminary recommendations below and bring back to the Board in February 2026 for review and direction.

1. Innovative Business Model and Revenue Generation

A core focus has been developing sustainable revenue models through services and grants, particularly in lab and operations support. This year, SOCWA secured \$100,000 in additional, non-budgeted revenue, demonstrating the viability of this approach. Our internal cost analysis shows that SOCWA's lab services are competitively priced, aligning with commercial market rates (including labor costs per test).

Staff Recommendation: Expand lab and operations services as a revenue pillar. Pursue grants that are not being pursued by Member agencies for innovative projects, continue to expand academic partnerships, and formalize a bidding process for external contracts in alignment with the core laboratory services model. This model not only bolsters financial resilience but also leverages SOCWA's expertise to benefit regional partners.

2. Task Force Development

The General Manager group recommended that staff pursue exfiltration as a task force due to risks associated with regional and state policy development, which may not be accurate for local conditions. This task force is focused on identified gaps in the recent studies, stakeholder engagement, and evaluation of infrastructure implications similar to the HF183 work completed for recycled water.

Staff Recommendation: Prioritize exfiltration as a foundational element of task force development. Allocate resources for monitoring and scaling based on initial results, ensuring alignment with broader policy and regulatory developments.

3. AI and Digital Twin Development for Energy Efficiency

The General Manager group was provided an update the digital twin project, led by SOCWA staff, for the JBL facility, which aims to optimize energy use through AI-driven modeling via a digital twin. Emphasis was placed on data quality control (QC) methods to ensure model accuracy. The General Manager's suggestion to incorporate energy demand management was a valuable addition, expanding the project's scope to include real-time demand forecasting and reduction strategies.

Staff Recommendation: Integrate energy demand management into the digital twin framework. Pilot the model at JBL in 2026, with KPI metrics for energy savings tracked quarterly. This initiative has the potential to reduce operational costs by 10-15% based on preliminary simulations.

4. AI Applications and Workforce Training Tools

Significant progress was made on AI tools tailored for the sector. SOCWA staff demonstrated applications, including voicesop.org and aiwater.tech, which streamline operations and decision-making as AI is emerging as a new technology tool for the water sector. A new application was demo's with the General Manager group to identify AI technical exposure, offering up to 17 targeted training modules with quizzes for subject matter mastery. As a unique market offering, it has the potential to be a revenue-generating product.

SOCWA staff also delivered the first Generative AI report and white paper with industry professionals through Water Research Foundation's Project 5321. Additionally, water specific collaboration e-book on best practices for large language models (LLMs) for the industry is set for member agency release by the end of January 2026.

Staff Recommendation: Focus 2026 efforts on these three applications and associated playbooks. Deploy the self-assessment tool agency-wide to bridge skill gaps and explore commercialization for external sales to align with the Transfer Price MOU's contemplated revenue generation. This positions SOCWA Member Agencies as AI innovators, enhancing workforce capabilities without mismatched training investments.

5. Development of the SOCWA Innovation Hub

Based on suggestions from the November SOCWA Board meeting, staff recommends establishing a Wastewater Innovation Hub at SOCWA. The goal is to enhance collaboration, develop partnerships from the CHIPS Act hubs, increase information sharing, and support the development of regulations and policies in the wastewater sector.

This hub will tackle major industry trends by bringing together experts from national, state, regional, and local levels to discuss wastewater topics and technologies. It will focus on educating executives, promoting collaboration, supporting workforce development, and highlighting innovations across different sectors—all provided at no cost to member agencies. This hub will also collaborate with the 31 Regional Technology and Innovation Hubs established through CHIPS Act Funding for wastewater specific technology applications.

Additionally, the Innovation Hub will serve as a training center where manufacturers can provide technology training on product specific trends. This will enable staff to receive high-quality technical training right on-site, comparable to the content at WEFTEC (Water Environment Federation Technical Exhibition and Conference), but customized to SOCWA Member Agency needs at a reduced travel expense.

As SOCWA's first-quarter deliverable, we are planning a biosolids regional discussion in late February. SOCWA has confirmed speakers at the National, Regional, and local levels to support regional planning.

Staff Recommendation: Launch the Innovation Hub in Q1 2026 with the biosolids regional discussion as a flagship event. SOCWA staff will provide a draft schedule of training sessions on emerging trends, prioritizing topics like AI integration and emerging wastewater technologies. This will drive knowledge sharing and cost savings through localized training.

Next Steps

SOCWA's staff extend our sincere thanks for your continued support and guidance throughout 2025. Together, we have achieved meaningful advancements in efficiency and innovation, from AI tools to revenue models, setting a strong foundation for future success. SOCWA staff plans on bringing the operational plan and schedule to the February SOCWA Board meeting after review by the General Manager Working Group.

Recommended Action: Board Discussion, Direction, and Action

Attachment: Memorandum of Understanding: Allocation of MNWD's Transfer Price Payment for the Regional Treatment Plant and Withdrawal from SOCWA and Evaluation of Reducing SOCWA Overhead Expenses 12/09/2024

MEMORANDUM OF UNDERSTANDING

Allocation of MNWD's Transfer Price Payment for the Regional Treatment Plant and Withdrawal from SOCWA and Evaluation of Reducing SOCWA Overhead Expenses

This Memorandum of Understanding (“MOU”) regarding the allocation of Moulton Niguel Water District’s (“MNWD”) Transfer Price payment,¹ to be made to the remaining member agencies of the South Orange County Wastewater Authority (SOCWA) upon MNWD’s withdrawal from SOCWA, is entered into on December 9, 2024, by and between South Coast Water District, a county water district organized and operating under authority of Division 12 of the California Water Code (“SCWD”), Emerald Bay Service District, a California community services district (“EBSD”), City of Laguna Beach, a California municipality (“CLB”), City of San Clemente, a California municipal corporation (“CSC”), Santa Margarita Water District, a California water district formed and existing pursuant to Section 34000 et seq. of the California Water Code (“SMWD”) and El Toro Water District, a California water district formed and existing pursuant to Section 34000 et seq. of the California Water Code (“ETWD”) (individually, each a “Remaining Member Agency”, and collectively, the “Remaining Member Agencies”), and by SOCWA, a joint powers agency (each Remaining Member Agency and SOCWA referred to individually as a “Party” and together with MNWD, jointly as the “Parties”).

RECITALS

WHEREAS, The Remaining Member Agencies and MNWD are all parties to the Joint Exercise of Powers Agreement Creating South Orange County Wastewater Authority, dated July 1, 2001. SOCWA is a joint powers authority made up of several water purveyors and/or wastewater service providers within the San Juan Creek and/or Aliso Creek watershed. The Remaining Member Agencies, SOCWA and MNWD own and operate, or have capacity rights in, among other things, wastewater treatment facilities, transmission mains, and outfalls; and

WHEREAS, the Parties intend to be parties to, among other agreements, an Asset and Capacity Transfer Agreement (Agreement No. 1) and a MNWD-SOCWA Withdrawal Agreement (Agreement No. 4) wherein MNWD will receive the Regional Treatment Plant (RTP) and withdraw from SOCWA, along with other documents collectively referred to as the 2024 SOCWA Reorganization Agreements; and

WHEREAS, in connection with the Remaining Member Agencies and SOCWA transferring RTP real property and the RTP assets and capacity rights to MNWD, and the Remaining Member Agencies assuming certain increased administrative costs related to MNWD’s withdrawal from SOCWA and the operation of SOCWA Project Committee 2 (PC 2), Project Committee 5 (PC 5), Project Committee 8 (PC 8), Project Committee 12 (PC 12), Project

¹ The term “Transfer Price” shall have the same meaning as stated in section 4.1 of that certain agreement between MNWD and Remaining Member Agencies entitled “Asset and Capacity Transfer Agreement (Agreement No. 1)”, and dated December 9, 2024, executed concurrently or following this MOU.

Committee 15 (PC 15), Project Committee 21 (PC 21), and Project Committee 24 (PC 24), MNWD will provide certain monetary consideration in the amount of \$21,500,000 (the "Transfer Price") to SOCWA and the Remaining Member Agencies; and

WHEREAS, a portion of the Transfer Price to be paid by MNWD is for purposes of stranded overhead costs and is based on a formula that assumes the stranded overhead associated with the RTP will be reduced 20% per year over 5 years; and

WHEREAS, with the prior withdrawal of Trabuco Canyon Water District and Irvine Ranch Water District, and the anticipated withdrawal of MNWD from SOCWA, and the removal of Project Committee 17 (PC 17) and the RTP from SOCWA, the Remaining Member Agencies acknowledge an interest in reducing SOCWA overhead costs; and

WHEREAS, the Remaining Member Agencies now desire to allocate the Transfer Price in accordance with the terms of this MOU and agree to evaluate a proposal to substantially reduce SOCWA's overhead expenses to submit for future consideration by the SOCWA Board of Directors.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the Remaining Member Agencies agree as follows:

1. The Parties agree that the above recitals are true and correct and are hereby incorporated in this MOU.
2. The Parties agree that this MOU shall only take effect upon the execution of all of the 2024 SOCWA Reorganization Agreements. Capitalized terms not defined herein shall have the meaning set forth in the Asset and Capacity Transfer Agreement (Agreement No. 1).
3. Allocation of Transfer Price. The Remaining Member Agencies agree the Transfer Price shall be allocated by SOCWA to the Remaining Member Agencies as described herein. The Transfer Price is anticipated to be paid by MNWD to SOCWA in three installments. As agreed to in the Asset and Capacity Transfer Agreement (Agreement 1), the Transfer Price shall be paid by MNWD to SOCWA for the benefit of the Remaining Member Agencies, which does not include MNWD, over a two year period in three equal installments via wire transfer on the following dates and in the amounts as follows: (1) \$7,166,666.00 dollars immediately after the Closing Date; (2) \$7,166,167.00 dollars on the first and second, anniversaries of the Closing Date (or the nearest business date after the Closing Date if it falls on a weekend or holiday in each successive year). SOCWA shall distribute the portion of the Transfer Price allocated to Administration Cost and PC 17 to the Remaining Member Agencies as defined in Table 1 and Table 2 below within 30 days of receipt of payments from MNWD. SOCWA shall hold and separately account for the portion of the Transfer Price allocated to PC 15, as defined in Table 3 below, and apply said funds to future PC 15 capital projects.

Table 1
Administration Cost (Paid to the Remaining Member Agencies)

Member Agency	Allocated Amount	Installment Payment No. 1	Installment Payment No. 2	Installment Payment No. 3
SCWD	\$1,006,953	\$335,651	\$335,651	\$335,651
EBSB	\$66,032	\$22,011	\$22,011	\$22,010
CLB	\$395,879	\$131,960	\$131,960	\$131,959
CSC	\$92,008	\$30,669	\$30,669	\$30,670
SMWD	\$1,325,172	\$441,724	\$441,724	\$441,724
ETWD	\$76,610	\$25,536	\$25,537	\$25,537
IRWD*	\$37,346	\$12,449	\$12,448	\$12,449
TOTAL	\$3,000,000	\$1,000,000	\$1,000,000	\$1,000,000

* IRWD allocation to be paid to ETWD.

Table 2
PC 17 (Paid to the Remaining Member Agencies)

Member Agency	Allocated Amount	Installment Payment No. 1	Installment Payment No. 2	Installment Payment No. 3
SCWD	\$1,306,122	\$435,374	\$435,374	\$435,374
EBSB	\$86,006	\$28,669	\$28,668	\$28,669
CLB	\$1,634,111	\$544,703	\$544,704	\$544,704
ETWD	\$2,973,761	\$991,254	\$991,254	\$991,253
TOTAL	\$6,000,000	\$2,000,000	\$2,000,000	\$2,000,000

Table 3
PC 15 (Held by SOCWA and Applied to Future Capital Projects with the Approval of the PC 15 Remaining Member Agencies)

Member Agency	Allocated Amount	Installment Payment No. 1	Installment Payment No. 2	Installment Payment No. 3
SCWD	\$5,335,000	\$1,778,333.33	\$1,778,333.33	\$1,778,333.34
EBSB	\$373,750	\$124,583.33	\$124,583.33	\$124,583.34
CLB	\$6,791,250	\$2,263,750.00	\$2,263,750.00	\$2,263,750.00
TOTAL	\$12,500,000	\$4,166,666	\$4,166,667	\$4,166,667

4. SOCWA Payment Management for the \$12,500,000 Towards Future Costs at the Coastal Treatment Plant. The “PC 15 Remaining Member Agencies” (South Coast Water District, Emerald Bay Service District, City of Laguna Beach) agree that the allocated payments

described in Table 3 shall be reserved and maintained at SOCWA for future use at the Coastal Treatment Plant upon the affirmative majority vote of PC 15. These funds will be specifically designated and used by SOCWA for capital improvements and maintenance at the Coastal Treatment Plant, as identified and agreed upon by the PC 15 Remaining Member Agencies. The PC 15 Remaining Member Agencies shall request that SOCWA maintain a separate accounting of these reserved funds, which will be subject to drawdown by the PC 15 Remaining Member Agencies to cover expenses in accordance with the purposes stated in this paragraph.

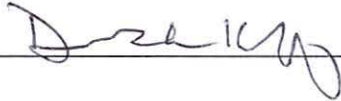
5. Evaluation of Reducing SOCWA Overhead Costs. The Remaining Member Agencies acknowledge that, given the withdrawal of MNWD and the removal of the RTP from SOCWA, the current overhead costs for the operation of SOCWA may be unsustainable for the long term. The Remaining Member Agencies affirm their commitment to evaluating cost reductions as follows:
 - a. The Remaining Member Agencies shall evaluate a target overhead reduction in annual SOCWA overhead expenses of Five Hundred Thousand Dollars (\$500,000.00) or more.
 - b. The General Managers and/or their designees from each Remaining Member Agency shall form a working group to evaluate recommendations from SOCWA staff for the reduction of overhead expenses.
 - c. The SOCWA General Manager shall be directed to evaluate options to achieve the target reduction in overhead expenses and present the results to the General Manager working group for review and comment.
 - d. Options for the reduction of overhead expenses, along with recommendations for implementation of recommended options, shall be presented to the SOCWA Board of Directors for consideration and possible action.
6. Development of a Forward-Thinking Services Model. The General Managers' working group shall collaborate with SOCWA staff to develop a forward-thinking services model for SOCWA. This model will be consistent with the cost-cutting measures outlined above and will strive to:
 - a. Enhance operational efficiencies and reduce costs for all Remaining Member Agencies.
 - b. Identify and evaluate potential new services and opportunities for SOCWA to generate revenue.
 - c. Establish benchmarks and key performance indicators (KPIs) for evaluating the effectiveness of SOCWA's services.
 - d. Propose a phased implementation plan for the adoption of the new services model, including timelines, resource requirements, and anticipated outcomes.

7. Cooperation in Good Faith. The Remaining Member Agencies agree to proceed in good faith to cooperate with one another to accomplish the objectives set forth in this MOU.

IN WITNESS WHEREOF, the Parties have entered into this MOU as of the date first written above.

City of Laguna Beach

Dated: 12/9/24

By: 

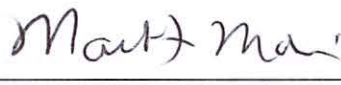
City of San Clemente

Dated: 12-9-24

By: 

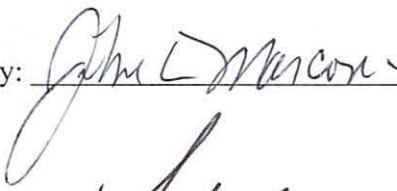
El Toro Water District

Dated: 12-9-24

By: 


Emerald Bay Service District

Dated: 12-9-2024

By: 


Santa Margarita Water District

Dated: 12/9/24

By: 

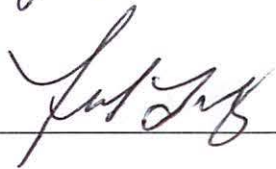
South Coast Water District

Dated: 12/9/24

By: 

South Orange County Wastewater Authority

Dated: 12/9/24

By: 

Agenda Item

7.E.

Legal Counsel Review: No

Meeting Date: January 8, 2026

TO: SOCWA Board of Directors
FROM: Amber Boone, SOCWA General Manager
SUBJECT: AB 643 Support Letter

Summary

AB 643 introduces targeted technical and administrative amendments to Section 42652.5 of the Public Resources Code (PRC) concerning climate change mitigation, short-lived climate pollutants, and organic waste reduction. The bill aims to expand options for local jurisdictions to comply with SB 1383 by broadening the eligible end products derived from diverted organic waste. This facilitates greater procurement opportunities without imposing new reporting requirements, thereby supporting greenhouse gas (GHG) emission reductions through enhanced market incentives for sustainable products.

Background

California's SB 1383 (2016) established statewide goals for diverting organic waste from landfills to reduce methane and other short-lived climate pollutants, which significantly contribute to climate change. Jurisdictions must not only divert organics but also procure recovered products, such as compost or mulch. However, the original legislation limited eligible procurement products, leading to challenges in meeting targets due to insufficient market development and product availability. Despite progress in diversion efforts, excess diverted material often lacks viable end uses, hindering full compliance and environmental benefits.

Public Resources Code Section 42652.5 sets quantitative diversion and procurement targets. Current restrictions on eligible products have constrained jurisdictions, as processing capacity and innovative uses have not kept pace with diversion volumes. AB 643 addresses this gap by updating the PRC to include additional procurement-eligible materials, promoting a circular economy through organic waste diversion, processing, and beneficial reuse.

Key Provisions and Proposed Changes

The bill amends PRC Section 42652.5 to increase procurement flexibility while maintaining regulatory oversight. Specific updates include:

- Requiring diverted organic material to be processed at facilities authorized by CalRecycle under short-lived climate pollutant regulations.
- Mandating that end products are licensed by the California Department of Food and Agriculture (CDFA) as agricultural fertilizers.
- Ensuring end products are applied in a beneficial manner as agricultural soil amendments.

These changes do not alter existing reporting obligations for jurisdictions and focus on expanding marketable options to incentivize innovation in organic waste management.

Need and Justification

Jurisdictions face procurement challenges due to the limited scope of eligible products under SB 1383, despite successful diversion efforts. Without expanded options, excess material may not be utilized effectively, undermining GHG reduction goals. AB 643 provides a practical solution by aligning procurement with agricultural needs, such as fertilizers and amendments, which support sustainable farming practices. This enhances climate impact statewide without increasing administrative burdens, as current reporting mechanisms suffice.

Support and Opposition

Known Support:

- California Association of Sanitation Agencies (CASA)
- Solano County Farm Bureau
- Coalition of Recyclers of Residual Organics by Practitioners of Sustainability (CRROPS)
- Goleta Sanitary District
- Fairfield-Suisun Sewer District
- Goleta Sanitary District
- Valley Sanitary District (also voted approval to be a bill sponsor)
- Solano County Farm Bureau
- Anderson Ranch

No known opposition

Board Action: Board Direction, Discussion, Action

Attachments:

AB 643 Fact Sheet
SOCWA Proposed Support Letter



LORI D. WILSON
Assemblywoman, District 11

FACT SHEET

AB 643: Climate Change: Short-Lived Climate Pollutants: Organic Waste Reduction (Wilson)

Summary

This bill contains a limited number of technical and administrative changes and amendments to the section of the Public Resources Code related to climate change, short-lived climate pollutants, and organic waste reduction in order to provide local agencies another option towards meeting SB 1383 compliance.

Background

Under previously approved legislation (SB 1383), state-wide goals are established for the diversion of organic waste from traditional practices, such as landfills and disposal facilities. The purpose of this is to reduce greenhouse gas emissions to effect positive impacts to climate change. In addition to the diversion goals, entities and jurisdictions are required to procure eligible end products from these diversion materials. The original legislation identified a limited number of end products. Due to the positive efforts made in approaching the diversion goals, there is a need to broaden the scope of eligible products to incentivize the development of alternative and marketable products. However, existing applicable provisions in the Public Resources Code are restrictive as the eligible products and increased capacity has not developed to utilize all of the organic diverted material. This bill's proposed amendments aim to address these issues through select updates of Section 42652.5 of the Public Resources Code (PRC).

Need

Public Resources Code Section 42652.5 establishes the quantitative targets for diversion and procurement of diverted organics. Jurisdictions need to meet targets for procurement but are limited due to lack of eligible products. Existing reporting requirements are in-place and will not

increase the need for additional reporting by jurisdictions.

Solution

This bill's proposed amendments to the PRC Sections 42652.5 will increase the availability of procurement products with the appropriate oversight. In particular:

- The diverted material must be processed at facilities using technologies authorized by CalRecycle under their short-lived climate pollutants regulations.
- The end product material will be licensed by CDFA as an agriculture fertilizer.
- The end product material will be used in a beneficial manner as an agriculture amendment.

These updates will enhance the ability of jurisdictions to make a positive impact to climate change throughout the state.

Support

Solano County Farm Bureau
Coalition of Recyclers of Residual Organics by Practitioners of Sustainability (CRROPS)
Goleta Sanitary District

Contact

Mark Rossow, Legislative Director
Mark.Rossow@asm.ca.gov

January XX, 2026

The Hon. Lori Wilson
Assembly Transportation Committee
1020 N Street, Suite 112
Sacramento, CA 95814

RE: AB 643 (Wilson) - Climate Change and Procurement of Diversion Materials

Position: Support

Dear Chair Wilson,

SOCWA is pleased to support AB 643 (Wilson). If enacted, AB 643 would enhance the availability of marketable products made from the diversion of organics from traditional outlets. Previously enacted SB 1383 set ambitious targets for reducing greenhouse gas (GHG) emissions by the reduction in disposal of decomposable materials. SB 1383 initially established a limited type of materials for procurement that could be made from the diverted residuals. It is imperative to expand the eligibility of materials for procurement to incentivize markets in this field, so that jurisdictions that are required to procure these products have the availability to meet the State's objectives.

The State of California is making great strides to reduce GHG emissions, but more needs to be done. The expansion of procurement products that can support agriculture is a win-win for Californians. The process of organic diversion, collection, processing, and beneficial use is a perfect example of how the circle economy can work.

We strongly encourage a YES vote on AB 643.

Sincerely,

Frank Ury

SOCWA Board Chair

Agenda Item

7.F.

Legal Counsel Review: No

Meeting Date: January 8, 2026

TO: SOCWA Board of Directors
FROM: Amber Boone, SOCWA General Manager
SUBJECT: General Manager's Report

Master Schedule for CTP and JBL Master Planning Efforts

SOCWA has started three (3) separate efforts as part of the overall master planning effort. The following is a master schedule for the three efforts:

EVENTS	PROJECT	DATE
Issue RFP	JBL FPA	August 15, 2025
Mandatory Pre-Proposal Meeting	JBL FPA	September 11, 2025
Deadline for Questions and Supplemental Information	JBL FPA	September 25, 2025
Proposal Submission Deadline	JBL FPA	October 7, 2025
Interviews	JBL FPA	October 22, 2025
Issue RFP	CTP FPA	November 7, 2025
Mandatory Pre-Proposal Meeting	CTP FPA	November 20, 2025
Issue RFP	CTP Regional Flow Study	November 20, 2025
Deadline for Questions and Supplemental Information	CTP FPA	December 11, 2025
Contract Award	JBL FPA	December 16, 2025
Mandatory Pre-Proposal Meeting	CTP Regional Flow Study	December 18, 2025
Deadline for Questions and Supplemental Information	CTP Regional Flow Study	January 8, 2026
Kick-Off Meeting	JBL FPA	January 14, 2026
Task 1 - Project Management (start)	JBL FPA	January 14, 2026
Proposal Submission Deadline	CTP FPA	January 15, 2026
Interviews	CTP FPA	January 22, 2026
Proposal Submission Deadline	CTP Regional Flow Study	January 29, 2026
Interviews	CTP Regional Flow Study	February 9-12, 2026
Contract Award	CTP FPA	February 12, 2026
Kick-Off Meeting	CTP FPA	February 26, 2026

EVENTS	PROJECT	DATE
Contract Award	CTP Regional Flow Study	February 26, 2026
Kick-Off Meeting	CTP Regional Flow Study	March 12, 2026
Project Element 1 Due	CTP Regional Flow Study	March 26, 2026
Task 2 - Existing Facility Evaluation	JBL FPA	March 31, 2026
Project Element 2 Due	CTP Regional Flow Study	April 16, 2026
Task 4 - Effluent Utilization Evaluation	JBL FPA	April 30, 2026
Task 1 - Project Management (start)	CTP FPA	April 30, 2026
Task 2 - Existing Facility Evaluation	CTP FPA	April 30, 2026
Project Element 3 Due	CTP Regional Flow Study	May 7, 2026
Project Element 4 Due	CTP Regional Flow Study	May 21, 2026
Project Element 5 Due: 2 weeks	CTP Regional Flow Study	June 4, 2026
Task 3 - Wastewater Treatment Alternatives	JBL FPA	June 30, 2026
Task 4 - Effluent Utilization Evaluation	CTP FPA	June 30, 2026
Final Report Due - Tentative	CTP Regional Flow Study	July 1, 2026
Task 3 - Wastewater Treatment Alternatives	CTP FPA	July 31, 2026
Task 6 - Facility Planning & Assessment, Admin Draft Report	JBL FPA	August 15, 2026
Task 5 - Develop Project Alternatives	JBL FPA	August 31, 2026
Task 6 - Facility Planning & Assessment - Draft Report	JBL FPA	August 31, 2026
Task 6 - Facility Planning & Assessment - Final Draft Report	JBL FPA	September 30, 2026
Task 6 - Facility Planning & Assessment, Admin Draft Report	CTP FPA	October 15, 2026
Task 5 - Develop Project Alternatives	CTP FPA	October 31, 2026
Task 6 - Facility Planning & Assessment - Draft Report	CTP FPA	October 31, 2026
Task 6 - Facility Planning & Assessment - Final Draft Report	CTP FPA	November 30, 2026

Purchases over \$25,000 but under \$100,000

Per the SOCWA December 2024 Uniform Purchasing Policy, the General Manager will report authorized purchases to the Board that were over \$25,000 but under \$100,000. The following items were authorized since the last Board meeting report:

Purchase	Amount
Financial Software Annual Renewal	\$43,368.36
Ocean Sediment Sampling ACOO/SJCOO NPDES (one-time per 5-year permit cycle)	\$26,802.00

Clean Water SoCal Annual Report

The attached Clean Water SoCal Annual Highlights Report documents the organization's extensive regulatory advocacy and policy engagement on issues directly affecting wastewater agencies such as SOCWA, including PFAS, biosolids management, air toxics, water quality regulations, energy, and climate-related compliance. The report demonstrates Clean Water SoCal's active role in shaping and responding to evolving state and federal regulatory trends that have operational, financial, and compliance implications for SOCWA and its member agencies.

SJCOO Settlement Offer

On November 24, 2025, SOCWA agreed to pay \$9,000 in penalties with the San Diego Regional Water Quality Control Board for two effluent violations, one occurring at combined San Juan Creek Ocean Outfall (SJCOO) and the JB Latham facility. The SJCOO combined effluent exceeded Tetrachlorodibenxodioxin (TCDD) Equivalents by 0.000000122 micrograms. The JB Latham exceeded settleable solids on October 13, 2024, for the daily instantaneous maximum which also exceeded the weekly average, resulting in \$6,000 in fines. The public comment period closed on January 2, 2026. SOCWA will settle the penalties once received by the SDRWQCB.

SOCWA Administrative Building Restoration Project Update

SOCWA has submitted all the necessary information to our insurance provider to process the claim from the work completed by Preferred Restoration Incorporated (PRI) due to the mold restoration at the JB Latham Administrative building. The total cost of the renovation was \$159,139.80. The settlement claim was \$149,120.30. SOCWA paid the \$10,000 insurance claim deductible and paid \$10,019.50 for the mold portion (\$300,000 deductible). A proposed loss claim of \$139,120.30 has been prepared for submission to CSRMA. A verbal update will be provided on the status of the claim.

Welcome New Members!
Terra Verde
Synagro
BBK

Engagement with State Water Board:

- ROMS-BEC OAH Model Review
- Nutrients
- SSS WDR Implementation
- Indoor Water Conservation
- Water/Energy Nexus

Engagement with CARB:

- Meetings with CARB Board and Executive Leadership on Advanced Clean Fleet (ACF) and Low Carbon Fuel Standard (LCFS)
- Meetings with CARB, and Local Air Districts on Air Toxics Emission Testing

Engagement with SCAQMD:

- Rule 1171 Solvent Cleaning
- Permit Streamlining
- Rule 1445 Plasma Arc Cutting
- Air Toxics Emission Testing

Engagement with SDAPCD:

- Air Toxics and Site Continuity

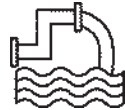
Engagement with OPC

- Ocean Acidification Resolution

Engagement with SCCWRP:

- Exfiltration
- OAH – ROMS-BEC Modeling Review

Presentations Provided/Moderated:



- ❖ CASA Winter Conference - Exfiltration Theories
- ❖ BACWA - Exfiltration Theories
- ❖ BAAD and SJVAPCD - Air Toxic Pooled Emission Sampling Approach
- ❖ Clean Water Summit Partners - SSS WDR Enforcement
- ❖ Supreme Court’s Clean Water Act Decision
- ❖ Positive Legal Decision on Test of Significant Toxicity

Comment Letters:



- ✓ EPA List of Impaired Waters 303(d) listings
- ✓ CEC Appliance Efficiency for Water Closets
- ✓ SCAQMD Rule 1171 Solvent Cleaning for UV Bulbs
- ✓ OMB Repeal EPA TST Guidance
- ✓ CA Assembly Organic Waste Diversion Benefits
- ✓ Governor Newsom Zoe Heller Cal Recycle Support
- ✓ Governor Newsom Support for BioMAT Program
- ✓ National Science Foundation Artificial Intelligence Funding for Public Utilities
- ✓ SB 683 (PFAS Ban) Support Letter
- ✓ SCAQMD Rule 1445 Plasma Cutting



The CWSP met in-person in March, May, and November 2025 for Strategic Planning



The 2025 Clean Water Summit Partners (CWSP) Priorities

Common Themes: Affordability plus Collaborative Science/Research

Water Priorities

- CARB Pooled Air Toxic Emission Study
- ROMS-BEC OAH Steering Committee Continuation
- Nutrients
- Exfiltration
- CARB Advanced Clean Fleet
- Water/Energy/Emissions/Affordability Nexus
- Indoor Water Conservation
- PFAS
- SSS WDR Implementation
- Clean Water SRF Funding

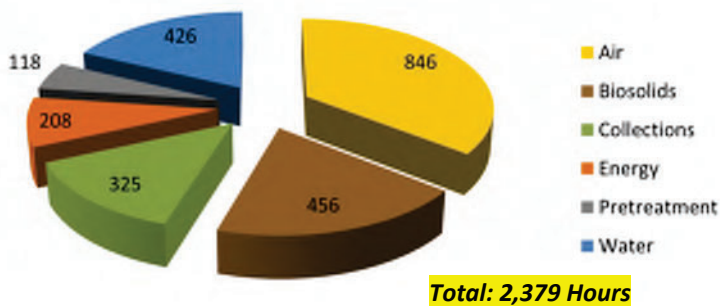
Biosolids Priorities

- PFAS
 - EPA Effluent Limitations
 - Hazardous Substance RCRA
 - Federal Liability Exemption
 - Plant Uptake Study
 - Public Messaging
- SB 1383 Implementation
- Biosolids Land Application Acceptance
- CARB LCFS Changes

Committee Meetings Held:

- One 'All Committee' meeting at IRWD
- Eleven Air Quality Committee regular monthly meetings
 - Several local air district meetings
 - Numerous CARB ACF and Air Toxic rule meetings
- Eight Water Committee meetings with CASA
 - One Green House Gas/Climate Change meeting
 - One Artificial Intelligence meeting
 - Two Water/Energy/Affordability meetings
 - One Smart Software Series meeting
 - Toxicity Ruling Webinar
- Three Collection Committee meetings
 - Joint meeting with CASA
 - Committee meeting at City of Carlsbad
 - SSS WDR Date and Video Meetings with SWRCB
- One SSS WDR Clean Water Summit Partner Webinar
- Eight Biosolids Committee meetings with CASA
 - IEUA Compost Facility Tour
 - Two Biosolids Committee Mtgs at IRWD & LASAN
- Four Energy Committee meetings
- Two Pretreatment Committee meetings
 - CARB Air Toxic Pooled Testing Support

Over 2,300 Volunteer Hours in 2025!



Committee Meetings Planned:

- Air Committee will continue to meet monthly and with regulatory agencies for specific rule/regulation advocacy
- Water Committee has planned and identified key speakers for the following meetings/workshops:
 - Artificial Intelligence and Software applications series
 - Water/Energy/Emission/Affordability series
 - Indoor Water Conservation Workshop
 - Climate Resilience/GHG inventory/reporting
- Collection Committee regular meetings and a CASA joint meeting
- Exfiltration Workshops
- Energy Committee - Fleet Electrification, Fuel Cell Alternatives, Energy Peak Strategies, Community Choice Aggregation
- Biosolids Committee meetings, management options meeting with vendors
- Pretreatment guidance for EPA PFAS rule compliance



Committee Priorities:

- **Air Quality Issues:**
 - AB 617 and AB 2588 Air Toxic Pooled Emission Study
 - California Air Resources Board (CARB) Zero Emission Fleet Regulations
 - SCAQMD Permit Streamlining
 - SCAQMD Rule 317.1 (CAA Section 1185 Penalties)
 - SCAQMD and CARB Diesel Emergency Generator Regulations
- **Biosolids Issues:**
 - PFAS
 - SB 1383 Short-Lived Climate Pollutant Reduction
 - Land application preservation
 - Biogas pathway preservation
 - Microplastics
- **Collection Systems Issues:**
 - Exfiltration Theories
 - New SSS WDR Requirements and instructional videos
 - CARB Zero Emission Fleet Regulations
 - Climate Resiliency
 - Indoor Water Conservation Standards
 - Public Safety Power Shutoff (PSPS)
 - Diesel Emergency Generator Regulations
- **Energy Issues:**
 - On site biogas combustion uncertainty
 - Public Safety Power Shutoff (PSPS)
 - Diesel Emergency Generator Regulations
 - Funding/Incentives
 - Over-generation, under supply, and grid stability
- **Pretreatment Issues:**
 - PFAS
 - Microplastics
- **Water Issues:**
 - Ocean Acidification and Hypoxia plus Hazardous Algae Blooms (Nutrients)
 - PFAS
 - Toxicity Provisions
 - Bio-stimulatory/Bio-integrity Provisions
 - Indoor Water Conservation Standards
 - Microplastics
 - GHG reporting