NOTICE OF REGULAR MEETING
OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY
ENGINEERING COMMITTEE
August 20, 2026
8:30 a.m.

Physical Address	Remote Address
34156 Del Obispo Street Dana Point, CA 92629	El Toro Water District Office: 24251 Los Alisos Blvd. Lake Forest, CA 92630

NOTICE IS HEREBY GIVEN that a Regular Meeting of the South Orange County Wastewater Authority (SOCWA) Engineering Committee was called to be held on **August 20, 2026, at 8:30 a.m.** SOCWA staff will be present and conducting the meeting at the SOCWA Administrative Office located at 34156 Del Obispo Street, Dana Point, California.

THE SOCWA MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5400 AT LEAST 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 UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. ONCE THE MEETING HAS COMMENCED, THE CHAIR WILL INVITE YOU TO SPEAK AND ASK THE COORDINATOR TO UN-MUTE YOUR LINE AT THE APPROPRIATE TIME.

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

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

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

Meeting ID: 881 6564 8523
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Engineering Committee Meeting
August 20, 2026

AGENDA

1. Call Meeting to Order

2. Public Comments

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

PAGE NO.

3. Approval of Minutes 1

   - Engineering Committee Minutes of June 18, 2026

   Recommended Action: Staff requests that the Engineering Committee approve the subject Minutes as submitted.

4. General Manager's Report 4

   Recommended Action: Committee Discussion, Direction, and Action.

5. Operations Report

   Recommended Action: Information Item.

6. Capital Improvement Workplan FY 26-27 (August) 9

   Recommended Action: Information Item.

7. Capital Improvement Construction Projects Progress and Change Order Report (August) [Project Committees 2 and 15] 11

   Recommended Action: Information Item.

8. Flows and Solids Use Audit 18

   Recommended Action: Staff requests that the Engineering Committee recommend to the Board of Directors the approval of the Use Audit calculated results for the close of the Use Audit for disbursement or collection of additional funds in FY 25-26.

9. Cost Allocation Policy 22

   Recommended Action: Committee Discussion, Direction, and Action.

10. Adjournment

I hereby certify that the foregoing Notice was personally emailed or mailed to each member of the SOCWA Engineering Committee at least 72 hours prior to the scheduled time of the Regular Meeting referred to above.

I hereby certify that the foregoing Notice was posted at least 72 hours prior to the time of the above-referenced Engineering Committee meeting at the usual agenda posting location of the South Orange County Wastewater Authority and at www.socwa.com.

Dated this 14th day of August 2026.

Lynda May

Lynda May, Assistant Secretary
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

MINUTES OF REGULAR MEETING
OF THE
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Engineering Committee

DRAFT

June 18, 2026

The Regular Meeting of the South Orange County Wastewater Authority (SOCWA) Engineering Committee was held on June 18, 2026, at 8:30 a.m. in-person and via teleconferencing from the Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Engineering Committee were present:

MIKE DUNBAR	Emerald Bay Service District
HANNAH FORD	El Toro Water District [Zoom]
MARK MCAVOY	City of Laguna Beach [Zoom]
ROBERT GRANTHAM	Santa Margarita Water District
MARC SERNA	South Coast Water District

Absent:

DAVE REBENSDORF	City of San Clemente

Staff Present:

AMBER BOONE	General Manager
RONI GRANT	Capital Improvement Program (CIP) Manager
JIM BURROR	Deputy GM/ Chief Engineer
MATT CLARKE	Chief Technology Officer
LYNDA MAY	Administrative Assistant/Assistant Secretary
BOB CULVER	Environmental Service Manager

Also Present:

CHRIS NEWTON	South Coast Water District
TARYN KJOLSING	South Coast Water District

1. Call Meeting to Order

Ms. Roni Grant, Capital Improvement Program (CIP) Manager, called the meeting to order at 8:31 a.m.

2. Public Comments

None.

3. Approval of Minutes

- Engineering Committee Minutes of May 21, 2026.

ACTION TAKEN
A motion was made by Mr. Grantham and seconded by Mr. Dunbar to approve the Engineering Committee Minutes for May 21, 2026.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1	
	Mr. Dunbar	Aye
	Ms. Ford	Aye
	Mr. McAvoy	Aye
	Mr. Grantham	Aye
	Mr. Serna	Aye
	Mr. Rebensdorf	Absent

4. General Manager's Report

Ms. Amber Boone, General Manager, provided a report on her upcoming presentation at the AWWA conference on the AI and machine learning product, VOICESOP.org for utility compliance. Ms. Boone noted the product's 12-week design schedule with a ready date planned for September.

This was an information item; no action was taken.

5. Operations Report

Mr. Jim Burror, Deputy GM/Chief Engineer, provided the operations report with an update on the effluent transmission main coupling repair kit that SOCWA purchased and stored at ETWD for emergency use. The Committee discussed creating a shared database of inventory for interagency use. Ms. Boone provided updates on the Crystal Canyon partnership, which is expected to generate $40-50,000 in additional revenue, and on the data cleaning progress with software being used at SOCWA.

This was an information item; no action was taken.

6. Capital Improvements Workplan

Ms. Roni Grant, Capital Improvement Program Manager, provided an update on the workplan including four proposals received for the ETM Reach B Techite Pipe's CEQA compliance effort. Ms. Boone noted that the agency is also applying the CIP workplan format to small capital projects.

This was an information item; no action was taken.

7. Capital Improvement Construction Projects Progress and Change Order Report (May) [Project Committees 2 and 15]

Ms. Grant briefed the Committee on the report, with projects moving forward as planned.

This was an information item; no action was taken.

8. JBL Digester Underground Piping Upgrades Contract Award [Project Committee 2]

An open discussion ensued on the summary of bids and each of the project options. After discussing the safety issues and value engineering opportunities, the Committee agreed to recommend Option 1 with SS Mechanical's bid.

ACTION TAKEN
A motion was made by Mr. Serna and seconded by Mr. Grantham to approve the Engineering Committee to present to the Project Committee 2 Board of Directors the following items: 1) Increase the budget of Task 32263S by $820,000 from $806,490 to $1,626,490; 2) Authorize execution of a construction contract award to SS Mechanical in the amount of $1,182,241, and 3) Approve a contract contingency of $118,250 to address any unforeseen conditions encountered during the work.

Motion carried:	Aye 2, Nay 0, Abstained 0, Absent 0	
	Mr. Grantham	Aye
	Mr. Serna	Aye

9. JBL and CTP Facility Planning Assessment Schedules

Ms. Boone updated the Committee on the FPA schedules, noting that there will be a final draft of the CTP Regional Flow study at the next Board meeting on July 9, 2026. The Project Committee members were invited to a detailed site walk at CTP on June 22 to understand the facility's current condition and operational challenges. Ms. Boone provided positive feedback from the recent tour to Laguna Beach residents.

This was an information item; no action was taken.

10. Project Management Support Services for FY 26-27

After an open discussion on the contract extension with the flexibility of using other firms for specific projects, the Committee agreed on the contract extension with Project Partners.

ACTION TAKEN
A motion was made by Mr. Dunbar and seconded by Mr. Grantham to approve the Engineering Committee to recommend that the Board of Directors: 1) Approve a contract with Project Partners for Project Management Support Services for Fiscal Year 2026-2027 in an amount not to exceed $200,000.

Motion carried:	Aye 5, Nay 0, Abstained 0, Absent 1	
	Mr. Dunbar	Aye
	Ms. Ford	Aye
	Mr. McAvoy	Aye
	Mr. Grantham	Aye
	Mr. Serna	Aye
	Mr. Rebensdorf	Absent

11. As-Needed General Contractors Services for Small Capital Improvement Projects

After a brief discussion on the benefits of having a pool of reliable contractors, the Committee agreed to proceed with the as-needed general contractors services, with Ms. Grant noting the development of the RFQ that will likely go out in the next 2 weeks.

This was an information item; no action was taken.

12. Adjournment

There being no further business, Ms. Grant adjourned the meeting at 9:23 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 Engineering Committee of June 18, 2026, and approved by the Engineering Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

Lynda May, Assistant Secretary
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Agenda Item 4

Engineering Committee Meeting
Meeting Date: August 20, 2026

TO: Engineering Committee

FROM: Amber Boone, General Manager

SUBJECT: General Manager's Report

Master Schedule for CTP and JBL Master Planning Efforts

At the February 2026 SOCWA Board meeting, Board members requested that the master planning schedule be separated into respective facilities with a completion date added to the master planning schedule and Board related workshops. The following table represents activities planned and completed for the JB Latham (JBL) Facility Planning Assessment (FPA).

JBL Facility Planning Assessment

EVENTS	DATE	COMPLETION DATE
Kick-Off Meeting	14-Jan-26	14-Jan-26
Task 1 - Project Management	14-Jan-26	14-Jan-26
Staff Workshop 1	27-Jan-26	27-Jan-26
Task 2 - Existing Facility Evaluation	29-Jun-26 (project postponed 60 days)	29-Jun-26
Staff Workshop 2	17-Mar-26	17-Mar-26
PC2 Board Workshop	Not Previously Planned	3-Apr-26
Staff Workshop 3 - Condition Assessment	30-Jun-26	7-Jul-26
Task 3 - Wastewater Treatment Alternatives	17-Sep-26 (project postponed 60 days)	
PC2 Board Workshop – Criteria Setting	Date not set	
Task 4 - Effluent Utilization Evaluation	17-Sep-26 (project postponed 60 days)	
Staff Workshop 4	TBD 28-Jul-26	
PC2 Board Workshop	Date not set	
Task 5 - Develop Project Alternatives	10-Oct-26 (project postponed 60 days	
Staff Workshop 5	TBD 25-Aug-26	
Task 6 - Facility Planning & Assessment	25-Nov-26 (project postponed 60 days)	
PC2 Board Workshop	Date not set	

The following tables represent activities planned and completed for the Coastal Treatment Plant (CTP) Facility Planning Assessment (FPA) and CTP Regional Flow Study.

CTP Facility Planning Assessment

EVENTS	DATE	COMPLETION DATE
Issue RFP	November 7, 2025	November 7, 2025
Mandatory Pre-Proposal Meeting	November 20, 2025	November 20, 2025
Deadline for Questions and Supplemental Information	December 11, 2025	December 11, 2025
Proposal Submission Deadline	January 15, 2026	January 15, 2026
Interviews	January 22, 2026	January 29, 2026
Contract Award	February 12, 2026	March 5, 2026
NTP	April 1, 2026	May 28, 2026 (w/ CTP Regional Flow Study PE4 workshop per PC15 Board)
Kick-Off Meeting	May 28, 2026	PM's on May 28, 2026 & Stakeholder Group on June 11, 2026
Task 1 - Project Management	May 28, 2026	May 28, 2026
Task 2 - Existing Facility Evaluation	July 13, 2026	Pending Biowin Model Calibration Water Quality Testing Results
Task 3 - Wastewater Treatment Alternatives	November 2, 2026	
Task 4 - Effluent Utilization Evaluation	November 2, 2026	
Task 5 - Develop Project Alternatives	January 12, 2026	
Task 6 - Facility Planning & Assessment, Admin Draft Report	February 16, 2027	
Project Final Report	February 28, 2027	

Small Capital Work Plan

Following on the efforts to provide a large capital work plan to committee members and the SOCWA Board, and to facilitate staff resource allocation on large capital work, presented herein are small capital workplans for CTP and JBL. The table below provides a breakdown of the number of projects at each facility and the planned budget at each facility. The attachments to this report provide the breakdown per facility.

Cost Summary by Plant

Plant	Known Spent / Encumbered	Planned	Total Identified	Budget	Remaining Budget	# of Projects
JBL	$115,873.58	$551,500.00	$667,373.58	$685,000.00	$17,626.42	26
CTP	$132,425.14	$483,800.00	$616,225.14	$640,000.00	$23,774.86	30
Total	**$248,298.72**	**$1,035,300.00**	**$1,283,598.72**	**$1,325,000.00**	**$41,401.28**	**56**

Large Capital Program Management

Staff is working on ways to improve the tracking of project expenses and is developing a project lifecycle procedure to help in overall management of the program and oversight by the SOCWA Board. These efforts aim to integrate the capital program project budget into the Financial System for tracking and cash flow management to better support staff oversight and management of capital projects.

Recommended Action: Committee Discussion, Direction and Action

Attachments: JBL and CTP Small Capital Workplans

JBL Facility - Small Capital Work Plan FY26-27

JBL projects only | Shared staff also support CTP - see Master Staffing Plan | Yellow $ = estimated

Project #	Project Name	Category	Type	Funds / Est. ($)	Req #	PO #	Status	Q1 Jul-Sep	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Primary Trades Needed
2226-001	JBL Waste Pump	Mechanical	Purchase	$8,420.00	15095	21329	In Progress	X				Mechanic, and Electrician
2227-001	Replacement Motor for 4-Side Barscreen	Mechanical	Purchase	$7,255.00	15957	22090	Completed	C				Mechanic (2), Electrician, and Operator
2227-002	Front Entry Wall Repair - Smooth-Coat Plaster	Civil/Structural	Project	$8,649.00	15963	TBD	In Progress	X	X			Small Contractor
2227-003	Cogen Air Compressor	Mechanical	Purchase	$7,903.13	15900	TBD	Procurement	X	X			Mechanic (2) and Electrician
2227-004	Vertical Base RSP 5 - Purchase and Pre Construction	Mechanical	Project	$4,194.00	15964	22109	Procurement	X				Mechanic, and Electrician
2227-004	Vertical Base RSP 5 - Installation	Construction	Project	$10,000.00	TBD	TBD	Planned	X				Mechanic (3) and Contractor
2227-005	Pipe Roll Grover	Mechanical	Purchase	$4,663.95	15906	22125	Completed	C				Mechanic
2227-006	WAS Pump	Mechanical	Purchase	$24,136.00	16028	TBD	Procurement	X	X			Mechanic (2), Electrician, and Operator
2227-007	4-Side Grit Pump Concrete Stands	Mechanical	Purchase	$25,834.86	16011	TBD	Procurement	X	X	X		Mechanic (2), Electrician, Operator, and Contractor
2227-008	Entry and Admin Signage	General/Admin	Project	$14,480.00	16030	TBD	Procurement	X	X			Sign Installer, Electrician
2227-009	JBL Fire Alarm Panel and Monitoring System Upgrade	General/Admin	Purchase	$10,337.64	16073	TBD	Procurement	X				Electrician and Contractor
-	JBL Digester #3 Chopper Pump Replacement	Mechanical	Purchase	$35,000.00	TBD	TBD	Planned		X	X		Mechanic (2), Electrician, and Operator
-	JBL Muffin Monster Cartridge	Mechanical	Purchase	$15,000.00	TBD	TBD	Planned		X			Mechanic
-	JBL Digester #1 Chopper Pump Rebuild	Mechanical	Project	$25,500.00	TBD	TBD	Planned		X	X		Mechanic (2), Electrician, Operator, and Contractor
-	JBL Ferric Pump Station Overhaul	Mechanical/Process	Project	$50,000.00	TBD	TBD	Planned		X	X	X	Mechanic, Electrician, SCADA, and Operator
-	JBL DAF Polymer Injection System Upgrades	Process/Chemical	Project	$37,000.00	TBD	TBD	Planned		X	X	X	Mechanic, Electrician, SCADA, and Operator
-	JBL Centrifuge #1 Overhaul	Mechanical	Project	$60,000.00	TBD	TBD	Planned		X	X	X	Mechanic (2), Electrician, Operator, and Contractor
-	Building #40 Doors 2026-27	Mechanical	Project	$60,000.00	TBD	TBD	Planned		X	X	X	Mechanic, Electrician, and Contractor
-	JBL Process Water Tank Coating - Design	Civil/Structural	Project	$10,000.00	TBD	TBD	Planned			X		Mechanic, Operator, Engineer, and Designer
-	JBL Process Water Tank Coating - Construction	Civil/Structural	Project	$30,000.00	TBD	TBD	Planned				X	Mechanic, Operator, Specialty Inspector, and Contractor
-	JBL Two (2) Secondary Tank Drives	Mechanical	Purchase	$50,000.00	TBD	TBD	Planned			X	X	Mechanic (2), Electrician, and Operator
-	ISCO Sampler(s) - Between PC's	Equipment	Purchase	$7,000.00	TBD	TBD	Planned			X		Laboratory
-	JBL Secondary Drives	Mechanical	Purchase	$26,000.00	TBD	TBD	Planned		X	X	X	Mechanic (2), Electrician, and Operator
-	TOC Analyzer (2 PCs)	Equipment	Purchase	$40,000.00	TBD	TBD	Planned			X		Laboratory
-	SC4500 Controllers FY2026-27	Instrumentation	Purchase	$10,000.00	TBD	TBD	Planned			X		Electrical
-	Replacement DAFT Eyewash/Shower	Mechanical	Project	$6,000.00	TBD	TBD	Planned			X		Mechanic
-	JBL Plant 2 Primary Area Fall Protection Project - Phase 1	Mechanical	Project	$40,000.00	TBD	TBD	Planned			X	X	Mechanic (2)
-	JBL PLC Cabinet - 9 Side Blower Room Upgrades	Instrumentation	Purchase	$40,000.00	TBD	TBD	Planned		X	X	X	Electrical and SCADA

CTP Facility - Small Capital Work Plan FY26-27

CTP projects only | Shared staff also support JBL - see Master Staffing Plan | Yellow $ = estimated

Project #	Project Name	Category	Type	Funds / Est. ($)	Req #	PO #	Status	Q1 Jul-Sep	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Primary Trades Needed
2526-027	Export Sludge Endress Hauser Flow Meter (carry over)	Mechanical	Purchase	$536.00	15969	22098	Completed	C				Mechanic
2525-040	Site Security and Access Upgrades 2023 CTP	Architectural	Project	$4,467.19	14456	20728	Procurement	X	X			Electrician
2526-018	CTP AIC SCADA Troubleshooting	Instrumentation	Project	$8,000.00	15748	21935	Procurement	X	X			Electrician
2526-022	CTP Rotary Drum Screen Rebuild	Mechanical	Project	$18,262.00	15801	21952	Completed	C				Mechanic (2), Electrician, and Operator
2526-023	CTP AWT Filter Cell Rebuild	Mechanical	Purchase	$39,129.11	15535	21942	Procurement	X	X			Mechanic (2), Electrician, and Operator
2526-024	CTP Doghouse Flow Meter	Mechanical	Purchase	$7,024.33	15822	21961	Procurement	X	X			Operator, PM, Inspector, and Contractor
2526-029	CTP AUMA Grit Valves	Mechanical	Purchase	$17,795.00	15875	22017	Procurement	X	X			Mechanic (2), and Operator
2526-028	CTP Speed Rail Replacement Project	Mechanical	Purchase	$10,450.91	15873	22018	Completed	C				Mechanic
2526-037	CTP Caustic Pump Replacement	Mechanical	Purchase	$10,885.60	15890	22036	Completed	C				Mechanic
2527-001	CTP 4" Dezurik Auma Grit Control Valves	Mechanical	Purchase	$15,875.00	15992	22114	Procurement	X	X			Mechanic (2), Electrician, and Operator
-	CTP Lower Headworks Grating Improvements	Civil/Structural	Project	TBD	TBD	TBD	WOV	WOV	X			Mechanic (2), Electrician, Operator, and Contractor
-	CTP Primary Tank Exterior Concrete Work - Exposed Rebar - Design	Civil/Structural	Project	$13,800.00	TBD	TBD	Planned		X	X		Mechanic, Operator, Engineer, and Designer
-	CTP Primary Tank Exterior Concrete Work - Exposed Rebar - Construction	Civil/Structural	Project	TBD	TBD	TBD	Planned		X	X		Operator, PM, Inspector, and Contractor
-	CTP Scum Pumping Discharge Relocation	Mechanical/Process	Project	TBD	TBD	TBD	Planned			X	X	Mechanic (2), Electrician, Operator, and Contractor
-	ISCO Sampler(s) - Between PC's	Equipment	Purchase	$7,000.00	TBD	TBD	Planned			X		Laboratory
-	TOC Analyzer (2 PCs)	Equipment	Purchase	$40,000.00	TBD	TBD	Planned			X		Laboratory
-	CTP West 2 Primary Overhaul	Mechanical	Project	$60,000.00	TBD	TBD	Planned			X	X	Mechanic (2), Electrician, and Operator
-	CTP Scrubber Chemical Tank Pads Replacements	Civil/Structural	Project	TBD	TBD	TBD	Planned		X			Operator, Inspector, and Contractor
-	CTP Generator Building Painting	Architectural	Project	$9,000.00	TBD	TBD	Planned				X	Operator
-	CTP AWT Control Building HVAC Project	Mechanical	Project	$40,000.00	TBD	TBD	Planned			X		Electrician, Operator, and Contractor
-	CTP VSB Roof	Architectural	Project	$60,000.00	TBD	TBD	Planned				X	Mechanic, Operator, and Contractor
-	CTP Process Water Pumps	Mechanical	Project	$25,000.00	TBD	TBD	Planned			X		Mechanic (spare parts - purchase only)
-	CTP Potable Water Line - Power Relocation	Civil/Electrical	Project	$55,000.00	TBD	TBD	Planned			X	X	Electrician (2), Pipefitter/Plumber (2), Laborer, Civil Inspector
-	CTP East 3 Secondary SCADA Control Upgrade	Instrumentation	Project	$40,000.00	TBD	TBD	Planned		X	X	X	Electrical and SCADA
-	CTP Replacement Low Pressure Air Vent Fans	Mechanical	Project	$10,000.00	TBD	TBD	Planned		X	X	X	Mechanic (2), Electrician, Operator, and Contractor
-	CTP Generator Building Facility Refurbishment	Civil	Project	$9,000.00	TBD	TBD	Planned			X	X	Mechanic, Operator, and Contractor
-	CTP Rotary Drum Screen Rehab	Mechanical	Project	$75,000.00	TBD	TBD	Planned		X	X	X	Mechanic (2), Electrician, Operator, and Contractor
-	Replacement Safety Showers	Mechanical	Project	$10,000.00	TBD	TBD	Planned			X		Mechanic
-	CTP Access Road Guard Rail Replacements	Civil	Project	$30,000.00	TBD	TBD	Planned		X	X	X	Engineer and Inspector

Agenda Item 6

Engineering Committee Meeting

Meeting Date: August 20, 2026

TO: Engineering Committee

FROM: Roni Grant, Capital Improvement Program Manager

SUBJECT: SOCWA Capital Improvement Program Workplan FY 26-27 (August) [All Project Committees]

Staff is providing this update on the status of the Capital Improvement Program (CIP), including project budgets, expenditures, progress, upcoming FY 26-27 funding requests, and key risks. The majority of active projects are progressing as planned, with several nearing completion. A portion of the CIP remains deferred pending the outcome of the master planning effort to ensure infrastructure investments are strategically aligned. Primary challenges affecting schedule and delivery include regulatory permitting, long equipment lead times, and coordination with external agencies.

Recommended Action: Information only.

Attachment: CIP Workplan FY 26-27

SOCWA CIP Workplan

Project Number	Project Name	Ten Year CIP Project Budget	Funds Collected as of FY 26/27 Q1*	Funds Spent as of August 2026**	Funds Remaining	Percent Spent	FY 26-27 Funds Request	Projects Approved by the Board	Status	Anticipated Completion	Challenges/Delays	FY 26/27 Q1	Q2	Q3	Q4
PC 2 - J.B. Latham Treatment Plant															
3252	MCC M and Plant 1 Generator Replacement	$ 4,232,843	$ 1,759,881	$ 1,000,274	$ 759,607	57%	$ 500,000	January 2025	Pre-procurement and design underway	July 2027	Pending AQMD permit on the generator	D	B&A	C	C
3285	Main Plant Drain Line Reconstruction	$ 1,000,000	$ 573,375	$ 110,311	$ 463,064	19%	$ 568,833	October 2024	Design underway	July 2027	Will combine with the Plant 1 Blower Building HVAC Upgrades	B&A	C	C	C
32232S/32234S /32244S	Buried Digester Piping Reconstruction	$ 1,823,893	$ 124,673	$ 124,787	$ (114)	100%	$ 1,500,000	July 2026	Contract awarded	July 2027		B&A	C	C	C
32275S	Digester 3 and 4 Upgrades and Coating	$ 1,000,000	$ 50,000	$ -	$ 50,000	0%	$ 200,000							P	D
PC 15 - Coastal Treatment Plant															
3541	Export Sludge Environmental Mitigation	$ 1,392,000	$ 189,750	$ 63,852	$ 125,898	34%	$ 291,900	Feb 2022	Mitigation work/permitting ongoing	July 2027	Pending regulatory agencies approval	ENV	ENV	ENV	ENV
35229L/35235L	Odor Control Scrubber/Foul Air System Reconstruction	$ 1,500,000	$ 719,308	$ 418,833	$ 300,475	58%	$ 222,323	November 2024	Final design underway	September 2027	Long equipment lead time	B&A	C	C	C
3522AL	Drainage Pump Station/ Storm Drain Improvement	$ 4,200,000	$ 1,286,085	$ 436,464	$ 849,622	34%	$ 279,980	September 2024/March 2026	Final design underway	October 2026	Will address more pressing issues until the master planning effort is done.	D	D	B&A	C
35248L	Access Road Repaving	$ 1,750,000	$ 1,199,999	$ 72,644	$ 1,127,355	6%		July 2026	Contract awarded	October 2026	Will address more pressing issues, looking for partnership with OC Parks.	C	C		
PC 21 - Effluent Transmission Main															
3105/3106 /3107/3108	Air Valve Replacement	$ 784,000	$ 619,742	$ 294,214	$ 325,528	47%	$ 229,132	November 2020	Design/permitting underway	July 2027	Pending amended permit	D	ENV	ENV	ENV
31222B	Reach B Techite Pipe Replacement	$ 7,891,000	$ 297,500	$ 125,076	$ 172,424	42%	$ 1,190,000	February 2026	Design underway	December 2026	City of Laguna Woods requested street alignment construction to be complete by October 2027	D	D	B&A	C
3101/31221B	Trail Bridge Crossing	$ 1,241,771	$ 480,438	$ 444,771	$ 35,667	93%	$ 14,000	March 2018	Planning/design underway		Seeking FEMA grant funding	P	P	P	P
PC 24 - Aliso Creek Ocean Outfall															
34222O	Golf Course Road	$ 45,000	$ 22,588	$ 88	$ 22,500	0%	$ 45,000		Planning underway		Coordination with OC Parks	P	D	B&A	C
All Project Committees															
37271C	Lab Reconstruction Feasibility Phase II	$ 100,000	$ 25,000	$ -	$ 25,000	0%	$ 100,000		Scope preparation	June 2027		P	P	P	P
32271C	SCADA Integration Upgrade Project	$ 175,000	$ 6,750	$ -	$ 6,750	0%	$ 175,000		Scope preparation	June 2027		P	P	B&A	C
32272C	Business Network Server Replacement Project	$ 175,000	$ -	$ -	$ -	0%	$ 175,000		Scope preparation	March 2027		B&A	C	C	
32273C	Firewall Reliability Upgrades	$ 9,000	$ -	$ -	$ -	0%	$ 9,000		Equipment Requisition Process Underway	September 2026		B&A	C	C	
32274C	WIMS Server Replacement	$ 20,000	$ -	$ -	$ -	0%	$ 20,000		Attaining Quotes	December 2026		B&A	C		

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

* Based on member agencies quarterly billing
** Based on invoices received and approved

Agenda Item 7

Engineering Committee Meeting

Meeting Date: August 20, 2026

TO: Engineering Committee

FROM: Roni Grant, Capital Improvement Program Manager

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

Overview

This agenda item provides a status update on active construction projects, including any associated change orders. Updated Capital Improvement Program (CIP) reports are attached for reference.

Project Updates

JBL Electrical Upgrades

Pre-purchasing activities for the Motor Control Center (MCC) and Plant 1 Generator are currently underway. Construction is anticipated to be completed by July 2027, contingent upon the issuance of the AQMD permit to construct for the generator.

JBL Buried Digester Piping Reconstruction

The construction contract has been approved; construction is anticipated to be completed by July 2027.

CTP Storm Drain Improvements

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

CTP Access Road Repaving

The construction contract has been approved; construction is anticipated to be completed by October 2026.

SCAQMD Permit Status Updates for Upcoming CIP Projects

JBL Plant 1 Generator (A/N 654624)				
Application Date	**Communication Dates from SCAQMD**	**Information requested from SCAQMD**	**Information provided to SCAQMD**	**Response Dates from SOCWA**
8/01/24	9/11/24	CG18 gas engine technical data	Provided technical data	9/25/24
	10/8/24	Serial number and model year	Serial number and model year not available, confirmed flapper type rain cap	10/9/24
	10/17/24	Maintenance and testing requirements	Confirmed requirements	10/18/24
	1/15/25	Confirmed receipt of serial number and model year	Provided serial number and model year	1/13/25
	4/25/25	Requested to confirm EPA family code	Confirmed EPA family code and provided EPA certificate	4/25/25
	6/1/26		SOCWA requested permit status	

JBL Flare System (A/N 657267)				
Application Date	**Communication Dates from SCAQMD**	**Information requested from SCAQMD**	**Information provided to SCAQMD**	**Response Dates from SOCWA**
12/13/24	1/8/25	Requested additional fee	Paid online	1/21/25
	1/24/25	Requested voucher or receipt from the online payment	Provided voucher payment and receipt number	1/24/25
	4/1/25 and 4/18/25	Requested clarification on facility ownership	Clarified the facility ownership	4/23/25
	5/14/25	Additional information needed on the flare Varec 244E unit	Provided additional information	5/19/25
	5/21/25	Requested specifications on the flare retention time and temperature	Provided additional information	5/22/25
	8/7/25	Additional questions regarding the existing flare and proposed flare system	Responses provided	8/14/25
	8/4/26	Requested if the current proposed flare model number will remain the same	Responses provided	8/10/26

CTP Odor Scrubber System (A/N 656320)				
Application Date	**Communication Dates from SCAQMD**	**Information requested from SCAQMD**	**Information provided to SCAQMD**	**Response Dates from SOCWA**
10/2/24	11/8/24	Additional information needed	Design intent clarified	11/19/24
	7/15/25	Additional information needed	Additional information provided	7/18/25
	1/28/26	Permit to Construct Issued		

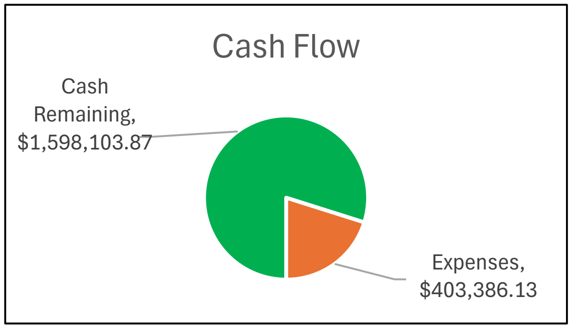
Recommended Action: Information only.

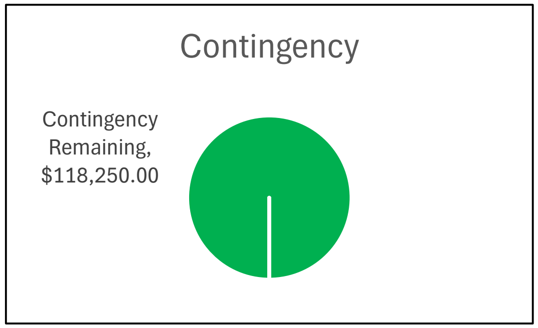
Project Financial Status

Project Committee	2
Project Name	Digester Underground Piping - 32232S/32234S/32244S
Project Description	Digester underground piping improvements

Data Last Updated

August 13, 2026





Cash Flow

Collected	$ 2,001,490.00
Expenses	$ 403,386.13

Project Completion

Schedule	10%
Budget	22.56%

Construction Contracts

Company	PO No.	Original	Change Orders	Amendments	Total	Costs to Date
SS Mechanical		$ 1,182,241.00			$ 1,182,241.00	
Ardurra	21242	$ 286,902.00			$ 286,902.00	$ 221,330.60
Carollo	21494	$ 57,168.00			$ 57,168.00	$ 57,168.00
Lee & Ro	21766	$ 81,544.00			$ 81,544.00	$ 70,620.90
Project Partners	20739	$ 16,960.00			$ 16,960.00	$ 16,960.00
Pending CM Services (Assumed 10%)		$ 118,224.10			$ 118,224.10	
SOCWA Staff Time	32232S/32234S /32244S	$ 45,000.00			$ 45,000.00	$ 37,306.63
		$ 1,788,039.10	**$ -**	**$ -**	**$ 1,788,039.10**	**$ 403,386.13**

Construction Contingency

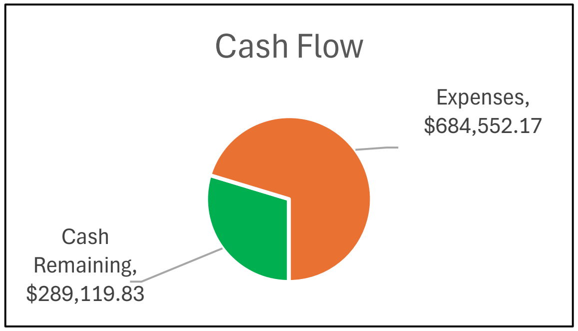
Area	Project Code	Amount	Change Orders	Total Remaining	Percent Used
Solids	32232S/32234S/32244S	$ 118,250.00	$ -	$ 118,250.00	0.0%
		$ 118,250.00	**$ -**	**$ 118,250.00**	**0.0%**

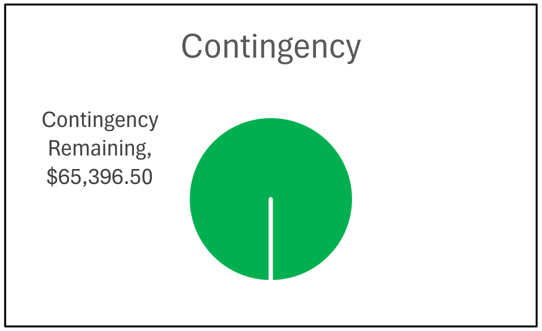
Project Financial Status

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

Data Last Updated

August 13, 2026





Cash Flow

Collected	$ 973,672.00
Expenses	$ 684,552.17

Project Completion

Schedule	40%
Budget	84%

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	$ 211,975.25
Hazen	14331	$ 164,350.00			$ 164,350.00	$ 149,354.49
SOCWA Staff Time	3252	$ 75,000.00				$ 58,223.28
		$ 893,315.00	**$ -**	**$ -**	**$ 818,315.00**	**$ 684,552.17**

Construction Contingency

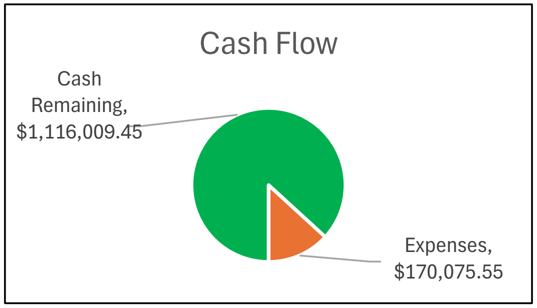
Area	Project Code	Amount	Change Orders	Total Remaining	Percent Used
Liquids	3252	$ 65,396.50		$ 65,396.50	0.0%
		$ 65,396.50	**$ -**	**$ 65,396.50**	**0.0%**

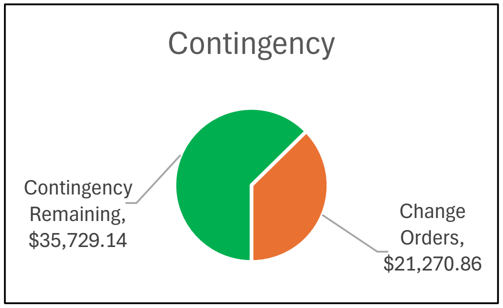
Project Financial Status

Project Committee	15
Project Name	Drainage Pump Station/ Storm Drain System Improvements - 3522AL
Project Description	Modification to the storm drainage system

Data Last Updated

August 13, 2026





Cash Flow

Collected	$ 1,286,085.00
Expenses	$ 170,075.55

Project Completion

Schedule	40%
Budget	13%

Construction Contracts

Company	PO No.	Original	Change Orders	Amendments	Total	Costs to Date
T.E. Roberts	21809	$ 570,059.00	$ 21,270.86		$ 591,329.86	$ 126,990.55
Project Partners	21451	$ 15,000.00			$ 15,000.00	$ 12,077.00
Tetra Tech	21845	$ 57,000.00			$ 57,000.00	$ 11,905.00
AKM	21972	$ 46,000.00			$ 46,000.00	
Ninyo & Moore	22031	$ 28,080.00			$ 28,080.00	
SOCWA Staff Time	3522AL	$ 40,000.00			$ 40,000.00	$ 19,103.00
		$ 756,139.00	**$ 21,270.86**	**$ -**	**$ 777,409.86**	**$ 170,075.55**

Construction Contingency

Area	Project Code	Amount	Change Orders	Total Remaining	Percent Used
Liquids	3522AL	$ 57,000.00	$ 21,270.86	$ 35,729.14	37.3%
		$ 57,000.00	**$ 21,270.86**	**$ 35,729.14**	**37.3%**

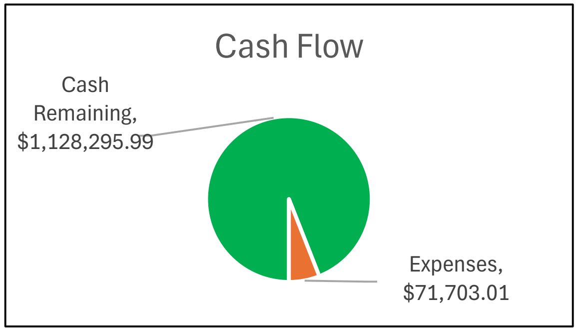
Change Order No.	Vendor Name	Project ID	Description	Status Date	Days	Amount
1	T.E. Roberts	3522AL	Replacement of Corrugated Steel Drain Pipe Section by the VSB	7/23/2026		$ 21,270.86
						$ 21,270.86

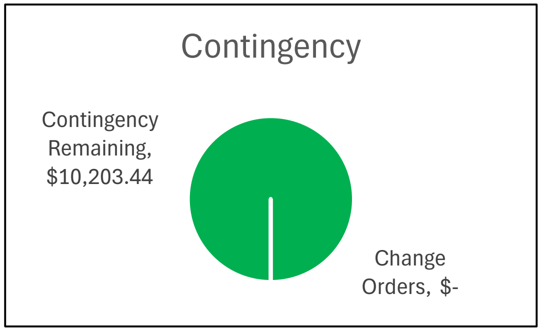
Project Financial Status

Project Committee	15
Project Name	Access Road Repaving - 35248L
Project Description	Spot repair on the AWMA Road

Data Last Updated

August 13, 2026





Cash Flow

Collected	$ 1,199,999.00
Expenses	$ 71,703.01

Project Completion

Schedule	40%
Budget	6%

Construction Contracts

Company	PO No.	Original	Change Orders	Amendments	Total	Costs to Date
T.E. Roberts	22117	$ 204,068.76			$ 204,068.76	
Ardurra	20960	$ 63,250.00			$ 63,250.00	$ 63,250.00
La Salle Solutions	22179	$ 21,000.00			$ 21,000.00	
SOCWA Staff Time	35248L	$ 15,000.00				$ 8,453.01
		$ 303,318.76	**$ -**	**$ -**	**$ 288,318.76**	**$ 71,703.01**

Construction Contingency

Area	Project Code	Amount	Change Orders	Total Remaining	Percent Used
Liquids	35248L	$ 10,203.44		$ 10,203.44	0.0%
		$ 10,203.44	**$ -**	**$ 10,203.44**	**0.0%**

Agenda Item 8

Engineering Committee Meeting

Meeting Date: August 20, 2026

TO: Engineering Committee

FROM: Amber Boone, General Manager

SUBJECT: Use Audit Flows and Solids FY 25-26

Summary

The Use Audit flow allocation methodology has relied on historical practice for allocation of costs. This agenda item reviews the methodology per project committee (PC), which is presented to the Engineering Committee and SOCWA Board members on an annual basis for review, comment, and use in the annual Use Audit for FY 25-26.

Results

Captured herein are the methodologies employed and the results by member agency based on the raw and calculated data, which have been distributed to Engineering Committee members for review and comment. Please note that PC 5 and PC 24 are attributed to fixed costs.

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 by 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.

Summary results for PC2 are included in Table 1. The total sum of the metered flows on the line influent into the JB Latham facility was 9.82 mgd. The percentage difference between metered and billing flows was 13.6%.

Table 1: PC2 Liquids and Solids Summary Table

PC2 - JB Latham Plant

Liquids Summary (mgd)

Member Agency	2025-2026 Budgeted Flow (mgd)	2025-2026 Budgeted (%) Percent	2025-2026 Total Avg. Flow (mgd)	Total Percent To Date
MNWD	3.00	23.62 %	1.04	15.93 %
SCWD	3.75	27.65 %	1.57	17.91 %
SMWD	6.25	12.11 %	7.21	40.33 %
	5.93	100.00 %	9.82	100.00 %

Solids Summary Loading (mgd)

Member Agency	2025-2026 Budgeted Flow (mgd)	2025-2026 Budgeted (%) Percent	2025-2026 Total Avg. Loadings	Total Percent To Date
MNWD	8340	21.62 %	3502.209	15.22 %
SCWD	7715	20.00 %	2931.96	10.56 %
SMWD	22518	58.38 %	23220.34	49.53 %
	38573	100.0 %	27821.00	100.00 %

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 Rosenbaum 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). Summary results for PC2 are included in Table 2.

Table 2: PC12 Liquids Summary Table

PC 12 Recycled Water

Master Recycled Water Permit 2025-2026		
Member Agency	**Region 9 Recyled Production FY 2025-2026 acft**	**% RW Produced FY 2025-2026 %**
CSJC	782.00	5.81
MNWD	5481.00	40.72
SCWD	681.00	5.06
SMWD	6095.00	45.29
TCWD	419.00	3.12
Total	13459.00	100.00

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. 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 the monthly meter reads 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. Summary results for PC15 are included in Table 3.

Table 3: PC15 Liquids and Solids Summary Table

PC 15 Actual Flows

FY 2025-2026 Coastal Treatment Plant		
Member Agency	**Plant Flows MGD**	**Plant Flow Percent**
CLB	1.32	53.01
EBSD	.09	3.79
SCWD	1.08	43.20
MNWD	.00	.00
Total	2.49	100.00

Recommended Action: Staff requests that the Engineering Committee recommend to the Board of Directors the approval of the Use Audit calculated results for the close of the Use Audit for disbursement or collection of additional funds in FY 25-26.

Agenda Item 9

Engineering Committee Meeting	
Legal Counsel Review: Yes	
Meeting Date: August 20, 2026	

TO: Engineering Committee

FROM: Amber Boone, General Manager

STAFF CONTACT: Jim Burror, Deputy General Manager/Chief Engineer

SUBJECT: Draft Cost Allocation Policy

Summary

At its May 14, 2026, meeting, the SOCWA Board of Directors directed staff to review the draft Cost Allocation Policy and update the document to ensure it aligns with the following:

- Updated Joint Powers Authority (JPA) Agreements adopted in December 2024.
- Current budgeting and cost allocation practices by budget line item.
- Current SOCWA operations and maintenance (O&M) and capital billing practices.
- Member agency requests related to billing for contracted O&M and capital services.

This informational item provides a status update to the Engineering Committee, based on direction from the SOCWA Board on July 9, 2026 based on staff's review of these four issue areas. Based on that review, staff have prepared a redlined draft of the revised Cost Allocation Policy attached to this agenda item.

Recommended Action: Committee Discussion, Direction, and Action

Attachment: Draft Cost Allocation Policy

Cost Allocation Policy

Purpose

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

Budget Components

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

1. **Capital Improvement Plan (CIP) Budget** – The CIP Plan is a multi-year plan outlining SOCWA's planned investments in public facilities and infrastructure, and more specifically, the financing, location, and timing of capital improvement projects. The CIP Budget is created with input from the Engineering Committee. The CIP Budget includes maintenance costs not directly related to use of the Project facilities, including necessary capital improvements, repairs, adjustments, replacements, and extraordinary or standby maintenance, and incidental accounting and administrative costs in connection therewith. ~~Any change to the cost allocation methodology for the CIP Budget set forth in this Policy must be made by the unanimous consent of all the SOCWA Board of Directors in accordance with Section 6.3.1 of the SOCWA Joint Powers Agreement.~~

2. **Operations and Maintenance (O&M) Budgets** – Operations and maintenance budgets are prepared for each Project operated and maintained by SOCWA and approved at or prior to each June meeting of the Board for the ensuing Fiscal Year. Operations and maintenance costs directly related to the use of the Project facilities, including necessary improvements, repairs, adjustments, and replacement costs in connection therewith, are paid by each Member Agency using the Project facilities in proportion to its use, consistent with Section 6.3.1 of the SOCWA Joint Powers Agreement. The O&M Budgets include (a) the estimated expenses of operating the Project; (b) the estimated expenses of maintaining the Project, (c) an estimate of income from operations, if any; and (d) the allocation of operation and maintenance expenses among the Member Agencies in each particular Project Committee (the "Participating Member Agencies") in accordance with the formulas set forth in this Policy. O&M Budgets must be approved by a two-thirds (2/3) vote of the Participating Directors in that Project in accordance with Section 6.3 of the SOCWA Joint Powers Agreement. The O&M Budget includes two departments:

   - Department 01: Operations and Maintenance
   - 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 and non-CIP engineering expenses (Department 3) ~~of~~ for 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 Fund 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~~General Manager	50% ~~(General Manager)~~
Assistant Clerk	50%
Comp Time - Admin	50%
Other Expenses	
Car Allowance (General Manager)	50%
Public Notices	100%
Public Relations/Government Affairs	Board Directed
Contract Labor/Part-Time Labor	25%
Audit	100%
Legal Fees	40%
~~Memberships,~~ Conferences, Training, and Travel	75%
Large Agency Memberships except WEROC will be included in GF at 100%. (CASA, Clean Water Socal, WERF, etc.)	100%
~~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 Fees: For matters related to conducting Board-related business for labor and general counsels.

Public Notices: Expenses incurred related to any public notices required for the business of the Authority.

Public Relations/Governmental Affairs: Expenses incurred to support Public Relations or Governmental Affairs efforts based on Board-directed or Member Agency requests. Public Relations/Governmental Affairs expenses may be funded or co-funded through Member Agency partnerships. Public Relations/Governmental Affairs expenses shall be allocated on a case-by-case basis at the direction of the SOCWA Board. Public Relations/Governmental Affairs expenses shall first be presented to the SOCWA Board for discussion regarding whether the expense, or a portion of the expense, belongs in the General Fund Budget, or whether the expense should be subject to a different allocation. Upon the unanimous vote of the SOCWA Board, a Public Relations/Governmental Affairs expense may be added to the General Fund Budget (and thereby allocated evenly among the six participating Member Agencies) or allocated on some basis other than equal amounts among all the SOCWA Member Agencies. If there is not unanimous consent regarding the proposed allocation by the SOCWA Board, then a Public Relations/Governmental Affairs expense may be funded by one or more Project Committees, subject to the unanimous consent of the Participating Directors representing the Member Agencies that will fund the expense.

~~Regular Salaries-Admin~~Salary and Fringe: ~~Regular s~~Salary and employee benefits (or portions thereof) of the designated employees in Table 1. ~~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.

Conferences, Training, and Travel: Employee expenses for conferences, training, and travel for the designated employees in Table 1.

Memberships: Large Agency Memberships, except WEROC, will be included CASA, Clean Water Socal, WERF, etc.)(Per Board Direction with FY24-25 Budget approval.)

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 with a hire date before 6/30/2017. 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 Capital Repair Allocations (aka CIP Projects)

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~~Treatment Plant)

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 3A and 3B. 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))". Also per the agreement, MNWD has provided SOCWA its future commitment post 2029 of 1.5 mgd utilization at PC2

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

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

Table 3A: PC2 JBL Latham Treatment Capacity Allocations - Until 2029 - Summary

Agency	Liquids (mgd)	Solids (mgd)(1)	Solids (lbs)(1)	Common-L (%)	Common-S (%)
SMWD	6.25	10.80	22,518	48.08%	58.38%
SCWD	3.75	3.70	7,715	28.85%	20.00%
MNWD(1)	3.00	4.00	8,340	23.08%	21.62%
Total	13.00	18.50	38,573	100.00%	100.00%

(1) Owned by SCWD on behalf of MNWD by agreement.

Table 3B: PC2 JBL Latham Treatment Capacity Allocations - Post 2029 - Summary

Agency	Liquids (mgd)	Solids (mgd)(1)	Solids (lbs)(1)	Common-L (%)	Common-S (%)
SMWD	6.25	10.80	22,518	48.08%	58.38%
SCWD	5.25	6.20	12,927	40.38%	33.51%
MNWD(1)	1.50	1.50	3,128	11.54%	8.11%
Total	13.00	18.50	38,573	100.00%	100.00%

(1) Owned by SCWD on behalf of MNWD by agreement.

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	16.62~~0~~%	13.296
SCWD	~~18.829~~12.47%	~~15.063~~9.976
MNWD-SCWD(1)~~SMWD~~	~~64.55~~16.36%	~~51.64~~5.088
SMWD	55.40%	44.320
MNWD-SMWD(2)	9.15%	7.320
Total	100.00~~0~~%	80.000

PC 8 (Pretreatment ~~Costs~~Program)

PC 8 costs are allocated using two categories: insurance costs and all other costs. Insurance costs are equally divided among the ~~remain in the budget with direct costs billed to Contract~~ Member and Participating Agencies ~~based on where labor worked~~.

PC 12 (Water Reclamation Permits)

The PC 12 costs are allocated using two categories: equally split and actual acre-feet of recycled water deliveries. The costs for each line budgeted item is first split 50/50 between the two categories. The first 50% is spilt equally among the Member and Participating Agencies. The second 50% is split proportionally among the Member and Participating Agencies based on actual ~~actual~~ acre-feet of recycled water deliveries ~~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 Rosembaum 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).~~

- Trabuco County Water District (TCWD) contracts for services under a separate agreement. Expenses attributed to TCWD offset expenses in PC12 prior to allocation to the Member Agencies. Any new or supplemental contracted services will be billed directly to TCWD.

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 Capacity (mgd)	AWT (%)	Liquids and 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 6A and 6B. 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 6A: PC 21 - Effluent Transmission Main ~~(ETM)~~Reaches B/C/D Summary ~~Capacity Summary Reach B/C/D/E (Owned and Maintained by SOCWA)~~

Agency	Hydraulic Capacity	Ownership Percentage (%)
ETWD ~~-~~ ~~B/C/D~~	~~15~~7.5	~~100~~50~~%~~
~~ETWD – E~~IRWD(1)	~~32.2~~7.5	~~100~~50~~%~~
Total	15.0	100

(1) Owned by ETWD on behalf of IRWD by agreement.

Table 6B: PC 21 - Effluent Transmission Main Reach E Summary

Agency and Reach	Hydraulic Capacity	Ownership Percentage (%)
ETWD	7.5	23.29
IRWD(1)	7.5	23.29
MNWD(2)	17.2	53.42
Total	32.2	100

(1) Owned by ETWD on behalf of IRWD by agreement.
(2) Owned by ETWD on behalf of MNWD by agreement.

PC 23 North Coast Interceptor ~~Costs~~

PC23 costs are budgeted in two categories: direct SOCWA expenses and CLB contract operational expenses. The first category of expenses are budgeted within the SOCWA budget for expenses to support contract operations CLB, or expenses to be billed directly to one or both of the Member Agencies upon request. The second category of expenses are for CLB contract operations per Project Committee No. 23 and the City of Laguna Beach for the North

Coast Interceptor Sewer and Interceptor Pumping Stations, dated August 5, 2010, and the subsequent extensions.

Regardless, 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 Summary

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%
EBSD~~B~~	0.390	0.78%
ETWD	~~37.955~~8.151	~~75.91~~16.30%

ETWD-MNWD(1)	21.924	43.85%
ETWD-IRWD(2)	7.880	15.76%
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 each Project Committee: ~~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~~ each operational process~~es~~ (Liquids, Solids, ~~Common,and~~Common, and 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).
   ~~7.~~

PC 2 Cost Allocation Structure

- Regular Salaries, Overtime, ~~Performance Based~~Performance Based Merit Pay, Scheduled Holiday Work , Comp Time, Standby Pay, Fringe Benefits IN to PC's & Depts., Group Insurance Waiver, Medicare Tax Payments, Monthly Car Allowance: Based on Actual or Planned Utilization (Timecards)
- Electricity and Natural Gas: 65.00%, Liquids 25.00%, Solids 5.00%, L-Common, and 5.00%S-Common
- Potable & Reclaimed Water: 40.00% Liquids, 50.00% Solids, 5.00%, L-Common, and 5.00, and %S-Common
- Chlorine/Sodium Hypochlorite and Grit, Maintenance Equip. & Facilities (Liquids): 100.00% Liquids

- Polymer Products, Ferric Chloride, Digester Cleaning, Maintenance Equip. & Facilities (Solids and Co-Gen), and Biosolids: 100.00% Solids
- Odor Control Chemicals: 54.00% Liquids and 46.00% solids
- Laboratory Services, Supplies, and Leases: 75.00% Liquids and 25.00% Solids
- All other expenses: 50.00% L-Common and 50.00% S-Common
- Consumables, Management Support Services, Audit, Legal Fees, Contract Services Misc., Insurance - Property/Liability, Trash Disposal, Recruitment, Memberships, Conferences, Training and Travel, Office Equipment, Permits, Diesel Truck Expenses, Maintenance Equip. & Facilities (Common), Education Reimbursement, IT/SCADA O&M, Employee Recognition, Operating Leases, Stormwater Station, and IT Allocations in to PC's & Depts.: 50.00% L-Common and 50.00% S-Common

~~PC 2 operates with a four-way allocation system distributing costs among Liquids (55.1%), Solids (43.4%), Common/Liquids (0.8%), and common 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.~~

PC8 Cost Allocation Structure

- All costs (except insurance) are based on actual or Planned Utilization (Timecards) in each Agency's service area.
- Insurance costs are allocated evenly amongst the participating (SOCWA members and contract agencies) evenly.

PC12 Cost Allocation Structure

- All costs are split 50/50. The first 50% is divided equally amongst the three (3) participating agencies. The second 50% is allocated based on each agency's proportionate share of the total recycled water delivered in their service area.

PC15 Cost Allocation Structure

- Regular Salaries, Overtime, Performance Based Merit Pay, Scheduled Holiday Work, Comp Time, Standby Pay, Fringe Benefits IN to PC's & Depts., Group Insurance Waiver, Medicare Tax Payments, Monthly Car Allowance: Based on Actual or Planned Utilization (Timecards)
- Electricity: 90.00% Liquids, 3.00% L-Common, and 7.00%AWT
- Natural Gas: 50.00% Liquids and 50.00% L-Common
- Potable & Reclaimed Water: 90.00% Liquids and 10.00% L-Common
- Chlorine/Sodium Hypochlorite: 1.00% Liquids and 99.00%
- Polymer Products, Ferric Chloride, Odor Control Chemicals, Grit Hualing, Maintenance Equip. & Facilities (Liquids): 100.00% Liquids
- Laboratory Services, Supplies, and Leases: 50.00% Liquids and 50.00% AWT
- Maintenance Equip. & Facilities (AWT): 100.00 %AWT
- All other expenses: 100.00% L-Common
- Consumables, Management Support Services, Audit, Legal Fees, Contract Services Misc., Insurance - Property/Liability, Trash Disposal, Recruitment, Memberships, Conferences, Training and Travel, Office Equipment, Permits, Diesel Truck Expenses, Maintenance Equip. & Facilities (Common), Education Reimbursement, Access Road Damage, Storm Damage, IT/SCADA O&M, Employee Recognition, Operating Leases, Stormwater Station, and IT Allocations in to PC's & Depts.: 100.00% L-Common

~~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~~
- ~~Solids Pumping Costs (discussion item)~~
- ~~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.

Administration, UAL, OPEB, and General Fund Cost ~~Budget~~ Allocation~~s~~ Structure

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 2018[1].
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.
10. Allocation of Capacity Rights Transfer: Staff will allocate costs to contract agencies utilizing "care of (c/o)" methodology per the 2025 reorganization agreements.

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.

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.

[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.

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~~ 3 years, or a value in excess of $~~1~~5,000, 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.~~ Not applicable	All O&M Costs are ~~Allocated~~ allocated by ownership percentages~~to PC members based on fixed capacity ownership.~~	All Capital Costs area allocated by ownership percentages.~~Allocated to PC members based on fixed capacity ownership.~~
PC 8	Variable	Allocated based on the percentage of staff time spent in each participating ~~agencies service area.~~.agency's service area.	Insurance costs are ~~S~~shared equally among all participating ~~member~~ agencies.	Shared equally among all participating ~~member~~ agencies.
PC 12	Variable	Total costs are split 50/50 between fixed and variable. Variable is ~~A~~allocated proportionally to each PC ~~parcipating~~participating agency ~~member~~ based on proportionate share of non-potable water production and projections.	Total costs are split 50/50 between fixed and variable. Fixed is ~~D~~divided equally between each PC participating agency~~member~~. ~~Insurance is allocated equally amongst the Participating Member Agencies.~~	Not applicable.
PC 15	Variable	Liquids related costs are allocated based on the agency's prior calendar year's flows to prepare the budget. The Use	Common costs are allocated to the PC members based on their liquids capacity	Plant Liquids and Common capital costs are allocated to the PC members based on their

		Audit process uses the actual FY totals for Liquids. 100% of the AWT costs are allocated ~~attributed~~ to SCWD.	ownership allocations.	liquids ownership allocations. 100% of the AWT capital costs are allocated to SCWD.
PC 17*	Variable	All variable O&M costs are allocated to MNWD unless otherwise stated in the Budget/Use Audit, an accompanying agreement, or SOCWA Board action.~~.~~	All fixed O&M costs are allocated to MNWD unless otherwise stated in the Budget/Use Audit, an accompanying agreement, or SOCWA Board action..	Any designated capital costs will be allocated to the Budget/Use Audit based on the an accompanying agreement or SOCWA Board action.
PC 21	Fixed	Not applicable.	All O&M Costs are ~~A~~allocated to ETWD~~each PC member based on percentage of capacityownership~~.	All costs are allocated to ETWD.~~Allocated to each PC member based on capacity ownership.Allocated to PC members based on percentage of ownership.~~
PC 23	Fixed	Not applicable.~~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	Not applicable.~~Allocated to PC members based on fixed ownership.~~	All O&M Costs are ~~A~~allocated to PC members based on ~~capacity~~ ownership percentages.~~Allocated to PC members based on fixed ownership.~~	All Capital Costs are~~a~~ ~~A~~allocated by ownership percentages~~ to PC members based on capacity ownership.Allocated to PC members based on fixed ownership~~.

*Included to complete the FY 24-25 Use Audit and will be no longer after the FY 24-25 Use Audit is completed.

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

PC 2 (JBL Treatment Plant)

~~Member Agency~~Influent average flows are used to allocate liquids O&M ~~for the FY were used in the flow allocation and applied~~ proportionally from the total combined flow from each ~~tributary trunk line~~agency. ~~The PC 2 uses FY flows and t~~Three-year FY average solid loadings are sued to allocate solids O&M costs to reconcile the budgeted amounts proportionally from the total combined solids from each agency. Each annual ~~S~~solids loading~~s~~ ~~are~~ is calculated ~~from~~ by 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 liquids and solids loadings in the Oso Trabuco Sewer to JBL~~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. In December 2025, MNWD finalized its exit agreement with the PC 2 Member Agencies, confirming a flow and equivalent solids loading allocation to JBL of 1.5 mgd beginning in 2029.

SOCWA tracks the costs by the historical ownership allocations to allow SCWD to bill MNWD for their use of the JBL.

PC 5 (San Jauan Creek Ocean Outfall)

The SJCOO O&M costs are all attributed to the current ownership capacities of each agency because the costs are fixed in nature and do not change as flows vary. SOCWA tracks the costs by the historical ownership allocations to allow SMWD and SCWD to bill MNWD for their use of the SJCOO.

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

PC 8 (Pretreatment Program)

O&M ~~C~~costs for the PT Program include allocations for all expenses, except insurance, are allocated based on actual time worked, and/or planned to work, within each member and participating agencies service area. Insurance costs (workers comp, liability auto, etc.) are allocated amongst the SOCWA member agencies equally.~~Allocation is based on timecard (where labor worked).~~

PC 12 (Recycled Water Permitting)

Total costs are split 50/50 between fixed and variable. Variable is allocated proportionally to each PC ~~parcipating~~participating agency based on proportionate share of non-potable water production and projections. Total costs are split 50/50 between fixed and variable. Fixed is divided equally between each PC participating agency. ~~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 Rosembaum 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 (Coastal Treatment Plant)

Due to the lack of solids handling capacity at the Coastal Treatment Plant (CTP), the O&M allocation methodology is based on (liquids) 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 using daily flow reading s ~~(calculated from monthly meter read~~ from the EBSD 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 (Contract Laboratory Services)

All O&M costs are allocated to MNWD unless otherwise stated in the Budget/Use Audit, an accompanying agreement, or SOCWA Board action. ~~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.~~

~~Laboratory operations are tracked under PC 17 and have liquid and solid contributions. The liquid flow allocation is based on expenses related to processing wastewater liquids by MNWD and are solely attributed to MNWD. The solids flow allocations are based on laboratory expenses related to processing wastewater solids at the Regional Treatment Plant. These costs are also billed to MNWD, but tracked separately to allow MNWD to pass the expenses to the other agencies participating in the Regional Treatment Plant. Other contract Laboratory operational costs and revenues by SOCWA for the member and participating agencies are tracked based on their associated agreements. This includes direct agency billings to other agencies beside MNWD.~~

~~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.~~

PC21 (Effluent Transmission Main)

The ETM O&M costs are fully attributed to ETWD. SOCWA tracks the costs by the historical sections Reach B, C, D, and E) to allow ETWD to bill the other agencies participating in the use of the ETM. ~~Fixed costs based on ownership capacity per Member Agency.~~

PC 24 (Aliso Creek Ocean Outfall)

The ACOO O&M costs are all attributed to the current ownership capacities of each agency because the costs are fixed in nature and do not change as flows vary. SOCWA tracks the costs by the historical ownership allocations to allow ETWD to bill the other agencies participating in the use of the ACOO.

~~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. 2026~~5~~-07~~16~~ on ~~December~~ July 09~~11~~, 202~~5~~6, superseding all previous versions.