

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

**June 17, 2025
10:30 a.m.**

NOTICE IS HEREBY GIVEN that a Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee was called to be held on **June 17, 2025, at 10:30 a.m.** SOCWA staff will be present and conducting the meeting at the SOCWA Administrative Office located at 34156 Del Obispo Street, Dana Point, California.

THE SOCWA MEETING ROOM IS WHEELCHAIR ACCESSIBLE. IF YOU REQUIRE ANY SPECIAL DISABILITY RELATED ACCOMMODATIONS, PLEASE CONTACT THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY SECRETARY'S OFFICE AT (949) 234-5452 AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SCHEDULED MEETING TO REQUEST SUCH ACCOMMODATIONS. THIS AGENDA CAN BE OBTAINED IN ALTERNATE FORMAT UPON REQUEST TO THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY'S SECRETARY AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SCHEDULED MEETING. MEMBERS OF THE PUBLIC HAVE THE OPTION TO PARTICIPATE IN AND MAY JOIN THE MEETING REMOTELY VIA VIDEO CONFERENCE FOR VISUAL INFORMATION ONLY (USE ZOOM LINK BELOW) AND BY TELECONFERENCE FOR AUDIO PARTICIPATION (USE PHONE NUMBERS BELOW). THIS IS A PHONE-CALL MEETING AND NOT A WEB-CAST MEETING, SO PLEASE REFER TO AGENDA MATERIALS AS POSTED ON THE WEBSITE AT WWW.SOCWA.COM, ON YOUR REQUEST, EVERY EFFORT WILL BE MADE TO ACCOMMODATE PARTICIPATION. FOR PARTIES PARTICIPATING REMOTELY, PUBLIC COMMENTS WILL BE TAKEN DURING THE MEETING FOR ORAL COMMUNICATION IN ADDITION TO PUBLIC COMMENTS RECEIVED BY PARTIES PARTICIPATING IN PERSON. COMMENTS MAY BE SUBMITTED PRIOR TO THE MEETING VIA EMAIL TO ASSISTANT SECRETARY DANITA HIRSH AT DHIRSH@SOCWA.COM WITH THE SUBJECT LINE "REQUEST TO PROVIDE PUBLIC COMMENT." IN THE EMAIL, PLEASE INCLUDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER YOU WILL BE CALLING FROM SO THAT THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. THOSE MAKING PUBLIC COMMENT REQUESTS REMOTELY VIA TELEPHONE IN REAL-TIME WILL BE ASKED TO PROVIDE YOUR NAME, THE ITEM YOU WISH TO SPEAK ABOUT, AND THE TELEPHONE NUMBER THAT YOU ARE CALLING FROM SO THE COORDINATOR CAN UN-MUTE YOUR LINE WHEN YOU ARE CALLED UPON TO SPEAK. ONCE THE MEETING HAS COMMENCED, THE CHAIR WILL INVITE YOU TO SPEAK AND ASK THE COORDINATOR TO UN-MUTE YOUR LINE AT THE APPROPRIATE TIME.

AGENDA ATTACHMENTS AND OTHER WRITINGS THAT ARE DISCLOSABLE PUBLIC RECORDS DISTRIBUTED TO ALL, OR A MAJORITY OF, THE MEMBERS OF THE SOUTH ORANGE COUNTY WASTEWATER AUTHORITY FINANCE COMMITTEE IN CONNECTION WITH A MATTER SUBJECT FOR DISCUSSION OR CONSIDERATION AT AN OPEN MEETING OF THE FINANCE COMMITTEE ARE AVAILABLE FOR PUBLIC INSPECTION IN THE AUTHORITY ADMINISTRATIVE OFFICE LOCATED AT 34156 DEL OBISPO STREET, DANA POINT, CA ("AUTHORITY OFFICE") OR BY PHONE REQUEST MADE TO THE AUTHORITY OFFICE AT 949-234-5452. IF SUCH WRITINGS ARE DISTRIBUTED TO MEMBERS OF THE FINANCE COMMITTEE LESS THAN TWENTY-FOUR (24) HOURS PRIOR TO THE MEETING, THEY WILL BE AVAILABLE IN THE RECEPTION AREA OF THE AUTHORITY OFFICE AT THE SAME TIME AS THEY ARE DISTRIBUTED TO THE FINANCE COMMITTEE AND SENT TO ANY REMOTE PARTICIPANTS REQUESTING EMAIL DELIVERY OR POSTED ON SOCWA'S WEBSITE. IF SUCH WRITINGS ARE DISTRIBUTED IMMEDIATELY PRIOR TO, OR DURING, THE MEETING, THEY WILL BE AVAILABLE IN THE MEETING ROOM OR IMMEDIATELY UPON VERBAL REQUEST TO BE DELIVERED VIA EMAIL TO REQUESTING PARTIES PARTICIPATING REMOTELY.

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

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

Meeting ID: 897 1733 5004
Passcode: 865635

Dial by your location:
+1 669 900 6833 US (San Jose) +1 253 215 8782 US (Tacoma)
+1 346 248 7799 US (Houston) +1 312 626 6799 US (Chicago)
Find your local number: <https://socwa.zoom.us/j/k3uW9aSHH>

AGENDA

1. Call Meeting to Order
2. Public Comments

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

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

Recommended Action: Committee Discussion/Direction and Action.

PAGE NO.

4. Approval of Minutes..... 1

- Finance Committee Meeting of May 20, 2025

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

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

The reports included are as follows:

- a. Budget vs. Actual Expenses:
 - Operations and Environmental Summary (Exhibit A-1)
 - Operations and Environmental by PC (A-1.2)
 - Residual Engineering, after transfer to Capital (Exhibit A-2)
 - Administration (Exhibit A-3)
 - Information Technology (IT) (Exhibit A-4)

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

6. Cost Allocation Policy 17

Recommended Action: Committee Discussion, Direction, or Action.

7. Employee Reimbursement to Moulton Niguel Water District..... 29

Recommended Action: Staff recommends that the Finance Committee recommend that the Board of Directors authorize the General Manager to execute the payment of \$274,371.93 to Moulton Niguel Water District for SOCWA terminated employees leave balances.

FINANCE COMMITTEE MEETING
June 17, 2025

8. Quarterly Investment Reporting Under Government Code Section 53646 30

Recommended Action: Committee Discussion, Direction, or Action.

9. Adjournment

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

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

Dated this 12th day of June 2025.



Danita Hirsh, Assistant Secretary
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

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

Finance Committee

May 20, 2025

DRAFT

The Special Meeting of the South Orange County Wastewater Authority (SOCWA) Finance Committee was held on May 20, 2025, at 10:30 a.m. in-person and via teleconference from the Administrative Offices located at 34156 Del Obispo Street, Dana Point, California. The following members of the Finance Committee were present:

GAVIN CURRAN	City of Laguna Beach	Alternate Director
DENNIS CAFFERTY	El Toro Water District	Alternate Director
ERICA CASTILLO	South Coast Water District	Alternate Director
PAUL PENDER	Santa Margarita Water District	Alternate Director

Staff Participation:

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

Also Participating:

ADRIANA OCHOA	Snell & Wilmer
SANDER HUANG	South Coast Water District
JENNIFER LOPEZ	South Coast Water District
KELSEY DECASAS	Moulton Niguel Water District

1. Call Meeting to Order

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

2. Public Comments

None.

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

None.

4. Approval of Minutes

- Finance Committee Meeting of April 29, 2025.

ACTION TAKEN

A motion was made by Director Castillo and seconded by Director Curran to approve the Minutes for April 29, 2025, as submitted.

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

5. Financial Reports for the Month of March 2025

ACTION TAKEN

A motion was made by Director Castillo and seconded by Director Curran to recommend that the Board of Directors receive and file the Financial Reports for the Month of March 2025.

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

6. Cost Allocation Policy Review

An open discussion ensued regarding revisions, additions, and clarifications to the proposed policy.

The Finance Committee directed staff to incorporate the comments provided in the discussion and bring the updated version back to the Committee at the next meeting for review.

7. FY 2025-26 Draft Final Budget

An open discussion ensued regarding the FY 2025-26 draft final budget and its current structure.

ACTION TAKEN

A motion was made by Director Castillo and seconded by Director Cafferty to recommend that the Board of Directors approve the FY 2025-26 Draft Final Budget as modified.

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

8. Adjournment

There being no further business, Chairperson Pender adjourned the meeting at 12:05 p.m.

I HEREBY CERTIFY that the foregoing Minutes are a true and accurate copy of the Minutes of the Special Meeting of the South Orange County Wastewater Authority Finance Committee of May 20, 2025, and approved by the Finance Committee and received and filed by the Board of Directors of the South Orange County Wastewater Authority.

Danita Hirsh / Assistant Secretary
SOUTH ORANGE COUNTY WASTEWATER AUTHORITY

Agenda Item

5

Finance Committee Meeting

Meeting Date: June 17, 2025

TO: Finance Committee

FROM: Amber Boone, General Manager

STAFF CONTACT: Jack Beck, Accountant

SUBJECT: Financial Reports for the Month of April 2025

Summary/Discussion

The enclosed financial reports are provided to the Finance Committee for recommendation to the Board of Directors to receive and file the summary of the O&M Budget vs. Actual Expenses as of April 30, 2025:

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC¹
 For the Period Ended April 30, 2025
 (in dollars)

	FY 2024-25 Budget	Actual	(Over)/Under Budget	% Expended
02 - Jay B. Latham Plant	7,838,158	6,238,901	1,599,256	79.6%
05 - San Juan Creek Ocean Outfall	693,802	584,950	108,852	84.3%
08 - Pre Treatment	344,331	175,920	168,411	51.1%
12 - Water Reclamation Permits	274,945	91,433	183,512	33.3%
15 - Coastal Treatment Plant	3,256,411	2,587,606	668,805	79.5%
17 - Joint Regional Wastewater Reclamation and Sludge Handling	8,535,931	4,540,139	3,995,792	53.2%
24 - Aliso Creek Ocean Outfall	670,212	554,068	116,145	82.7%
Total	21,613,791	14,773,017	6,840,774	68.3%

¹ FY24-25 Budget does not include the mid-year budget adjustment

The O&M expenses should be less than 83.3% to remain in budget. Staff expects all PC budgets to remain within the approved FY 24-25 budget, despite PC 5 being 1% greater than the monthly 83.3% monthly run rate and the administrative budget being 2.2% greater than the monthly run rate.

The reports included are as follows:

- a. Budget vs. Actual Expenses:
 - Operations and Environmental Summary (Exhibit A-1)
 - Operations and Environmental by PC (A-1.2)
 - Residual Engineering, after transfer to Capital (Exhibit A-2)
 - Administration (Exhibit A-3)
 - Information Technology (IT) (Exhibit A-4)

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

South Orange County Wastewater Authority
Preliminary O & M & Environmental Safety Costs Summary¹
 For the Period Ended April 30, 2025 (83% of the Fiscal Year)
 (in dollars)

		FY 2024-25 Budget	Actual	(Over)/Under Budget	% Expended
Salary and Fringe					
_5000--***	Regular Salaries-O&M	5,706,265	3,615,804	2,090,461	63.4%
_5001--***	Overtime Salaries-O&M	65,000	53,857	11,143	82.9% (1)
_5306--***	Scheduled Holiday Work	30,000	27,902	2,098	93.0%
_5315--***	Comp Time - O&M	15,000	29,831	(14,831)	198.9% (1)
_5401--***	Fringe Benefits IN to PC's & Depts.	3,071,493	1,818,067	1,253,426	59.2%
_5700--***	Standby Pay	99,992	84,500	15,492	84.5%
	Total Payroll Costs	8,987,750	5,629,961	3,357,789	62.6%
Other Expenses					
_5002--***	Electricity	1,299,100	1,243,599	55,501	95.7%
_5003--***	Natural Gas	509,860	231,361	278,499	45.4%
_5004--***	Potable & Reclaimed Water	79,400	50,838	28,562	64.0%
_5005--***	Co-generation Power Credit	(1,367,100)	(491,653)	(875,447)	36.0%
_5006--***	Chlorine/Sodium Hypochlorite	219,300	292,916	(73,616)	133.6% (2)
_5007--***	Polymer Products	1,153,500	754,178	399,322	65.4%
_5008--***	Ferric Chloride	982,500	798,549	183,951	81.3%
_5009--***	Odor Control Chemicals	181,700	141,032	40,668	77.6%
_5010--***	Other Chemicals - Misc.	2,000	-	2,000	0.0%
_5011--***	Laboratory Services	62,128	29,199	32,929	47.0%
_5012--***	Grit Hauling	135,800	105,276	30,524	77.5%
_5013--***	Landscaping	217,300	153,456	63,844	70.6%
_5015--***	Management Support Services	285,550	163,014	122,536	57.1%
_5016--***	Audit - Environmental	1,324	-	1,324	0.0%
_5017--***	Legal Fees	19,000	-	19,000	0.0%
_5018--***	Public Notices/ Public Relations	1,550	-	1,550	0.0%
_5019--***	Contract Services Misc.	364,700	253,032	111,668	69.4%
_5021--***	Small Vehicle Expense	24,548	30,538	(5,990)	124.4%
_5022--***	Miscellaneous Expense	16,068	5,088	10,980	31.7%
_5023--***	Office Supplies - All	49,500	25,197	24,303	50.9%
_5024--***	Petroleum Products	28,400	8,125	20,275	28.6%
_5025--***	Uniforms	80,400	128,557	(48,157)	159.9% (3)
_5026--***	Small Vehicle Fuel	20,404	11,936	8,468	58.5%
_5027--***	Insurance - Property/Liability	638,224	592,814	45,411	92.9% (4)
_5028--***	Small Tools & Supplies	80,052	32,634	47,419	40.8%
_5030--***	Trash Disposal	10,000	4,737	5,264	47.4%
_5031--***	Safety Program & Supplies	117,252	66,651	50,601	56.8%
_5032--***	Equipment Rental	7,000	6,384	616	91.2% (1)
_5033--***	Recruitment	2,300	-	2,300	0.0%
_5034--***	Travel Expense/Tech. Conferences	69,775	26,813	42,962	38.4%
_5035--***	Training Expense	87,050	35,235	51,816	40.5%
_5036--***	Laboratory Supplies	140,048	127,243	12,805	90.9%
_5037--***	Office Equipment	27,000	11,421	15,579	42.3%
_5038--***	Permits	698,551	652,334	46,217	93.4%
_5039--***	Membership Dues/Fees	12,647	10,618	2,029	84.0%
_5044--***	Offshore Monitoring	60,116	68,649	(8,533)	114.2%
_5045--***	Offshore Biochemistry - 20B	22,854	15,838	7,016	69.3%
_5046--***	Effluent Chemistry	51,908	49,135	2,773	94.7%
_5047--***	Access Road Expenses	45,000	264	44,736	0.6%
_5048--***	Storm Damage	20,000	-	20,000	0.0%

South Orange County Wastewater Authority
Preliminary O & M & Environmental Safety Costs Summary¹
 For the Period Ended April 30, 2025 (83% of the Fiscal Year)
 (in dollars)

	FY 2024-25 Budget	Actual	(Over)/Under Budget	% Expended	
5049--****	Biosolids Disposal	1,854,800	1,012,120	842,680	54.6%
5050--****	Contract Services Generators - 29A	23,200	21,165	2,035	91.2%
5052--****	Janitorial Services	97,900	71,296	26,604	72.8%
5053--****	Contract Serv - Digester Cleaning - 29E	65,000	-	65,000	0.0%
5054--****	Diesel Truck Maint	44,300	32,396	11,904	73.1%
5055--****	Diesel Truck Fuel	12,100	8,972	3,128	74.1%
5056--****	Maintenance Equip. & Facilities (Solids)	305,300	195,280	110,020	64.0%
5057--****	Maintenance Equip. & Facilities (Liquids)	500,000	315,865	184,135	63.2%
5058--****	Maintenance Equip. & Facilities (Common)	92,000	54,162	37,839	58.9%
5059--****	Maintenance Equip. & Facilities (Co-Gen)	826,000	559,916	266,084	67.8%
5060--****	Maintenance Equip. & Facilities (AWT)	30,000	11,697	18,303	39.0%
5061--****	Mileage	2,950	1,697	1,253	57.5%
5068--****	MNWD Potable Water Supplies & Svcs.	40,000	26,486	13,514	66.2%
5076--****	SCADA Infrastructure	93,600	60,421	33,179	64.6%
5077--****	IT Direct	58,000	107,405	(49,405)	185.2% (5)
5105--****	Co-Generation Power Credit - Offset	1,367,100	491,653	875,447	36.0%
5309--****	Operating Leases	20,000	20,123	(123)	100.6% (6)
5705--****	Monthly Car Allowance	25,200	19,869	5,331	78.8%
5791--****	CTP Access Road Insurance Cost Share	-	(8,000)	8,000	0.0% (7)
5799--****	Stormwater Station Costs Share-O&M	(14,000)	(14,000)	-	100.0% (8)
6500--****	IT Allocations in to PC's & Depts.	725,880	519,529	206,352	71.6%
	Total Other Expenses	12,626,041	9,143,056	3,482,985	72.4%
	Total O&M Expenses	21,613,791	14,773,017	6,840,774	68.3%

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

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

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

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

- (1) O&M completed several nighttime repairs before the winter season started.
- (2) Increased bleach AWT at CTP usage compared to last fiscal year and continued septicity issues at JBL.
- (3) SOCWA is working with Cintas to resolve several billing errors and contract closeout charges for RTP.
- (4) Annual charges incurred at the beginning of the fiscal year and the end of the calendar year.
- (5) Unanticipated Aptean Tabware upgrades were required this year.
- (6) Annual increases in lease costs were unknown during the preparation of the budget.
- (7) Shared insurance cost with the County of Orange for joint use of the CTP access road.
- (8) Shared cost for treatment of South Cove stormwater and urban runoff at JBL.

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC¹
 For the Period Ended April 30, 2025 (83% of the Fiscal Year)
 (in dollars)

	FY 2024-25 Budget	Actual	(Over)/Under Budget	%
				Expended
02 - Jay B. Latham Plant	7,838,158	6,238,901	1,599,256	79.6%
05 - San Juan Creek Ocean Outfall	693,802	584,950	108,852	84.3%
08 - Pre Treatment	344,331	175,920	168,411	51.1%
12 - Water Reclamation Permits	274,945	91,433	183,512	33.3%
15 - Coastal Treatment Plant	3,256,411	2,587,606	668,805	79.5%
17 - Joint Regional Wastewater Reclamation and Sludge Handling	8,535,931	4,540,139	3,995,792	53.2%
24 - Aliso Creek Ocean Outfall	670,212	554,068	116,145	82.7%
Total	<u>21,613,791</u>	<u>14,773,017</u>	<u>6,840,774</u>	<u>68.3%</u>

02 - Jay B. Latham Plant

Salary and Fringe

02-5000-**-**-**	Regular Salaries-O&M	2,090,768	1,522,356	568,412	72.8%
02-5001-**-**-**	Overtime Salaries-O&M	21,693	29,047	(7,354)	133.9% (1)
02-5306-**-**-**	Scheduled Holiday Work	13,820	14,849	(1,029)	107.4%
02-5315-**-**-**	Comp Time - O&M	7,078	19,776	(12,698)	279.4% (1)
02-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	1,125,391	765,458	359,933	68.0%
02-5700-**-**-**	Standby Pay	40,300	44,000	(3,700)	109.2%
	Total Payroll Costs	<u>3,299,050</u>	<u>2,395,486</u>	<u>903,564</u>	<u>72.6%</u>

Other Expenses

02-5002-**-**-**	Electricity	683,100	664,607	18,493	97.3%
02-5003-**-**-**	Natural Gas	259,560	130,250	129,310	50.2%
02-5004-**-**-**	Potable & Reclaimed Water	27,000	22,183	4,817	82.2%
02-5006-**-**-**	Chlorine/Sodium Hypochlorite	40,000	73,632	(33,632)	184.1% (2)
02-5007-**-**-**	Polymer Products	458,000	429,885	28,115	93.9%
02-5008-**-**-**	Ferric Chloride	300,000	384,008	(84,008)	128.0% (2)
02-5009-**-**-**	Odor Control Chemicals	38,000	36,723	1,277	96.6% (2)
02-5010-**-**-**	Other Chemicals - Misc.	1,000	-	1,000	0.0%
02-5011-**-**-**	Laboratory Services	20,508	6,764	13,744	33.0%
02-5012-**-**-**	Grit Hauling	72,600	69,647	2,953	95.9%
02-5013-**-**-**	Landscaping	70,000	63,141	6,859	90.2%
02-5015-**-**-**	Management Support Services	35,950	40,384	(4,434)	112.3%
02-5017-**-**-**	Legal Fees	5,000	-	5,000	0.0%
02-5019-**-**-**	Contract Services Misc.	132,900	106,779	26,121	80.3%
02-5021-**-**-**	Small Vehicle Expense	11,000	12,957	(1,957)	117.8%
02-5022-**-**-**	Miscellaneous Expense	8,000	2,738	5,262	34.2%
02-5023-**-**-**	Office Supplies - All	30,900	14,147	16,753	45.8%
02-5024-**-**-**	Petroleum Products	12,000	582	11,418	4.8%
02-5025-**-**-**	Uniforms	37,100	45,658	(8,558)	123.1% (3)
02-5026-**-**-**	Small Vehicle Fuel	8,000	5,280	2,720	66.0%
02-5027-**-**-**	Insurance - Property/Liability	224,629	208,703	15,927	92.9% (4)
02-5028-**-**-**	Small Tools & Supplies	36,100	8,421	27,679	23.3%
02-5030-**-**-**	Trash Disposal	3,000	2,371	629	79.0%
02-5031-**-**-**	Safety Program & Supplies	40,840	30,292	10,548	74.2%
02-5032-**-**-**	Equipment Rental	3,000	-	3,000	0.0%
02-5033-**-**-**	Recruitment	1,000	-	1,000	0.0%
02-5034-**-**-**	Travel Expense/Tech. Conferences	19,379	14,223	5,156	73.4%

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC¹
 For the Period Ended April 30, 2025 (83% of the Fiscal Year)
 (in dollars)

		FY 2024-25 Budget	Actual	(Over)/Under Budget	% Expended
02-5035-**-***	Training Expense	25,592	14,661	10,931	57.3%
02-5036-**-***	Laboratory Supplies	21,000	20,229	771	96.3%
02-5037-**-***	Office Equipment	14,000	5,559	8,441	39.7%
02-5038-**-***	Permits	29,735	49,887	(20,152)	167.8% (4)
02-5039-**-***	Membership Dues/Fees	4,025	4,870	(845)	121.0%
02-5049-**-***	Biosolids Disposal	787,500	472,052	315,448	59.9%
02-5050-**-***	Contract Services Generators - 29A	10,000	13,504	(3,504)	135.0% (4)
02-5052-**-***	Janitorial Services	44,300	36,626	7,674	82.7%
02-5054-**-***	Diesel Truck Maint	23,700	22,863	837	96.5%
02-5055-**-***	Diesel Truck Fuel	3,400	2,977	423	87.6%
02-5056-**-***	Maintenance Equip. & Facilities (Solids)	125,000	134,230	(9,230)	107.4%
02-5057-**-***	Maintenance Equip. & Facilities (Liquids)	200,000	134,154	65,846	67.1%
02-5058-**-***	Maintenance Equip. & Facilities (Common)	30,000	23,078	6,922	76.9%
02-5059-**-***	Maintenance Equip. & Facilities (Co-Gen)	308,000	243,179	64,821	79.0%
02-5061-**-***	Mileage	1,450	1,243	207	85.7%
02-5076-**-***	SCADA Infrastructure	31,200	30,706	495	98.4%
02-5077-**-***	IT Direct	20,000	50,714	(30,714)	253.6% (5)
02-5309-**-***	Operating Leases	20,000	20,123	(123)	100.6% (6)
02-5705-**-***	Monthly Car Allowance	8,400	12,115	(3,715)	144.2%
02-5799-**-***	Stormwater Station Costs Share-O&M	(14,000)	(14,000)	-	100.0% (7)
02-6500-**-***	IT Allocations in to PC's & Depts.	267,238	191,269	75,969	71.6%
	Total Other Expenses	4,539,107	3,843,415	695,692	84.7%
	Total Expenses	7,838,158	6,238,901	1,599,256	79.6%

05 - San Juan Creek Ocean Outfall

Salary and Fringe

05-5000-**-***	Regular Salaries-O&M	104,602	77,217	27,385	73.8%
05-5001-**-***	Overtime Salaries-O&M	76	878	(802)	1154.9%
05-5306-**-***	Scheduled Holiday Work	488	-	488	0.0%
05-5315-**-***	Comp Time - O&M	-	794	(794)	100.0%
05-5401-**-***	Fringe Benefits IN to PC's & Depts.	56,304	38,825	17,478	69.0%
	Total Payroll Costs	161,470	117,714	43,755	72.9%

Other Expenses

05-5015-**-***	Management Support Services	57,500	23,700	33,800	41.2%
05-5017-**-***	Legal Fees	1,000	-	1,000	0.0%
05-5027-**-***	Insurance - Property/Liability	25,347	23,540	1,807	92.9% (4)
05-5031-**-***	Safety Supplies	1,036	24	1,012	2.3%
05-5034-**-***	Travel Expense/Tech. Conferences	4,739	2,822	1,917	59.6%
05-5035-**-***	Training Expense	1,087	298	789	27.4%
05-5036-**-***	Laboratory Supplies	40,000	20,103	19,897	50.3%
05-5038-**-***	Permits	332,746	311,610	21,136	93.6%
05-5039-**-***	Memberships Dues/Fees	-	242	(242)	100.0%
05-5044-**-***	Offshore Monitoring	18,500	34,824	(16,324)	188.2%
05-5045-**-***	Offshore Biochemistry - 20B	7,550	7,919	(369)	104.9%
05-5046-**-***	Effluent Chemistry	28,500	32,614	(4,114)	114.4%
05-5058-**-***	Maintenance Equip. & Facilities (Common)	1,000	-	1,000	0.0%
05-6500-**-***	IT Allocations in to PC's & Depts.	13,327	9,537	3,790	71.6%
	Total Other Expenses	532,332	467,235	65,097	87.8%
	Total Expenses	693,802	584,950	108,852	84.3%

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC¹
 For the Period Ended April 30, 2025 (83% of the Fiscal Year)
 (in dollars)

		FY 2024-25 Budget	Actual	(Over)/Under Budget	%
					Expended
08 - Pre Treatment					
Salary and Fringe					
08-5000-**-**-**	Regular Salaries-O&M	176,735	96,696	80,040	54.7%
08-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	95,131	48,620	46,511	51.1%
	Total Payroll Costs	<u>271,866</u>	<u>145,315</u>	<u>126,551</u>	<u>53.5%</u>
Other Expenses					
08-5011-**-**-**	Laboratory Services	3,120	1,610	1,510	51.6%
08-5015-**-**-**	Management Support Services	20,000	-	20,000	0.0%
08-5016-**-**-**	Audit - Environmental	1,324	-	1,324	0.0%
08-5017-**-**-**	Legal Fees	1,000	-	1,000	0.0%
08-5018-**-**-**	Public Notices/ Public Relations	1,550	-	1,550	0.0%
08-5021-**-**-**	Small Vehicle Expense - 31A	1,148	-	1,148	0.0%
08-5022-**-**-**	Miscellaneous Expense	2,068	-	2,068	0.0%
08-5026-**-**-**	Small Vehicle Fuel - 37A	1,304	-	1,304	0.0%
08-5027-**-**-**	Insurance - Property/Liability	8,540	7,931	609	92.9% (4)
08-5028-**-**-**	Small Tools & Supplies	3,752	760	2,992	20.3%
08-5034-**-**-**	Travel Expense/Tech. Conferences	4,739	2,586	2,153	54.6%
08-5035-**-**-**	Training Expense	2,000	2,238	(238)	0.0%
08-5038-**-**-**	Permits and Fines	520	-	520	0.0%
08-5039-**-**-**	Membership Dues/Fees	500	522	(22)	104.4%
08-6500-**-**-**	IT Allocations in to PC's & Depts.	20,900	14,958	5,942	71.6%
	Total Other Expenses	<u>72,465</u>	<u>30,605</u>	<u>41,860</u>	<u>42.2%</u>
	Total Expenses	<u>344,331</u>	<u>175,920</u>	<u>168,411</u>	<u>51.1%</u>
12 - Water Reclamation Permits					
Salary and Fringe					
12-5000-**-**-**	Regular Salaries-O&M	113,444	20,403	93,041	18.0%
12-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	61,063	10,259	50,805	16.8%
	Total Payroll Costs	<u>174,507</u>	<u>30,661</u>	<u>143,846</u>	<u>17.6%</u>
Other Expenses					
12-5015-**-**-**	Management Support Services	45,000	14,879	30,121	33.1%
12-5017-**-**-**	Legal Fees	1,000	-	1,000	-
12-5027-**-**-**	Insurance - Property/Liability	2,946	2,736	210	92.9% (4)
12-5034-**-**-**	Travel Expense/Tech. Conferences	4,739	-	4,739	0.0%
12-5038-**-**-**	Permits	28,050	32,505	(4,455)	115.9% (4)
12-5039-**-**-**	Membership Dues/Fees	72	-	72	0.0%
12-5705-**-**-**	Monthly Car Allowance	4,200	323	3,877	7.7%
12-6500-**-**-**	IT Allocations in to PC's & Depts.	14,431	10,329	4,102	71.6%
	Total Other Expenses	<u>100,438</u>	<u>60,772</u>	<u>39,666</u>	<u>60.5%</u>
	Total Expenses	<u>274,945</u>	<u>91,433</u>	<u>183,512</u>	<u>33.3%</u>

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC¹
 For the Period Ended April 30, 2025 (83% of the Fiscal Year)
 (in dollars)

		FY 2024-25 Budget	Actual	(Over)/Under Budget	% Expended
15 - Coastal Treatment Plant					
Salary and Fringe					
15-5000-**-**-**	Regular Salaries-O&M	1,058,595	797,346	261,250	75.3%
15-5001-**-**-**	Overtime Salaries-O&M	10,849	5,028	5,822	46.3%
15-5306-**-**-**	Scheduled Holiday Work	5,240	3,407	1,834	65.0%
15-5315-**-**-**	Comp Time - O&M	1,578	4,907	(3,329)	311.0%
15-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	569,807	400,914	168,892	70.4%
15-5700-**-**-**	Standby Pay	12,000	15,000	(3,000)	125.0%
	Total Payroll Costs	1,658,069	1,226,601	431,468	74.0%
Other Expenses					
15-5002-**-**-**	Electricity	310,000	308,388	1,612	99.5%
15-5003-**-**-**	Natural Gas	3,500	1,780	1,720	50.9%
15-5004-**-**-**	Potable & Reclaimed Water	24,000	17,232	6,768	71.8%
15-5006-**-**-**	Chlorine/Sodium Hypochlorite	117,500	173,726	(56,226)	147.9% (2)(8)
15-5008-**-**-**	Ferric Chloride	160,000	102,456	57,544	64.0% (2)
15-5009-**-**-**	Odor Control Chemicals	70,000	78,538	(8,538)	112.2% (2)
15-5011-**-**-**	Laboratory Services	10,500	6,679	3,821	63.6%
15-5012-**-**-**	Grit Hauling	22,000	17,053	4,947	77.5%
15-5013-**-**-**	Landscaping	64,900	57,582	7,318	88.7%
15-5015-**-**-**	Management Support Services	33,500	10,033	23,467	29.9%
15-5017-**-**-**	Legal Fees	5,000	-	5,000	0.0%
15-5019-**-**-**	Contract Services Misc.	113,300	71,213	42,087	62.9%
15-5021-**-**-**	Small Vehicle Expense - 31A	4,200	7,656	(3,456)	182.3% (4)
15-5022-**-**-**	Miscellaneous Expense	1,000	1,650	(650)	165.0%
15-5023-**-**-**	Office Supplies - All	5,200	5,180	20	99.6%
15-5024-**-**-**	Petroleum Products	4,000	2,887	1,113	72.2%
15-5025-**-**-**	Uniforms	10,300	15,111	(4,811)	146.7% (3)
15-5026-**-**-**	Small Vehicle Fuel	2,100	1,197	903	57.0%
15-5027-**-**-**	Insurance - Property/Liability	94,591	87,848	6,743	92.9% (4)
15-5028-**-**-**	Small Tools & Supplies	9,300	10,078	(778)	108.4%
15-5030-**-**-**	Trash Disposal	3,000	1,666	1,334	55.5%
15-5031-**-**-**	Safety Supplies	34,124	17,500	16,624	51.3%
15-5032-**-**-**	Equipment Rental	1,000	-	1,000	0.0%
15-5033-**-**-**	Recruitment	300	-	300	0.0%
15-5034-**-**-**	Travel Expense/Tech. Conferences	12,059	3,242	8,818	26.9%
15-5035-**-**-**	Training Expense	21,017	9,203	11,814	43.8%
15-5036-**-**-**	Laboratory Supplies	22,000	25,295	(3,295)	115.0% (4)
15-5037-**-**-**	Office Equipment	3,000	2,286	714	76.2%
15-5038-**-**-**	Permits	3,000	8,184	(5,184)	272.8% (4)
15-5039-**-**-**	Membership Dues/Fees	4,025	1,765	2,260	43.8%
15-5047-**-**-**	Access Road Expenses	45,000	264	44,736	0.6%
15-5048-**-**-**	Storm Damage	20,000	-	20,000	0.0%
15-5050-**-**-**	Contract Services Generators	5,200	4,374	826	84.1%
15-5052-**-**-**	Janitorial Services	15,500	16,280	(780)	105.0%
15-5054-**-**-**	Diesel Truck Maint - 31B	1,000	41	959	4.1%
15-5055-**-**-**	Diesel Truck Fuel - 37B	500	3,178	(2,678)	635.5%
15-5057-**-**-**	Maintenance Equip. & Facilities (Liquids)	100,000	93,169	6,831	93.2%
15-5058-**-**-**	Maintenance Equip. & Facilities (Common)	24,000	14,198	9,802	59.2%
15-5060-**-**-**	Maintenance Equip. & Facilities (AWT)	30,000	11,697	18,303	39.0%
15-5061-**-**-**	Mileage	500	86	414	17.2%
15-5076-**-**-**	SCADA Infrastructure	31,200	29,716	1,485	95.2%
15-5077-**-**-**	IT Direct	18,000	50,686	(32,686)	281.6% (5)
15-5705-**-**-**	Monthly Car Allowance	4,200	3,392	808	80.8%
15-5791-**-**-**	CTP Annual Bridge Maintenance	-	(8,000)	8,000	0.0% (9)
15-6500-**-**-**	IT Allocations in to PC's & Depts.	134,825	96,499	38,326	71.6%
	Total Other Expenses	1,598,342	1,361,005	237,337	85.2%
	Total Expenses	3,256,411	2,587,606	668,805	79.5%

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC¹
 For the Period Ended April 30, 2025 (83% of the Fiscal Year)
 (in dollars)

		FY 2024-25 Budget	Actual	(Over)/Under Budget	% Expended
17 - Joint Regional Wastewater Reclamation and Sludge Handling					
Salary and Fringe					
17-5000-**-**-**	Regular Salaries-O&M	2,053,997	1,024,273	1,029,723	49.9%
17-5001-**-**-**	Overtime Salaries-O&M	31,931	18,514	13,417	58.0%
17-5306-**-**-**	Scheduled Holiday Work	10,152	9,647	505	95.0%
17-5315-**-**-**	Comp Time - O&M	6,344	4,354	1,991	68.6%
17-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	1,105,598	515,016	590,582	46.6%
17-5700-**-**-**	Standby Pay	47,692	25,500	22,192	53.5%
	Total Payroll Costs	3,255,714	1,597,304	1,658,410	49.1%
Other Expenses					
17-5002-**-**-**	Electricity	306,000	270,604	35,396	88.4%
17-5003-**-**-**	Natural Gas	246,800	99,330	147,470	40.2%
17-5004-**-**-**	Potable & Reclaimed Water	28,400	11,423	16,977	40.2%
17-5005-**-**-**	Co-generation Power Credit	(1,367,100)	(491,653)	(875,447)	36.0%
17-5006-**-**-**	Chlorine/Sodium Hypochlorite	61,800	45,559	16,241	73.7%
17-5007-**-**-**	Polymer Products	695,500	324,292	371,208	46.6%
17-5008-**-**-**	Ferric Chloride	522,500	312,085	210,415	59.7%
17-5009-**-**-**	Odor Control Chemicals	73,700	25,771	47,929	35.0%
17-5010-**-**-**	Other Chemicals - Misc.	1,000	-	1,000	0.0%
17-5011-**-**-**	Laboratory Services	28,000	14,146	13,854	50.5%
17-5012-**-**-**	Grit Hauling - 21A	41,200	18,576	22,624	45.1%
17-5013-**-**-**	Landscaping	82,400	32,734	49,666	39.7%
17-5015-**-**-**	Management Support Services	36,100	5,735	30,365	15.9%
17-5017-**-**-**	Legal Fees	5,000	-	5,000	0.0%
17-5019-**-**-**	Contract Services Misc.	118,500	75,040	43,460	63.3%
17-5021-**-**-**	Small Vehicle Expense	8,200	9,925	(1,725)	121.0% (4)
17-5022-**-**-**	Miscellaneous Expense	5,000	701	4,299	14.0%
17-5023-**-**-**	Office Supplies - All	13,400	5,870	7,530	43.8%
17-5024-**-**-**	Petroleum Products	12,400	4,656	7,744	37.6%
17-5025-**-**-**	Uniforms	33,000	67,788	(34,788)	205.4% (3)
17-5026-**-**-**	Small Vehicle Fuel	9,000	5,459	3,542	60.7%
17-5027-**-**-**	Insurance - Property/Liability	252,549	234,545	18,004	92.9% (4)
17-5028-**-**-**	Small Tools & Supplies	30,900	13,374	17,526	43.3%
17-5030-**-**-**	Trash Disposal	4,000	700	3,300	17.5%
17-5031-**-**-**	Safety Supplies	40,212	18,811	21,401	46.8%
17-5032-**-**-**	Equipment Rental	3,000	6,384	(3,384)	212.8% (1)
17-5033-**-**-**	Recruitment	1,000	-	1,000	0.0%
17-5034-**-**-**	Travel Expense/Tech. Conferences	19,379	763	18,616	3.9%
17-5035-**-**-**	Training Expense	36,267	8,277	27,990	22.8%
17-5036-**-**-**	Laboratory Supplies	30,000	41,561	(11,561)	138.5%
17-5037-**-**-**	Office Equipment	10,000	3,576	6,424	35.8%
17-5038-**-**-**	Permits	18,500	931	17,569	5.0%
17-5039-**-**-**	Membership Dues/Fees	4,025	2,977	1,048	74.0%
17-5049-**-**-**	Biosolids Disposal	1,067,300	540,068	527,232	50.6%
17-5050-**-**-**	Contract Services Generators - 29A	8,000	3,287	4,713	0.41
17-5052-**-**-**	Janitorial Services	38,100	18,390	19,710	48.3%
17-5053-**-**-**	Contract Serv - Digester Cleaning - 29E	65,000	-	65,000	0.0%
17-5054-**-**-**	Diesel Truck Maint	19,600	9,491	10,109	48.4%
17-5055-**-**-**	Diesel Truck Fuel	8,200	2,817	5,383	34.4%
17-5056-**-**-**	Maintenance Equip. & Facilities (Solids)	180,300	61,050	119,250	33.9%
17-5057-**-**-**	Maintenance Equip. & Facilities (Liquids)	200,000	88,543	111,457	44.3%
17-5058-**-**-**	Maintenance Equip. & Facilities (Common)	36,000	16,886	19,114	46.9%
17-5059-**-**-**	Maintenance Equip. & Facilities (Co-Gen)	518,000	316,737	201,263	61.1%
17-5061-**-**-**	Mileage	1,000	368	632	36.8%

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC¹
 For the Period Ended April 30, 2025 (83% of the Fiscal Year)
 (in dollars)

		FY 2024-25 Budget	Actual	(Over)/Under Budget	% Expended
17-5068-**-**-**	MNWD Potable Water Supplies & Svcs.	40,000	26,486	13,514	66.2%
17-5076-**-**-**	SCADA Infrastructure	31,200	-	31,200	0.0%
17-5077-**-**-**	IT Direct	20,000	6,004	13,996	30.0%
17-5105-**-**-**	Co-Generation Power Credit - Offset	1,367,100	491,653	875,447	36.0%
17-5705-**-**-**	Monthly Car Allowance	8,400	4,039	4,361	48.1%
17-6500-**-**-**	IT Allocations in to PC's & Depts.	261,384	187,078	74,306	71.6%
	Total Other Expenses	5,280,217	2,942,835	2,337,382	55.7%
	Total Expenses	8,535,931	4,540,139	3,995,792	53.2%

24 - Aliso Creek Ocean Outfall

Salary and Fringe

24-5000-**-**-**	Regular Salaries-O&M	108,123	77,514	30,609	71.7%
24-5001-**-**-**	Overtime Salaries-O&M	450	390	60	86.6%
24-5306-**-**-**	Scheduled Holiday Work	300	-	300	0.0%
24-5401-**-**-**	Fringe Benefits IN to PC's & Depts.	58,199	38,975	19,224	67.0%
	Total Payroll Costs	167,072	116,878	50,194	70.0%

Other Expenses

24-5015-**-**-**	Management Support Services	57,500	68,282	(10,782)	118.8%
24-5017-**-**-**	Legal Fees	1,000	-	1,000	0.0%
24-5027-**-**-**	Insurance - Property/Liability	29,622	27,511	2,112	92.9% (4)
24-5031-**-**-**	Safety Supplies	1,040	24	1,016	2.3%
24-5034-**-**-**	Travel Expense/Tech. Conferences	4,739	3,177	1,563	67.0%
24-5035-**-**-**	Training Expense	1,087	557	530	51.3%
24-5036-**-**-**	Laboratory Supplies	27,048	20,055	6,993	74.1%
24-5038-**-**-**	Permits	286,000	249,217	36,783	87.1%
24-5039-**-**-**	Membership Dues/Fees	-	242	(242)	100.0%
24-5044-**-**-**	Offshore Monitoring	41,616	33,824	7,792	81.3%
24-5045-**-**-**	Offshore Biochemistry - 20B	15,304	7,919	7,385	51.7%
24-5046-**-**-**	Effluent Chemistry	23,408	16,521	6,887	70.6%
24-5058-**-**-**	Maintenance Equip. & Facilities (Common)	1,000	-	1,000	0.0%
24-6500-**-**-**	IT Allocations in to PC's & Depts.	13,775	9,859	3,916	71.6%
	Total Other Expenses	503,140	437,189	65,951	86.9%
	Total Expenses	670,212	554,068	116,145	82.7%

Total O&M Expenses

21,613,791	14,773,017	6,840,774	68.3%
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¹ This report intends to monitor the Annual Budget % Expended at the Project Committee and Functional Department levels.

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

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

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

South Orange County Wastewater Authority
Preliminary O&M Budget vs. Actual Comparison by PC
For the Period Ended April 30, 2025 (83% of the Fiscal Year)

- (1) O&M completed several nighttime repairs before the upcoming winter season.
- (2) Usage continues to be elevated due to the septicity of the sewage entering plants that started last year as discussed with the Engineering Committee in 2023.
- (3) SOCWA is working with Cintas to resolve several billing errors and contract closeout charges for RTP.
- (4) Annual charges incurred at the beginning of the fiscal year and the end of the calendar year.
- (5) Unanticipated Apteau Tabware upgrades were required this year.
- (6) Annual increases in lease costs were unknown during the preparation of the budget.
- (7) Shared cost for treatment of South Cove stormwater and urban runoff at JBL.
- (8) Increased bleach AWT usage compared to last fiscal year.
- (9) Shared insurance cost with the County of Orange for joint use of the CTP access road.

South Orange County Wastewater Authority
Preliminary Budget vs. Actual Comparison - Engineering
 For the Period Ended April 30, 2025 (83% of the Fiscal Year)
 (in dollars)

		FY 2024-25 Budget	Actual	(Over)/Under Budget	% Expended
Salary and Fringe					
01-5000-03-00-00	Regular Salaries-O&M	115,868	43,612	72,257	37.6%
01-5401-03-00-00	Fringe Benefits IN to PC's & Depts.	62,368	21,928	40,440	35.2%
	Total Payroll Costs	178,237	65,540	112,696	36.8%
Other Expenses					
01-5022-03-00-00	Miscellaneous Expense	1,000	426	574	42.6%
01-5023-03-00-00	Office Supplies	100	-	100	0.0%
01-5031-03-00-00	Safety Supplies	100	-	100	0.0%
01-5034-03-00-00	Travel Expense/Tech. Conferences	2,500	748	1,752	29.9%
01-5035-03-00-00	Training Expense	1,300	414	886	31.8%
01-5037-03-00-00	Office Equipment	153	-	153	0.0%
01-5039-03-00-00	Membership Dues/Fees	1,150	567	583	49.3%
01-5061-03-00-00	Mileage	150	41	109	27.2%
01-5309-03-00-00	Operating Leases	20,000	27,584	(7,584)	137.9%
01-5802-03-00-00	Shipping/Freight	102	-	102	0.0%
01-6500-03-00-00	IT Allocations in to PC's & Depts.	22,499	16,103	6,396	71.6%
	Total Other Expenses	49,054	45,883	3,171	93.5%
	Total Engineering Expenses	227,291	111,424	115,867	49.0%

South Orange County Wastewater Authority
Preliminary Budget vs. Actual Comparison- Administration
 For the Period Ended April 30, 2025 (83% of the Fiscal Year)
 (in dollars)

		FY 2024-25 Budget	Actual	(Over)/Under Budget	% Expended
01-6000-04-00-00	Regular Salaries-Admin or IT	1,116,326	777,537	338,789	69.7%
01-6001-04-00-00	Overtime Salaries-Admin or IT	7,500	795	6,705	10.6%
01-6315-04-00-00	Comp Time - Admin	2,000	-	2,000	0.0%
01-6318-04-00-00	Severance Costs	-	170,673	(170,673)	100.0% (1)
01-6401-04-00-00	Fringe Benefits IN to ADMIN or IT	600,881	390,954	209,927	65.1%
	Total Payroll Costs	1,726,707	1,339,959	386,748	77.6%
Other Expenses					
01-6101-04-00-00	HR Recruitment & Employee Relations	32,100	12,370	19,730	38.5%
01-6102-04-00-00	Subscriptions	2,030	9,658	(7,628)	475.8%
01-6103-04-00-00	Contract Labor	35,000	33,442	1,558	95.5%
01-6200-04-00-00	Management Support Services	55,000	58,436	(3,436)	106.2%
01-6201-04-00-00	Audit	40,800	23,220	17,580	56.9%
01-6202-04-00-00	Legal	125,000	242,500	(117,500)	194.0%
01-6203-04-00-00	Outside Services	-	315	(315)	100.0%
01-6204-04-00-00	Postage	1,545	681	864	44.1%
01-6223-04-00-00	Office Supplies - Admin	4,120	147	3,973	3.6%
01-6224-04-00-00	Office Equipment Admin or IT	1,000	8,611	(7,611)	861.1%
01-6234-04-00-00	Memberships & Trainings	107,500	82,266	25,234	76.5%
01-6239-04-00-00	Travel & Conference	25,000	24,539	461	98.2%
01-6240-04-00-00	Scholarship Sponsorship	1,000	1,000	0	100.0%
01-6241-04-00-00	Education Reimbursement	1,500	560	940	37.3%
01-6310-04-00-00	Miscellaneous	27,000	49,580	(22,580)	183.6%
01-6311-04-00-00	Mileage	800	469	331	58.6%
01-6317-04-00-00	Contract Services Misc	5,800	4,500	1,300	77.6%
01-6500-04-00-00	IT Allocations in to PC's & Depts.	142,005	101,637	40,368	71.6%
01-6601-04-00-00	Shipping/Freight	2,000	2,728	(728)	136.4%
01-6705-04-00-00	Monthly Car Allowance	10,200	9,623	577	94.3%
	Total Other Expenses	619,400	666,281	(46,881)	107.6%
	Total Admin Expenses	2,346,107	2,006,240	339,867	85.5%

(1) Costs for paid leave and final pay for 3 eliminated positions.

South Orange County Wastewater Authority
Preliminary Budget vs. Actual Comparison-IT
 For the Period Ended April 30, 2025 (83% of the Fiscal Year)
 (in dollars)

		FY 2024-25 Budget	Actual	(Over)/Under Budget	% Expended
Salary & Fringe					
01-6000-05-00-00	Regular Salaries-Admin or IT	132,980	111,439	21,540	83.8%
01-6401-05-00-00	Fringe Benefits IN to ADMIN or IT	71,578	56,033	15,546	78.3%
	Total Salary & Fringe	204,558	167,472	37,086	81.9%
Other Expenses					
01-6028-05-00-00	Small Tools & Supplies	1,000	-	1,000	0.0%
01-6035-05-00-00	Training Expense	3,000	-	3,000	0.0%
01-6101-05-00-00	Recruitment & Employee Relations, IT DEPT	600	-	600	0.0%
01-6234-05-00-00	Memberships & Trainings	5,950	1,339	4,611	22.5%
01-6239-05-00-00	Travel & Conference	1,500	-	1,500	0.0%
01-6300-05-00-00	Software Maintenance Agreements	63,180	15,017	48,163	23.8%
01-6301-05-00-00	Hardware Maintenance Agreements	10,300	2,018	8,282	19.6%
01-6302-05-00-00	Cloud Subscriptions (Internet)	195,018	137,488	57,529	70.5%
01-6303-05-00-00	Telecommunications	163,882	132,796	31,086	81.0% (1)
01-6305-05-00-00	IT Professional Services	106,200	65,475	40,725	61.7%
01-6306-05-00-00	Small Hardware Purchases (< \$5k)	28,400	12,040	16,360	42.4%
01-6307-05-00-00	Small Software Purchases & Licenses	31,000	50,581	(19,581)	163.2% (2)
01-6308-05-00-00	IT Memberships	160	-	160	0.0%
01-6309-05-00-00	Operating Leases	64,173	52,097	12,076	81.2%
01-6310-05-00-00	Miscellaneous	5,000	386	4,614	7.7%
01-6312-05-00-00	Computer & Photocopy Supplies	3,264	559	2,705	0.0%
	Total Other Expenses	682,627	469,797	212,830	68.8%
	Total Expenses before Allocation	887,185	637,269	249,916	71.8%

(1) Annual charges incurred at the beginning of the Fiscal Year.

(2) Prepay expenses to be spread out over term of contract and updated in May.

Agenda Item

6

Legal Counsel Review: Yes

Meeting Date: June 17, 2025

TO: Finance Committee
FROM: Amber Boone, General Manager
SUBJECT: Cost Allocation Policy

Summary

On April 8, 2025, SOCWA Executive Committee met to review the SOCWA Policy Handbook. The Executive Committee recommended that SOCWA create a Cost Allocation Policy. The SOCWA Finance Committee reviewed the Cost Allocation Policy on May 20, 2025, and requested SOCWA staff further explain the costs in the general fund, distinguish between SOCWA member agencies and non-Member Agencies (participating agencies), describe cost allocation for non-member agency retirement liabilities, and include additional references to capacity rights transfers from MNWD based on the previous agreements.

SOCWA staff have included the updates to the updated Cost Allocation Policy for review and direction. The Cost Allocation Policy will be included in the SOCWA Policy Handbook. The list of SOCWA Policies is included below for reference.

1. Artificial Intelligence
2. Budget
3. Cost Allocation
4. Capitalization and Depreciation of Facilities & Equipment
5. CEQA Compliance
6. Conflict of Interest Code
7. Disposal of Surplus Property
8. Document Management
9. External Auditor
10. Fraud Prevention and Reporting
11. Government Claims Act
12. Interim Dry Weather Nuisance Flow
13. Investment Policy for Public Funds
14. Public Records Disclosure
15. Travel and Expense Reimbursement
16. Uniform Purchasing

Recommended Action: Committee Discussion, Direction, or Action

Attachment: Cost Allocation Policy

SOCWA Cost Allocation Policy

Agenda Item 6

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 Participating Member Agencies in accordance with the formulas set forth in this Policy. O&M Budgets must be approved by a two-thirds (2/3) vote of the Participating Directors in that Project in accordance with Section 6.3 of the SOCWA Joint Powers Agreement. The O&M Budget includes two departments:
 - o
 - o Department 01: Operations and Maintenance
 - o Department 02: Environmental Services

SOCWA Cost Allocation Policy

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

- o 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.
- o Department 04: Administration. Includes ~~general fund and~~ administration ~~expenses and incidental accounting costs arising specifically from the operations and maintenance of the Project facilities.~~ The General Fund Budget includes the general administrative expenses of SOWCA and the allocation among the Member Agencies of the amounts necessary to cover the General Budget expenditures. The General Fund Budget is allocated evenly among 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. General Fund Expenses are incorporated into the Administration Budget.
- o 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 SOWCA and the allocation among the Member Agencies of the amounts necessary to cover the General Budget expenditures. 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. General Fund Expenses are incorporated into the Administration Budget. Items included in the General Fund Budget include, but are not limited to, portions of the following categories, as determined through the use audit process:

- o Salaries, overtime, comp time, and fringe benefits
- o Small purchases and Consumables
- o Miscellaneous Contract Services
- o Employee Recognition

SOCWA Cost Allocation Policy

- o Contract Labor
- o Management Support Services
- o Audit fees
- o Legal fees
- o Office equipment
- o Memberships & Trainings
- o Scholarship Sponsorship
- o Education Reimbursement
- o IT and SCADA Software/Hardware
- o Telecommunications
- o Operating leases
- o Monthly Car Allowances

4.5. Other Budget Components:

- o UAL
- o OPEB

Cost Allocations

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

Engineering Allocations

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

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

Administrative Cost Allocation

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

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.

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 the contracted partners 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 agency.

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

Project Committee Allocation

SOCWA Cost Allocation Policy

SOCWA operates through a series of Project Committees (PCs), each with specific operational responsibilities and participating Member Agencies.

The Project Committee costs are allocated are inclusive of facility usage, operational needs, special studies determined by Engineering or Finance Committees, permit requirements, 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.

The following chart sets forth the current SOCWA Project Committees, Member Agencies, and Participating Agencies. –“Participating Agencies” are agencies that have contracted capacity to other SOCWA Member Agencies and/or otherwise receives contracted services from SOCWA:



Project Committee	Description	<u>Participating Agencies</u>
PC 2	JB Latham WWTP	SCWD, SMWD
PC 5	San Juan Creek Ocean Outfall (SJCOO)	CSC, SCWD, MNWD, SMWD
PC 8	Pre-Treatment	CLB, CSC, EBSD, ETWD, IRWD, MNWD, SCWD, SMWD
PC 12	Recycled Water Permits	MNWD, SCWD, SMWD, TCWD
PC 15	Coastal WWTP	CLB, EBSD, SCWD
<u>LPS</u>	<u>Laboratory and Permitting Services</u>	<u>MNWD</u>
PC 21	Effluent Transmission Main (ETM)	ETWD, IRWD
<u>PC23</u>	<u>Effluent Transmission Main</u>	<u>CLB, EBSD</u>
PC 24	Aliso Creek Ocean Outfall (ACOO)	CLB, EBSD, ETWD, IRWD, MNWD, SCWD

Agency Abbreviations:

- CLB: City of Laguna Beach
- CSC: City of San Clemente
- EBSD: Emerald Bay Service District
- ETWD: El Toro Water District

SOCWA Cost Allocation Policy

- IRWD: Irvine Ranch Water District (not a Member of SOCWA, [Participating Agency](#))
- MNWD: Moulton Niguel Water District (not a Member Agency of SOCWA, [Participating Agency](#))
- SCWD: South Coast Water District
- SMWD: Santa Margarita Water District
- TCWD: Trabuco Canyon Water District (not a Member Agency of SOCWA, [Participating Agency](#))

PC 2 (JB Latham WWTP)

PC 2 O&M costs are budgeted and allocated based on the capacity rights specified in the Assignment and Assumption Agreement (PC 2) (Agreement No.5/Agreement #7 to PC 2):

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%

Note: MNWD(i) costs are combined with SCWD costs.

(i) 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)¹

Note: MNWD costs are combined with SCWD costs.

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) and represent fixed costs:

PC 5 - SOCWA San Juan Creek Ocean Outfall Capacity Summary (Owned and Operated by SOCWA)		
Agency	Ownership (%)	Hydraulic Capacity (mgd)

¹ [Assignment and Assumption Agreement \(PC 2\) \(Agreement No.5/Amendment #7 to PC2\)](#)

SOCWA Cost Allocation Policy

CSC	16.620%	13.296
SCWD	18.829%	15.063
SMWD	64.551%	51.64
Total	100.000%	80.00

[Note: MNWD \(i\) costs are combined with SMWD costs](#)

[\(i\) 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 Capacity².](#)

[Note: SMWD costs \(include MNWD costs\).](#)

PC 8 (Pretreatment Costs)

PC 8 costs remain in the budget with direct costs billed to MNWD, per the Moulton Niguel Water District SOCWA Continued Services Agreement (Agreement #9) based on where labor worked.

PC 12 (Water Reclamation Permits)

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

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

PC 15 (Coastal Treatment Plant) Allocation

PC 15 O&M costs are budgeted and allocated according to the Liquids, AWT, and Common capacity amounts set forth December 12, 2024, Coastal Treatment Plant Capacity Rights Transfer Agreement (Agreement No.3)(MNWD Capacity Rights in Project Committee 15):

² [Assignment and Assumption Agreement \(Agreement No. 6\) PC5](#)

SOCWA Cost Allocation Policy



PC 15 - Coastal Treatment Plant Capacity Summary (CTP Owned and Operated by SOCWA: AWT is owned by SCWD but operated by SOCWA_			
Agencies	Liquids (mgd)	AWT (%)	Common (%)
CLB	3.64	0	54.33
EBSD	0.2	0	2.99
SCWD	2.86	100	42.68
Total	6.7	100	100



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 December 12, 2024, Assignment and Assumption Agreement (Agreement No.7) (Project Committees 21 and 24):

PC 21 - Effluent Transmission Main (ETM) Capacity Summary Reach B/C/D/E (Owned and Maintained by SOCWA)		
Agency	Hydraulic Capacity	Ownership Percentage (%)
ETWD - B/C/D	15	100%
ETWD - E	32.2	100%

PC 23 (Effluent Transmission Main) Costs

PC 23 O&M costs are budgeted and allocated according to hydraulic capacity ownership as set forth in ~~the December 12, 2024, Assignment and Assumption Agreement~~ 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.

PC23 - ACOO Effluent
Transmission Line

Agency	% Allocation
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SOCWA Cost Allocation Policy

CLB	95.88%
EBSB	4.12%
Total	100%

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):

PC 24 - Aliso Creek Ocean Outfall (ACOO) Capacity Summary (Owned and Operated by SOCWA)		
Agency	Hydraulic Capacity (mgd)	Ownership Percent (%)
CLB	5.500	11.00%
EBSB	0.390	0.78%
ETWD	37.955	75.91%
SCWD	6.155	12.31%
Total	50.000	100.00%

Note MNWD (i) costs are combined with ETWD costs

(i) 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")³

~~ETWD costs include MNWD costs.~~

Cost Allocation Principles for Wastewater Treatment Facilities

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

³ Assignment and Assumption Agreement (Agreement No. 7) PC21 & PC24

SOCWA Cost Allocation Policy

Treatment Plant Cost Allocation Categories

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

PC2 Cost Allocation Structure

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

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

PC15 Cost Allocation Structure

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

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

SOCWA Cost Allocation Policy

- Petroleum Products: 50.0% Liquids, 3.4% Common/Liquids, 41.2% AWT
- Uniforms: 55.4% Liquids, 3.4% Common/Liquids, 41.2% AWT
- Maintenance Equipment & Facilities (Liquids): 100% Liquids
- Maintenance Equipment & Facilities (Common): 100% Common/Liquids
- Maintenance Equipment & Facilities (AWT): 100% AWT
- Capital projects follow the ownership allocations, depending on the type of project, that are presented as Common or AWT.

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

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

Participating Agency Services

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

Use Audit

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.

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.

Agenda Item

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Finance Committee Meeting

Meeting Date: June 17, 2025

TO: Finance Committee
FROM: Amber Boone, General Manager
STAFF CONTACT: Dina Ash, HR Administrator
SUBJECT: Employee Reimbursement to Moulton Niguel Water District

Summary

The previous SOCWA employees who transferred to MNWD elected, prior to the transfer, to have leave balances transferred to MNWD. Employees that transitioned to MNWD retained their accrued but unused leave balances for vacation, compensatory time-off, and sick leave at the time of transition, in accordance with the applicable caps in the MNWD Personnel and Salary Policy and MOU.

SOCWA and MNWD computed the dollar value of the leave balances that have been accrued and determined the dollar value of accumulated leave balances was \$274,371.93 as of the employee's final resignation date of December 11, 2024. This amount is to be paid to MNWD as requested by the resigned employees.

Fiscal impact

Liabilities for accrued balances are reflected in the Basic Financial Statements and Independent Auditor's Report for the fiscal year ending June 30, 2024. The accrued liability covers the terminated employee's withdrawal requests.

Recommended Action: Staff recommends that the Finance Committee recommend that the Board of Directors authorize the General Manager to execute the payment of \$274,371.93 to Moulton Niguel Water District for SOCWA terminated employees leave balances.

Agenda Item

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Legal Counsel Review: Yes

Meeting Date: June 17, 2025

TO: Finance Committee

FROM: Amber Boone, General Manager

SUBJECT: Quarterly Investment Reporting Under Government Code Section 53646

Summary

At the May 20, 2025, the Finance Committee asked SOCWA staff to investigate quarterly reporting of investments. This staff report provides an update on the quarterly investment reporting requirements applicable to our Joint Powers Authority (JPA) under California Government Code Section 53646. Given our current investment in the Local Agency Investment Fund (LAIF), certain simplified reporting provisions apply that reduce our administrative burden while maintaining optional compliance with state law.

Background

California Government Code Section 53646 established quarterly investment reporting requirements for all local agencies, including Joint Powers Authorities. These requirements are designed to ensure transparency, accountability, and proper oversight of public investment activities. Prior to January 1, 2010, quarterly investment reporting was mandatory for all California local agencies under Government Code Section 53646. Senate Bill 113 (Stats. 2009, Ch. 332) significantly amended Section 53646, effective January 1, 2010, making quarterly investment reporting optional rather than mandatory. The law now states that "the Legislature encourages the local agency officials to continue taking the actions formerly mandated by this section" but removes any legal liability for agencies that choose not to continue quarterly reporting. The simplified reporting exception for LAIF investments (subdivision (e)) has been available since at least January 1, 2010, providing agencies with an even more streamlined compliance option.

SOCWA currently maintains investments in the California Local Agency Investment Fund (LAIF), which is administered by the State Treasurer's Office. LAIF is specifically created under Government Code Section 16429.1 and provides a pooled investment option for California public agencies. Government Code Section 53646 currently makes investment reporting **optional** for local agencies, though the Legislature encourages continued compliance. When agencies choose to report, the following requirements apply:

Standard Quarterly Reporting Requirements

Under Government Code Section 53646(b), local agencies are typically required to file quarterly reports within 45 days following the end of each quarter containing:

1. Type of investment, issuer, date of maturity, par, and dollar amount invested
2. Description of funds, investments, or programs under management of contracted parties
3. Current market value and valuation source for securities under outside management
4. Statement of compliance with investment policy
5. Assessment of ability to meet expenditure requirements for the next six months

Government Code Section 53646(e) has provided a significant exception for agencies invested in LAIF since January 1, 2010. The statute states:

"For local agency investments that have been placed in the Local Agency Investment Fund... the treasurer or chief fiscal officer may supply to the governing body, chief executive officer, and the auditor of the local agency the most recent statement or statements received by the local agency from these institutions in lieu of the information required by paragraph (1) of subdivision (b)..."

SOCWA can satisfy any voluntary quarterly reporting by simply providing the Board with the most recent LAIF statements rather than preparing detailed investment reports - a benefit that has been available since 2010.

Potential Action

Given that quarterly reporting is optional but encouraged, and considering the simplified LAIF exception available since 2010, staff provides the following approach for consideration by the Finance Committee:

1. **At Least Quarterly:** Distribute the most recent LAIF quarterly statement(s) to:
 - Finance Committee, and/or
 - Board of Directors
2. **Include with LAIF statements:**
 - Brief staff memo confirming compliance with investment policy
 - Statement regarding liquidity and ability to meet six-month expenditure requirements
 - Any additional information requested by the Board

Staff confirms that our investment in LAIF is consistent with our investment policy and Government Code Section 53601(a).

Recommended Action: Committee Discussion, Direction, or Action