

NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS

DATE: Wednesday, March 15, 2023

TIME: 5:30 p.m. Closed Session
7:00 p.m. Open Session (time approximate)

PARTICIPATION: **In Person:**
Zone 7 Administration Building
100 North Canyons Parkway, Livermore, California
Zoom Webinar:
<https://us02web.zoom.us/j/84946454469>

To join the meeting, click the link above or enter Meeting ID 849 4645 4469 into the Zoom app on your smartphone or computer. Alternatively, you may join by phone by calling (669) 900-6833 and entering the Meeting ID.

Any member of the public desiring to address the Board on an item under discussion may do so upon receiving recognition from the President.

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available at the Zone 7 Administrative Building lot. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact the Executive Assistant, Donna Fabian, at (925) 454-5000 or fax (925) 454-5723. Notification 48 hours prior to the meeting will enable Zone 7 to make reasonable arrangements to ensure accessibility to this meeting. {28 CFR 35.102-35, 104 ADA Title II}.

AGENDA

1. Call Zone 7 Water Agency Meeting to Order
 - a. Remote Participation of Director Pursuant to AB 2449: Director announcement and disclosure
2. Closed Session
 - a. Government Code section 54957(b); Public Employee Performance Evaluation: Title: General Manager
 - b. Conference with Real Property Negotiators – Property: APN 946-1350-4
Agency Negotiators: Valerie Pryor, Jarnail Chahal and Rebecca Smith
Negotiating Parties: Zone 7 Water Agency and Jamieson Company, LLC
Under Negotiation: Price and terms of payment

- c. Conference with Labor Negotiators pursuant to Government Code section 54954.5: Agency Negotiators: Valerie Pryor/Osborn Solitei Employee Organizations: Alameda County Management Employees Association; Alameda County Building and Construction Trades Council, Local 342, AFL-CIO; International Federation of Professional and Technical Engineers, Local 21, AFL-CIO; Local 1021 of the Service Employees International Union, CTW; Unrepresented Management
 - d. Conference with Legal Counsel – Existing litigation pursuant to Gov’t Code section 54956.9(d) (1): (1) County of Butte v. California Department of Water Resources (California Supreme Court No. S258574, (2) State Water Contractors v. California Department of Fish & Wildlife (Fresno County Superior Court, filed April 29, 2020), (3) Thomason v. Morrow (Alameda County Superior Court No. 18918041), (4) Stark v. Alameda County Flood Control and Water Conservation District, Zone 7 (Alameda County Superior Court Case No. 22-CV-5837), (5) Bautista v. Alameda County Flood Control and Water Conservation District, Zone 7 (Alameda County Superior Court Case No. 22-CV-10679); (6) Gleason v. Alameda County Flood Control and Water Conservation District, Zone 7 et al (Alameda County Superior Court Case No. 22-CV-14658)
 - e. Conference with Legal Counsel – Anticipated Litigation: Initiation of litigation pursuant to § 54956.9(d) (one case)
- 3. Open Session and Report Out of Closed Session (approximate time: 7:00 p.m.)
 - 4. Pledge of Allegiance
 - 5. Roll Call of Directors
 - 6. Public Comment on Non-Agenda Items

The Public Comment section provides an opportunity to address the Board of Directors on items that are not listed on the agenda, or informational items pertinent to the agency's business. The Board welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits, and focus on issues which directly affect the agency or are within the jurisdiction of the agency. The Board will not be able to act on matters brought to its attention under this item until a future board meeting.
 - 7. Minutes
 - a. Special Board Meeting Minutes of February 1, 2023
 - b. Special Board Meeting Minutes of February 2, 2023
 - c. Regular Board Meeting Minutes of February 15, 2023
 - 8. Consent Calendar
 - a. Award of Contract to Axiom of Purpose for the Tri-Valley Public Information Program on Water Supply Reliability
 - b. Award of a Contract for HVAC Preventative Maintenance and As-Needed Repair Services

- c. Amendment to Contract with Dahl Beck Electric for Electric Motor Repair, Parts, and Replacement
- d. Amendment to Contract with D&D Compressor for Air Compressor Maintenance, Parts, and As-Needed Repair Services
- e. Award of a Contract for Monitoring Well Installation in Pleasanton

Recommended Action: Adopt Resolutions

9. Amended Funding of Long-Term Pension Liability Policy

Recommended Action: Adopt Resolution

10. Adopt Revised Legislative Framework

Recommended Action: Adopt Resolution

11. Reports – Directors

- a. Verbal Comments by President
- b. Written Reports
- c. Verbal Reports

12. Items for Future Agenda – Directors

13. Staff Reports

- a. General Manager's Report
- b. Drought Update
- c. February Outreach Activities
- d. Monthly Water Inventory and Water Budget Update
- e. Investment Report as of December 21, 2022 (Unaudited)
- f. FY 2022-23 Unaudited Second Quarter Revenue & Expenditure (R&E) Report

14. Adjournment

15. Upcoming Board Schedule: (All meeting locations are in the Boardroom at 100 North Canyons Parkway, Livermore, unless otherwise noted.)

- a. Special Board Meeting (if needed): April 5, 2023
- b. Finance Committee Meeting: April 13, 2023, 11:00 a.m.
- c. Regular Board Meeting: April 19, 2023, 7:00 p.m.

MINUTES OF THE BOARD OF DIRECTORS
ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

SPECIAL MEETING
February 1, 2023

The following were present:

Directors: Dawn Benson
Sandy Figuers
Dennis Gambs
Laurene Green
Sarah Palmer
Angela Ramirez Holmes

Zone 7 Staff: Valerie Pryor, General Manager
Heath McMahon, Assistant General Manager – Engineering
Osborn Solitei, Treasurer/Assistant General Manager - Finance
Donna Fabian, Executive Assistant

Counsel: Rebecca Smith, Downey Brand

Item 1 – Call Meeting to Order

President Palmer called the meeting to order at 6:07 p.m.

Item 2 – Pledge of Allegiance

President Palmer led the Pledge of Allegiance.

Item 3 – Roll Call of Directors

All Directors were present.

Item 4 – Public Comment on Non-Agenda Items

Kelly Abreu, a resident of Fremont, gave public comment.

Item 5 – Declaration of Local State of Flood Emergency

Valerie Pryor, General Manager, stated that due to the recent storms, high frequency and constant rain intensity, staff wishes to declare a state of emergency. This will enable Zone 7 to apply for FEMA funding and other assistance funding to perform emergency contracting work.

Director Gambs made a motion to approve the Declaration and Director Figures seconded the motion. The Declaration of Local State of Flood Emergency was approved by a roll call vote of 6-0.

Item 6 – Authorization of Contracts and Funding for Emergency Repair Work for Flood Protection Facilities

Ms. Pryor stated that this is a companion item to the State of Emergency. She reported that over 110 channel bank sites and about 4 ½ miles of maintenance access roads were damaged, making it difficult to do inspections. Staff are recommending an initial request of \$2.7 million for emergency repair work, with about \$500,000 for engineering, assessment, and design for the high priority sites. And then the rest is for the special bank failure protection actions, and then also repairing our maintenance roads so we can continue to be out there and assess. So what you see is recommendation to award the three emergency contracts.

Kelly Abreu, a resident of Fremont, provided public comment.

Director Ramirez Holmes made a motion to approve all three resolutions authorizing contracts with Fanfa, Cal Engineering & Geology, and Mackay & Soms for emergency repairs due to the winter storms. Director Green seconded the motion. The resolutions passed by a roll call vote of 6-0.

Item 7 – Vacancy of Board of Directors – Application Review

President Palmer asked the members of the Board to provide the names of their top 5 candidates to be interviewed February 2nd. Director Gambs suggested Raymond Bonetti, Katherine Brown, Jennifer Hosterman, Kathy Narum and Dick Quigley. Director Green suggested Cathy Brown, Jessica Fox, Holly Garber, Janet Garner, and Jennifer Hosterman. Director Ramirez Holmes suggested Seema Badar, Holly Garber, Jennifer Hosterman, and Kathy Narum. Director Benson suggested Seema Badar, Holly Garber, Janet Gardner, Jennifer Hosterman, and Kathy Narum. President Palmer suggested Cathy Brown, Holly Garber, Kathy Narum, Jennifer Hosterman, and Gabe Thompson. Director Figures suggested Cathy Brown, Holly Garber, Janet Gardner, Kathy Narum, and Gabe Thompson.

Seema Badar and Gabe Thompson had the least amount of votes, so the Board went with the top 5 candidates - Cathy Brown, Holly Garber, Janet Gardner, Jennifer Hosterman, and Kathy Narum. Those five will be invited to interview February 2nd at 6:00 pm.

Olivia Sanwong, a resident of Pleasanton and former Zone 7 Director, provided public

comment.

Item 8 – Reports – Directors

There were no reports from any Directors.

Item 9 – Items for Future Agenda – Directors

There was nothing suggested for a future agenda item.

Item 10 - Adjournment

President Palmer adjourned the meeting at 6:56 p.m.

MINUTES OF THE BOARD OF DIRECTORS
ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

SPECIAL MEETING
February 2, 2023

The following were present:

Directors Present: Dawn Benson
Sandy Figuers
Dennis Gambs
Laurene Green
Sarah Palmer
Angela Ramirez Holmes

Zone 7 Staff: Valerie Pryor, General Manager
Heath McMahon, Assistant General Manager - Engineering
Donna Fabian, Executive Assistant

Counsel: Rebecca Smith, Downey Brand

Item 1 – Call Meeting to Order

President Palmer called the meeting to order at 6:07 p.m.

Item 2 – Pledge of Allegiance

President Palmer led the Pledge of Allegiance.

Item 3 – Roll Call of Directors

All Directors were present.

Item 4 – Public Comment on Non-Agenda Items

There was no comment from the public.

Item 5 – Vacancy on Board of Directors – Interview Finalists

The Board interviewed five (5) prospective Directors for the vacancy created by Director Olivia Sanwong's resignation. The five interviewees were Cathy Brown, Holly Garber, Janet Gardner, Jennifer Hosterman and Kathy Narum.

The Board had a set of four questions that were asked of each applicant, and each applicant gave a brief introductory statement.

Public comment was given by Linda Kelly and Arne Olson, both residents of Pleasanton, and Jean Josey, a resident of Dublin.

President Palmer asked each Director to write down the name of the person they believe is the best choice. She then asked each Director to say the name. There were four (4) votes for Kathy Narum and two (2) votes for Jennifer Hosterman.

Director Ramirez Holmes made a motion to appoint Kathy Narum to the vacant position on the Zone 7 Board and Director Benson seconded the motion. Kathy Narum was appointed to the Zone 7 Board by a roll call vote of 4-2 with Directors Figuers and Green dissenting.

Kathy Narum will be sworn in at the next Regular Board Meeting of February 15, 2023.

Item 6 – Reports – Directors

There were no reports from any Directors.

Item 7 – Items for Future Agenda – Directors

There was nothing suggested for a future agenda item.

Item 8 - Adjournment

President Palmer adjourned the meeting at 8:09 p.m.

MINUTES OF THE BOARD OF DIRECTORS
ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

REGULAR MEETING
February 15, 2023

The following were present:

Directors: Dawn Benson
Sandy Figuers
Dennis Gambs
Laurene Green
Kathy Narum
Sarah Palmer
Angela Ramirez Holmes

Staff: Valerie Pryor, General Manager
Heath McMahon, Assistant General Manager – Engineering
Osborn Solitei, Treasurer/Assistant General Manager - Finance
Jarnail Chahal, Engineering Manager
Carol Mahoney, Government Relations Manager
Jeff Tang, Acting Principal Engineer
Alexandra Bradley, Communications Specialist
Donna Fabian, Executive Assistant

General Counsel: Rebecca Smith, Downey Brand

Item 1 – Call Zone 7 Water Agency Meeting to Order

President Palmer called the Regular Meeting of the Board of Directors to order at 7:05 p.m.

Item 2 – Swearing In of Director

Donna Fabian, Executive Assistant/Board Secretary, swore in new Director Kathy Narum.

Item 3 – Closed Session

The Board went into Closed Session at 6:09 pm and came out of Closed Session at 6:51 pm.

Item 4 – Open Session and Report Out of Closed Session

President Palmer stated that the Board met in Closed Session and approved a Resolution for amendments to Appendix A, Footnotes to the Salary Schedule for boot allowances for employees who belong to the International Federation of Professional and Technical Engineers, the Alameda County Management Employees Association, and Unrepresented Managers for \$400 per fiscal year effective February 19, 2023.

Item 5 – Pledge of Allegiance

President Palmer led the Pledge of Allegiance.

Item 6 – Roll Call of Directors

All Directors were present.

Item 7 – Public Comment on Non-Agenda Items

There was no public comment.

Item 8 – Minutes

Director Ramirez Holmes asked that on page three, paragraph three, the second sentence should say, "Constituents and on social media" as opposed to "her social media followers." The minutes were approved as amended by a roll call vote of 6-0 with Director Narum abstaining.

Item 9 – Introduction of Los Vaqueros Reservoir Expansion Executive Director

Valerie Pryor, General Manager, introduced Taryn Ravazzini, Executive Director of the Los Vaqueros Expansion Joint Powers Authority (JPA). Ms. Ravazzini thanked the Board and staff for allowing the Joint Powers Authority to utilize Zone 7's Boardroom for their monthly meetings, noting that Zone 7 Director Angela Ramirez Holmes is the Chair of the JPA. Ms. Ravazzini presented an overview of the Los Vaqueros Reservoir Expansion Project which has three major components; storage, conveyance, and recreation. The reservoir will be expanded from 160,000 acre feet to 275,000 acre feet, with improvements to trails, the interpretive center and the marina.

Director Gambs asked Ms. Ravazzini if she had any assessment on the Governor's recent executive order and if it had a positive effect on water and water storage projects. Ms. Ravazzini replied that while she doesn't have a specific assessment, she said the Los Vaqueros Reservoir Expansion Project is a primary project supported by the Governor and has been identified as one of his top priorities in terms of water infrastructure for the state.

Director Ramirez Holmes stated that it has been an honor to serve as chair for two years and that the JPA is fortunate to have Taryn as their Executive Director. Director Ramirez Holmes pointed out that 11 million Californians will be served by this project and the JPA is honored to

have the Governor's support. She also added that Zone 7 Director Sandy Figuers sits on the JPA Board as an Alternate.

Director Benson asked when the project is anticipated to be completed and Ms. Ravazzini replied around 2030.

Director Green asked what Zone 7 will get out of the project and Ms. Pryor replied with "10,000 acre-feet of State Water Project storage with access to the Transfer-Bethany Pipeline."

Director Figuers asked if the Bethany Pipeline will be one way only, or a dual pipeline so water can be transferred either to the north or to the south at the same time. Ms. Ravazzini replied that it will be a one-way pipeline that will help to move water that connects to the California Aqueduct. Ms. Pryor added that it connects to the California Aqueduct, which is very close to the South Bay Aqueduct.

Item 10 – Award Flood Management Plan Phase 2A Contracts

Valerie Pryor stated that the Board adopted the Flood Management Plan Phase 1 in June of 2022 which is a high-level strategy for flood management. The goals and objectives in that report serve as a multi-year work program to advance Zone 7's flood management plan strategy. Because of the amount of work, staff are starting out with a work plan for phase 2A and the proposed contracts to accomplish that. This was presented to the Water Resources Committee on January 26th, where the Committee recommended that it be brought to the full Board and that the Board award these contracts.

Mine Inamine from HDR, reminded the Board what Phase 1 entailed and how it applies to Phase 2A. Mr. Inamine stated that Phase 2A is a piece of Phase 2, which is comprised of three major efforts: it quantifies risks of the flood protection system and recommends a plan, it provides a risk-informed, quantifiable basis for proactive maintenance, and it initiates and conducts outreach and engagement with stakeholders and the public.

Joanna Leu from HDR, who is the technical lead supporting the system-wide evaluation, outlined the different phases of work they have achieved for Zone 7. She added that there will be kickoff meetings, they will assess the risk, and come up with a plan they can recommend.

Mr. Inamine stated that what Ms. Leu described is an involved process that will take a lot of interaction with land use agencies, public engagement, etc. Following that there is a capital improvement program, an implementation plan, and funding and financing that will have to be phased in. Furthermore, there will be planning and eventual design and construction, which could take up to 10 years until it is completed. Mr. Inamine stated that the last piece would be stakeholder and public outreach and engagement. That will entail in-person workshops and public workshops with Zone 7 staff and partner agencies. There will be a micro website on the existing website that will allow those who can't participate in the workshops, to participate virtually to see what was presented.

Director Ramirez Holmes asked if the database mentioned in the report on task four will eventually belong to Zone 7. Melissa Diamant of HDR, confirmed it will be. Director Ramirez Holmes stated that it would be a great opportunity to engage with elected officials at upcoming Liaison Committee meetings.

Director Ramirez Holmes asked how adjustments will be made to the timeline so that people know what has been completed. Ms. Pryor replied that if the Board approves the project and contracts, staff will report back to the Board with the new estimated dates, and they will be posted on any public materials, the website, the micro website, and then an annual report to the Board on the status. Ms. Pryor added this will be similar to the format of the quarterly update on the Capital Project Status Reports to the Board.

Director Figuers asked about the channels that aren't owned by Zone 7 and how they will be addressed. Mr. Inamine replied that they have started the discussion with the land use agencies, and it might be prudent to pick up ownership or give up ownership in order to affect a more resilient flood management system.

Director Narum asked how HDR is going to drive the public and the stakeholders to the micro website and to some of these tools that have been mentioned. Ms. Diamant replied that there is a section of the outreach plan that would be used to inform people what is happening and the different outlets that they can use to access the information. She added that a social media schedule and associated messaging will be established, as well as presentations the Board can share with their constituents.

Director Ramirez Holmes made a motion to approve the award of a Professional Services Contract with HDR Engineering and Director Benson seconded the motion. The resolution passed by a roll call vote of 7-0.

Director Ramirez Holmes made a motion to approve the award of a Project Management Services Contract with Larsen Wurzel & Associates, Inc. and Director Green seconded the motion. The resolution passed by a roll call vote of 7-0.

Director Ramirez Holmes made a motion to approve the award of a Hydrologic and Hydraulic Modeling Support Services Contract with Environmental Science Associates and Director Figuers seconded the motion. The resolution passed by a roll call vote of 7-0.

The Board took a short recess.

Item 11 – Declaration of Fix a Leak Week

Valerie Pryor stated that before the Board is a resolution to declare Fix a Leak Week for March 20-26 which is done annually in March to bring public awareness to the wasteful loss of water through leaks. She added that staff have a number of items planned working with the retailers, on social media, through the schools' program and will be handing out shower buckets. Director Ramirez Holmes asked what locations will have the buckets for distribution. Ms. Pryor responded that the City of Livermore has a supply and the City of Pleasanton is next to receive them. People can also come to Zone 7 to pick one up.

Director Ramirez Holmes moved to approve the Resolution declaring Fix a Leak Week and Director Narum seconded the motion. The resolution passed by a roll call vote of 7-0.

Item 12 – Committees

No comments were received from the Board.

Item 13 – Reports – Directors

President Palmer reported that she attended an ACWA Regulatory Roundup and the ACWA Agricultural Committee meeting. She also submitted a written report.

Director Benson reported that the Dublin Historical Society is having an event at the Senior Center on March 17th. She also reported that EBMUD is celebrating their 100-year anniversary.

Director Ramirez Holmes reported she is meeting monthly with the ACWA State Legislative Committee and that the Los Vaqueros JPA board has returned to in-person meetings held at Zone 7. She also thanked the Pleasanton Weekly for having three articles about Zone 7 in their latest publication.

Director Green attended the ACWA Groundwater Quality Subcommittee Meeting and the ACWA Quarterly Regulatory Committee Meeting.

Item 14 – Items for Future Agenda – Directors

There were no items for future agendas.

Item 15 – Staff Reports

Director Ramirez Holmes asked if the California state of emergency will sunset in June and Ms. Pryor responded that it will not. She added that if things continue to go well, staff could consider ending the Zone 7 drought emergency.

Ms. Pryor pointed out from her General Manager's Report that if the Delta Conveyance Project had been in place during the atmospheric rivers, it was estimated that the project could have captured about 200,000 acre-feet from the December and January storms, and for the Sites Reservoir, it was estimated that it could have captured 120,000 acre-feet and through January, then another 260,000 through mid-February.

Item 16 – Adjournment

President Palmer adjourned the meeting at 9:00 p.m.

ORIGINATING SECTION: Office of the General Manager
CONTACT: Alexandra Bradley

AGENDA DATE: March 15, 2023

SUBJECT: Award of Contract to Axiom of Purpose for the Tri-Valley Public Information Program on Water Supply Reliability

SUMMARY:

- The Zone 7 Board of Directors authorized an award of contract to JPW Communications for the Tri-Valley Public Information Program on Water Supply Reliability under Board Resolution No. 20-31 on May 20, 2020.
- Under the existing Tri-Valley Public Information Program on Water Supply Reliability contract, a website, video, and educational marketing materials were created, and a soft launch was initiated. However, due to the severity of the drought the media campaign was strategically held back until such a time that it would not compete with urgent drought messaging. The next phase of planned contract work entails executing media buys to disseminate the educational resources, and a follow-up survey to measure effectiveness. These media buys include, but are not limited to, Facebook, YouTube, Google Ads, and other digital and print advertising platforms. This phase of work is expected to ramp up in April 2023 and fund through March 2025.
- The current contractor, JPW Communications, informed Zone 7 that the firm is unable to execute the required media buys and has recommended Zone 7 seek another firm to complete the remaining contract work.
- In accordance with the Purchasing Policy, a strategic communications consulting firm was selected through a competitive bid process in December 2022 (Board Resolution No. 22-97). This firm, Axiom of Purpose, can make the required media buys.
- The remaining JPW Communications contract budget of \$100,0000 for media buys will be reallocated to the new contract with Axiom of Purpose to complete the remaining work for the Tri-Valley Public Information Program on Water Supply Reliability.
- Staff recommends that the Board authorize the General Manager to:

Negotiate, execute and amend as needed a two-year (April 1, 2023, through April March 31, 2025) professional services agreement with Axiom of Purpose for a contract amount not-to-exceed \$100,000.

FUNDING:

Funding has already been allocated from Fund 310 – Water Supply and Reliability Fund.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY

SECONDED BY

**Award of Contract to Axiom of Purpose for the
Tri-Valley Public Information Program on Water Supply Reliability**

WHEREAS, the Zone 7 Board of Directors authorized an award of contract to JPW Communications for the Tri-Valley Public Information Program on Water Supply Reliability under Resolution 20-31 on May 20, 2020;

WHEREAS, under the existing Tri-Valley Public Information Program on Water Supply Reliability contract, a website, video and educational marketing materials were created and a soft launch was initiated. However, due to the severity of the drought the media campaign was strategically held back until such a time that it would not compete with urgent drought messaging. The next phase of planned contract work entails executing media buys to disseminate the educational resources, and a follow-up survey to measure effectiveness. These media buys include, but are not limited to, Facebook, YouTube, Google Ads, and other digital and print advertising platforms. This phase of work is expected to ramp up in May 2023 and fund through April 2025.

WHEREAS, the current contractor, JPW Communications, informed Zone 7 that the firm is unable to execute the required media buys and has recommended Zone 7 seek another firm to complete the remaining contract work.

WHEREAS, in accordance with the Purchasing Policy, a strategic communications consulting firm was selected through a competitive bid process in October 2022 (Board Resolution No. 22-97). This firm, Axiom of Purpose, can make the required media buys.

WHEREAS, the remaining JPW Communications contract budget of \$100,000 for media buys will be reallocated to the new contract with Axiom of Purpose to complete the remaining work for the Tri-Valley Public Information Program on Water Supply Reliability.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate, execute and amend as needed a two-year (April 1, 2023, through April March 31, 2025) professional services agreement with Axiom of Purpose for a contract amount not-to-exceed \$100,000.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on March 15, 2023.

By: _____
President, Board of Directors

ORIGINATING SECTION: Maintenance

CONTACT: Brian Munsell

AGENDA DATE: March 15, 2023

SUBJECT: Award a Contract for HVAC Preventative Maintenance and As-Needed Repair Services

SUMMARY:

- The proposed action is in support of the Zone 7 mission to deliver safe, reliable, efficient, and sustainable water and flood protection service, Strategic Plan Initiative #14 - Evaluate current program to increase ratio of preventative to reactive maintenance.
- In accordance with the Purchasing Policy, a Request for Quote (RFQ No. B2022-34) was issued to solicit bidders for HVAC preventative maintenance and as-needed repair services at various Zone 7 facilities and locations. Heathorn & Associates Contractor, Inc., dba American Air Conditioning, Plumbing & Heating Co. (American Air) was found to be the lowest responsible and qualified bidder.
- Pursuant to Resolution No. 22-35, the Board on May 18, 2022 authorized the General Manager to negotiate and execute a three-year contract with American Air for an amount of \$225,000 (\$75,000 per fiscal year), with the option to extend for two additional one-year terms, for a five-year not-to-exceed contract amount of \$375,000.
- During the course of the contract, American Air went out of business. On November 30, 2022 they informed Zone 7 that they had closed their doors and were no longer providing service.
- Per the RFQ No. B2022-34 issued to qualified vendors to solicit bidders for HVAC preventative maintenance and as-needed repair services, Frank M. Booth Inc. was found to be the next lowest responsible and qualified bidder.
- Staff recommends the Board award a contract to Frank M. Booth Inc. for the remainder of the three-year term starting April 1, 2023 through June 30, 2025, for a contract amount not-to-exceed \$225,000 (\$75,000 per fiscal year), with the option to extend for two additional one-year terms, for a five-year not-to-exceed contract amount of \$375,000.

FUNDING:

Funding is available in the FY 2022-24 Two-Year Adopted Budget for Fund 100 – Water Enterprise Operations. Funding for additional years will be requested in subsequent budget requests.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Award a Contract for HVAC Preventative Maintenance and As-Needed Repair Services

WHEREAS, Zone 7 of the Alameda County Flood Control and Water Conservation District is committed to delivering safe, reliable, efficient, and sustainable water and flood protection services; and

WHEREAS, maintaining the HVAC systems will support Strategic Plan No. 14 – Evaluate current program to increase ratio of preventative to reactive maintenance; and

WHEREAS, a Request for Quote (RFQ #B2022-34) was issued to qualified vendors to solicit bidders for HVAC Preventative Maintenance and As-Needed Repair Services. Heathorn and Associates Contractors, Inc. dba American Air Conditioning, Plumbing & Heating Co., was found to be the lowest responsible and qualified bidder; and

WHEREAS, Heathorn & Associates Contractor, Inc., dba American Air Conditioning, Plumbing & Heating Co. has gone out of business during this contract; and

WHEREAS, per the Request for Quote (RFQ No. B2022-34) issued to qualified vendors to solicit bidders for HVAC Preventative Maintenance and As-Needed Repair Services, Frank M. Booth Inc. was found to be the next lowest responsible and qualified bidder.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate, execute and amend as-needed a HVAC preventative maintenance and repairs services contract with Frank M. Booth Inc., for the remainder of the three-year term starting April 1, 2023, through June 30, 2025, for a contract amount not-to-exceed \$225,000 (\$75,000 per fiscal year); and

BE IT FURTHER RESOLVED that the General Manager be authorized to extend the HVAC preventative maintenance and as-needed repair contract with Frank M. Booth Inc., based on satisfactory performance, for up to two (2) additional one-year terms (FY 2025/2026) and (FY 2026/2027) for a five-year not-to-exceed contract amount of \$375,000 (\$75,000 per fiscal year).

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on March 15, 2023.

By: _____
President, Board of Directors

ORIGINATING SECTION: Maintenance

CONTACT: Brian Munsell

AGENDA DATE: March 15, 2023

SUBJECT: Amend Contract for Electric Motor Repair, Parts, and Replacement

SUMMARY:

- In order to support Zone 7 Water Agency's Strategic Plan Goal B; Safe Water: Provide customers with safe water and Strategic Plan No. 14 – Evaluate current program to increase ratio of preventative to reactive maintenance, Zone 7 utilizes contract services for electric motor maintenance.
- Pursuant to Board Resolution No. 22-25 dated April 20, 2022, Zone 7 entered into a contract with Dahl Beck Electric, for electric motor repair, parts, and replacement for a three-year term starting July 1, 2022, through June 30, 2025, for an amount not-to-exceed \$150,000 (\$50,000 per fiscal year).
- As a result of the inflationary costs and substantial repairs required at the Hopyard 6 and Chain of Lakes 5 Wells, an increase of \$50,000 is needed for the contract.
- Staff recommends the Board authorize the General Manager to amend the contract with Dahl Beck Electric, for electric motor repairs, parts, and replacement for an additional \$50,000 in FY 2022-23, increasing the total contract to a not-to-exceed amount of \$200,000.

FUNDING:

Funding is available in the FY 2022-24 Two-Year Adopted Budget for Fund 100 – Water Enterprise Operations. Funding for additional years will be requested in subsequent budget requests.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY

SECONDED BY

Amend Contract for Electric Motor Repair, Parts, and Replacement Contract

WHEREAS, Zone 7 of the Alameda County Flood Control and Water Conservation District is committed to delivering safe, reliable, efficient, and sustainable water and flood protection services; and

WHEREAS, Dahl Beck Electric, was selected through competitive bidding process for electric motor repair, parts, and replacement for a three-year term starting July 1, 2022 through June 30, 2025; and

WHEREAS, pursuant to Board Resolution No. 22-54 dated April 20, 2022, Zone 7 entered into a contract with Dahl Beck Electric, for electric motor repair, parts, and replacement for a three-year term, for an amount not-to-exceed \$150,000 (\$50,000 per fiscal year); and

WHEREAS, inflationary costs and substantial repair services at the Hopyard 6 and Chain of Lakes 5 wells have utilized the majority of the budget for this fiscal year; and

WHEREAS, electric motor repairs and parts will support Strategic Plan Goal B; Safe Water: Provide customers with safe water and Strategic Plan No. 14 – evaluate current program to increase ratio of preventative to reactive maintenance; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to amend the contract with Dahl Beck Electric, for Electric motor repairs, parts, and replacement for an additional \$50,000 in FY 2022-23, increasing the total contract to a not-to-exceed amount of \$200,000.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on March 15, 2023.

By: _____
President, Board of Directors

ORIGINATING SECTION: Maintenance
CONTACT: Brian Munsell

AGENDA DATE: March 15, 2023

SUBJECT: Amend Contract for Compressor Preventative Maintenance and As-Needed Repair Services

SUMMARY:

- The proposed action is in support of the Zone 7 mission to deliver safe, reliable, efficient, and sustainable water and flood protection service, Strategic Plan Initiative #14 - Evaluate current program to increase ratio of preventative to reactive maintenance.
- Pursuant to Board Resolution No. 21-20 dated April 21, 2021, Zone 7 entered into a contract with D&D Compressor, Inc. for air compressor maintenance and as-needed repair services for a three-year term starting July 1, 2021 for an amount not-to-exceed \$77,000, with the option to extend for up to two additional one-year terms, for a five-year not-to-exceed contract amount of \$139,000.
- As a result of the current inflationary costs for labor and materials, and significant repairs required at Del Valle Water Treatment Plant and Mocho Groundwater Demineralization Plant, an increase of \$60,000 is needed for the contract.
- Staff recommends the Board authorize the General Manager to amend the contract with D&D Compressor, Inc. for an additional \$60,000, increasing the total contract to a not-to-exceed amount of \$199,000.

FUNDING:

Funding is available in the FY 2022-24 Two-Year Adopted Budget for Fund 100 – Water Enterprise Operations. Funding for additional years will be requested in subsequent budget requests.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY

SECONDED BY

Amend Contract for Electric Motor Repair, Parts, and Replacement Contract

WHEREAS, Zone 7 of the Alameda County Flood Control and Water Conservation District is committed to delivering safe, reliable, efficient, and sustainable water and flood protection services; and

WHEREAS, Dahl Beck Electric, was selected through competitive bidding process for electric motor repair, parts, and replacement for a three-year term starting July 1, 2022 through June 30, 2025; and

WHEREAS, pursuant to Board Resolution No. 22-54 dated April 20, 2022, Zone 7 entered into a contract with Dahl Beck Electric, for electric motor repair, parts, and replacement for a three-year term, for an amount not-to-exceed \$150,000 (\$50,000 per fiscal year); and

WHEREAS, inflationary costs and substantial repair services at the Hopyard 6 and Chain of Lakes 5 wells have utilized the majority of the budget for this fiscal year; and

WHEREAS, electric motor repairs and parts will support Strategic Plan Goal B; Safe Water: Provide customers with safe water and Strategic Plan No. 14 – evaluate current program to increase ratio of preventative to reactive maintenance; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to amend the contract with Dahl Beck Electric, for Electric motor repairs, parts, and replacement for an additional \$50,000 in FY 2022-23, increasing the total contract to a not-to-exceed amount of \$200,000.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on March 15, 2023.

By: _____
President, Board of Directors

ORIGINATING SECTION: Groundwater**CONTACT:** Ken Minn/Colleen Winey**AGENDA DATE:** March 15, 2023**SUBJECT:** Award a Contract to Gregg Drilling for the Nested Monitoring Well Construction Project 301-22**SUMMARY:**

- In order to support Zone 7 Water Agency's (Zone 7) mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, and the Strategic Goal C – Groundwater Management, Zone 7 implements groundwater quality monitoring program of over 200 wells located across the Livermore Valley Groundwater Basin. This subject well construction will enhance the monitoring program and supports Strategic Plan Initiative 6 – assess treatment requirements and strategy for PFAS and Cr6, and Strategic Plan Initiative 8 –study and refine knowledge of the groundwater basins.
- Zone 7 identified monitoring the groundwater basin to track and manage groundwater quality as a key component of both near-term and long-term PFAS Management Strategy.
- PFAS compounds have been detected in the Mocho supply wells. The Hopyard supply wells have not been impacted by PFAS compounds to date.
- Currently, one shallow well exists between the Mocho and Hopyard wellfields (Figure 1) but there are no monitoring wells in the upper and lower aquifer units where the municipal supply wells are screened.
- Lack of monitoring wells is a data gap for PFAS monitoring and hydrogeology of the basin area. Thus, a deep exploratory boring and geophysical logging in this area will fill the data gap and provide additional data for the groundwater model upgrade.
- Zone 7 and City of Pleasanton staff have been collaborating on selecting a well location in the northeastern portion of Ken Mercer Sports Park near Zone 7's existing shallow monitoring well.
- In accordance with the Agency Purchasing Policy, a Request for Bid (Project No. 301-22) was advertised to solicit bids for nested monitoring well construction. Of the two bids received, the bid from Gregg Drilling, LLC was deemed the lowest, responsive, responsible bid with a total bid amount of \$299,623.33.
- Staff proposes that the General Manager be authorized to enter into a contract with Gregg Drilling for an amount not to exceed \$330,000 including 10% contingency.

FUNDING:

Funding is available in FY 2022-2024 budget from Fund 120 - Water Renewal/Replacement & System-Wide Improvements. Since the bid amount is greater than the FY 2022-23 project budget of \$200,000, an additional appropriation of \$130,000 is requested.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENTS:

1. Resolution
2. Figure 1

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY

SECONDED BY

**Award a Contract to Gregg Drilling for the
Nested Monitoring Well Construction Project 301-22**

WHEREAS, this agreement supports Zone 7's mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, through the Board's Strategic goals;

WHEREAS, Zone 7 identified monitoring the groundwater basin to track and manage groundwater quality as a key component of both near-term and long-term Per- and Polyfluorinated Substances (PFAS) Management Strategy;

WHEREAS, a data gap was identified in the groundwater monitoring network between the Mocho and Hopyard wellfields;

WHEREAS, a dual nested monitoring well with screened intervals selected based on the lithologic data gathered in the exploratory boring will be able to act as a sentinel well to monitor the PFAS plume;

WHEREAS, in accordance with the Agency Purchasing Policy, a Request for Bid (Project No. 301-22) was advertised to solicit bids for nested monitoring well construction. Of the two bids received, the bid from Gregg Drilling, LLC was deemed the lowest, responsive, responsible bid.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District, does hereby authorize the General Manager to negotiate, execute and amend as necessary a contract for drilling, installing, and developing a dual nested monitoring well with Gregg Drilling, LLC, for a total not-to-exceed contract amount of \$330,000.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on March 15, 2023.

By: _____
President, Board of Directors

Service Credits: Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), Swisstopo, Mapbox, OpenStreetMap contributors, and the GIS User Community



DATE: Dec 30, 2022

FILE: E:\PROJECTS\2022-23 New Monitoring Wells\Figure 1 Location Map.mxd

FIGURE 1
Approximate Nested Monitoring Well Location
Ken Mercer Sports Park, Pleasanton, CA

ORIGINATING SECTION: Administration**CONTACT:** Osborn Solitei**AGENDA DATE:** March 15, 2023**SUBJECT:** Amended Funding of Long-Term Pension Liability Policy**SUMMARY:**

- The proposed action is in support of Strategic Plan Goal G – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Initiative No. 24 – Continue to effectively manage financial resources, which includes maintaining target levels of reserves and evaluating the Agency’s unfunded pension and other post-employment benefits (OPEB) liabilities.
- Pursuant to Resolution No. 21-05 (as amended), dated February 17, 2021, the Board established an IRS Section 115 Post-Employment Benefits Trust (the “Trust”) for the purpose of pre-funding the Agency’s pension obligation, and adopted the Funding of Long-Term Pension Liability policy (the “Policy”).
- The Policy established two criteria for annual contributions to the Trust:
 - Criteria 1 - All Fund 100 – Water Enterprise Operations Reserve Funds (Emergency, Operating and Reserve for Economic Uncertainties) have reached target reserve levels; and
 - Criteria 2 - Fund 100 – Water Enterprise Operations has a positive net revenue based on audited actuals at the end of the fiscal year.
- Based on FY 2021-22 audited actuals, Criteria 2 was not met as expenses in Fund 100 exceeded revenue for FY 2021-22. Therefore, under the current Policy, the Agency would not contribute to the Trust for FY 2021-22. However, Fund 100 had accumulated reserves above target levels. Use of these funds are at the Board’s discretion.
- At the June 1, 2022, Special Board Meeting, the Board recommended contributing to the Pension Trust since Fund 100 had accumulated reserves above target levels. The Board also requested that all Agency funds, subject to annual contributions, be explicitly identified in the Policy.

- On February 21, 2023, staff met with the Finance Committee to present options for amending the Policy. The Finance Committee recommended adding another criterion providing flexibility in special circumstances when Criteria 2 is not met. Based on these recommendations, staff made the following amendments:
 - › Added language specifying Agency funds applicable to annual contributions (page 2 of Policy).
 - › Added Criteria 3 which states “In the event Criteria 2 is not met based on audited actuals, but the Board identifies other available funds during the budget process, the Board may make a finding to override Criteria 2 and contribute to the Trust” (page 3 of Policy).

FUNDING:

If the Board approves the proposed Policy changes, this will authorize a contribution of \$118,031 to the Trust for FY 2021-22.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENTS:

1. Q&A
2. Resolution
3. Funding of Long-Term Pension Liability Policy (redlined & final draft)

Q & A

1. What is a net pension liability?

The Agency is a participating employer under the Alameda County Employees' Retirement Association (ACERA) retirement pension plan. The pension provides defined retirement, disability, and death benefits to member employees.

The net pension liability is the difference between the total pension liability and the assets set aside and restricted to pay benefits to retirees.

Governmental Accounting Standards Board Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and to more comprehensively and comparably measure the annual costs of pension benefits.

2. What is an IRS Section 115 Pension Liability Trust?

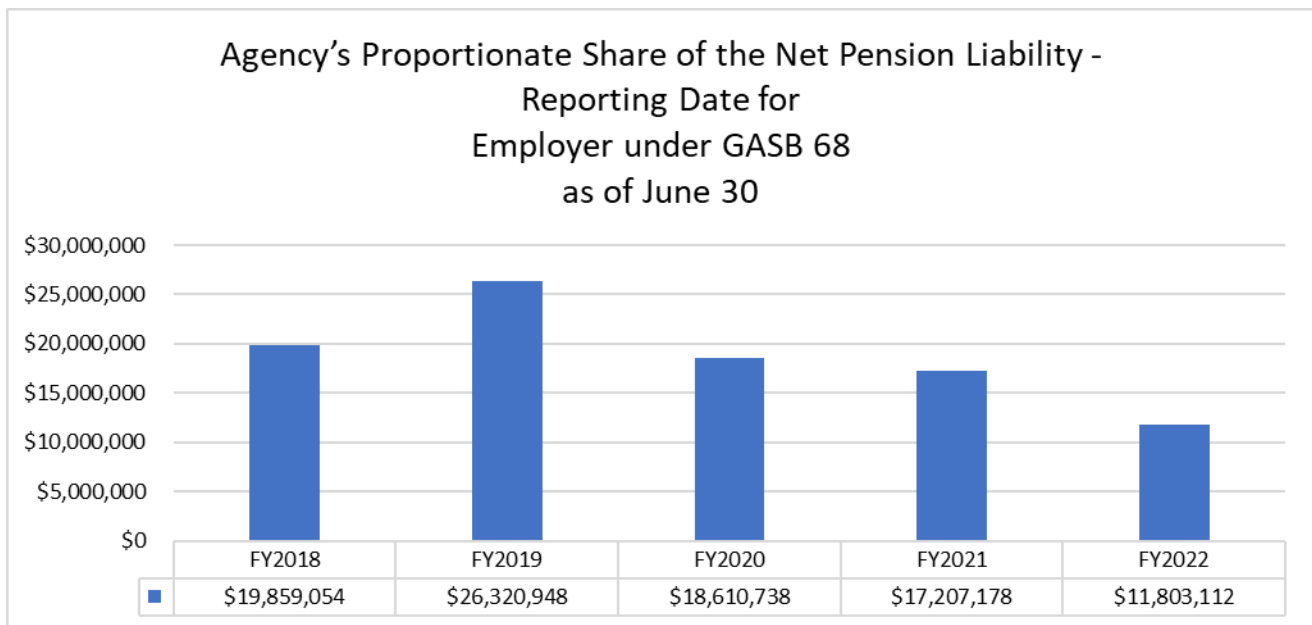
A pension liability trust allows employers to set aside and invest funds to prefund future pension payments. The trust was established to offset long-term pension liabilities, however, in the event of economic distress, the funds may be used to meet the Agency's current annual employer pension obligation payments, as approved by the Board.

3. How is the Agency's net pension liability determined?

The Agency's net pension liability is calculated as a proportionate share of Alameda County's net pension liability. It is an estimate, based on actuarial assumptions, of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers.

4. What is the Agency's proportionate share of the County's net pension liability?

The Agency's proportionate share of the County's net pension liability for the last five years is shown in the chart below:



ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY

SECONDED BY

Amended Funding of Long-Term Pension Liability Policy

WHEREAS, the proposed action is in support of Strategic Plan Goal G – Fiscal Responsibility: Operate Zone 7 Water Agency (the “Agency”) in a fiscally responsible manner and Strategic Initiative No. 24 – continue to effectively manage financial resources, which includes maintaining target levels of reserves and evaluating the Agency’s unfunded pension and other post-employment benefits liabilities; and

WHEREAS, on February 17, 2021, the Board of Directors adopted Resolution No. 21-05 (as amended) establishing an Internal Revenue Service Section 115 Post-Employment Benefits Trust (the “Trust”) for the purpose of pre-funding the Agency’s pension obligation and adopting the Funding of Long-Term Pension Liability policy (the “Policy”); and

WHEREAS, the Policy sets forth criteria for making annual contributions to the Trust; and

WHEREAS, in FY 2021-22 Criteria 2 was not met; therefore, under the current Policy a contribution to the Trust for FY 2021-22 would not be permitted; and

WHEREAS, the Policy has been amended to include Criteria 3, which states “In the event Criteria 2 is not met based on audited actuals, but the Board identifies other available funds during the budget process, the Board may make a finding to override Criteria 2 and contribute to the Trust”; and

WHEREAS, the Board has identified available funds in FY 2021-22 and made a finding to override Criteria 2 of the Policy.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the proposed changes to the Policy.

BE IT FURTHER RESOLVED, that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize a contribution of \$118,031 from Agency funds in accordance with the Policy.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on March 15, 2023.

By: _____
President, Board of Directors



ZONE 7 WATER AGENCY POLICY AND PROCEDURE

POLICY TITLE: FUNDING OF LONG-TERM PENSION LIABILITY	NUMBER: Z7AF-132-21	PAGE: 1 OF 7
APPROVED BY: ZONE 7 BOARD OF DIRECTORS Resolution No. 21-05 (As Amended)	REVISION: <u>1</u>	EFFECTIVE DATE: FEBRUARY 17, <u>2023 MARCH 15, 2023</u>

1.0 Background

Zone 7 Water Agency (the "Agency") employee's retirement program is provided through the Alameda County Employees' Retirement Association (ACERA). This is a Defined Benefit plan organized under the County Employees Retirement Law of 1937, which provides retirement, disability, and death benefits to the employees, retirees, and former employees.

The Agency is allocated a proportionate share of ACERA's overall pension liability. ~~As reported in the Agency's audited Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020, the~~ The Agency's proportionate share of the Agency Net Pension Liability (NPL) is reported each year in the Annual Comprehensive Financial Report (ACFR). ~~\$18.6 million.~~ The Agency is not a separate participating employer under ACERA and therefore, does not have a separate accounting or actuarial valuation analysis.

The general method for addressing long-term pension liabilities is through establishing an Internal Revenue Service (IRS) Section 115 Trust Fund to prefund future pension payments. Agency contributions ~~would be~~ deposited in an irrevocable trust fund that ~~could~~ can only be used to meet future pension obligations.

2.0 Purpose

The purpose of this Policy is to establish a funding methodology and a process to establish an ~~Internal Revenue Service (IRS)~~ Section 115 Trust for funding of pension liabilities and initial funding strategies. The proposed action is in support of Strategic Plan Goal G – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Initiative No. 24 – Continue to Effectively Manage Financial Resources, which includes evaluating the Agency's unfunded pension and other post-employment benefits (OPEB) liabilities.



ZONE 7 WATER AGENCY POLICY AND PROCEDURE

POLICY TITLE: FUNDING OF LONG-TERM PENSION LIABILITY	NUMBER: Z7AF-132-21	PAGE: 2 OF 7
APPROVED BY: ZONE 7 BOARD OF DIRECTORS Resolution No. 21-05 (As Amended)	REVISION: <u>1</u>	EFFECTIVE DATE: FEBRUARY 17, <u>2023 MARCH 15, 2023</u>

3.0 Establishment of the Trust and Initial Contribution Amount

The Agency shall establish an ~~Internal Revenue Service~~ IRS Code Section 115 approved irrevocable trust (the "Trust") to prefund future pension payments. Once the Agency transfers funds into such a trust, ~~they funds~~ can only be utilized for payment of employee pension.

The following criterion shall be met before establishing the initial deposit amount:

Criterion <u>Criteria</u> for Initial Contribution	
Criteria 1	All Fund 100 – Water Enterprise Operations Reserve Funds (Emergency, Operating and Reserve for Economic Uncertainties) have reached target reserve levels; and
Criteria 2	The Fund 100 – Water Enterprise Operations has a positive net revenue based on audited actuals at 06/30/2020 <u>.</u>

Initial Contribution Amount
The Initial Contribution shall be \$1.5 million

4.0 Annual Contributions

In order to establish realistic and appropriate thresholds for annual contributions, the Agency adopts the following requirement for contributions to be shared among ~~all~~ Agency funds proportionate ~~with to~~ the ~~number of actual cost of~~ employees allocated to the ~~following~~ Agency funds in any given year: Water Enterprise Operations, Water Renewal/Replacement & System-Wide Improvements, Water Enterprise Capital



ZONE 7 WATER AGENCY POLICY AND PROCEDURE

POLICY TITLE: FUNDING OF LONG-TERM PENSION LIABILITY	NUMBER: Z7AF-132-21	PAGE: 3 OF 7
APPROVED BY: ZONE 7 BOARD OF DIRECTORS Resolution No. 21-05 (As Amended)	REVISION: <u>1</u>	EFFECTIVE DATE: FEBRUARY 17, <u>2023 MARCH 15, 2023</u>

Expansion, Flood Protection Operations, Flood Protection Development Impact Fee Fund and any other funds established by the Agency.

Criteriaen for Annual Contributionss	
Criteria 1	All Fund 100 – Water Enterprise Operations Reserve Funds (Emergency, Operating and Reserve for Economic Uncertainties) have reached target reserve levels; and
Criteria 2	Fund 100 – Water Enterprise Operations has a positive net revenue based on audited actuals at the end of the fiscal year.
<u>Criteria 3</u>	<u>In the event Criteria 2 (as defined above) is not met based on audited actuals, but the Board identifies other available funds during the budget process, the Board may make a finding to override Criteria 2 and contribute to the Trust.</u>
Annual Contribution Amount	
Minimum	The annual contribution <u>amount</u> shall be equal to 1% of the audited fiscal year Net Pension Liability.
Maximum	The <u>a</u> Annual <u>c</u> Contribution <u>amount</u> shall not exceed \$0.5 million.



ZONE 7 WATER AGENCY POLICY AND PROCEDURE

POLICY TITLE: FUNDING OF LONG-TERM PENSION LIABILITY	NUMBER: Z7AF-132-21	PAGE: 4 OF 7
APPROVED BY: ZONE 7 BOARD OF DIRECTORS Resolution No. 21-05 (As Amended)	REVISION: <u>1</u>	EFFECTIVE DATE: FEBRUARY 17, <u>2023 MARCH 15, 2023</u>

5.0 Plan Administration

Board of Directors

The Board has the authority to establish the Trust and define policies for the administration of the Trust funds.

Plan Administrator

The Board appoints the General Manager as the Agency's Plan Administrator for the Program. The General Manager shall designate the Assistant General Manager/Treasurer with overall responsibility for the Trust funds and to develop and manage procedures in accordance with this policy.

Trust Administrator

The Agency shall elect Public Agency Retirement Services (PARS) as the Trust Administrator. PARS has established a multiemployer irrevocable trust in compliance with the requirements of Section 115 of the Internal Revenue Code. While it is a multi-employer trust, each employer's contributions benefit only its own employees. There is ~~no-neither~~ sharing of ~~either~~ liability ~~nor~~ investment earnings, and separate employer accounts are maintained.

The Trust Administrator keeps ~~plan~~Trust documents current to ensure ~~that~~ they reflect the substantive plan and provides ongoing consulting, reporting and plan accounting records.

Trustee



ZONE 7 WATER AGENCY POLICY AND PROCEDURE

POLICY TITLE: FUNDING OF LONG-TERM PENSION LIABILITY	NUMBER: Z7AF-132-21	PAGE: 5 OF 7
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~~The Agency shall engage a Trustee to hold the contributions. US Bank will serve as the plan's trustee and/or a similarly qualified bank if the Agency is not able to get an agreement with US Bank.~~ Any contributions made to the program are held and invested by a Trustee. The Trustee duties include:

1. Safeguarding assets for the benefit of retirees;
2. Providing oversight protection of the investments;
3. Custodian of the assets; and
4. Disbursing funds to pay for pension costs and/or retiree healthcare premiums.

Investment Manager

~~HighMark Capital will serve as the Plan's Investment Manager and/or a similarly qualified investment manager if the Agency is not able to get an agreement with HighMark Capital.~~ The Agency shall engage an Investment Manager to manage the investment portfolio. The Investment Manager assists the Agency with selecting investment strategy depending on the Agency's what expected rate of return ~~the Agency expects to earn and level of risk tolerance the Agency is willing to take.~~

The Investment Manager provides annual review of the investment portfolio and asset allocation ~~as well as~~ and takes on the fiduciary responsibility for the Agency's Trust asset management.

6.0 Asset Allocation Investment Strategy

PARS provides flexibility to the Agency in the selection of the investment strategy for its funds in the Trust, giving the Agency control on return objectives and level of risk on its investments. ~~HighMark Capital who serves as the Plan's~~ The Investment Manager will provide an Investment Guideline Document (IGD) to the Agency. The General Manager, in coordination with the Treasurer/ Assistant General Manager – Finance and Investment Manager, will select the most appropriate investment option for the Plan Trust. The IGD recognizes ~~that there will be~~ investment marketplace volatility and that actual investment



ZONE 7 WATER AGENCY POLICY AND PROCEDURE

POLICY TITLE: FUNDING OF LONG-TERM PENSION LIABILITY	NUMBER: Z7AF-132-21	PAGE: 6 OF 7
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returns may differ from assumed experience. The IGD provides a framework to construct a well-diversified asset mix ~~that can potentially be expected~~ to meet the ~~account's~~ Plan's Trust's short- and long-term needs ~~that is~~ consistent with the ~~account's~~ Trust's investment objectives, liquidity considerations, and risk tolerance.

7.0 Policy Review

This policy shall be subject to review and revision every three (3) years.

8.0 Annual Reporting

The Treasurer/ Assistant General Manager – Finance shall submit annual reports to the Finance Committee and the Board on the status of the pension trust fund.

9.0 Withdrawals

This ~~trust~~ Trust is being established to offset long-term pension liabilities. However, in the event of economic distress, the amounts on deposit in the Trust may be used to meet the Agency's annual employer pension obligation payments, ~~as if~~ approved by the Board.

10.0 Actuarial Evaluation

The ~~agency~~ Agency must rely on Alameda ~~the~~ County for the annual evaluation. The Agency is not a separate participating employer under ACERA and therefore, does not have a separate accounting or actuarial valuation analysis.

11.0 History



ZONE 7 WATER AGENCY POLICY AND PROCEDURE

POLICY TITLE: FUNDING OF LONG-TERM PENSION LIABILITY	NUMBER: Z7AF-132-21	PAGE: 7 OF 7
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<u>Date</u>	<u>Action</u>	<u>Resolution</u>
<u>February 17, 2021</u>	<u>Originally Adopted</u>	<u>21-05 (as amended)</u>



ZONE 7 WATER AGENCY POLICY AND PROCEDURE

POLICY TITLE: FUNDING OF LONG-TERM PENSION LIABILITY	NUMBER: Z7AF-132-21	PAGE: 1 OF 6
APPROVED BY: ZONE 7 BOARD OF DIRECTORS Resolution No. 21-05 (As Amended)	REVISION: 1	EFFECTIVE DATE: MARCH 15, 2023

1.0 Background

Zone 7 Water Agency (the "Agency") employee's retirement program is provided through the Alameda County Employees' Retirement Association (ACERA). This is a Defined Benefit plan organized under the County Employees Retirement Law of 1937, which provides retirement, disability, and death benefits to the employees, retirees, and former employees.

The Agency is allocated a proportionate share of ACERA's overall pension liability. The Agency's proportionate share of the Net Pension Liability (NPL) is reported each year in the Annual Comprehensive Financial Report (ACFR). The Agency is not a separate participating employer under ACERA and therefore, does not have a separate accounting or actuarial valuation analysis.

The general method for addressing long-term pension liabilities is through establishing an Internal Revenue Service (IRS) Section 115 Trust Fund to prefund future pension payments. Agency contributions are deposited in an irrevocable trust fund that can only be used to meet future pension obligations.

2.0 Purpose

The purpose of this Policy is to establish a funding methodology and a process to establish an IRS Section 115 Trust for funding of pension liabilities and initial funding strategies. The proposed action is in support of Strategic Plan Goal G – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Initiative No. 24 – Continue to Effectively Manage Financial Resources, which includes evaluating the Agency's unfunded pension and other post-employment benefits (OPEB) liabilities.



ZONE 7 WATER AGENCY POLICY AND PROCEDURE

POLICY TITLE: FUNDING OF LONG-TERM PENSION LIABILITY	NUMBER: Z7AF-132-21	PAGE: 2 OF 6
APPROVED BY: ZONE 7 BOARD OF DIRECTORS Resolution No. 21-05 (As Amended)	REVISION: 1	EFFECTIVE DATE: MARCH 15, 2023

3.0 Establishment of the Trust and Initial Contribution Amount

The Agency shall establish an IRS Code Section 115 approved irrevocable trust (the "Trust") to prefund future pension payments. Once the Agency transfers funds into such a trust, funds can only be utilized for payment of employee pension.

The following criterion shall be met before establishing the initial deposit amount:

Criteria for Initial Contribution	
Criteria 1	All Fund 100 – Water Enterprise Operations Reserve Funds (Emergency, Operating and Reserve for Economic Uncertainties) have reached target reserve levels; and
Criteria 2	The Fund 100 – Water Enterprise Operations has a positive net revenue based on audited actuals at 06/30/2020.

Initial Contribution Amount
The Initial Contribution shall be \$1.5 million

4.0 Annual Contributions

In order to establish realistic and appropriate thresholds for annual contributions, the Agency adopts the following requirement for contributions to be shared among Agency funds proportionate to the actual cost of employees allocated to the following Agency funds in any given year: Water Enterprise Operations, Water Renewal/Replacement & System-Wide Improvements, Water Enterprise Capital Expansion, Flood Protection Operations, Flood Protection Development Impact Fee Fund and any other funds established by the Agency.



ZONE 7 WATER AGENCY POLICY AND PROCEDURE

POLICY TITLE: FUNDING OF LONG-TERM PENSION LIABILITY	NUMBER: Z7AF-132-21	PAGE: 3 OF 6
APPROVED BY: ZONE 7 BOARD OF DIRECTORS Resolution No. 21-05 (As Amended)	REVISION: 1	EFFECTIVE DATE: MARCH 15, 2023

Criteria for Annual Contributions	
Criteria 1	All Fund 100 – Water Enterprise Operations Reserve Funds (Emergency, Operating and Reserve for Economic Uncertainties) have reached target reserve levels; and
Criteria 2	Fund 100 – Water Enterprise Operations has a positive net revenue based on audited actuals at the end of the fiscal year.
Criteria 3	In the event Criteria 2 (as defined above) is not met based on audited actuals, but the Board identifies other available funds during the budget process, the Board may make a finding to override Criteria 2 and contribute to the Trust.
Annual Contribution Amount	
Minimum	The annual contribution amount shall be equal to 1% of the audited fiscal year Net Pension Liability.
Maximum	The annual contribution amount shall not exceed \$0.5 million.

5.0 Plan Administration

Board of Directors

The Board has the authority to establish the Trust and define policies for the administration of the Trust funds.

Plan Administrator

The Board appoints the General Manager as the Agency's Plan Administrator for the Program. The General Manager shall designate the Assistant General Manager/Treasurer with overall responsibility for the Trust funds and to develop and manage procedures in accordance with this policy.



ZONE 7 WATER AGENCY POLICY AND PROCEDURE

POLICY TITLE: FUNDING OF LONG-TERM PENSION LIABILITY	NUMBER: Z7AF-132-21	PAGE: 4 OF 6
APPROVED BY: ZONE 7 BOARD OF DIRECTORS Resolution No. 21-05 (As Amended)	REVISION: 1	EFFECTIVE DATE: MARCH 15, 2023

Trust Administrator

The Agency shall elect Public Agency Retirement Services (PARS) as the Trust Administrator. PARS has established a multiemployer irrevocable trust in compliance with the requirements of Section 115 of the Internal Revenue Code. While it is a multi-employer trust, each employer's contributions benefit only its own employees. There is neither sharing of liability nor investment earnings, and separate employer accounts are maintained.

The Trust Administrator keeps Trust documents current to ensure they reflect the substantive plan and provides ongoing consulting, reporting and plan accounting records.

Trustee

The Agency shall engage a Trustee to hold the contributions. Any contributions made to the program are held and invested by a Trustee. The Trustee duties include:

1. Safeguarding assets for the benefit of retirees;
2. Providing oversight protection of the investments;
3. Custodian of the assets; and
4. Disbursing funds to pay for pension costs and/or retiree healthcare premiums.

Investment Manager

The Agency shall engage an Investment Manager to manage the investment portfolio. The Investment Manager assists the Agency with selecting investment strategy depending on the Agency's expected rate of return and risk tolerance.

The Investment Manager provides annual review of the investment portfolio and asset allocation and takes on the fiduciary responsibility for the Agency's Trust asset management.



ZONE 7 WATER AGENCY POLICY AND PROCEDURE

POLICY TITLE: FUNDING OF LONG-TERM PENSION LIABILITY	NUMBER: Z7AF-132-21	PAGE: 5 OF 6
APPROVED BY: ZONE 7 BOARD OF DIRECTORS Resolution No. 21-05 (As Amended)	REVISION: 1	EFFECTIVE DATE: MARCH 15, 2023

6.0 Asset Allocation Investment Strategy

PARS provides flexibility to the Agency in the selection of the investment strategy for its funds in the Trust, giving the Agency control on return objectives and level of risk on its investments. The Investment Manager will provide an Investment Guideline Document (IGD) to the Agency. The General Manager, in coordination with the Treasurer/ Assistant General Manager – Finance and Investment Manager, will select the most appropriate investment option for the Trust. The IGD recognizes investment marketplace volatility and that actual investment returns may differ from assumed experience. The IGD provides a framework to construct a well-diversified asset mix to meet the Trust's short- and long-term needs consistent with the Trust's investment objectives, liquidity considerations, and risk tolerance.

7.0 Policy Review

This policy shall be subject to review and revision every three (3) years.

8.0 Annual Reporting

The Treasurer/ Assistant General Manager – Finance shall submit annual reports to the Finance Committee and the Board on the status of the pension trust fund.

9.0 Withdrawals

This Trust is being established to offset long-term pension liabilities. However, in the event of economic distress, the amounts on deposit in the Trust may be used to meet the Agency's annual employer pension obligation payments, if approved by the Board.



ZONE 7 WATER AGENCY POLICY AND PROCEDURE

POLICY TITLE: FUNDING OF LONG-TERM PENSION LIABILITY	NUMBER: Z7AF-132-21	PAGE: 6 OF 6
APPROVED BY: ZONE 7 BOARD OF DIRECTORS Resolution No. 21-05 (As Amended)	REVISION: 1	EFFECTIVE DATE: MARCH 15, 2023

10.0 Actuarial Evaluation

The Agency must rely on Alameda County for the annual evaluation. The Agency is not a separate participating employer under ACERA and therefore, does not have a separate accounting or actuarial valuation analysis.

11.0 History

Date	Action	Resolution
February 17, 2021	Originally Adopted	21-05 (as amended)

ORIGINATING SECTION: Office of the General Manager**CONTACT:** Carol Mahoney/Valerie Pryor**AGENDA DATE:** March 15, 2023**SUBJECT:** Adopt Revised Legislative Framework**SUMMARY:**

The Legislative Framework was adopted by the Board in December 2021 and acts to guide to the Board, Legislative Committee, and staff on matters pertaining to Agency interests with respect to federal, state, and local government legislative actions. The Legislative Framework was reviewed and discussed by the Legislative Committee on February 22, 2023. Minor modifications have been made to the framework language for clarity and readability. The Committee recommends that the Zone 7 Board of Directors accept these changes and adopt the attached Legislative Framework, as revised. This action supports Strategic Plan, Goal F – Stakeholder Engagement, engage our stakeholders to foster understanding of their needs, the Agency, and its function; and fulfills Goal G - Fiscal Responsibility, Initiative No. 23 – Track State and Federal funding opportunities.

FUNDING:

N/A

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENTS:

1. Resolution
2. Legislative Framework (Revised)

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY
SECONDED BY

Adopt Revised Legislative Framework

WHEREAS, the Board created a Legislative Committee to review and recommend positions on key legislative actions; and

WHEREAS, the adoption of a legislative framework supports Strategic Plan, Goal F – Stakeholder Engagement, engage our stakeholders to foster understanding of their needs, the Agency, and its function; and Goal G - Fiscal Responsibility, Initiative No. 23 – Track State and Federal funding opportunities; and

WHEREAS, to provide a roadmap in supporting the goals of the Strategic Plan and to guide the Board, Legislative Committee, and staff on matters pertaining to Agency interests with respect to federal, state, and local government legislative actions, the Legislative Framework was adopted on December 15, 2021; and

WHEREAS, the Legislative Committee plans to review, and update as needed, the Legislative Framework annually.

NOW, THEREFORE, BE IT RESOLVED that the Zone 7 Board of Directors of the Alameda County Flood Control and Water Conservation District does hereby adopt the attached Legislative Framework, as revised.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on March 15, 2023.

By: _____
President, Board of Directors

ZONE 7 WATER AGENCY Legislative Framework

(DRAFT Updated 2023)

Commented [MC1]: Document updated to include graphics and organized by color, call-out boxes to improve readability.





ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 21-99

INTRODUCED BY DIRECTOR SMITH MCDONALD
SECONDED BY DIRECTOR GREEN

Adopt Legislative Framework

WHEREAS, it was the Board intent to create a Legislative Committee to review and recommend positions on key legislative actions; and

WHEREAS, the adoption of a legislative framework will provide a roadmap for the Legislative Committee and staff and supports Strategic Plan, Goal F – Stakeholder Engagement, engage our stakeholders to foster understanding of their needs, the Agency, and its function; and Goal G - Fiscal Responsibility, Initiative No. 23 – Track State and Federal funding opportunities; and

NOW, THEREFORE, BE IT RESOLVED that the Zone 7 Board of Directors of the Alameda County Flood Control and Water Conservation District does hereby adopt the attached Legislative Framework.

ADOPTED BY THE FOLLOWING VOTE:

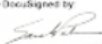
AYES: DIRECTORS FIGUERS, GAMBS, GREEN, PALMER, SANWONG, SMITH MCDONALD

NOES: NONE

ABSENT: DIRECTOR RAMIREZ HOLMES

ABSTAIN: NONE

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on December 15, 2021.

DocuSigned by

By: _____
Vice President, Board of Directors

Commented [MC2]: To be updated with latest resolution, if approved.

GUIDING PRINCIPLES

The guiding principles represent the Agency's adopted policies and plans and frames the Agency's legislative interests with respect to the Agency's mission, vision, and values. Recurring planning efforts for which legislative action may be monitored for impacts to the Agency include updates to capital improvement plans, water supply plans (i.e., Urban Water Management Plan, Groundwater Sustainability Plan, Water Supply Evaluation), flood management plans, and fiscal plans and budgets.

GOALS

Advocate

The Agency's legislative interests:

- State
- Region
- Federal Levels

Inform

Provide information to:

- Legislators, Board of Directors, and staff on the legislative process and key issues and legislation that could have an impact on the Agency

Serve

Actively participate with:

- Other water districts, the Association of California Water Agencies (ACWA), California Special Districts Association (CSDA), and regional agencies on legislative/regulatory issues that are important to the Agency

Commented [MC3]: Modified "Regional" to "Region" and deleted "at" in first line after "interests". Changed "Active" to "Actively" and changed "participants" to "participate" in third topic under "Serve"

FOCUS AREAS

The following Focus Areas identify potential areas of legislative interest based on the Agency's Strategic Planning Priorities and Mission.

1. Water Supply, Conservation, and Source Water
 - a. The Agency supports legislation and policies that protect or enhance Zone 7's ability to fulfill our Mission to deliver safe, reliable, efficient and sustainable water services; and
 - b. The Agency supports legislation and policies that align with and further the Goals and Initiatives of our 5-Year Strategic Plan as they relate to water supply, conservation, or source water matters.

FOCUS AREAS (Continued)**2. Water Quality and Treatment**

- a. The Agency supports legislation and policies that further science-based and evidence-driven water quality standards and treatment methods; and
- b. The Agency supports exploring funding opportunities that further treatment methodologies, facilities, and standards.

3. Flood Protection and Stormwater

- a. The Agency supports legislation and policies that protect or enhance Zone 7's ability to fulfill our Mission to deliver safe, reliable, efficient and sustainable flood protection services; and
- b. The Agency supports legislation and policies that align with and further the Goals and Initiatives of our 5-Year Strategic Plan as they relate to flood protection and stormwater matters.

4. Environmental Regulations and Related Climate Impacts

- a. The Agency supports legislation and policies that align with and further the Agency's ability to fulfill our Mission and meet the Goals and Initiatives of our 5-Year Strategic Plan.

5. Fiscal Matters Impacting Water, Flood, or Special Districts

- a. The Agency supports legislation and policies that protect existing federal, state, and local funding sources that provide revenues to Zone 7; and
- b. The Agency supports exploring funding opportunities that further our Mission.

6. Energy Matters Impacting Water, Flood, or Special Districts

- a. The Agency supports legislation and policies that align with and further Agency's ability to fulfill our Mission and meet the Goals and Initiatives of our 5-Year Strategic Plan, including the implementation of cost-effective energy projects and programs to optimize Zone 7's energy use portfolio, energy resiliency, and carbon footprint.



STRATEGIES

Communication:

Communicate legislative positions on proposed federal, state, county and local legislation, measures, initiatives, and governmental regulations.

- Work with legislative advocates to develop positions on proposed legislative measures
- Review positions and analysis by the Association of California Water Agencies (ACWA), California Special Districts Association (CSDA), and others in formulating Agency's position
- The Agency will only take positions on proposals that clearly impact our Agency or state water policy
- Actively track key bills through the legislative process
- Communicate the Agency's position through correspondence, testimony, and meetings
- Meet with legislators and their representatives on a regular basis to discuss issues, proposed legislation, and Agency services

Advocate, as directed, and Seek Funding:

- Seek federal, state, regional, and county funding for Agency projects.
- Advocate and request letters of support for Agency projects and grant applications

Commented [MC4]: Modified from "Grants" to "Funding" and organized topic into two bullets

PROCESS

The Legislative Committee of the Zone 7 Board of Directors will meet regularly to review and discuss pending and/or potential legislation. The Committee will also review proposed regulatory actions and forward a recommendation to the Board for consideration and adoption. Once a determination has been made, if appropriate, a letter outlining the Agency's position will be drafted for the Board President or General Manager's signature. A copy of all legislative letters will be distributed to the Board of Directors.

Commented [MC5]: Added the word "regulatory" for clarity

Commented [MC6]: Deleted words "on position" for readability

POSITIONS

Options for positions are identified below:

- **Support (S)** — Agency actively supports the proposed legislation.
- **Support if Amended (S/A)** — Agency will actively support the proposed legislation, if it is amended to address specific shortcomings identified by the Agency.
- **Favor (F)** — Agency will join with other organizations in support but will not engage actively in advocacy for the measure.
- **Favor, if Amended (F/A)** — Agency will join with other organizations in support, if legislation is amended to address specific shortcomings identified by the Agency but will not engage actively in advocacy for the measure.
- **Watch (W)** — Measures or general issues have not been sufficiently defined for a formal position.
- **Not Favor (NF)** — Agency will join with other organizations in opposition but will not engage actively in advocacy against the measure.
- **Oppose Unless Amended (O/A)** — Agency will actively oppose the proposed legislation unless it is amended to address specific shortcomings.
- **Oppose (O)** — Agency actively opposes the proposed legislation.

Commented [MC7]: •Support and Seek Amendment (S/S) deleted since this position is largely no longer used and is duplicative of Support if Amended (S/A)



PALMER report for March 15, 2023

February 15 ACWA Regulatory committee Meetings

Water Management Committee 9:30 – 10:45 am	
Chair: David Pedersen Las Virgenes Water District	Vice Chair: Sean Bigley City of Roseville
Staff Liaison: Chelsea Haines	
I. Chair's Welcome & Introductions	David Pedersen, Chair Sean Bigley, Vice Chair
II. 2023 Atmospheric Rivers & FIRO	Brad Sherwood, Sonoma County Water Agency
III. Subcommittee and Working Group Reports	
a. Water Use Efficiency	Elizabeth Lovsted, San Diego County Water Authority
b. Diverse Water Supplies: Recycled Water and Desalination	Fiona Sanchez, Irvine Ranch Water District
c. Voluntary Agreements	Glenn Farrel, CalDesal Thad Bettner, Glen Colusa Irrigation District
d. Headwaters	Willie Whittlesey, Yuba Water Agency
Adjourn – 15-minute break, Groundwater Committee, starts at 11:00 am	

Messaging on Desal: it is not for everyone. Depends on location and ability to discharge brine. a positive in the view of agencies is that, while expensive in terms of materials and energy, it is under local control.

Groundwater Committee*11:00 – 12:15 pm*

Chair: John Woodling Elk Grove Water District	Vice Chair: Mike Marcus Orange County Water District	Staff Liaison: Soren Nelson
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I. Chair's Welcome & Introductions	John Woodling, Chair
II. Department of Water Resources Update	Sustainable Groundwater Management Office, Department of Water Resources
III. State Water Resources Control Board Groundwater Updates	Natalie Stork, State Water Resources Control Board
IV. Using Paleo Valleys to Fast-Track Recharge	Rosemary Knight, PhD., UC Davis
V. Subcommittee Reports	Trevor Joseph, Regional Water Authority Greg Woodside, Orange County Water District

Adjourn – 30-minute Lunch Break, Agriculture Committee starts at 12:45 pm

Paleo valleys are the next big thing for GW storage. They have "right sized" cobbles and gravels. Challenges are when development has been extensive over them. Can be discovered by remote flying to probe beneath the surface and categorize resistivity.

Agriculture Committee Meeting*12:45 – 2:00 pm*

Co-Chairs: Alex Biering Friant Water Authority	Vice Chair: Anjanette Shadley Western Canal Water District	Staff Liaison: Soren Nelson
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I. Chair's Welcome & Introductions	Alex Biering, Co-Chair Anjanette Shadley, Co-Chair
II. Reservoir Operations: 2023 Forecast	US Bureau of Reclamation
III. On-Farm Recharge: Lessons Learned	Kristin Sicke, Yolo County Flood Control & Water Conservation District
IV. Leveraging Agriculture to Capture Flood Water	Dr. Helen Dahlke, UC Davis
V. Budget and Legislative Updates	Adam Quinonez, ACWA Kristopher Anderson, ACWA

Adjourn – 15-minute break, Water Quality Committee starts at 2:15 pm

It is sometimes difficult to get permits for Ground water recharge!

Water Quality Committee		
2:15 – 3:30 pm		
Chair: Edgar Dymally Metropolitan Water District of Southern California	Vice Chair: Pamela Jeane Sonoma Water	Staff Liaison: Nick Blair
Register Here After registering you will receive a confirmation email containing information about joining the zoom.		
I. Chair's Welcome & Introductions	Edgar Dymally, Chair Pamela Jeane, Vice Chair	
II. Drinking Water Subcommittee Updates	Steve Bigley, Subcommittee Chair, Coachella Valley Water District Dr. Dave Edwards, Office of Environmental Health Hazard Assessment Dr. Scott Coffin, State Water Board Patrick Versluis, Orange County Water District Steve Bigley, Coachella Valley Water District	
a. Public Health Goals Development		
b. Microplastics Monitoring		
c. PFAS		
d. Chrome 6 Updates		
III. Clean Water/Aquatics Subcommittee	Jeremy Jungreis and David Manning, Subcommittee Chairs Jeremy Jungreis, Rutan & Tucker	
a. Court Decisions on Stormwater State Mandates	Debbie Ruddock, City of Half Moon Bay Catherine Engberg, City of Half Moon Bay Maziar Bozorginia, City of Half Moon Bay	
b. Half Moon Bay: Stormwater & Wastewater Response in Atmospheric River Storms		
Adjourn – 15-minute break, Energy Committee starts at 3:45 pm		

There was also an Energy Committee meeting that I did not attend.

ORIGINATING SECTION: Administration

CONTACT: Valerie Pryor

AGENDA DATE: March 15, 2023

SUBJECT: General Manager's Report

SUMMARY:

The following highlights a few of the key activities which occurred last month. Also attached is a list of the General Manager (GM) contracts executed during February.

2022/2023 Storm Events:

As a result of the Dec 2022/Jan 2023 storms, Zone 7's flood protection facilities has experienced damage at 251 locations based on continuing assessment. Of the 251, approximately 143 sites are damaged banks that will be in need of some form of repair in the future; 49 are considered medium to high priority and may qualify for FEMA assistance. Damage assessment is ongoing, and at present the total estimated bank damages that may qualify for FEMA assistance is about \$10.9 million in construction costs. Staff submitted a Request for Public Assistance via Cal OES on February 16 (due date March 15) and is coordinating with Cal OES on next steps to finalize the application. Staff is preparing a formal Request for Assistance to the US Army Corp of Engineers San Francisco District (due date March 17).

Drought Emergency and Drought Operations:

On February 22, DWR announced an increased allocation of 35% for 2023. This is good news for Zone 7. However, even with a 35% allocation, the typical Zone 7 operations plan shows a need for continued conservation of 10%, use of water from Kern County storage and recovery programs and 5,000 acre-feet of water transfers. Based on continued developments in late winter and spring, staff will refine this plan. Staff continues to pursue water transfer opportunities for the current year and long-term water supply needs.

At this time Governor's Executive Orders still require water agencies to implement Water Shortage Contingency Plan Stage 2 and 15% voluntary conservation.

Operations and Maintenance:

Staff worked on several projects including support work for the Del Valle Water Treatment Plant (DVWTP) Ozonation post-project work, the Patterson Pass Water Treatment Plant

(PPWTP) Expansion and Ozonation Project and the Mocho Groundwater Demineralization Plant Concentrate Conditioning project.

The Hopyard Well 6 was taken out of service on November 18, 2022, due to mechanical issues. Repairs are underway.

Administration and Outreach:

Zone 7 has been awarded the California Society of Municipal Finance Officers (CSMFO) Operating Budget Excellence Award for the FY 2022-24 Two-Year Budget. The CSMFO Budget Awards Program is designed to recognize those agencies that have prepared a budget document that meets the highest criteria and standards applied to municipal budgeting. This is the sixth consecutive CSMFO budget award presented to Zone 7.



Bond Financing: The Chain of Lakes PFAs Treatment Facility has been advertised and staff plans to recommend award of construction phase contracts at the April 2023 Board meeting. Based on direction received from the Board at the January 18 Board Meeting, staff has started the bond financing process. It will take approximately six months to issue bonds. A potential schedule includes:

- January 2023 – Board approval of a reimbursement resolution – completed.
- March - April 2023 – Finance Committee discussion of proposed debt financing strategy.
- April 2023 – Selection process and Board approval of a financing team, including a municipal advisor, bond and disclosure counsel, trustee, and underwriter.
- May - August 2023:
 - Draft and finalize legal documents, preliminary official statement, obtain credit rating.
 - Meeting of the Livermore Valley Water Financing Authority/Zone 7 Board to authorize bond issuance.
 - Negotiate/price bonds, execute closing documents and close bonds.

Through an RFP selection process, staff has recently contracted with PFM Financial Advisors to serve as the municipal advisor. Their role is to oversee the entire bond financing process.

Engineering and Water Quality:

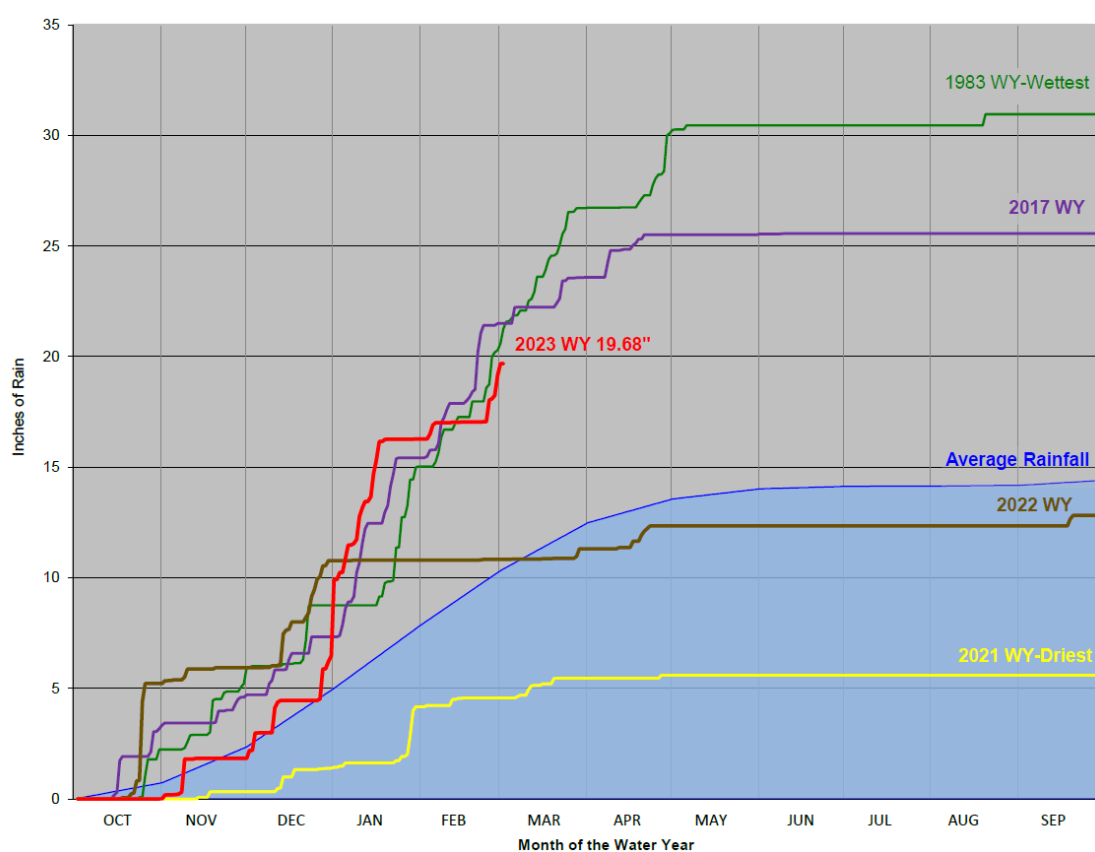
Stoneridge Well PFAS Treatment Facility Project: Groundbreaking activities began in early February with excavation and compaction of the subgrade of the vessel pad area (see photo below). Over the next two months, the contractor will be making two tie-ins to the existing Cross Valley Pipeline located just north of the Stoneridge Well site on the south bank of the Arroyo Mocho. This work will require shutdown of a portion of the Cross Valley Line and closure of a portion of the Arroyo Mocho trail. Staff have been working with City of Pleasanton staff on coordination of both of these items. Functional completion of the project (i.e., well is operating and being treated for PFAS removal) is anticipated in summer 2023, with full completion of the project in winter 2023/2024.



Integrated Water Resources:

Zone 7 is developing a pool cover rebate program for customers of DSRSD, the City of Pleasanton, and Livermore Municipal Water. The rebate program will cover 50% of the pool cover cost, up to \$100, and is scheduled to begin on April 1.

To date, the cumulative total for local rainfall is approximately 189% of the average rainfall.



Delta Conveyance Project: Zone 7 is participating in the four-year planning and permitting process and has approved funding through calendar year 2024. The environmental planning and preliminary engineering work are on schedule and on budget. The U.S. Army Corps of Engineers (USACE) has issued a Draft Environmental Impact Statement (EIS) for the Delta Conveyance Project for public review. The document is available [here](#) and the USACE Draft EIS public review and comment period lasts until March 16, 2023. Zone 7 representatives continue to serve on the Boards of the Delta Conveyance Design and Construction Authority (DCA) and the Delta Conveyance Finance Authority (DCFA). Minutes for the December 15, 2022, and January 13, 2023 DCA Board meetings are attached. Board packets for both the DCA and the DCFA can be found at: <http://www.dcdca.org/#meetings>.

Water Supply and Reliability Projects: Zone 7 is currently actively pursuing water supply and reliability projects. Key activities are as follows:

- **Los Vaqueros Reservoir Expansion.** Staff attended the first workgroup meeting on storage allocations. The workgroup agreed to move forward with dedicated storage approach with the ability to lease storage capacity rather than pooled storage approach. Staff reviewed operations modeling results for 5,000 acre-feet and 10,000 acre-feet storage allocations for Zone 7.

- **Local Water Supply and Water Quality Studies.** The 2022 Water Supply Evaluation report will be finalized in early March. Staff are preparing for a presentation on the report to the Water Resources Committee in late March followed by a briefing to the retailers. For the Desktop Groundwater Contaminant Mobilization Study, the consultant is performing additional modeling to analyze the sensitivity the pH of purified water on arsenic and hexavalent chromium mobilization. The results of this sensitivity analysis will be summarized in the final Purified Water Technical Memorandum.
- **Sites Reservoir.** The Sites Authority held the first of three briefings on the Final EIR/EIS leading up to the anticipated approval of the document in May 2023. A soft call on participation level is planned for mid-2023.

Monthly List of GM Contracts

February 2023

<u>Contracts</u>	<u>Amount</u>	<u>Purpose</u>
Bay Area Coating Consultants	\$25,000	Coating Inspection, Testing, and Consulting Services for Warranty
Cal Safety, Inc.	\$50,000	As-Needed Traffic Management Services
San Leandro Crane Services	\$45,000	As-Needed Crane Rentals and Services
Tri-City Power, Inc.	\$25,000	UPS Preventive Maintenance, Parts and Services
Total February 2023	\$145,000	

BOARD OF DIRECTORS MEETING

MINUTES

REGULAR MEETING

Thursday, December 15, 2022

2:00 p.m.

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

The regular meeting of the Delta Conveyance Design and Construction Authority (DCA) Board of Directors was called to order remotely - Conference Access Information: Phone Number: (669) 444-9171, Code: 833 6616 9986, <https://dcdca-org.zoom.us/j/83366169986> at 2:00 pm.

2. ROLL CALL

Board members in attendance remotely were Martin Milobar, Gary Martin, Richard Atwater, Tony Estremera, Adnan Anabtawi and Alternate Director Bob Tincher sitting in for Robert Cheng. Sarah Palmer participated from the DCA Boardroom, constituting a quorum of the Board.

Alternate Directors in attendance remotely were Barbara Keegan, Dan Flory, Royce Fast and Dennis LaMoreaux; the Board Clerk captured their attendance for the record.

DCA staff members in attendance were Graham Bradner, Rod Houser, and Joshua Nelson.

3. PLEDGE OF ALLEGIANCE

President Sarah Palmer convened the open session at approximately 2:00 p.m. and led all present in reciting the Pledge of Allegiance.

4. PUBLIC COMMENT

President Palmer opened Public Comment. There were no public comment requests received and the comment period was closed.

5. APPROVAL OF MINUTES: October 20, 2022 Regular Board Meeting, and November 18, 2022 Special Board Meeting

President Palmer noted that the meeting minutes did not capture her or Director Cheng as participating in person from the Board Room in October and requested that the meeting minutes be approved with the correction.

Recommendation: Approve the October 20, 2022 Regular Board Meeting, and November 18, 2022 Special Board Meeting Minutes

Motion to Approve Minutes from October 20, 2022, and November 18, 2022 as

Noted: Estremera
 Second: Atwater
 Yeas: Palmer, Milobar, Martin, Atwater, Estremera, Anabtawi, Tincher
 Nays: None
 Abstains: None
 Recusals: None
 Absent: None
 Summary: 7 Yeas; 0 Nays; 0 Abstain; 0 Absent. (Motion passed as MO 22-12-01).

6. CONSENT CALENDAR

a) **Approve Extending Resolution No. 2021-08 Authorizing Virtual Board and Committee Meetings Pursuant to AB 361**

Recommendation: Approve Extending Resolution Authorizing Virtual Board and Committee Meetings Pursuant to AB 361

Motion to Approve Extending Resolution Authorizing Virtual Board and Committee Meetings Pursuant to AB 361, as

Noted: Anabtawi
 Second: Martin
 Yeas: Palmer, Milobar, Martin, Atwater, Estremera, Anabtawi, Tincher
 Nays: None
 Abstains: None
 Recusals: None
 Absent: None
 Summary: 7 Yeas; 0 Nays; 0 Abstain; 0 Absent. (Motion passed as Resolution 21-08-17).

7. DISCUSSION ITEMS:

a) **December DCA Monthly Report**

Informational Item

Executive Director, Graham Bradner, presented an overview of the monthly board report. He started with Section 1: Worked Performed, highlighting that DCA staff continue to work towards the closeout of Fiscal Year (FY) 2021/2022 as a couple of task orders were extended past June 30, 2022. In conjunction with this, staff are performing activities associated with the current FY 22/23. Standard Operating Procedures (SOPs) are also being developed to support organizational growth and transitional activities. The Administration team continues to provide support to the DCA Board of Directors and coordinate the transition of DCA's video conferencing platform from RingCentral to Zoom. As for the Engineering team, staff continues to provide support to the Department of Water Resources (DWR) and their permitting efforts associated with the public draft Environmental Impact Report (EIR) review by responding to requests for clarification regarding the information DCA provided as part of the conceptual design process. The Geotechnical team

completed the Fall 2022 Exploration Program, the last program scheduled for the 2022 calendar year. The team is now focusing on the planning activities for the Spring 2023 Exploration Program.

Mr. Bradner continued with Section 3: Budget, stating that the DCA has committed \$29M of the \$31.16M budget through task orders and contracts and only \$7M has been incurred to date. Mr. Bradner noted that staff are beginning a process to rigorously evaluate the projections and estimate at completion and as a result of this, the budget will reflect changes in the distribution of the funds. The project is currently on budget and proceeding as planned.

Lastly, Mr. Bradner went over the program schedule which lays out the previously identified activities on a timeline. All the activities planned are on track.

No comments or questions were received from the Board, nor were any public comment requests received.

b) Sr. Leadership Spotlight – Rod Houser

Informational Item

Executive Director, Graham Bradner, briefly introduced DCA's EDM Design Manager, Rod Houser.

Rod Houser joined the DCA in October of 2022 and has 30 years of professional experience. He received his bachelor's degree in Civil Engineering from the University of California, Davis in 1992. Shortly after he became a California Registered Professional Civil Engineer (PE) in 1995. In addition to being a registered PE, Mr. Houser is a Board-Certified Environmental Engineer (BCEE) with a specialty certification in water supply and wastewater, and a Pump Systems Assessment Professional (PSAP) through the Hydraulic Institute.

Previously, Mr. Houser worked as the Conveyance Design Lead for Kennedy Jenks Consultants from 2011 to 2022 and as an Adjunct Lecturer for semester-length course on pump technology and hydraulics from 2012 to 2017. The most notable projects he worked on were the Santa Rosa Subregional System Geysers Recharge Program from 1999 to 2022 as the Pump Station Project Engineer; the Monterey One Water Indirect Potable Reuse Program from 2015 to 2020 as the Conveyance Engineer; and the San Francisco Public Utilities Commission, Westside Recycled Water Program from 2012 to 2022 as the Pump Station Project Engineer.

Currently, as the EDM Design Manager for the DCA, Mr. Houser provides technical management of the DCA EDM team and supports the Executive Director with external technical information as needed.

President Palmer welcomed Mr. Houser and expressed her gratitude to having him as part of the DCA.

Director Gary Martin echoed President Palmer's comment.

Director Adnan Anabtawi welcomed Mr. Houser and stated that he has an impressive resume. He expressed that he is glad that the DCA continues to find extraordinary people to work on the project.

No further comments or questions were received from the Board, nor were any public comment requests received.

c) **DCA FY 2021/22 Financial Annual Audit Report**

Informational Item

Executive Director, Graham Bradner, briefly introduced Brianne Wiese, the Managing Director for KMPG. KMPG performed the financial audit for DCA's Fiscal Year 2021/2022. Brianne Wiese introduced Liezl Malabanan to provide the presentation for this item.

Ms. Malabanan stated that they are expected to provide an unmodified audit opinion on the financial statements of the DCA. She informed the Board that this was a clean audit and there were no matters to report.

No comments or questions were received from the Board, nor were any public comment requests received.

d) **JEPA Amendment 7**

Adopt Resolution

DCA General Counsel, Josh Nelson, presented this item. He informed the Board that this item is a proposed amendment to the Joint Exercise of Powers Agreement (JEPA) with DWR. He reminded the Board that the JEPA is the agreement under which the DCA is currently providing DWR for support as it conducts its planning phase for the proposed Delta Conveyance Project. The proposed amendment is an administrative update to change the repayment date of the DWR initial contribution from January 10, 2023 to January 10, 2025. DWR provided initial funds for the planning phase and the DCA previously agreed to repay those funds. This amendment would simply push that repayment date out for two years. This amendment is not a project under the California Environmental Quality Act (CEQA).

No comments or questions were received from the Board, nor were any public comment requests received.

Recommendation: Approve Resolution to Adopt Amendment No. 7 to the JEPA with DWR and Finding that Execution of the Amendment is Not a Project Subject to CEQA

Motion to Approve Resolution to Adopt Amendment No. 7 to the JEPA with DWR and Finding that Execution of the Amendment is Not a Project Subject to CEQA, as

Noted: Palmer
Second: Anabtawi
Yeas: Palmer, Milobar, Martin, Atwater, Estremera, Anabtawi, Tincher
Nays: None
Abstains: None

Recusals: None
Absent: None
Summary: 7 Yeas; 0 Nays; 0 Abstain; 0 Absent. (Motion passed as Resolution 22-09).

e) **AB2449 Remote Meeting Update**

Informational Item

DCA General Counsel, Josh Nelson, presented this item. AB2449 was approved by the legislature last year and will take effect starting January 1, 2023 and will change the rules for remote meetings going forward. Under the bill there are three different types of remote meetings.

The first would be those that are held during the statewide declaration of emergency or similar to AB 361. The challenge there is that the Governor has indicated that the COVID-19 statewide declaration of emergency will likely sunset at the end of February 2023 and if that's the case, the Board will most likely no longer have the ability to participate under these very flexible remote means.

The second would be those under AB2449, which allow private remote meetings. The bill does recognize there may be some situations in which a director is unable to call in from a public location and allows directors to call in from a private location which is not listed on the agenda if they satisfy a just cause or emergency standard. Under AB2449 there are significant practical limitations for using those private meetings. For a single director to call in from a private location, a quorum of the Board would need to be in a single physical location. In addition, there are numerical limitations on the number of times an individual director can call in from a private remote location under the bill.

The third option, which is just the traditional pre-pandemic Brown Act teleconference rules, allows directors to call in from a location that is not the DCA Boardroom as long as that location is listed on the agenda and publicly accessible. Staff recognizes the flexibility that remote meetings provide and the fact that a given number of the DCA directors are in Southern California or other locations in the state. As a result of this, DCA's Board Clerk is working with member agencies to potentially have a local Boardroom as a potential satellite location to host DCA Board members during the meetings. The plan is currently to allow directors to call in from remote locations starting when AB361 sunsets.

President Palmer inquired about if having a posted location outside of the DCA will qualify as a quorum for someone who may attend remotely.

Mr. Nelson informed the Board that under AB2449, a quorum needs to take place in a single physical location, such as the DCA Boardroom.

No further comments or questions were received from the Board, nor were any public comment requests received.

8. STAFF REPORTS AND ANNOUNCEMENTS:

a. General Counsel's Report

DCA General Counsel, Josh Nelson, provided the written report in the Board package. Mr. Nelson informed the Board that he covered his topics in the previous items he presented.

No comments or questions were received from the Board, nor were any public comment requests received.

b. Treasurer's Report

DCA Treasurer, Ms. Katano Kasaine, informed the Board that Bernadette Robertson, DCA's Controller, will present the item on her behalf. Ms. Robertson stated that the reports cover October and November 2022. As of the end of September, the ending cash balance was \$448,271. During the month of October and November 2022 receivables totaled \$3,596,934 and the disbursements totaled \$3,850,590 which left the ending cash balance at \$194,615 as of November 30, 2022.

Director Adnan Anabtawi inquired about if the low ending cash balance is a concern.

Ms. Robertson and Mr. Bradner informed the Board that the DCA is in the process of requesting and receiving an additional \$300,000 in advance payment to increase the amount from \$500,000 to \$800,000.

No further comments or questions were received from the Board, nor were any public comment requests received.

c. Verbal Reports

President Palmer stated that she attended the Association California Water Agency meeting hosted in Indian Wells and she realized that there is opportunity to present about the importance of the Delta Conveyance Project. She also found that those who lived North of the Delta had concerns regarding the impact the project would have on their communities.

9. FUTURE AGENDA ITEMS:

None.

10. ADJOURNMENT:

President Palmer adjourned the meeting at 2:40 p.m., remotely-Conference Access Information:
Phone Number: (669) 444-9171, Code: 833 6616 9986, <https://dcdca-org.zoom.us/j/83366169986>

BOARD OF DIRECTORS MEETING

MINUTES

SPECIAL MEETING

Friday, January 13, 2023

10:00 a.m.

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

The special meeting of the Delta Conveyance Design and Construction Authority (DCA) Board of Directors was called to order remotely - Conference Access Information: Phone Number: (669) 444-9171, Code: 86020353412#, <https://dcdca-org.zoom.us/j/86020353412> at 10:00 a.m.

2. ROLL CALL

Board members in remote attendance were Sarah Palmer, Martin Milobar, Gary Martin, Richard Atwater, Tony Estremera, and Adnan Anabtawi, constituting a quorum of the Board. Director Robert Cheng was not in attendance.

Alternate Director in remote attendance was John Weed; the Board Clerk captured his attendance for the record.

DCA staff members in attendance were Graham Bradner and Joshua Nelson.

3. PLEDGE OF ALLEGIANCE

President Sarah Palmer convened the open session at approximately 10:00 a.m. and led all present in reciting the Pledge of Allegiance.

4. PUBLIC COMMENT

President Palmer opened Public Comment. There were no public comment requests received, therefore, the comment period was closed.

5. DISCUSSION ITEMS:

- a) **Approve Extending Resolution No. 2021-08 Authorizing Virtual Board and Committee Meetings Pursuant to AB 361/AB 2449**

Approve by Motion

Recommendation: Approve Resolution Authorizing Virtual Board and Committee Meetings Pursuant to AB 361/AB 2449

Motion to Approve Resolution Authorizing Virtual Board and Committee Meetings Pursuant to AB 361/AB 2449, as

Noted:	Estremera
Second:	Atwater
Yeas:	Palmer, Milobar, Martin, Atwater, Estremera, Anabtawi
Nays:	None
Abstains:	None
Recusals:	None
Absent:	Cheng
Summary:	6 Yeas; 0 Nays; 0 Abstain; 1 Absent. (Motion passed as Resolution 21-08-18).

6. ADJOURNMENT:

President Palmer adjourned the meeting at 10:03 a.m., remotely - Conference Access Information: Phone Number: (669) 444-9171, Code: 86020353412#, <https://dcdca-org.zoom.us/j/86020353412>

ORIGINATING SECTION: Administration

CONTACT: Valerie Pryor

AGENDA DATE: March 15, 2023

SUBJECT: Drought Update

SUMMARY:

This item supports Zone 7's mission to "Deliver safe, reliable, efficient, and sustainable water and flood protection services" and Goal A – "Reliable Water Supply and Infrastructure: Provide customers with reliable water supply and delivery."

On February 23, the State Water Project (SWP) issued its second allocation increase for calendar year 2023. The allocation was increased from 30% to 35%. A 35% allocation equates to a 28,220 AF Table A allocation for Zone 7. As a reminder, the initial 2023 allocation announced on December 1, 2022, was 5%. The 2023 SWP allocation may be adjusted over the coming months as hydrologic conditions evolve. During the drought, Zone 7 has met water supply demands through reliance on stored water both locally and in other regions, through water transfers (purchases), and through water conservation. The Board of Directors declared a Stage 2 drought emergency on September 1, 2021, and required 15% mandatory conservation from the retailers (treated water customers).

This report summarizes drought-related activity for the month of February 2023.

Operations Plan Updates:

- To manage the potential San Luis Reservoir spilling in March/April, Zone 7 has secured an approval from Kern County Water Agency to store up to 10,000 acre-feet of carryover water in Semitropic. Staff plans to recover some of this water later this year.

Water Supply Transfers:

- Zone 7 continues to pursue water transfer opportunities for 2023 and beyond.

Conservation:

- Zone 7 hosted two Qualified Water Efficient Landscaper (QWEL) training courses in February. One class was offered in English and the other in Spanish. A total of 30 students attended the 18 hours of coursework and subsequent qualification exam.

- In February 2023, Zone 7 demands overall were 32% lower relative to the same time in 2020; treated production was 28% lower, and estimated untreated deliveries were 88% lower than the same as 2020. Attachment 1 provides monthly data on conservation.
- Below is a summary of rebates processed for all of FY 21 and FY 22 compared to FY 23 through February 28, 2023:

Conservation Rebates	FY 21 Total	FY 22 Total	FY 23 YTD	In Process
High-Efficiency Washers	142	222	133	
Weather-Based Irrigation Controllers*	139	157	81	
Water Efficient Lawn Conversion	5	50	50	25
TOTALS	286	429	264	25

*A special project involving 1,000 households is currently underway.

Communications/Coordination with Retailers:

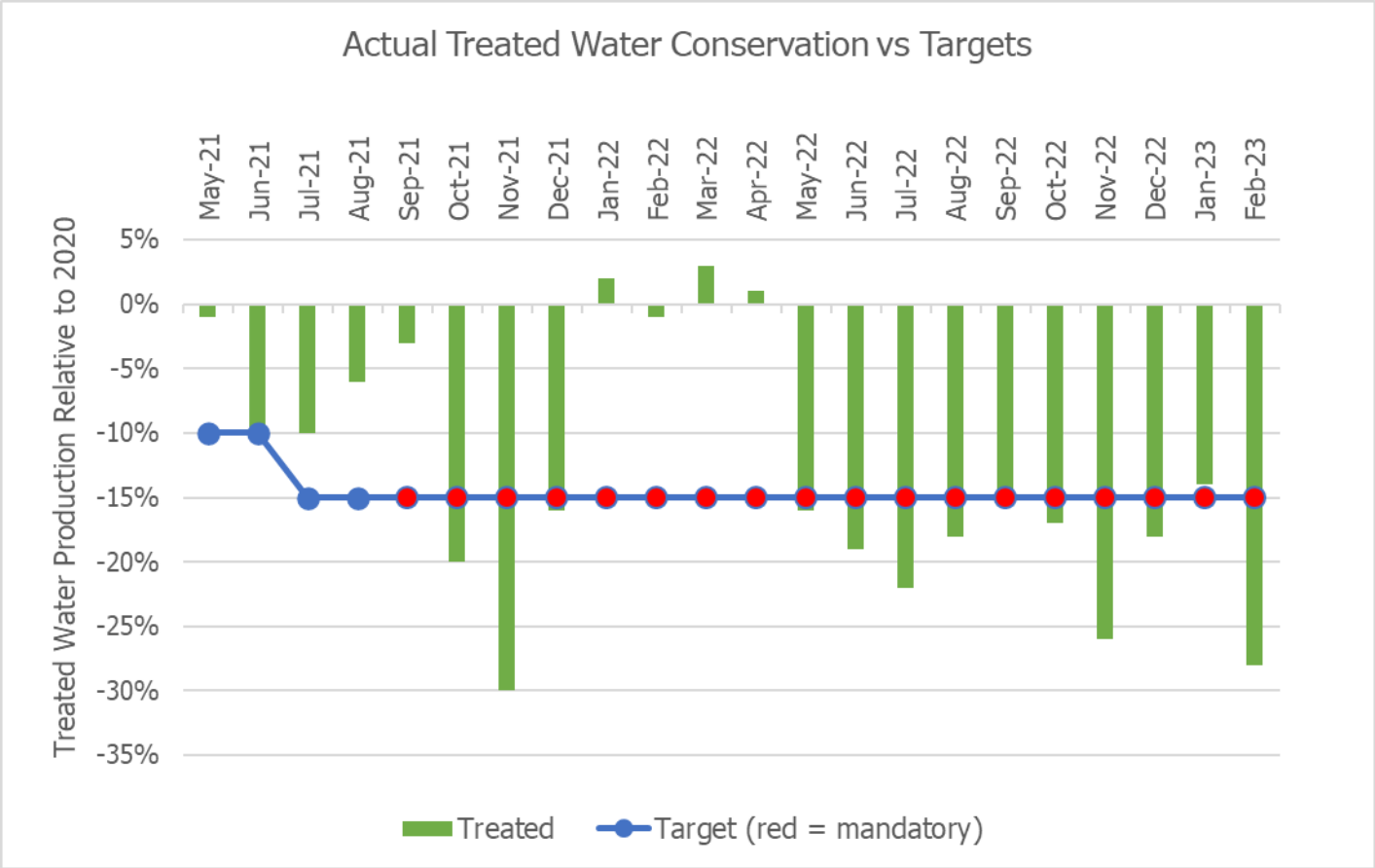
- On February 13, the Tri-Valley Drought Communications Committee (Zone 7 and retailer staff) met to coordinate on drought messaging strategy and activities.
 - The committee discussed messaging and marketing strategies into summer of 2023 including what mediums and venues to market through.
 - Staff provided drought buckets to the City of Livermore. These are being distributed at the public libraries and library staff indicate they are extremely popular. City of Pleasanton Staff have requested buckets for their Fix a Leak Week campaign and Zone 7 will also make drought buckets featuring leak fixing resources available in the Zone 7 lobby during Fix a Leak Week.
 - California Water Service, Livermore and Zone 7 's annual Water Conservation Art Contest is underway. This year's theme is "California Water: Back to its Roots" which highlights the beauty of native plants as a lawn alternative. A total of 56 submissions were received. Voting for the ten finalists will be open from March 13 to March 24.
 - Zone 7 is co-sponsoring the One Water Awards with California Water Service and Livermore for the Annual Science Odyssey. The awards ceremony will be held Thursday, March 9, 5:00 pm - 7:00 pm at Junction TK-8 School, 298 Junction Avenue in Livermore.

FUNDING: None at this time.

RECOMMENDED ACTION: Information only.

ATTACHMENT: Attachment 1 – Actual Treated Water Conservation vs Targets

Attachment 1 – Actual Treated Water Conservation vs Targets



ORIGINATING SECTION: Office of the General Manager

CONTACT: Alexandra Bradley

AGENDA DATE: March 15, 2023

SUBJECT: February Outreach Activities

SUMMARY:

To deliver on the Agency's 2020-2024 Strategic Plan Goal F which strives to engage our stakeholders to foster mutual understanding, staff implements and oversees a multi-faceted outreach and communications program to connect with and engage stakeholders. Through an open and transparent approach, the Agency seeks to deliver effective customer-centric communications, reaching constituents where, when, and how they prefer. Effective communication builds confidence, trust, and awareness among constituents, increases participation to help with effective decision making, and helps strengthen Zone 7's commitment to its mission and vision. This monthly staff report provides timely updates on progress towards meeting the goal of engaging our stakeholders.

Communications Plan Updates

Drought Outreach: Staff continues to focus on drought messaging, educating residents about 15% mandatory conservation. Staff has a multi-pronged approach to messaging the need for conservation in the community and works collaboratively with the water retailers. Messaging in the first quarter is focused outdoor irrigation, specifically reminding the community to turn off irrigation systems on and around rain events. February saw continued conservation at nearly double the target rate, coming in at 28% for the month. Drought outreach efforts are coordinated with retailer partners through monthly meetings of the Drought Communications Committee. Details can be viewed in the monthly Drought Update.

Annual Report: Staff is promoting the recently released Fiscal Year 2021-2022 Digital Annual Report. A postcard with QR code is being distributed with our conservation kits to promote the annual report. A downloadable PDF version of the report is now also available. The report can be viewed at www.zone7water.report.

Outreach Program Updates

Schools' Program: Teachers visited 12 classrooms in February. There are 38 classroom visits currently scheduled for March.

Completed In-Person Events:

Granada High School Career Fair, Granada High School, Livermore, Wednesday, February 22. Zone 7 participated with a booth and information about water industry-based jobs. Students were invited to play our "Careers in Water" game. Materials from Baywork were distributed as well. Over 100 students interacted with our team.

Arroyo Seco Elementary School Family Science Night, Arroyo Seco Elementary, Livermore, Thursday, February 23. We engaged with at least 81 Arroyo Seco students and their family members with our floodplain model.

Upcoming In-Person Events:

City of Pleasanton, Fix-a-Leak Week, March 20-26. Zone 7 will provide shower buckets filled with leak fixing resources to the City of Pleasanton to distribute to their customers during Fix-a-Leak Week.

Zone 7, Fix-a-Leak Week, March 20-26. Zone 7 will have shower buckets filled with leak fixing resources available in the North Canyons lobby during Fix-A-Leak Week.

Marylin Avenue Family Science Night, Marylin Avenue School, Livermore, Thursday, March 23, 6:00pm-8:00pm. Zone 7 will provide interactive water education activities for students and their families.

A Day by The Water, Del Valle Regional Park, Saturday, March 25, 2023 10:00am-4:00pm. For the second year in a row, there will be booths set up outside of the Del Valle Visitors Center focusing on the importance of water in our valley. Participants will be encouraged to engage with our floodplain model to learn about the watershed, floods, and runoff.

Livermore Innovation Fair, Saturday, April 15, 10:00am-5:00pm at Alameda Fairgrounds. This is a hands on event with over 50 exhibitors. Zone 7 will be represented with a booth that will have interactive activities, water conservation giveaways, and rebate information.

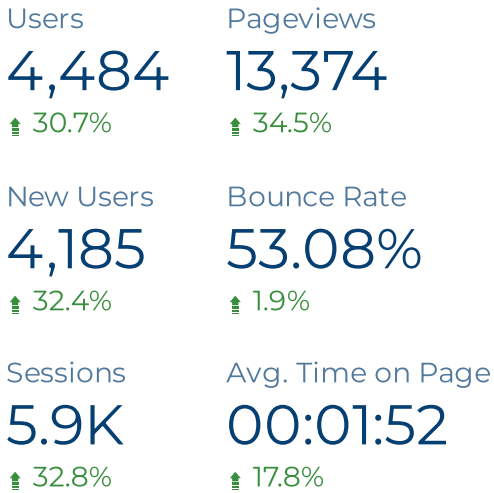
Ag & Enviro Adventure Day, Livermore High School, Thursday, April 18, 8:00am-3:00pm. Zone 7 will participate in this organized event for Livermore third graders with an interactive movement-based activity which highlights our watershed and its connection with the community.

City of Dublin Volunteer Fair, Emerald Glen Park, Saturday, April 22, 8:00am-12:00pm. Zone 7 has been invited to host a booth at this event to talk to concerned volunteers about conservation and runoff. Many participants will be participating in a creek clean up, so we will applaud their efforts and help them connect their work with keeping our watershed clean.

Sunset Elementary STEAM Night, Sunset Elementary School, Livermore, Wednesday, April 26 6:00pm – 8:00pm. Zone 7 will participate in this annual event focusing on Science, Technology, Engineering, Art, and Math.

ATTACHMENT: Analytics Dashboards

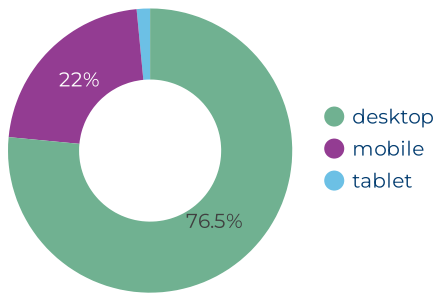
Highlights:



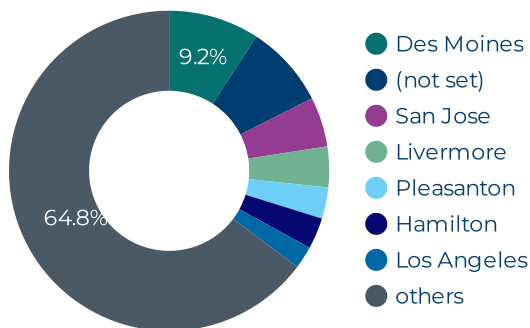
Most visited pages on the website - users and pageviews

	Page Title	Users	Pageviews
1.	Zone 7 Water Agency - the Tri-Valley region's water ...	934	1,476
2.	Examples of a Water Cycle Story - Zone 7 Water Agen...	601	801
3.	Construction & Business Opportunities - Zone 7 Wat...	394	966
4.	4. Label the Water Cycle - Zone 7 Water Agency	329	384
5.	Careers - Zone 7 Water Agency	301	469
6.	Lessons Middle School - Groundwater - Zone 7 Wate...	231	510
7.	Alamo Creek Bank Stabilization and Flood Manage...	180	269
8.	Construction Management Services for the Chain of ...	169	286
9.	Contact Us - Zone 7 Water Agency	157	281
10.	Rebate Programs - Zone 7 Water Agency	152	217

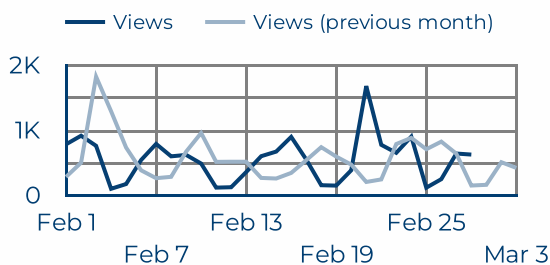
Total Users and Device



Users by City



Traffic compared to last month

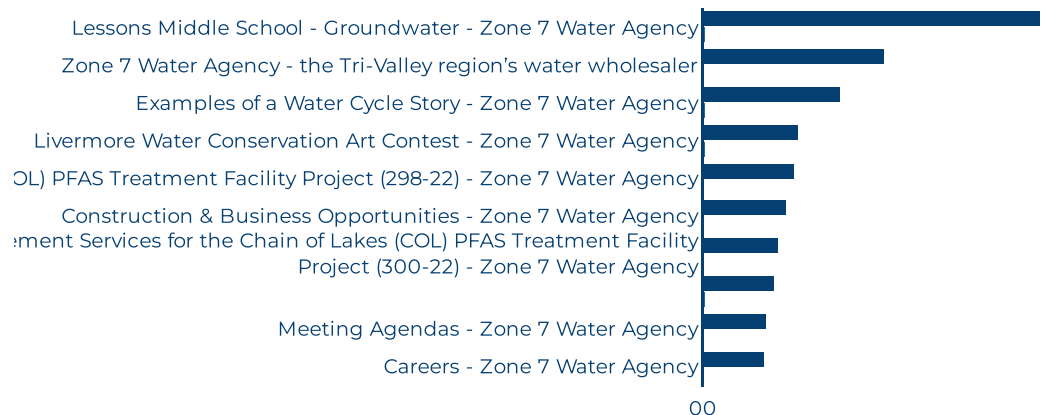


Acquisition source/medium - where traffic sessions come from

	Acquisition Source / Medium	Sessions
1.	(direct)/(none)	2,496
2.	google/organic	2,484
3.	classroom.google.com/referral	185
4.	bing/organic	150
5.	livermoreca.gov/referral	121
6.	dsrsd.com/referral	62
7.	yahoo/organic	50
8.	meetedgar.com/social	43
9.	cityofpleasantonca.gov/referral	33
10.	imsinfo.com/referral	29

1 - 86 / 86

Pages with the most time spent by users



Facebook Snapshot Analytics

Total Posts

20

Shares

24

Clicks

154

Page Likes

603

Results

Export

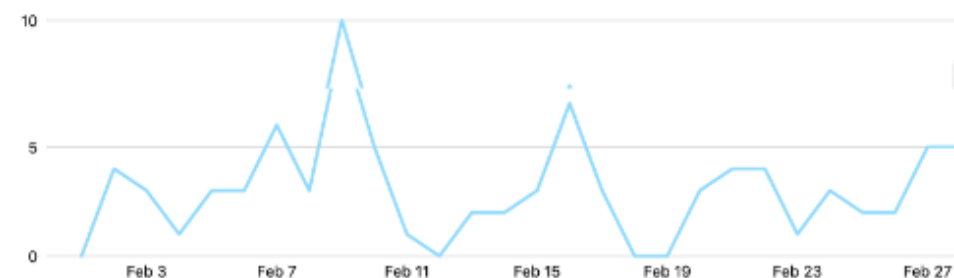
Facebook Page reach ①

4,157 ↑ 16.4%



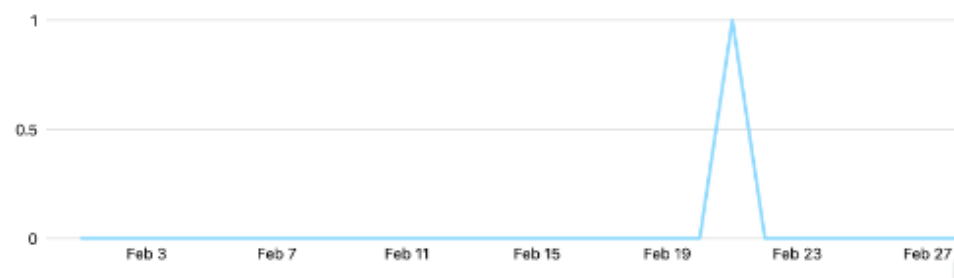
Facebook Page visits ①

85 ↓ 67.6%



Facebook Page new likes ①

1 ↓ 96%



Ad trends

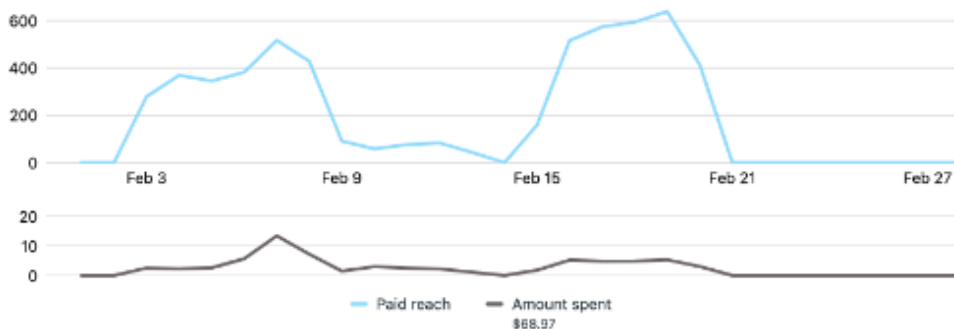
Export

Paid reach ①

3,834 ↑ 100%

Paid impressions ①

6,120 ↑ 100%



Youtube Analytics

Video Views

TBD

Impressions

TBD

Top Performing Videos

Mailchimp Delivery Analytics

Total Eblasts Sent

4

Total Deliveries

2,790

Avg. Open Rate %

31.5%

Total Clicks

134

February Insights

WEBSITE

- Website traffic was higher on multiple measures including
 - Number of users up 27% percent over January.
 - Number of page views up 30% over January.
 - Number of individual sessions up 29% over January.
- Combined, this data shows that more users are coming to the site and exploring more sections overall.
- There was a spike in traffic on February 21, 2023, with almost double the number of users as the previous month which corresponds with the day that the quarterly newsletter was sent to subscribers. This represents an opportunity to include key messages in the newsletter and/or consider sending more often.
- The home page continues to be the most visited page, however, the Kid Zone lessons perform very well and have the most time spent on the page. The time on page represents active engagement.

SOCIAL MEDIA

- In February, targeted boosting and paid ads accounted for most traffic, showing the need to support organic content with paid support to increase engagement in alignment with Facebook algorithm challenges for business pages.
- Top February posts included lawn conversion before and after graphics, and storm information.
- YouTube impressions and video views are decreasing which shows the need to boost content or provide fresh content.

DIRECT MAIL

- Four Mailchimp eblasts were sent in February, including the quarterly newsletter, two special announcements for the Livermore Art Contest, and one general board meeting announcement.
- One segmented newsletter for Livermore teachers only received no engagement, inconsistent with general results. This uncovered a potential filter that requires troubleshooting to ensure Kid Zone emails are reaching their intended audience.

ORIGINATING SECTION: Integrated Planning
CONTACT: Sal Segura/Ken Minn

AGENDA DATE: March 15, 2023

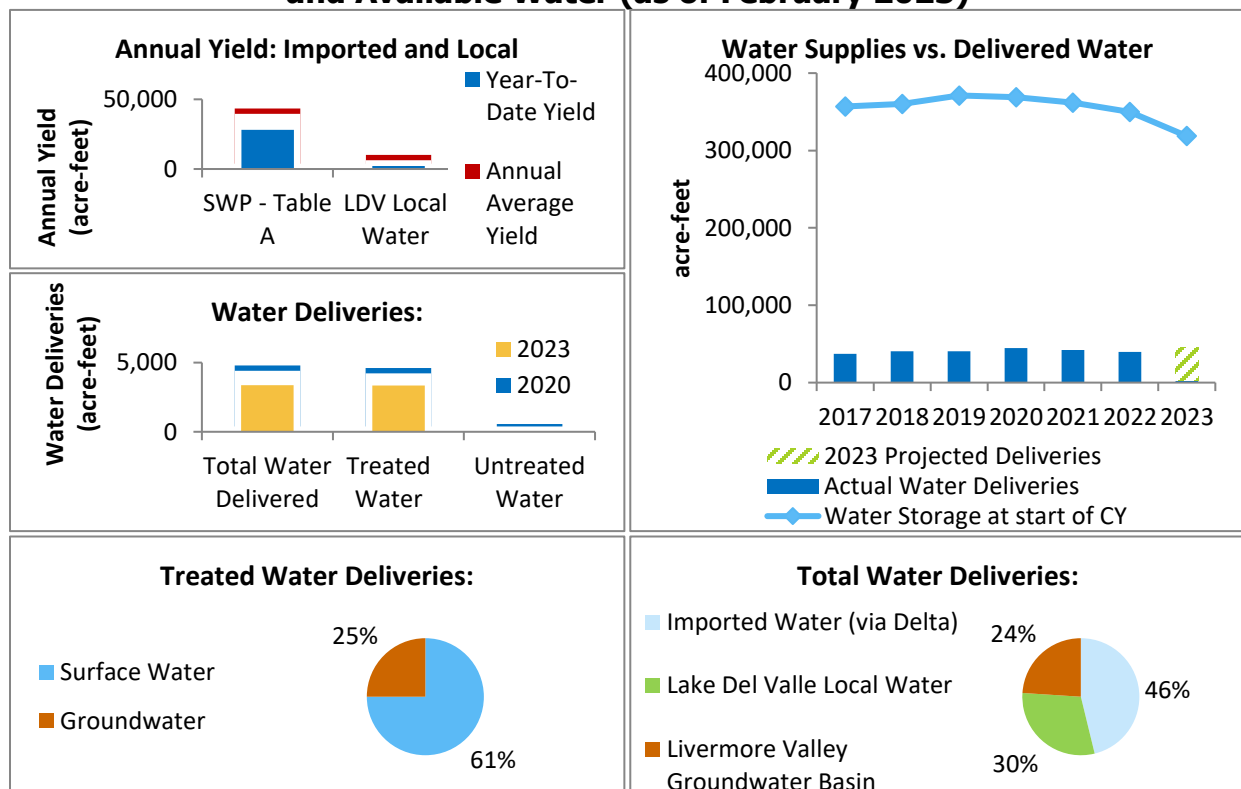
SUBJECT: Monthly Water Inventory and Water Budget Update

SUMMARY:

In support of Zone 7's mission to "deliver safe, reliable, efficient, and sustainable water...services," for Strategic Plan Goal A – "Reliable Water Supply and Infrastructure;" this report summarizes recent water supply, usage and storage conditions.

An overall analysis of the annual water supply is currently underway and will be completed in April as part of the Annual Review of Sustainable Water Supply. Long-term water supply planning is also summarized in the Urban Water Management Plan, which is updated every five years and assesses water supply reliability on a 20-year time horizon. The plans and evaluations consider the various sources of supply and storage available to Zone 7 locally, in State Water Project facilities, and in Kern County storage and recovery programs.

Figure ES 1: At-a-Glance Summaries of 2023 Water Supplies, Deliveries, and Available Water (as of February 2023)



February 2023 Zone 7 Water Inventory and Water Budget

Supply and Demand *(See Table 1, Table 2, Figure 1, Figure 2, Figure 3, and Figure 4)*

- Monthly totals: 1,710 acre-feet (AF) delivered to customers (1,630 AF treated production, 20 AF estimated untreated deliveries) and 60 AF to recharge
- Total treated water production decreased 5% compared to last month due to short month.
- Treated water sources were 75% surface water and 25% groundwater this month.
 - Treatment plant production was 14.3 MGD.
 - Wellfield production was 4.7 MGD.

Comparison of Demands: 2023 vs 2020 *(See Table 1)*

- Total Zone 7 demands this month were 32% lower relative to the same time in 2020; treated production was 28% lower and estimated untreated deliveries were 88% lower than the same as in 2020.

Table 1: February 2023 comparison - water demand and conservation

	Treated Production	Untreated Delivery	Total
February 2023 (AF)	1,630	20	1,650
February 2020 (AF)	2,250	170	2,420
February Conservation (2023 vs 2020)	28%	88%	32%

- On September 1, 2021, the Zone 7 Board called for 15% mandatory conservation (relative to 2020) from retailers in preparation for a potential third dry year in 2022; the retailers rolled out their own declarations in the following months.

Imported Water *(See Table 2)*

- On February 22, DWR increased the 2023 SWP allocation to 35%. This is up from the initial SWP allocation of 5% released on December 1, 2022. This is the second allocation increase this year with the last increase on January 23 increasing the allocation from 5% to 30%. The SWP allocation may be adjusted depending on hydrologic conditions in the coming months.
- On February 21, the SWRCB approved a joint petition from DWR and USBR to temporarily suspend certain delta salinity regulatory requirements through March 31 that impact both projects. This was made possible by the Governor's N-3-23 Executive Order in February which enacted state of emergency powers. This change could increase available water supply up to 700 TAF for the projects.

Groundwater

(See Table 2 and Figure 5)

- Zone 7 wellfield pumping was 410 AF, making up 25% of treated supply.
- Groundwater basin overflow on the west side of the Livermore Valley Groundwater Basin was estimated at 0 AF.
- The Livermore Valley Groundwater Basin comprises four subbasins and it has a combined total storage capacity of 254,000 AF. The aggregate operational storage makes up 126,000 AF of the total storage and the remaining 128,000 AF are designated as the emergency storage representing the amount of storage below historic low water levels. Currently, the total basin storage remains at approximately 87% of total capacity (223,000 AF out of 254,000 AF).
 - 95,000 AF are operational storage.
 - 128,000 AF remains as emergency storage.
 - Note, however, that not all of this storage is accessible with Zone 7's existing wells as the groundwater production facilities can only access certain subbasins and 80% of Zone 7's groundwater facilities are in the Amador West subbasin. Furthermore, the presence of Per- and polyfluoroalkyl substances (PFAS) compounds in the groundwater basin limits the use of certain wells.
- To date, this winter's storms and associated stream flows have recharged the basin to the level of storage of February 2022.

Local Surface Water

(See Table 2 and *The estimated groundwater basin storage represents the combined total storage from all four subbasins.

Figure 6)

- Zone 7's (preliminary) water storage in Lake Del Valle at the end of February is approximately 3,300 AF.
- Lake Del Valle started the month above the conservation pool and remained encroached in the flood control zones until February 13. However, the late February storms have once again pushed Lake Del Valle above the conservation pool with the lake again entering the flood control zone on February 27.
- DWR Flood Control Releases from Lake Del Valle to Arroyo Valle continued from January 1 thru 23. With the late February storms, DWR resumed flood control releases to Arroyo Valle on February 28.
- During the month of February, DWR made approximately 700 AF of flood releases.

Stream Outflow

(See Table 2)

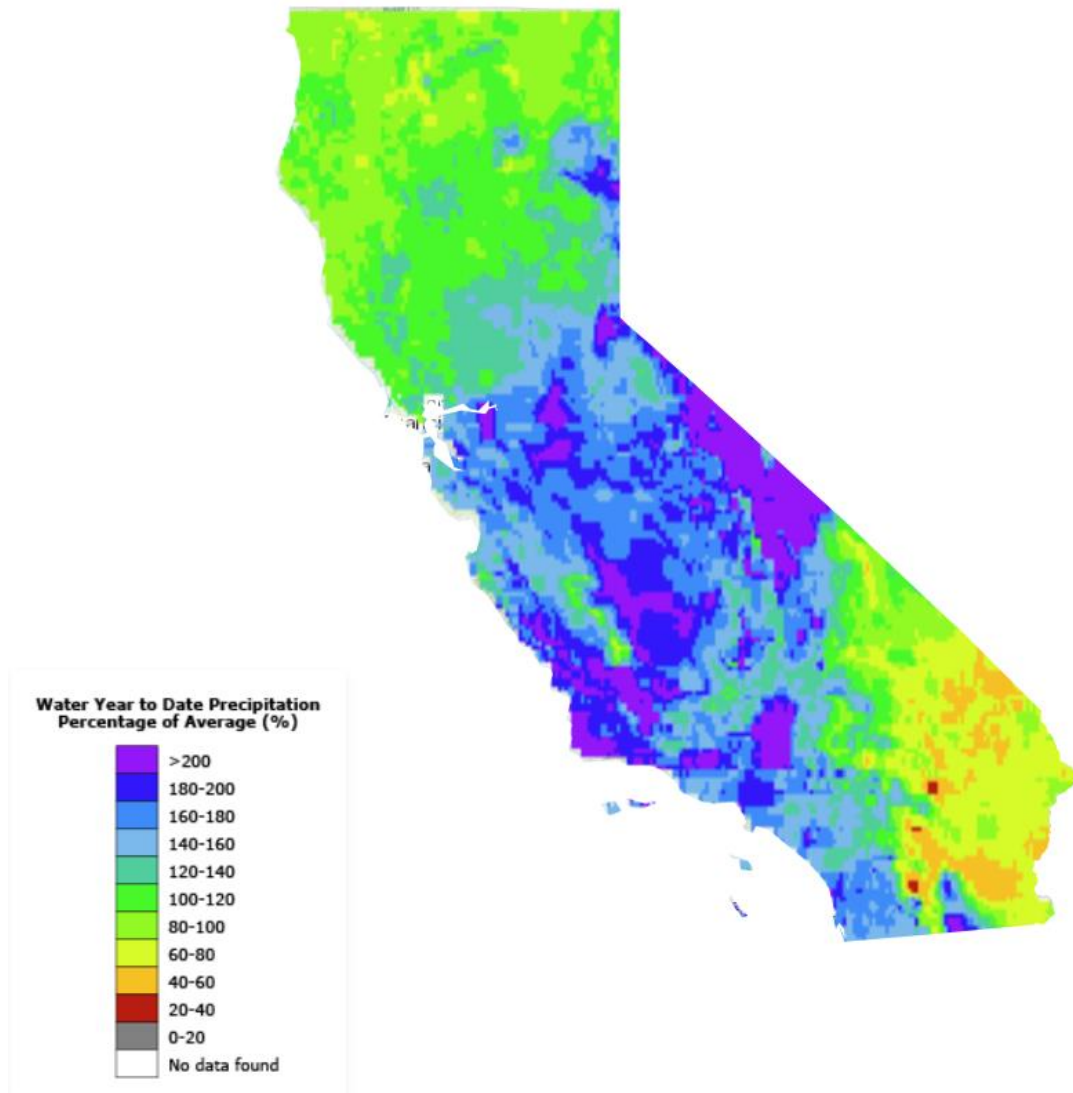
- Surface runoff exceeded the 10 cubic feet per second (CFS) baseflow at the Arroyo de la Laguna at the Verona stream gauge for the entire month of February. Surface outflows are estimated at 7,600 AF for the month of February.
- Note: some surface flows out of the Livermore-Amador Valley are mandated for other downstream purposes.

Local Precipitation*(See Figure 7)*

- 3.40 inches of precipitation were recorded at the Livermore Airport in February.
- For Water Year 2023, Livermore has received 19.68 inches of rain, or 191% of average for February 28.

Sierra Precipitation*(See Figure 8)*

- 6.0 inches of precipitation were recorded in the Northern Sierras during February. Historically, the average precipitation in February has been 8.9 inches.
- Cumulative precipitation in the Northern Sierra for Water Year 2023 is 43.5 inches, or 119% of average for February 28th.
- The map below shows precipitation for water year 2023 when compared to average precipitation thru February for California. The Eastern, Central and Southern sierras and central coast have seen the highest precipitation amounts when compared to their averages.



Sierra Snowpack

(See Figure 9)

- Snowpack in the Northern Sierras is 150% of average for February 28 at 39.3 inches of snow water equivalent.
- 16 of 19 major reservoirs in California are at, exceeded, or very close to their top of conservation. The three reservoirs which are not near the top of conservation are Oroville (Feather River), Shasta (Sacramento River), and New Melones (Stanislaus River). As of February 28, Lake Oroville has 500,000 AF of storage remaining before it reaches the top of conservation and encroaches on its flood control zone.

Lake Oroville

(See Figure 10)

- Lake Oroville was at 73% of total capacity (116% of average) as of February 28.
 - Storage: 2,576,038 AF
 - Storage as a percentage of total capacity increased 8% over the month of February.

San Luis Reservoir

(See Figure 11)

- San Luis Reservoir was at 76% capacity (95% of average) as of February 28.
 - Storage: 1,560,651 AF
 - Storage as a percentage of total capacity increased 13% over the month of February.
 - San Luis Reservoir is a joint USBR and DWR facility. As such, the State Water Project storage capacity in San Luis Reservoir is 1,062 TAF, or 52% of total capacity. DWR has indicated that San Luis Reservoir may fill the state's share of capacity in March or April causing some water to "spill."
- As of February 28, Zone 7 has 9,920 AF stored in San Luis Reservoir.

NOTE: Numbers presented are estimated and subject to refinement over the course of the year.

Table 2: Quarterly water inventory

	2022 <i>Jan-Dec</i>	2023 - Q1 <i>Jan-Mar</i>	2023 - YTD <i>Jan-Dec</i>
Source			
Incoming Supplies			
State Water Project (SWP) - Table A	0	0	0
Lake Del Valle Local Water	3,790	2,140	2,140
Water Transfers/Exchanges ¹	2,320	0	0
Subtotal	6,110	2,140	2,140
From Storage			
State Water Project - Carryover	6,590	800	800
Livermore Valley Groundwater Basin	16,830	490	490
Kern Storage and Recovery Programs	9,570	0	0
Subtotal	32,990	1,290	1,290
Total Supply	39,100	3,430	3,430
Water Use			
Customer Deliveries			
Treated Water Demand ²	33,630	3,340	3,340
Untreated Water Demand	5,350	30	30
Subtotal	38,980	3,370	3,370
To Storage			
Livermore Valley Groundwater Basin Recharge	120	60	60
Kern Storage and Recovery Programs	0	0	0
Subtotal	120	60	60
Total Water Use	39,100	3,430	3,430
Available Water Supplies		End-of-Quarter Balances	
Incoming Supplies in 2023			
SWP - Table A (%)	5%	35%	35%
SWP - Table A Remaining	4,000	28,220	28,220
Water Transfers/Exchanges ¹	0	0	0
Subtotal	4,000	28,220	28,220
Storage Balance from 2022			
SWP Carryover + Backed Up Water ³	6,720	9,920	9,920
Lake Del Valle Local Water	2,300	3,300	3,300
Livermore Valley Groundwater Basin ⁴	88,800	95,000	95,000
Kern Storage and Recovery Programs	88,640	88,640	88,640
Subtotal	186,460	196,860	196,860
Total Available Water	190,460	225,080	225,080
Watershed Conditions	End-of-2022		
Precipitation at Livermore Station (in)	13.8	9.79	9.79
Lake Del Valle Local Water Net Yield	2,300	3,140	3,140
Measured Change in Groundwater Basin Storage (AF)	-7,200	6,200	6,200
Surface Water Outflow ⁵	23,530	100,800	100,800

¹ Yuba Accord, Dry Year Transfer and Mojave transfer supplies were acquired in 2022.

² Includes a small amount of unaccounted-for water.

³ Backed Up Water is recovered water from Kern Storage and Recovery Programs that is moved to San Luis Reservoir for storage.

⁴ Storage volume is based on most recent groundwater level data; amount shown excludes 128,000 AF of emergency storage.

⁵ Surface Water Outflow is estimated based on flow at USGS gage Arroyo De La Laguna at Verona.

Figure 1: Monthly treated water production in acre-feet (AF)

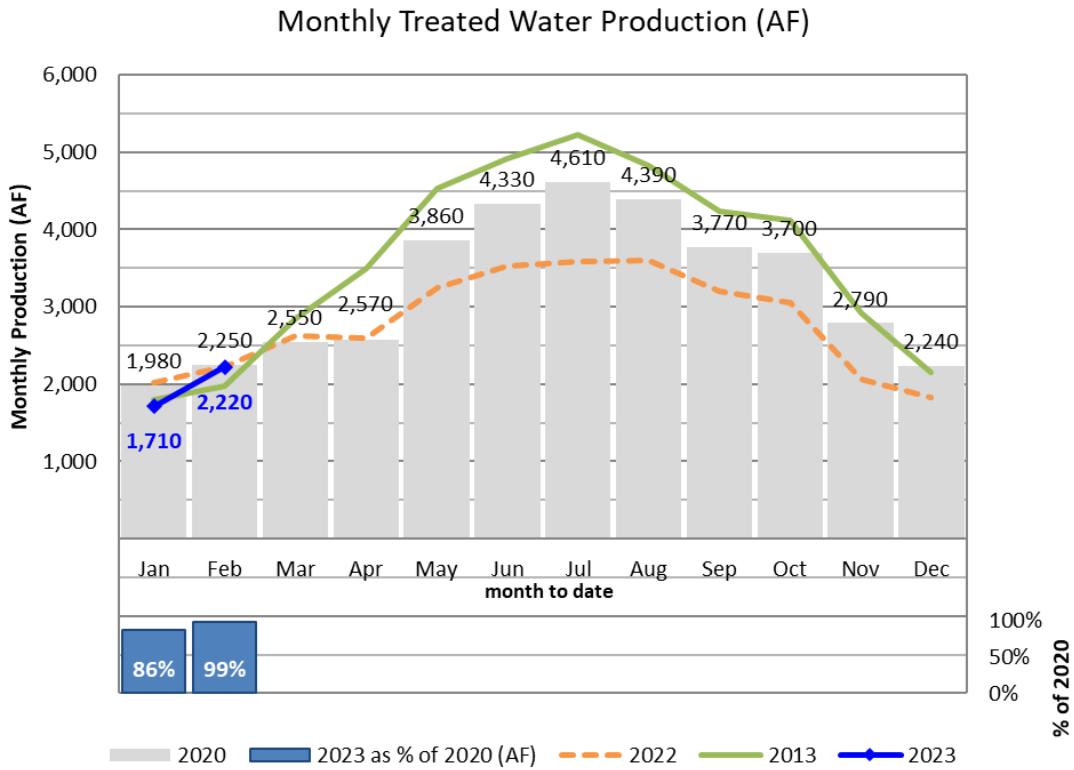
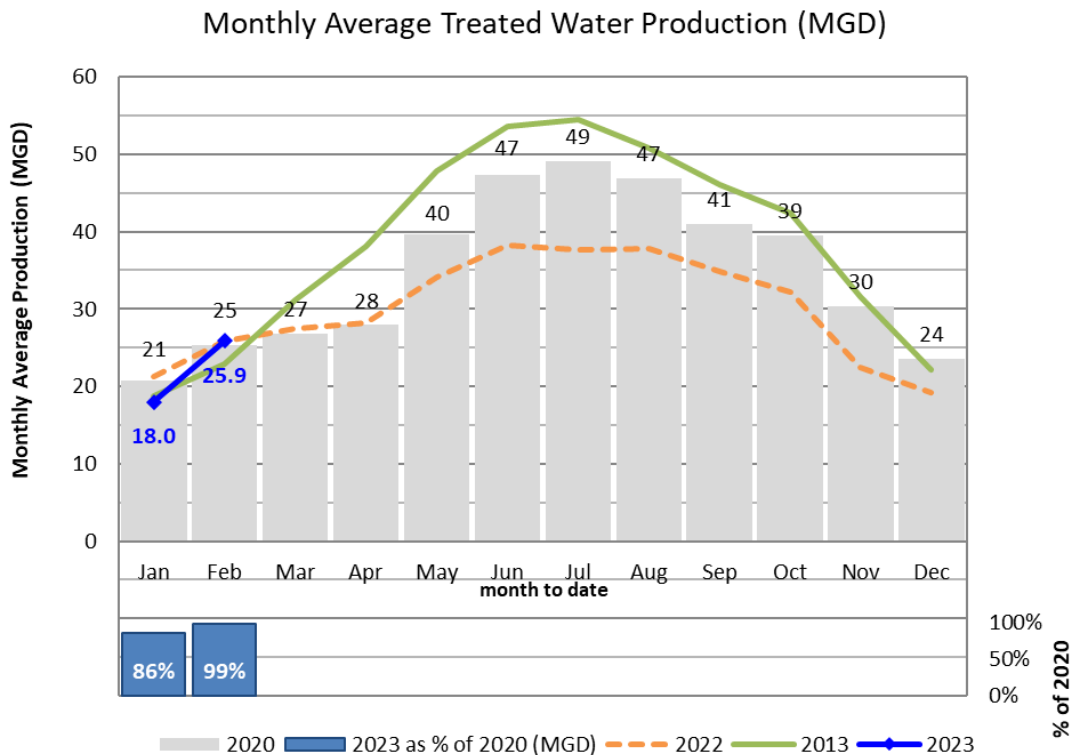
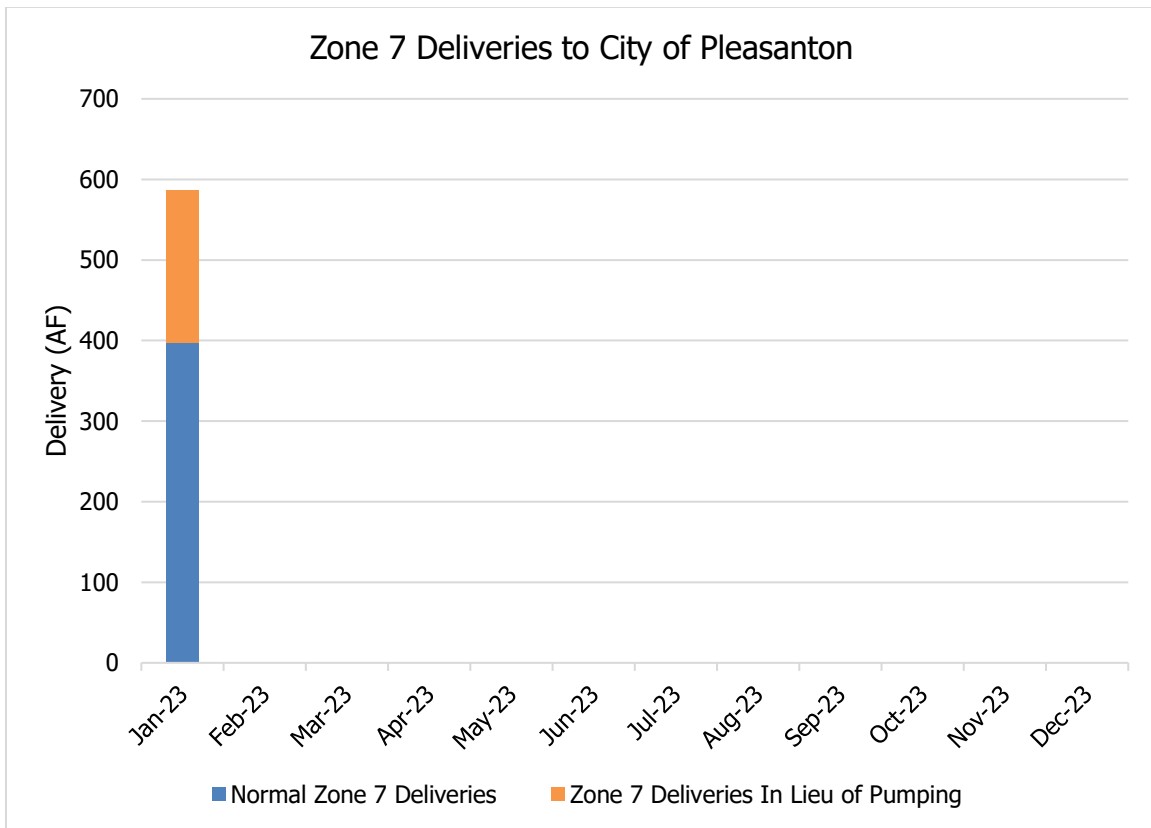


Figure 2: Monthly treated water production in average million gallons per day

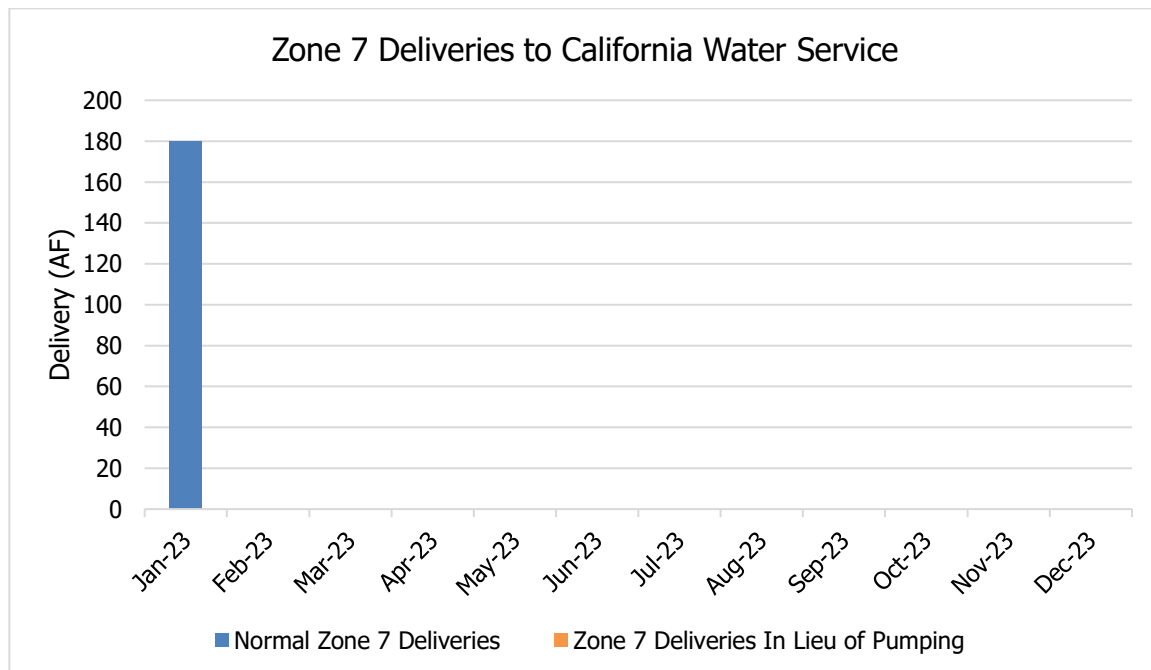


**Figure 3: Pleasanton Estimated In-Lieu Demand
(Based on 2016-2019 Pumping)**



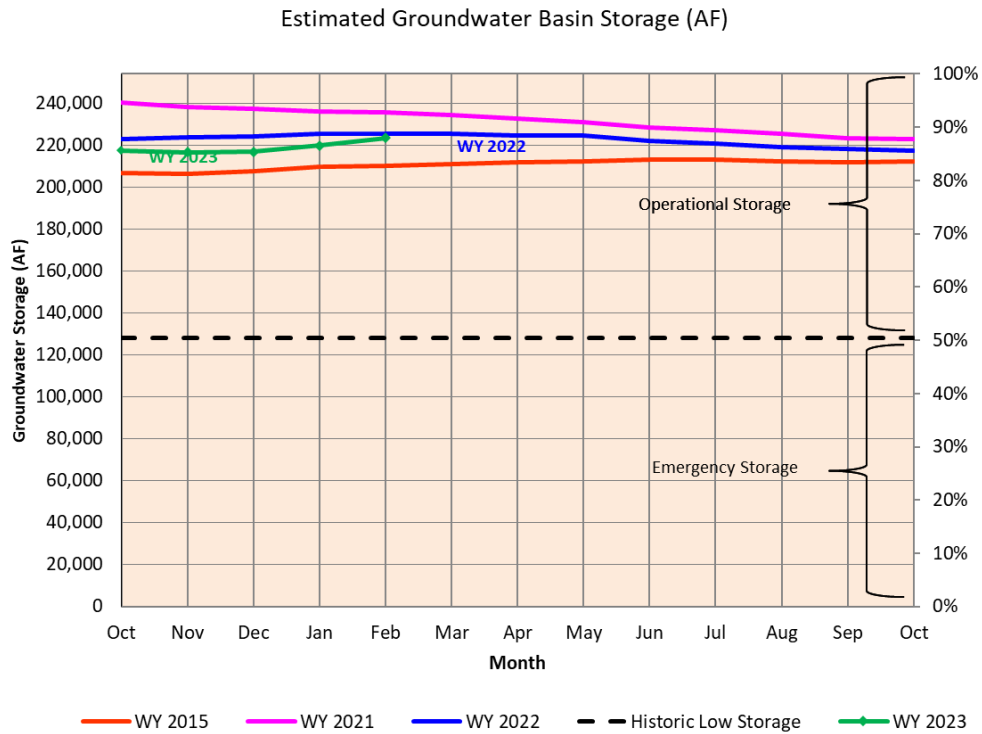
*Pleasanton's pumping data for February is not yet available and will be reflected in future inventories.

**Figure 4: California Water Service Estimated In-Lieu Demand
(Based on 2016-2019 Pumping)**



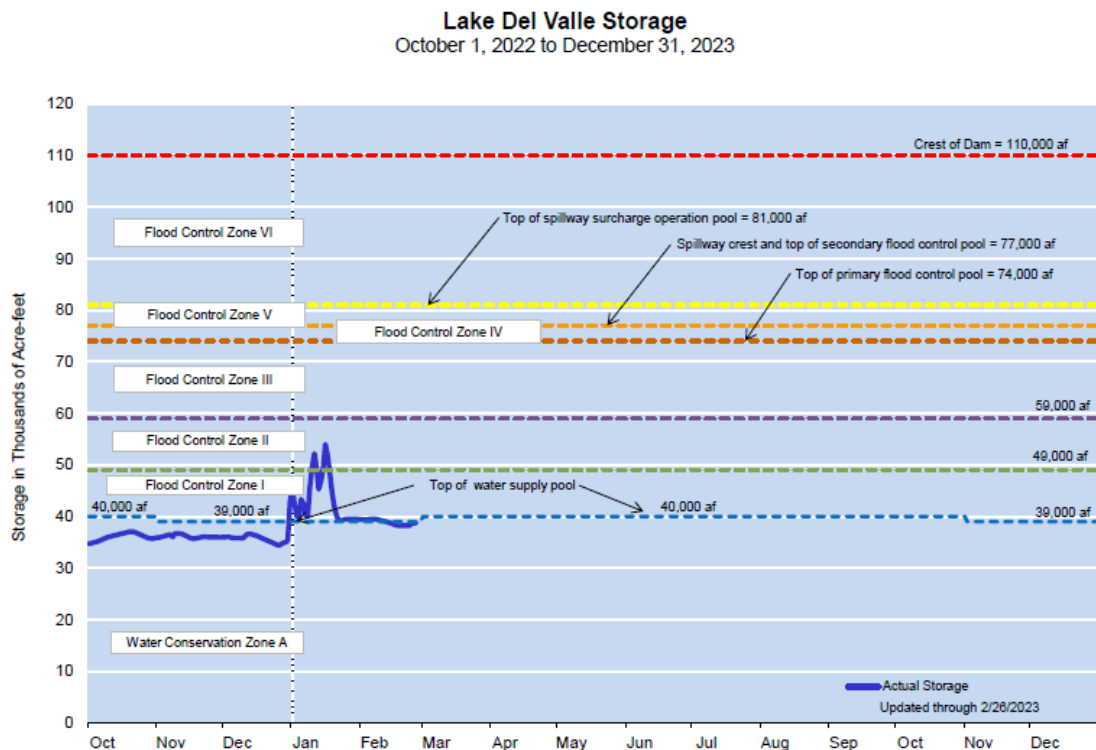
*Cal Water's pumping data for February is not yet available and will be reflected in future inventories.

Figure 5: Livermore Valley Groundwater Basin Storage*



*The estimated groundwater basin storage represents the combined total storage from all four subbasins.

Figure 6: Lake Del Valle Storage



(Source: <https://water.ca.gov/-/media/DWR-Website/>)

Figure 7: Local precipitation

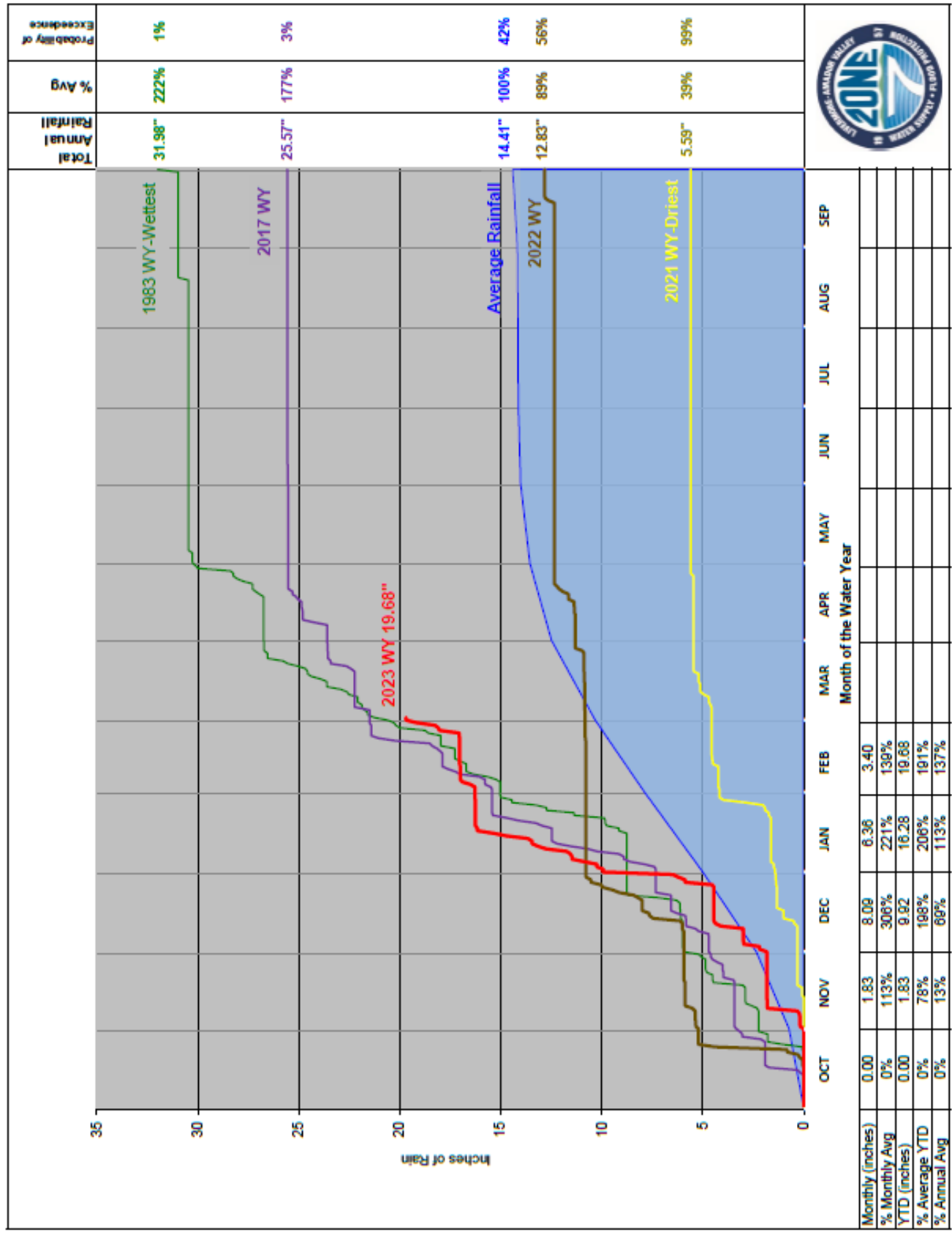
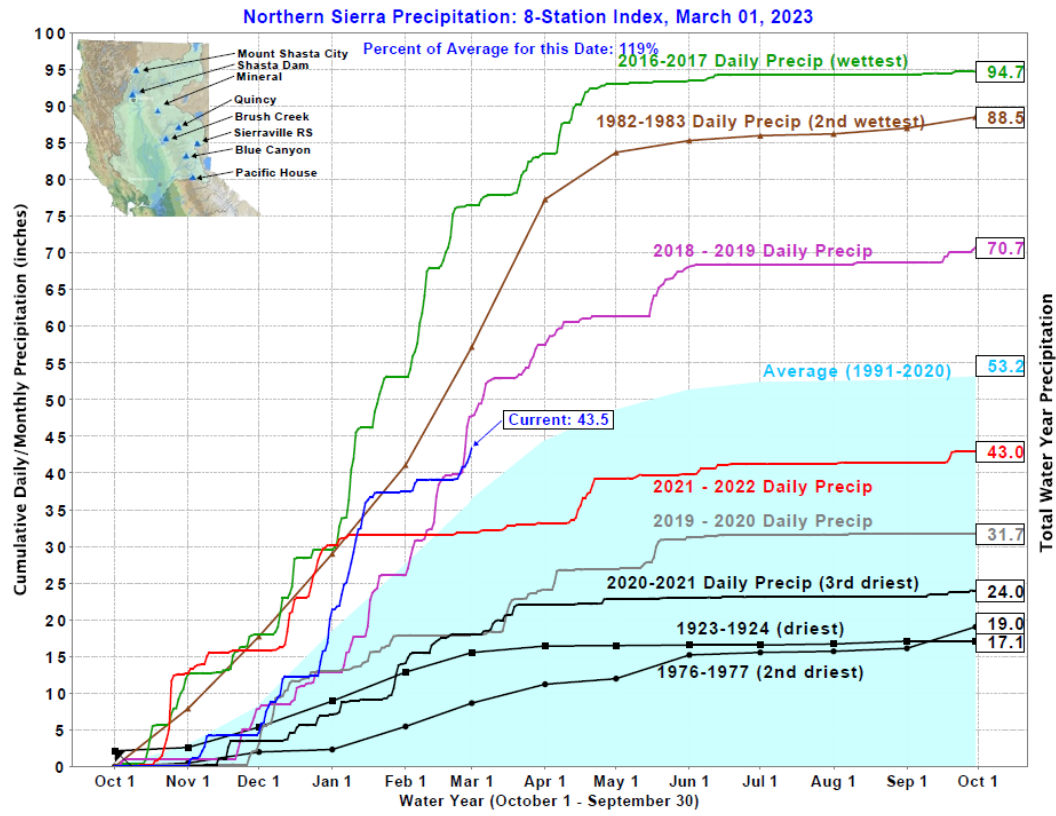


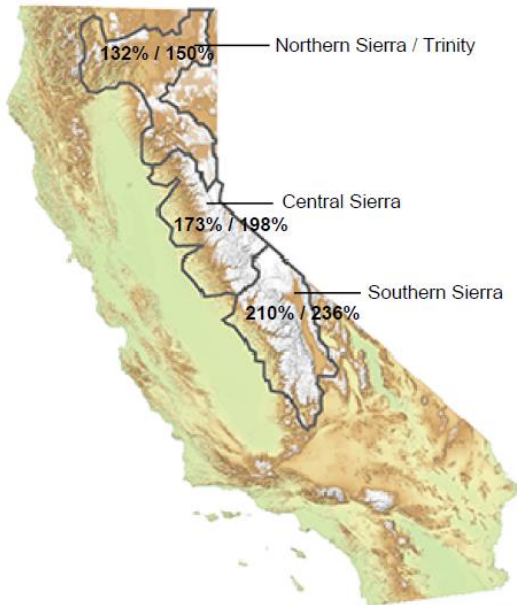
Figure 8: Cumulative precipitation in the North Sierra



(Source: http://cdec.water.ca.gov/cgi-progs/products/PLOT_ESI.pdf)

Figure 9: Sierra Snowpack

% of April 1 Average / % of Normal for This Date



NORTH	
Data as of March 1, 2023	
Number of Stations Reporting	29
Average snow water equivalent (Inches)	39.3
Percent of April 1 Average (%)	132
Percent of normal for this date (%)	150

CENTRAL	
Data as of March 1, 2023	
Number of Stations Reporting	49
Average snow water equivalent (Inches)	46.3
Percent of April 1 Average (%)	173
Percent of normal for this date (%)	198

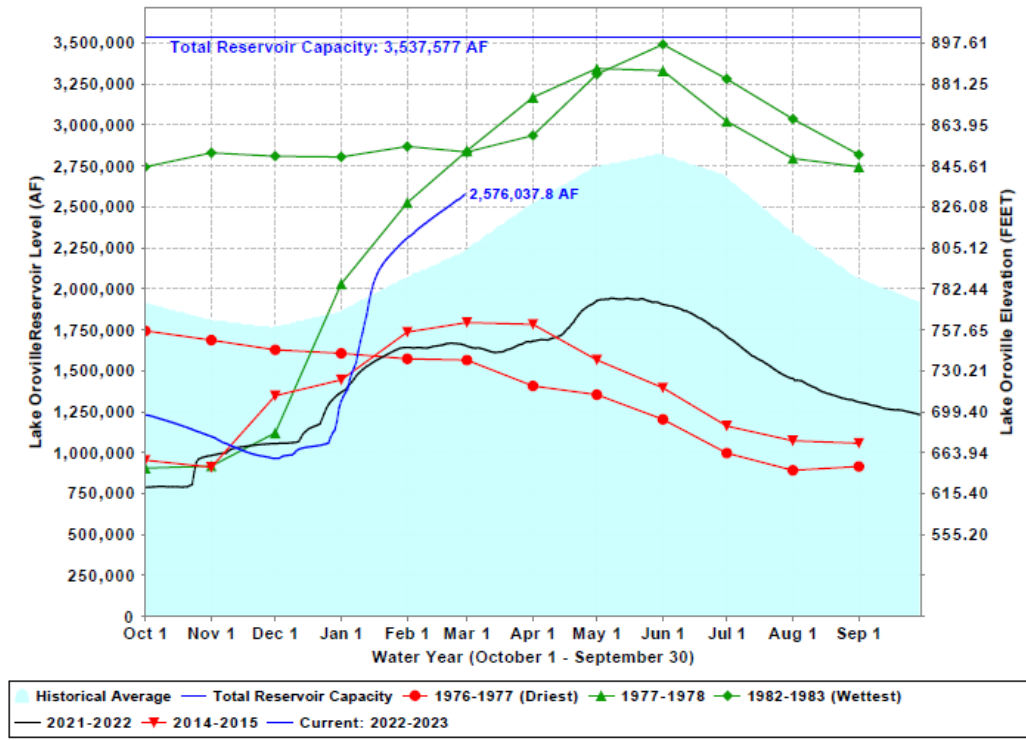
SOUTH	
Data as of March 1, 2023	
Number of Stations Reporting	22
Average snow water equivalent (Inches)	43.8
Percent of April 1 Average (%)	210
Percent of normal for this date (%)	236

STATE	
Data as of March 1, 2023	
Number of Stations Reporting	100
Average snow water equivalent (Inches)	43.7
Percent of April 1 Average (%)	166
Percent of normal for this date (%)	189

Statewide Average: 166% / 189%

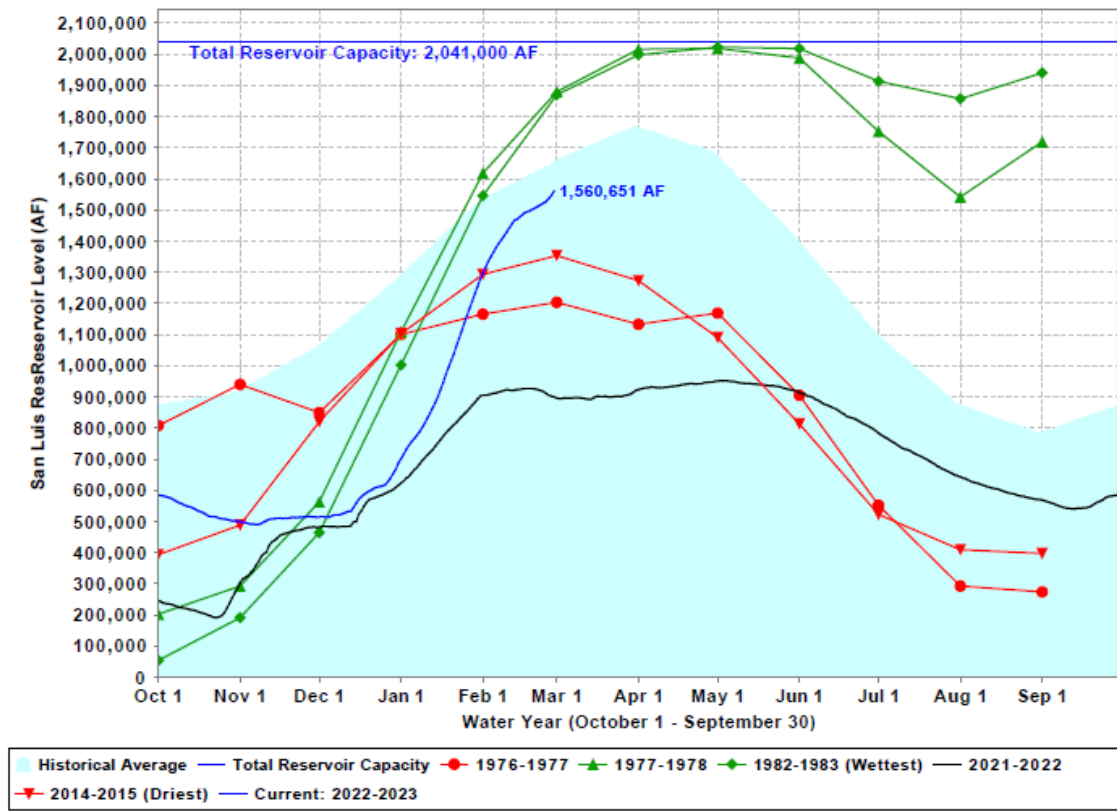
(Source: <https://cdec.water.ca.gov/reportapp/javareports?name=swccond.pdf>)

Figure 10: Lake Oroville Storage



(Source: <https://cdec.water.ca.gov/resapp/ResDetail.action?resid=ORO>)

Figure 11: San Luis Reservoir Storage



(Source: <https://cdec.water.ca.gov/resapp/ResDetail.action?resid=SNL>)



100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

December 31, 2022

Board of Directors
Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 94551

Subject: **Investment Report as of December 31, 2022 (Unaudited)**

Dear Board Members:

Pursuant to Resolution No. 22-47, dated June 15, 2022, the Board adopted the Agency investment policy. In accordance with Strategic Plan Initiative No. 24 – Continue to effectively manage financial resources for the Agency in a prudent manner and in accordance with the Investment Policy, attached is the Agency quarterly informational investment report as of December 31, 2022. Enclosed with this report is a detailed composition of investments held in Zone 7's name by securities category as of December 31, 2022. This report reflects the market value and cost of purchase of the securities.

All Agency investments in this investment management portfolio conform to the investment policy and are in accordance with California Government Code Section 53600, et. seq. Below is the Agency's investment portfolio management summary:

Investment Type	Face Amount	Market Value	Book Value	% of Portfolio	Permitted by Agency Policy	In Compliance	Book Yield (YTM at Cost)
U.S. Treasury Bond/ Note	\$ 104,770,000	\$ 96,980,476	\$ 101,234,661	72.17%	No Limit	Yes	2.580%
Corporate Bonds (Medium Term Notes)	33,196,000	32,364,385	33,408,025	24.08%	30%	Yes	1.100%
Money Market (1)	5,037,574	5,037,574	5,037,574	3.75%	20%	Yes	4.050%
Total Investments	\$ 143,003,574	\$ 134,382,435	\$ 139,680,259	100%			2.210%
MUFG (Union Bank)	\$ 1,283,365	\$ 1,283,365	\$ 1,283,365				
Total Cash & Investments	\$ 144,286,939	\$ 135,665,800	\$ 140,963,624				2.210%

(1) **Money Market:** The Money Market Book Yield (Yield to Maturity at Cost) is not part of the overall securities YTM at Cost from PFM Asset Management, it's from the U.S. Bank as custody bank.

In addition, the Agency has cash and investments pooled with the Alameda County Treasury. The County Treasurer acts as the disbursing agent for these funds for the Agency and the cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer for the County.



As of December 31, 2022, the County Treasurer held approximately \$126,690,797 (unaudited) for the Agency. The amount held by the County Treasurer is sufficient to meet all operating cash needs for the Agency within the next six months. Here is a link to the County investment reports: <https://treasurer.acgov.org/treasury/reports.page?>

I hereby certify that, to the best of my actual knowledge, this report includes all investments in the Agency pool investment portfolio and is in conformity with the Agency's current investment policy dated July 1, 2022.

Market value amounts are from PFM Asset Management which provides investment management services for the Agency. U.S. Bank provides the Agency custody services. Book value amounts include premiums or discounts and are adjusted at year end on the general ledger.

Sincerely,

DocuSigned by:

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Osborn Solitei,
Treasurer

Attachments:

1. Agency Investment Management Portfolio as of December 31, 2022
2. PFM Asset Management Investment Performance Review for December 31, 2022

c: Valerie Pryor, General Manager



Customer Service
PO Box 11813
Harrisburg, PA 17108-1813

ACCOUNT STATEMENT

For the Month Ending
December 31, 2022

ZONE 7 WATER AGENCY

Client Management Team

Monique Spyke

Managing Director
1 California Street Ste. 1000
San Francisco, CA 94111-5411
415-393-7270
spykem@pfmam.com

Joseph Creason

Portfolio Manager
213 Market Street
Harrisburg, PA 17101-2141
717-231-6217
creasonj@pfmam.com

Jeremy King

Key Account Manager
213 Market Street
Harrisburg, PA 17101-2141
717-232-2723
kingj@pfmam.com

Contents

Cover/Disclosures
Summary Statement
Individual Accounts

Accounts included in Statement

99350000 ZONE 7 WATER AGENCY

ZONE 7 WATER AGENCY
OSBORN SOLITEI
100 NORTH CANYONS PARKWAY
LIVERMORE, CA 94551

Online Access <https://www.pfmam.com>

Customer Service 1-717-232-2723

Important Disclosures

Important Disclosures

This statement is for general information purposes only and is not intended to provide specific advice or recommendations. PFM Asset Management LLC ("PFMAM") is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. PFMAM maintains a written disclosure statement of our background and business experience. If you would like to receive a copy of our current disclosure statement, please contact Service Operations at the address below.

Proxy Voting PFMAM does not normally receive proxies to vote on behalf of its clients. However, it does on occasion receive consent requests. In the event a consent request is received the portfolio manager contacts the client and then proceeds according to their instructions. PFMAM's Proxy Voting Policy is available upon request by contacting Service Operations at the address below.

Questions About an Account PFMAM's monthly statement is intended to detail our investment advisory activity as well as the activity of any accounts held by clients in pools that are managed by PFMAM. The custodian bank maintains the control of assets and executes (i.e., settles) all investment transactions. The custodian statement is the official record of security and cash holdings and transactions. PFMAM recognizes that clients may use these reports to facilitate record keeping and that the custodian bank statement and the PFMAM statement should be reconciled and differences resolved. Many custodians use a settlement date basis which may result in the need to reconcile due to a timing difference.

Account Control PFMAM does not have the authority to withdraw funds from or deposit funds to the custodian outside the scope of services provided by PFMAM. Our clients retain responsibility for their internal accounting policies; implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

Market Value Generally, PFMAM's market prices are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv or Bloomberg. For certain short-term investments or where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par. Although PFMAM believes the prices to be reliable, the values of the securities may not represent the prices at which the securities could have been bought or sold. Explanation of the valuation methods for a registered investment company or local government investment program is contained in the appropriate fund offering documentation or information statement.

Amortized Cost The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short term securities (those with less than one year to maturity at time of issuance) is amortized on a straightline basis. Such discount or premium with respect to longer term securities is amortized using the constant yield basis.

Tax Reporting Cost data and realized gains / losses are provided for informational purposes only. Please review for accuracy and consult your tax advisor to determine the tax consequences of your security transactions. PFMAM does not report such information to the IRS or other taxing authorities and is not responsible for the accuracy of such information that may be required to be reported to federal, state or other taxing authorities.

Financial Situation In order to better serve you, PFMAM should be promptly notified of any material change in your investment objective or financial situation.

Callable Securities Securities subject to redemption prior to maturity may be redeemed in whole or in part before maturity, which could affect the yield represented.

Portfolio The securities in this portfolio, including shares of mutual funds, are not guaranteed or otherwise protected by PFMAM, the FDIC (except for certain non-negotiable certificates of deposit) or any government agency. Investment in securities involves risks, including the possible loss of the amount invested. Actual settlement values, accrued interest, and amortized cost amounts may vary for securities subject to an adjustable interest rate or subject to principal paydowns. Any changes to the values shown may be reflected within the next monthly statement's beginning values.

Rating Information provided for ratings is based upon a good faith inquiry of selected sources, but its accuracy and completeness cannot be guaranteed.

Shares of some local government investment programs and TERM funds are marketed through representatives of PFMAM's affiliate, PFM Fund Distributors, Inc. which is registered with the SEC as a broker/dealer and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Municipal Securities Rulemaking Board ("MSRB"). You may reach the FINRA by calling the FINRA Hotline at 1-800-289-9999 or at the FINRA website address

<https://www.finra.org/investors/investor-contacts>. A brochure describing the FINRA Regulation Public Disclosure Program is also available from FINRA upon request.

Key Terms and Definitions

Dividends on local government investment program funds consist of interest earned, plus any discount ratably amortized to the date of maturity, plus all realized gains and losses on the sale of securities prior to maturity, less ratably amortization of any premium and all accrued expenses to the fund. Dividends are accrued daily and may be paid either monthly or quarterly. The monthly earnings on this statement represent the estimated dividend accrued for the month for any program that distributes earnings on a quarterly basis. There is no guarantee that the estimated amount will be paid on the actual distribution date.

Current Yield is the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical fund account with a balance of one share over the seven-day base period including the statement date, expressed as a percentage of the value of one share (normally \$1.00 per share) at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by

365 and dividing the result by 7. The yields quoted should not be considered a representation of the yield of the fund in the future, since the yield is not fixed. **Average maturity** represents the average maturity of all securities and investments of a portfolio, determined by multiplying the par or principal value of each security or investment by its maturity (days or years), summing the products, and dividing the sum by the total principal value of the portfolio. The stated maturity date of mortgage backed or callable securities are used in this statement. However the actual maturity of these securities could vary depending on the level or prepayments on the underlying mortgages or whether a callable security has or is still able to be called.

Monthly distribution yield represents the net change in the value of one share (normally \$1.00 per share) resulting from all dividends declared during the month by a fund expressed as a percentage of the value of one share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.

YTM at Cost The yield to maturity at cost is the expected rate of return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated as a percentage, on an annualized basis.

YTM at Market The yield to maturity at market is the rate of return, based on the current market value, the annual interest receipts, maturity value and the time period remaining until maturity, stated as a percentage, on an annualized basis.

Managed Account A portfolio of investments managed discretely by PFMAM according to the client's specific investment policy and requirements. The investments are directly owned by the client and held by the client's custodian.

Unsettled Trade A trade which has been executed however the final consummation of the security transaction and payment has not yet taken place.

Please review the detail pages of this statement carefully. If you think your statement is wrong, missing account information, or if you need more information about a transaction, please contact PFMAM within 60 days of receipt. If you have other concerns or questions regarding your account, or to request an updated copy of PFMAM's current disclosure statement, please contact a member of your client management team at PFMAM Service Operations at the address below.

PFM Asset Management LLC
Attn: Service Operations
213 Market Street
Harrisburg, PA 17101

NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE

Managed Account Summary Statement

For the Month Ending **December 31, 2022**

ZONE 7 WATER AGENCY - 99350000

Transaction Summary - Managed Account

Opening Market Value	\$131,493,291.05
Maturities/Calls	0.00
Principal Dispositions	(9,891,453.50)
Principal Acquisitions	8,034,938.16
Unsettled Trades	0.00
Change in Current Value	(291,914.62)
Closing Market Value	\$129,344,861.09

Cash Transactions Summary - Managed Account

Maturities/Calls	0.00
Sale Proceeds	9,918,048.98
Coupon/Interest/Dividend Income	51,101.26
Principal Payments	0.00
Security Purchases	(8,089,196.59)
Net Cash Contribution	(674.30)
Reconciling Transactions	0.00

Earnings Reconciliation (Cash Basis) - Managed Account

Interest/Dividends/Coupons Received	77,696.74
Less Purchased Interest Related to Interest/Coupons	(54,258.43)
Plus Net Realized Gains/Losses	(244,272.49)
Total Cash Basis Earnings	(\$220,834.18)

Cash Balance

Closing Cash Balance \$5,044,448.65

Earnings Reconciliation (Accrual Basis)

	Total
Ending Amortized Value of Securities	134,059,501.54
Ending Accrued Interest	583,183.81
Plus Proceeds from Sales	9,918,048.98
Plus Proceeds of Maturities/Calls/Principal Payments	0.00
Plus Coupons/Dividends Received	51,101.26
Less Cost of New Purchases	(8,089,196.59)
Less Beginning Amortized Value of Securities	(135,983,506.08)
Less Beginning Accrued Interest	(414,407.07)
Total Accrual Basis Earnings	\$124,725.85

Portfolio Summary and Statistics

For the Month Ending **December 31, 2022**

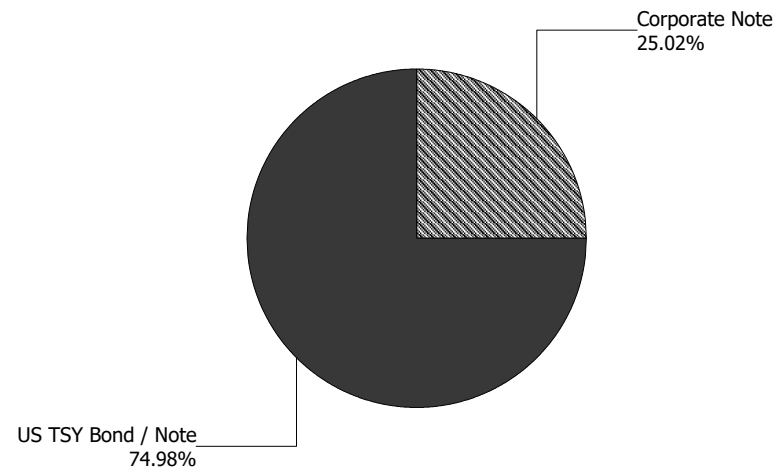
ZONE 7 WATER AGENCY - 99350000

Account Summary

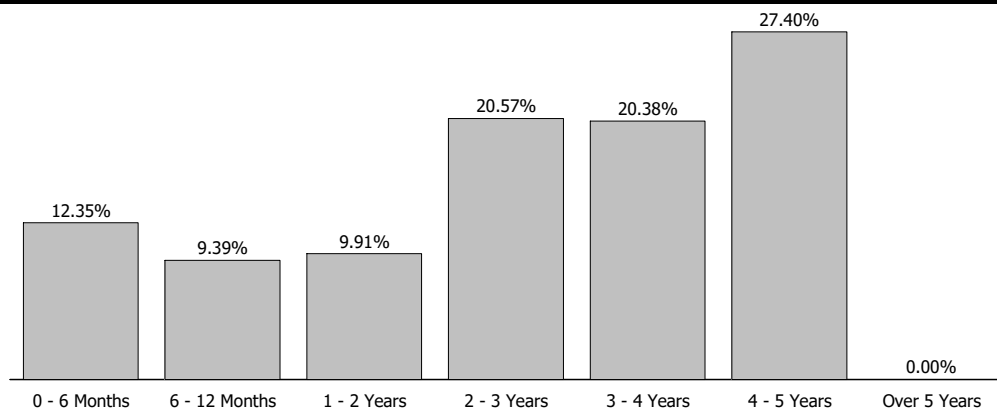
Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	104,770,000.00	96,980,475.73	74.98
Corporate Note	33,196,000.00	32,364,385.36	25.02
Managed Account Sub-Total	137,966,000.00	129,344,861.09	100.00%
Accrued Interest		583,183.81	
Total Portfolio	137,966,000.00	129,928,044.90	

Unsettled Trades **0.00** **0.00**

Sector Allocation



Maturity Distribution



Characteristics

Yield to Maturity at Cost	2.21%
Yield to Maturity at Market	4.39%
Weighted Average Days to Maturity	960

Managed Account Issuer Summary

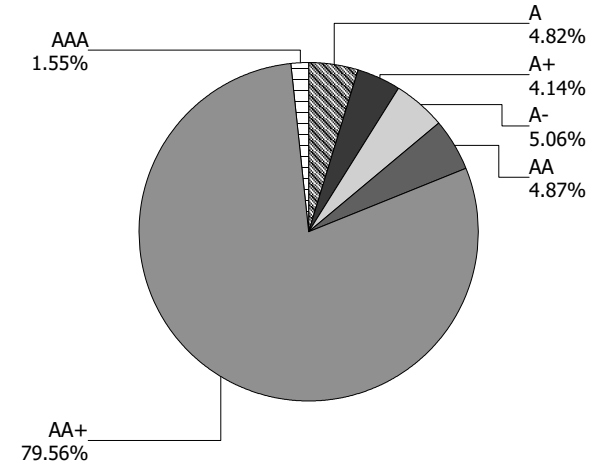
For the Month Ending **December 31, 2022**

ZONE 7 WATER AGENCY - 99350000

Issuer Summary

Issuer	Market Value of Holdings	Percent
AMAZON.COM INC	1,919,772.90	1.48
APPLE INC	5,917,608.00	4.58
BANK OF AMERICA CO	1,916,300.96	1.48
BERKSHIRE HATHAWAY INC	3,116,190.00	2.41
JP MORGAN CHASE & CO	4,630,788.49	3.58
MICROSOFT CORP	2,004,705.23	1.55
TARGET CORP	1,247,197.88	0.96
THE BANK OF NEW YORK MELLON CORPORATION	4,993,290.00	3.86
TOYOTA MOTOR CORP	5,351,879.50	4.14
UNITED STATES TREASURY	96,980,475.73	74.98
WAL-MART STORES INC	1,266,652.40	0.98
Total	\$129,344,861.09	100.00%

Credit Quality (S&P Ratings)



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2022**

ZONE 7 WATER AGENCY - 99350000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY N/B NOTES DTD 08/31/2021 0.125% 08/31/2023	91282CCU3	7,000,000.00	AA+	Aaa	08/31/21	09/01/21	6,988,789.06	0.21	2,973.07	6,996,278.40	6,788,906.60
US TREASURY N/B NOTES DTD 01/31/2022 0.875% 01/31/2024	91282CDV0	3,025,000.00	AA+	Aaa	02/07/22	02/08/22	2,999,831.05	1.30	11,076.60	3,011,230.28	2,901,636.87
US TREASURY N/B NOTES DTD 03/31/2022 2.250% 03/31/2024	91282CEG2	3,000,000.00	AA+	Aaa	04/01/22	04/04/22	2,989,101.56	2.44	17,245.88	2,993,179.11	2,910,468.60
US TREASURY N/B NOTES DTD 06/15/2021 0.250% 06/15/2024	91282CCG4	1,550,000.00	AA+	Aaa	04/13/22	04/18/22	1,479,947.27	2.41	180.98	1,502,854.25	1,454,820.39
US TREASURY N/B NOTES DTD 07/15/2021 0.375% 07/15/2024	91282CCL3	3,075,000.00	AA+	Aaa	02/07/22	02/08/22	2,997,884.77	1.43	5,326.94	3,026,281.93	2,879,929.69
US TREASURY N/B NOTES DTD 01/15/2022 1.125% 01/15/2025	91282CDS7	3,030,000.00	AA+	Aaa	02/07/22	02/08/22	2,994,492.19	1.54	15,746.94	3,005,323.40	2,834,470.46
US TREASURY N/B NOTES DTD 02/15/2022 1.500% 02/15/2025	91282CDZ1	5,100,000.00	AA+	Aaa	05/04/22	05/05/22	4,896,398.44	3.01	28,895.38	4,944,646.20	4,798,781.25
US TREASURY NOTES DTD 03/31/2020 0.500% 03/31/2025	912828ZF0	3,200,000.00	AA+	Aaa	04/01/22	04/04/22	3,005,750.00	2.62	4,087.91	3,054,134.62	2,938,000.00
US TREASURY NOTES DTD 04/30/2018 2.875% 04/30/2025	9128284M9	3,125,000.00	AA+	Aaa	05/03/22	05/04/22	3,120,361.33	2.93	15,387.60	3,121,389.31	3,023,437.50
US TREASURY NOTES DTD 07/31/2020 0.250% 07/31/2025	91282CAB7	3,145,000.00	AA+	Aaa	02/07/22	02/08/22	2,998,560.94	1.63	3,290.29	3,036,295.83	2,837,379.69
US TREASURY NOTES DTD 08/31/2020 0.250% 08/31/2025	91282CAJ0	1,075,000.00	AA+	Aaa	07/06/22	07/07/22	990,175.78	2.89	913.16	1,003,293.69	966,324.16
US TREASURY NOTES DTD 08/31/2020 0.250% 08/31/2025	91282CAJ0	1,685,000.00	AA+	Aaa	03/08/22	03/09/22	1,596,603.32	1.81	1,431.32	1,617,328.90	1,514,656.95
US TREASURY NOTES DTD 09/30/2020 0.250% 09/30/2025	91282CAM3	3,425,000.00	AA+	Aaa	05/03/22	05/04/22	3,125,580.08	2.97	2,187.67	3,183,780.58	3,074,472.49
US TREASURY NOTES DTD 11/30/2020 0.375% 11/30/2025	91282CAZ4	1,600,000.00	AA+	Aaa	04/13/22	04/18/22	1,477,187.50	2.61	527.47	1,501,155.45	1,431,000.00

Managed Account Detail of Securities Held

For the Month Ending **December 31, 2022**

ZONE 7 WATER AGENCY - 99350000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 01/31/2021 0.375% 01/31/2026	91282CBH3	3,160,000.00	AA+	Aaa	02/07/22	02/08/22	2,998,420.31	1.71	4,958.97	3,034,784.08	2,810,425.00
US TREASURY N/B NOTES DTD 03/31/2021 0.750% 03/31/2026	91282CBT7	3,225,000.00	AA+	Aaa	04/01/22	04/04/22	2,995,848.63	2.64	6,179.77	3,038,627.75	2,890,406.25
US TREASURY N/B NOTES DTD 03/31/2021 0.750% 03/31/2026	91282CBT7	3,405,000.00	AA+	Aaa	05/03/22	05/04/22	3,126,614.65	2.98	6,524.69	3,173,825.06	3,051,731.25
US TREASURY N/B NOTES DTD 04/30/2021 0.750% 04/30/2026	91282CBW0	1,225,000.00	AA+	Aaa	02/17/22	02/18/22	1,170,162.11	1.86	1,573.55	1,181,509.11	1,094,843.75
US TREASURY N/B NOTES DTD 05/31/2021 0.750% 05/31/2026	91282CCF6	1,665,000.00	AA+	Aaa	03/08/22	03/09/22	1,592,546.48	1.82	1,097.80	1,606,530.38	1,484,711.80
US TREASURY N/B NOTES DTD 05/31/2021 0.750% 05/31/2026	91282CCF6	6,760,000.00	AA+	Aaa	06/06/22	06/08/22	6,195,434.38	2.99	4,457.15	6,275,864.58	6,028,019.09
US TREASURY N/B NOTES DTD 09/30/2021 0.875% 09/30/2026	91282CCZ2	3,420,000.00	AA+	Aaa	05/03/22	05/04/22	3,122,353.13	3.00	7,645.67	3,167,092.60	3,036,318.75
US TREASURY NOTES DTD 11/15/2016 2.000% 11/15/2026	912828U24	6,450,000.00	AA+	Aaa	06/06/22	06/08/22	6,181,669.92	3.01	16,748.62	6,215,935.39	5,961,211.26
US TREASURY NOTES DTD 02/15/2017 2.250% 02/15/2027	912828V98	5,300,000.00	AA+	Aaa	07/05/22	07/07/22	5,162,945.31	2.85	45,042.80	5,177,432.09	4,929,000.00
US TREASURY N/B NOTES DTD 04/30/2020 0.500% 04/30/2027	912828ZN3	5,775,000.00	AA+	Aaa	08/03/22	08/05/22	5,161,406.25	2.92	4,945.44	5,214,283.91	4,971,011.43
US TREASURY NOTES DTD 05/15/2017 2.375% 05/15/2027	912828X88	6,220,000.00	AA+	Aaa	06/10/22	06/13/22	5,966,826.56	3.28	19,179.77	5,995,285.68	5,796,262.50
US TREASURY NOTES DTD 06/30/2020 0.500% 06/30/2027	912828ZV5	2,750,000.00	AA+	Aaa	08/09/22	08/10/22	2,440,410.16	2.99	37.98	2,465,385.47	2,351,679.55
US TREASURY NOTES DTD 08/15/2017 2.250% 08/15/2027	9128282R0	2,570,000.00	AA+	Aaa	09/01/22	09/06/22	2,436,580.86	3.40	21,841.51	2,445,233.88	2,376,848.57
US TREASURY N/B NOTES DTD 09/30/2022 4.125% 09/30/2027	91282CFM8	3,920,000.00	AA+	Aaa	11/01/22	11/03/22	3,894,428.13	4.27	41,313.46	3,895,270.06	3,933,475.00

Managed Account Detail of Securities Held

For the Month Ending **December 31, 2022**

ZONE 7 WATER AGENCY - 99350000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY N/B NOTES DTD 10/31/2022 4.125% 10/31/2027	91282CFU0	5,890,000.00	AA+	Aaa	12/13/22	12/14/22	6,019,303.91	3.63	41,612.36	6,017,997.81	5,910,246.88
Security Type Sub-Total		104,770,000.00					100,125,614.08	2.58	332,430.75	100,902,229.80	96,980,475.73
Corporate Note											
JPMORGAN CHASE & CO CORP NOTES DTD 01/25/2013 3.200% 01/25/2023	46625HJH4	1,962,000.00	A-	A1	02/09/21	02/10/21	2,073,520.08	0.29	27,206.40	1,965,748.57	1,959,945.79
BANK OF NY MELLON CORP NOTES (CALLABLE) DTD 01/29/2018 2.950% 01/29/2023	06406RAE7	5,000,000.00	A	A1	07/17/20	07/17/20	5,304,250.00	0.53	62,277.78	5,000,000.00	4,993,290.00
BERKSHIRE HATHAWAY INC GLOBAL NT DTD 02/11/2013 3.000% 02/11/2023	084670BJ6	3,124,000.00	AA	Aa2	06/25/20	06/25/20	3,332,527.00	0.44	36,446.67	3,132,896.57	3,116,190.00
APPLE INC CORPORATE NOTES DTD 05/11/2020 0.750% 05/11/2023	037833DV9	6,000,000.00	AA+	Aaa	07/14/20	07/15/20	6,069,180.00	0.34	6,250.00	6,008,731.46	5,917,608.00
TOYOTA MOTOR CREDIT CORP CORPORATE NOTES DTD 08/14/2020 0.500% 08/14/2023	89236THF5	5,500,000.00	A+	A1	04/08/21	04/12/21	5,505,500.00	0.46	10,465.28	5,501,449.06	5,351,879.50
JPMORGAN CHASE & CO CORP NOTES DTD 01/28/2014 3.875% 02/01/2024	46625HJT8	2,700,000.00	A-	A1	05/20/21	05/24/21	2,944,944.00	0.47	43,593.75	2,798,675.30	2,670,842.70
AMAZON.COM INC CORPORATE NOTES DTD 04/13/2022 3.000% 04/13/2025	023135CE4	1,990,000.00	AA	A1	04/11/22	04/13/22	1,986,835.90	3.06	12,935.00	1,987,595.17	1,919,772.90
WALMART INC CORP NOTES (CALLABLE) DTD 06/27/2018 3.550% 06/26/2025	931142ED1	1,300,000.00	AA	Aa2	02/07/22	02/09/22	1,372,527.00	1.84	640.97	1,352,353.11	1,266,652.40
TARGET CORP CORP NOTES (CALLABLE) DTD 01/24/2022 1.950% 01/15/2027	87612EBM7	1,375,000.00	A	A2	02/07/22	02/09/22	1,366,915.00	2.08	12,363.54	1,368,378.47	1,247,197.88
MICROSOFT CORP CORP NOTES (CALLABLE) DTD 02/06/2017 3.300% 02/06/2027	594918BY9	2,075,000.00	AAA	Aaa	12/14/22	12/16/22	2,015,634.25	4.06	27,580.21	2,016,262.04	2,004,705.23

Managed Account Detail of Securities Held

For the Month Ending **December 31, 2022**

ZONE 7 WATER AGENCY - 99350000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
BANK OF AMERICA CORP CORP NOTES (CALLABL DTD 03/11/2021 1.658% 03/11/2027	06051GJQ3	2,170,000.00	A-	A2	04/13/22	04/18/22	2,000,761.70	3.40	10,993.46	2,025,181.99	1,916,300.96
Security Type Sub-Total		33,196,000.00					33,972,594.93	1.10	250,753.06	33,157,271.74	32,364,385.36
Managed Account Sub-Total		137,966,000.00					134,098,209.01	2.21	583,183.81	134,059,501.54	129,344,861.09
Securities Sub-Total		\$137,966,000.00					\$134,098,209.01	2.21%	\$583,183.81	\$134,059,501.54	\$129,344,861.09
Accrued Interest											\$583,183.81
Total Investments											\$129,928,044.90

Managed Account Fair Market Value & Analytics

For the Month Ending **December 31, 2022**

ZONE 7 WATER AGENCY - 99350000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	YTM at Mkt
U.S. Treasury Bond / Note										
US TREASURY N/B NOTES DTD 08/31/2021 0.125% 08/31/2023	91282CCU3	7,000,000.00	DIRECT		96.98	6,788,906.60	(199,882.46)	(207,371.80)	0.67	4.80
US TREASURY N/B NOTES DTD 01/31/2022 0.875% 01/31/2024	91282CDV0	3,025,000.00	CITIGRP		95.92	2,901,636.87	(98,194.18)	(109,593.41)	1.08	4.78
US TREASURY N/B NOTES DTD 03/31/2022 2.250% 03/31/2024	91282CEG2	3,000,000.00	BNP_PAR		97.02	2,910,468.60	(78,632.96)	(82,710.51)	1.23	4.74
US TREASURY N/B NOTES DTD 06/15/2021 0.250% 06/15/2024	91282CCG4	1,550,000.00	BNP_PAR		93.86	1,454,820.39	(25,126.88)	(48,033.86)	1.46	4.66
US TREASURY N/B NOTES DTD 07/15/2021 0.375% 07/15/2024	91282CCL3	3,075,000.00	CITIGRP		93.66	2,879,929.69	(117,955.08)	(146,352.24)	1.54	4.69
US TREASURY N/B NOTES DTD 01/15/2022 1.125% 01/15/2025	91282CDS7	3,030,000.00	BARCLAY		93.55	2,834,470.46	(160,021.73)	(170,852.94)	2.01	4.47
US TREASURY N/B NOTES DTD 02/15/2022 1.500% 02/15/2025	91282CDZ1	5,100,000.00	HSBC		94.09	4,798,781.25	(97,617.19)	(145,864.95)	2.09	4.44
US TREASURY NOTES DTD 03/31/2020 0.500% 03/31/2025	912828ZF0	3,200,000.00	BNP_PAR		91.81	2,938,000.00	(67,750.00)	(116,134.62)	2.24	4.36
US TREASURY NOTES DTD 04/30/2018 2.875% 04/30/2025	9128284M9	3,125,000.00	BNP_PAR		96.75	3,023,437.50	(96,923.83)	(97,951.81)	2.26	4.35
US TREASURY NOTES DTD 07/31/2020 0.250% 07/31/2025	91282CAB7	3,145,000.00	BNP_PAR		90.22	2,837,379.69	(161,181.25)	(198,916.14)	2.58	4.29
US TREASURY NOTES DTD 08/31/2020 0.250% 08/31/2025	91282CAJ0	1,075,000.00	RBC		89.89	966,324.16	(23,851.62)	(36,969.53)	2.66	4.31
US TREASURY NOTES DTD 08/31/2020 0.250% 08/31/2025	91282CAJ0	1,685,000.00	NOMURA		89.89	1,514,656.95	(81,946.37)	(102,671.95)	2.66	4.31
US TREASURY NOTES DTD 09/30/2020 0.250% 09/30/2025	91282CAM3	3,425,000.00	BNP_PAR		89.77	3,074,472.49	(51,107.59)	(109,308.09)	2.74	4.24
US TREASURY NOTES DTD 11/30/2020 0.375% 11/30/2025	91282CAZ4	1,600,000.00	WELLS_F		89.44	1,431,000.00	(46,187.50)	(70,155.45)	2.90	4.27
US TREASURY NOTES DTD 01/31/2021 0.375% 01/31/2026	91282CBH3	3,160,000.00	GOLDMAN		88.94	2,810,425.00	(187,995.31)	(224,359.08)	3.07	4.24
US TREASURY N/B NOTES DTD 03/31/2021 0.750% 03/31/2026	91282CBT7	3,225,000.00	CITIGRP		89.63	2,890,406.25	(105,442.38)	(148,221.50)	3.21	4.20
US TREASURY N/B NOTES DTD 03/31/2021 0.750% 03/31/2026	91282CBT7	3,405,000.00	MORGAN_		89.63	3,051,731.25	(74,883.40)	(122,093.81)	3.21	4.20

Managed Account Fair Market Value & Analytics

For the Month Ending **December 31, 2022**

ZONE 7 WATER AGENCY - 99350000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	YTM at Mkt
U.S. Treasury Bond / Note										
US TREASURY N/B NOTES DTD 04/30/2021 0.750% 04/30/2026	91282CBW0	1,225,000.00	CITIGRP		89.38	1,094,843.75	(75,318.36)	(86,665.36)	3.29	4.20
US TREASURY N/B NOTES DTD 05/31/2021 0.750% 05/31/2026	91282CCF6	1,665,000.00	BNP_PAR		89.17	1,484,711.80	(107,834.68)	(121,818.58)	3.38	4.19
US TREASURY N/B NOTES DTD 05/31/2021 0.750% 05/31/2026	91282CCF6	6,760,000.00	CITIGRP		89.17	6,028,019.09	(167,415.29)	(247,845.49)	3.38	4.19
US TREASURY N/B NOTES DTD 09/30/2021 0.875% 09/30/2026	91282CCZ2	3,420,000.00	NOMURA		88.78	3,036,318.75	(86,034.38)	(130,773.85)	3.68	4.14
US TREASURY NOTES DTD 11/15/2016 2.000% 11/15/2026	912828U24	6,450,000.00	RBC		92.42	5,961,211.26	(220,458.66)	(254,724.13)	3.73	4.14
US TREASURY NOTES DTD 02/15/2017 2.250% 02/15/2027	912828V98	5,300,000.00	JPM_CHA		93.00	4,929,000.00	(233,945.31)	(248,432.09)	3.92	4.11
US TREASURY N/B NOTES DTD 04/30/2020 0.500% 04/30/2027	912828ZN3	5,775,000.00	NOMURA		86.08	4,971,011.43	(190,394.82)	(243,272.48)	4.28	4.04
US TREASURY NOTES DTD 05/15/2017 2.375% 05/15/2027	912828X88	6,220,000.00	BARCLAY		93.19	5,796,262.50	(170,564.06)	(199,023.18)	4.16	4.09
US TREASURY NOTES DTD 06/30/2020 0.500% 06/30/2027	912828ZV5	2,750,000.00	WELLS_F		85.52	2,351,679.55	(88,730.61)	(113,705.92)	4.44	4.05
US TREASURY NOTES DTD 08/15/2017 2.250% 08/15/2027	9128282R0	2,570,000.00	HSBC		92.48	2,376,848.57	(59,732.29)	(68,385.31)	4.37	4.05
US TREASURY N/B NOTES DTD 09/30/2022 4.125% 09/30/2027	91282CFM8	3,920,000.00	MERRILL		100.34	3,933,475.00	39,046.87	38,204.94	4.32	4.04
US TREASURY N/B NOTES DTD 10/31/2022 4.125% 10/31/2027	91282CFU0	5,890,000.00	BARCLAY		100.34	5,910,246.88	(109,057.03)	(107,750.93)	4.40	4.04
Security Type Sub-Total		104,770,000.00				96,980,475.73	(3,145,138.35)	(3,921,754.07)	3.01	4.29
Corporate Note										
JPMORGAN CHASE & CO CORP NOTES DTD 01/25/2013 3.200% 01/25/2023	46625HJH4	1,962,000.00	DIRECT		99.90	1,959,945.79	(113,574.29)	(5,802.78)	0.07	4.65
BANK OF NY MELLON CORP NOTES (CALLABLE) DTD 01/29/2018 2.950% 01/29/2023	06406RAE7	5,000,000.00	DIRECT		99.87	4,993,290.00	(310,960.00)	(6,710.00)	0.08	4.57

Managed Account Fair Market Value & Analytics

For the Month Ending **December 31, 2022**

ZONE 7 WATER AGENCY - 99350000

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	YTM at Mkt
Corporate Note										
BERKSHIRE HATHAWAY INC GLOBAL NT DTD 02/11/2013 3.000% 02/11/2023	084670BJ6	3,124,000.00	DIRECT		99.75	3,116,190.00	(216,337.00)	(16,706.57)	0.12	5.15
APPLE INC CORPORATE NOTES DTD 05/11/2020 0.750% 05/11/2023	037833DV9	6,000,000.00	DIRECT		98.63	5,917,608.00	(151,572.00)	(91,123.46)	0.37	4.58
TOYOTA MOTOR CREDIT CORP CORPORATE NOTES DTD 08/14/2020 0.500% 08/14/2023	89236THF5	5,500,000.00	DIRECT		97.31	5,351,879.50	(153,620.50)	(149,569.56)	0.62	4.95
JPMORGAN CHASE & CO CORP NOTES DTD 01/28/2014 3.875% 02/01/2024	46625HJT8	2,700,000.00	DIRECT		98.92	2,670,842.70	(274,101.30)	(127,832.60)	1.06	4.90
AMAZON.COM INC CORPORATE NOTES DTD 04/13/2022 3.000% 04/13/2025	023135CE4	1,990,000.00	JPM_CHA		96.47	1,919,772.90	(67,063.00)	(67,822.27)	2.21	4.64
WALMART INC CORP NOTES (CALLABLE) DTD 06/27/2018 3.550% 06/26/2025	931142ED1	1,300,000.00	MORGAN_	04/26/25	97.43	1,266,652.40	(105,874.60)	(85,700.71)	2.25	4.65
TARGET CORP CORP NOTES (CALLABLE) DTD 01/24/2022 1.950% 01/15/2027	87612EBM7	1,375,000.00	BARCLAY	12/15/26	90.71	1,247,197.88	(119,717.12)	(121,180.59)	3.78	4.49
MICROSOFT CORP CORP NOTES (CALLABLE) DTD 02/06/2017 3.300% 02/06/2027	594918BY9	2,075,000.00	GOLDMAN	11/06/26	96.61	2,004,705.23	(10,929.02)	(11,556.81)	3.59	4.21
BANK OF AMERICA CORP CORP NOTES (CALLABL DTD 03/11/2021 1.658% 03/11/2027	06051GJO3	2,170,000.00	CITIGRP	03/11/26	88.31	1,916,300.96	(84,460.74)	(108,881.03)	3.10	4.76
Security Type Sub-Total		33,196,000.00				32,364,385.36	(1,608,209.57)	(792,886.38)	1.06	4.72
Managed Account Sub-Total		137,966,000.00				129,344,861.09	(4,753,347.92)	(4,714,640.45)	2.52	4.39
Securities Sub-Total		\$137,966,000.00				\$129,344,861.09	(\$4,753,347.92)	(\$4,714,640.45)	2.52	4.39%
Accrued Interest						\$583,183.81				
Total Investments						\$129,928,044.90				

Managed Account Security Transactions & Interest

For the Month Ending **December 31, 2022**

ZONE 7 WATER AGENCY - 99350000

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L	Realized G/L	Sale
Trade	Settle							Cost	Amort Cost	Method
BUY										
12/13/22	12/14/22	US TREASURY N/B NOTES DTD 10/31/2022 4.125% 10/31/2027	91282CFU0	5,890,000.00	(6,019,303.91)	(29,531.35)	(6,048,835.26)			
12/14/22	12/16/22	MICROSOFT CORP CORP NOTES (CALLABLE) DTD 02/06/2017 3.300% 02/06/2027	594918BY9	2,075,000.00	(2,015,634.25)	(24,727.08)	(2,040,361.33)			
Transaction Type Sub-Total				7,965,000.00	(8,034,938.16)	(54,258.43)	(8,089,196.59)			
INTEREST										
12/01/22	12/01/22	MONEY MARKET FUND	MONEY0002	0.00	0.00	19,207.59	19,207.59			
12/15/22	12/15/22	US TREASURY N/B NOTES DTD 06/15/2021 0.250% 06/15/2024	91282CCG4	1,550,000.00	0.00	1,937.50	1,937.50			
12/21/22	12/21/22	MONEY MARKET FUND	MONEY0002	0.00	0.00	0.90	0.90			
12/22/22	12/22/22	MONEY MARKET FUND	MONEY0002	0.00	0.00	5.27	5.27			
12/26/22	12/26/22	WALMART INC CORP NOTES (CALLABLE) DTD 06/27/2018 3.550% 06/26/2025	931142ED1	1,300,000.00	0.00	23,075.00	23,075.00			
12/31/22	12/31/22	US TREASURY NOTES DTD 06/30/2020 0.500% 06/30/2027	912828ZV5	2,750,000.00	0.00	6,875.00	6,875.00			
Transaction Type Sub-Total				5,600,000.00	0.00	51,101.26	51,101.26			
SELL										
12/13/22	12/14/22	US TREASURY N/B NOTES DTD 04/30/2021 0.125% 04/30/2023	91282CBX8	4,000,000.00	3,935,312.50	607.74	3,935,920.24	(61,874.99)	(64,157.49)	FIFO
12/13/22	12/14/22	US TREASURY N/B NOTES DTD 04/30/2021 0.125% 04/30/2023	91282CBX8	4,000,000.00	3,935,312.50	607.74	3,935,920.24	(63,125.00)	(64,390.19)	FIFO
12/14/22	12/16/22	JPMORGAN CHASE & CO CORP NOTES DTD 01/25/2013 3.200% 01/25/2023	46625HJH4	2,025,000.00	2,020,828.50	25,380.00	2,046,208.50	(119,272.50)	(10,619.74)	FIFO
Transaction Type Sub-Total				10,025,000.00	9,891,453.50	26,595.48	9,918,048.98	(244,272.49)	(139,167.42)	
Managed Account Sub-Total					1,856,515.34	23,438.31	1,879,953.65	(244,272.49)	(139,167.42)	
Total Security Transactions					\$1,856,515.34	\$23,438.31	\$1,879,953.65	(\$244,272.49)	(\$139,167.42)	



ZONE 7 WATER AGENCY

Investment Performance Review For the Quarter Ended December 31, 2022

Client Management Team

Monique Spyke, Managing Director
Joseph Creason, Portfolio Manager
Jeremy King, Key Account Manager

PFM Asset Management LLC

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San Francisco, CA 94111-5411
415-393-7270

213 Market Street
Harrisburg, PA 17101-2141
717-232-2723

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

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Market Update

The Year in Review

Beginning in March, the Fed hiked rates by 425 basis points in 2022

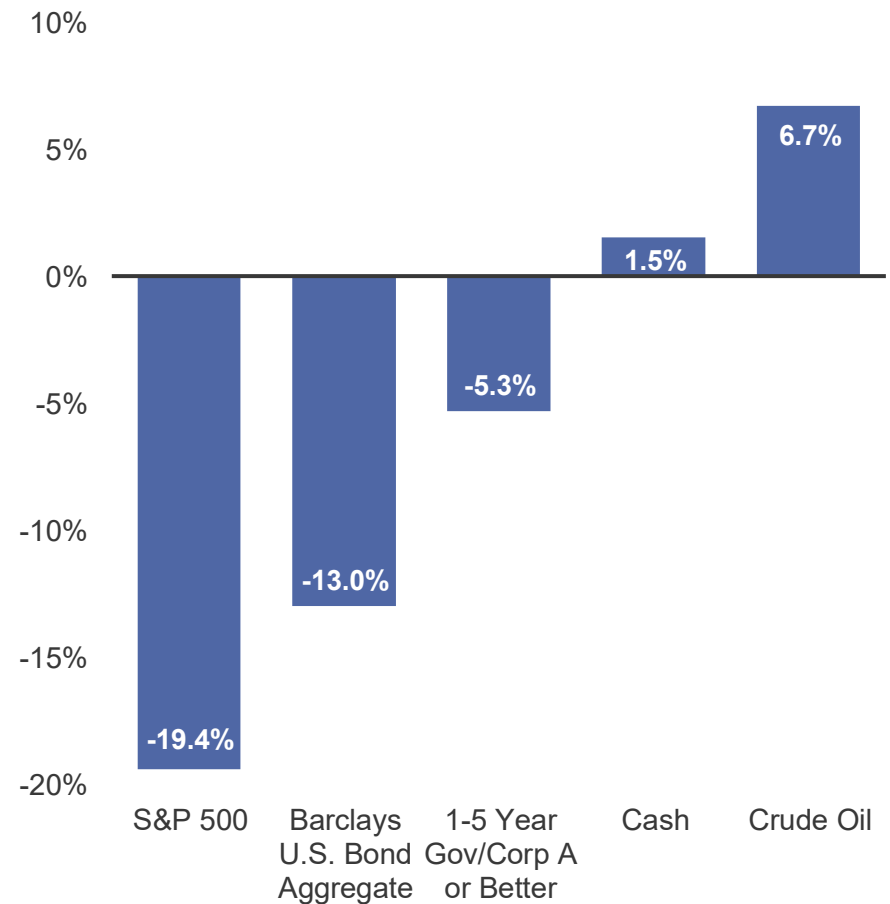
- The 2-year treasury yield rose just 370 bps through 2022

2022 saw an uncommon phenomenon of both stocks and bonds posting negative returns

Consumer spending remained resilient despite price pressures and extended credit levels

Energy prices surged due to uncertainty, geopolitical conflict (war in Ukraine), and storage challenges

2022 Asset Class Returns



Source: Bloomberg, as of 12/31/2022.

Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▶ High inflation that shows signs of slowing
 - ▶ Continued strong labor market
 - ▶ Potentially declining health of U.S. household finances
 - ▶ Expectations for a modest yet broad economic downturn

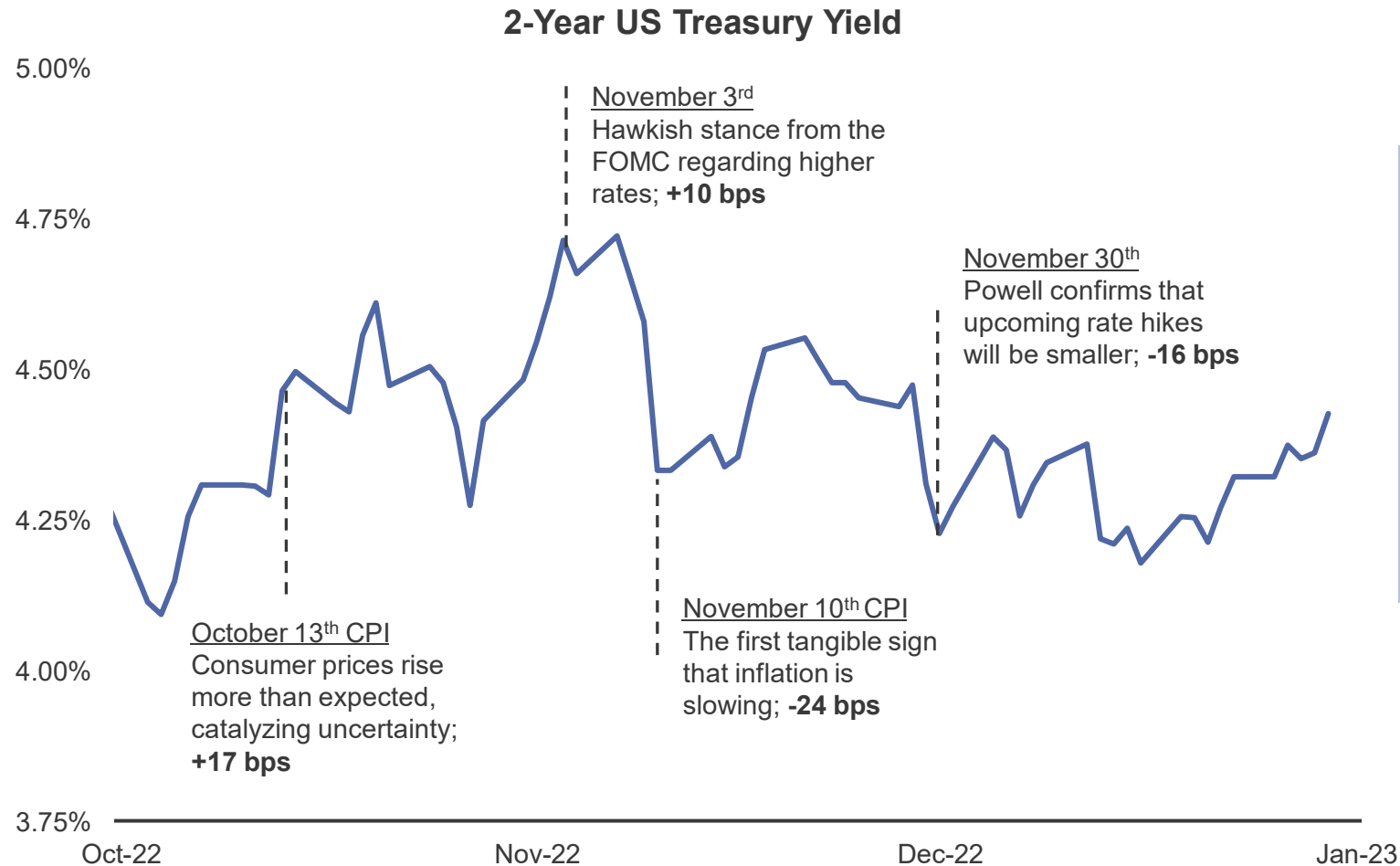


- ▶ The Federal Reserve is expected to wrap up their normalization process
 - ▶ Slowing pace of rate hikes
 - ▶ Fed projecting short-term fed funds rate to reach 5.00% to 5.25% by year-end, with markets expecting rate cuts in the second half of 2023
 - ▶ Fed officials reaffirm that restoring price stability is the utmost priority, despite risks of overtightening



- ▶ Volatile markets potentially calming
 - ▶ Treasury yields in the belly of the curve (3-7 years) ended the quarter slightly lower, while shorter and longer maturities ended higher
 - ▶ Yield curve inversion has deepened further since last quarter
 - ▶ While still elevated, volatility and liquidity challenges have begun subsiding

Rates Remain Sensitive to Fed and Inflation

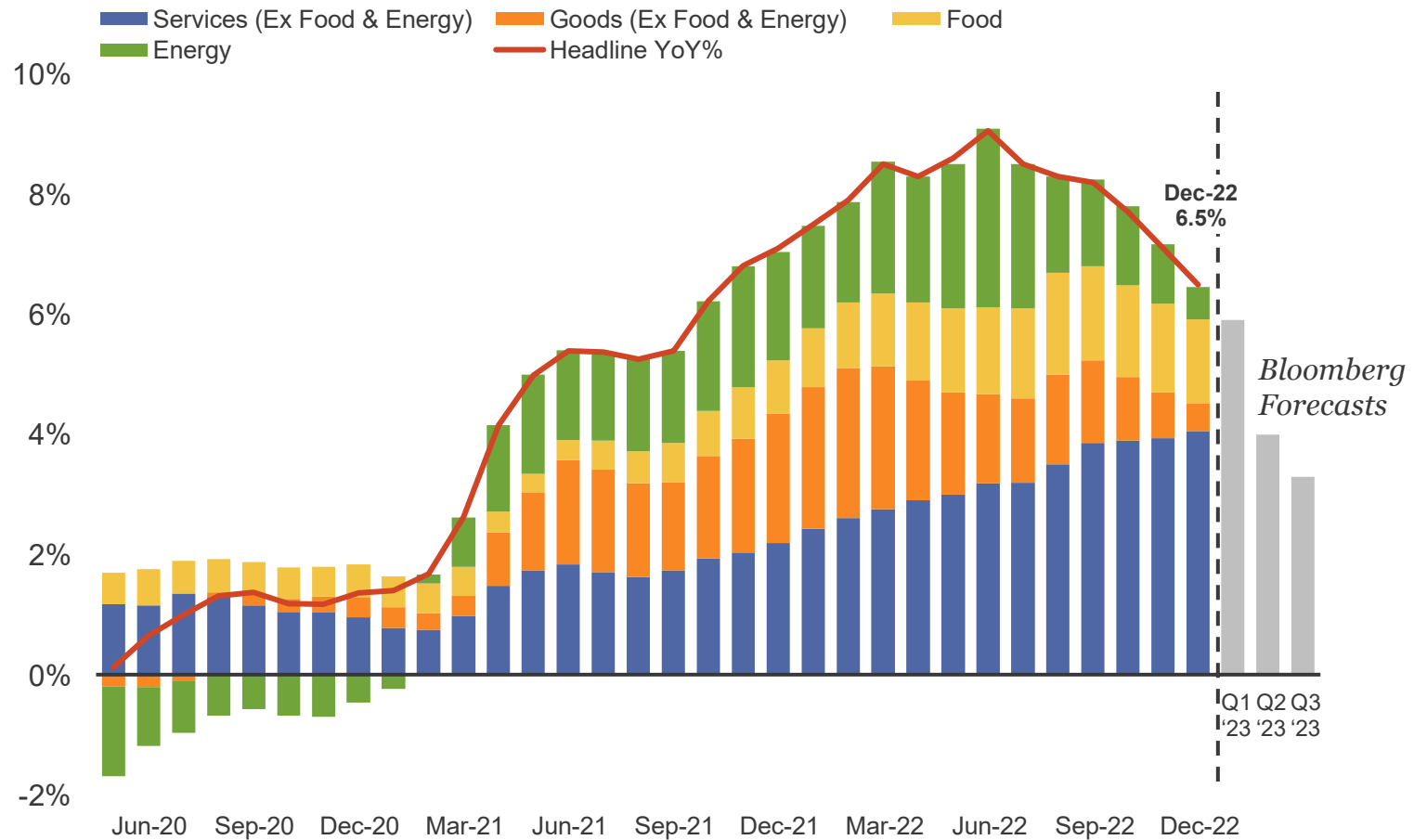


The 2-year Treasury is commonly used to gauge market reactions and near-term policy expectations

Source: Bloomberg, as of 12/31/2022.

Inflation Now Trending Lower

Consumer Prices (CPI) Top-Line Contributions and Year-over-Year Reading

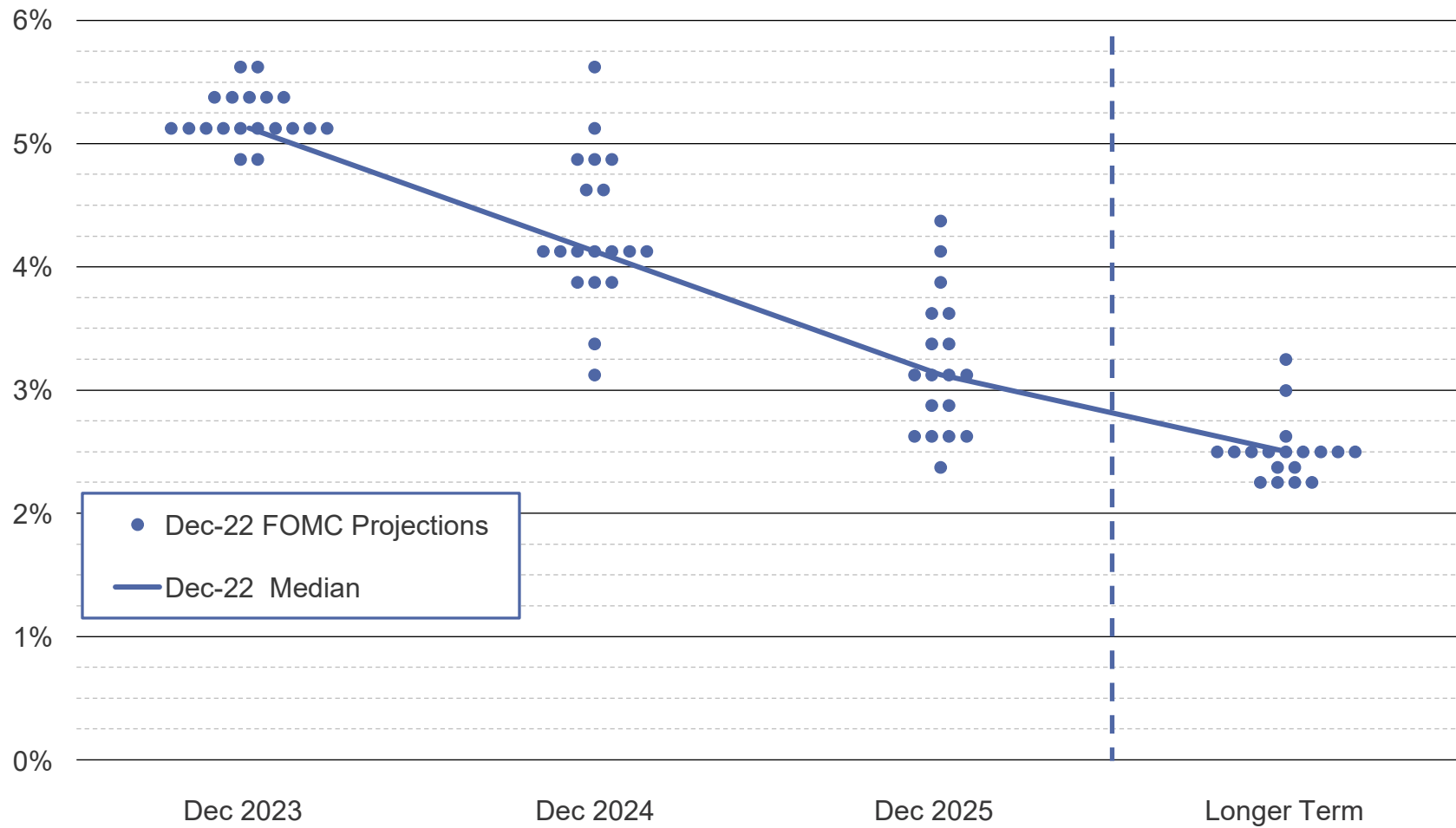


Lower energy and goods prices help to offset increases in wage-driven services costs

Source: Bloomberg, as of December 2022.

Fed's "Dot Plot" Suggests Expectations for a Drawn Out Normalization of Policy

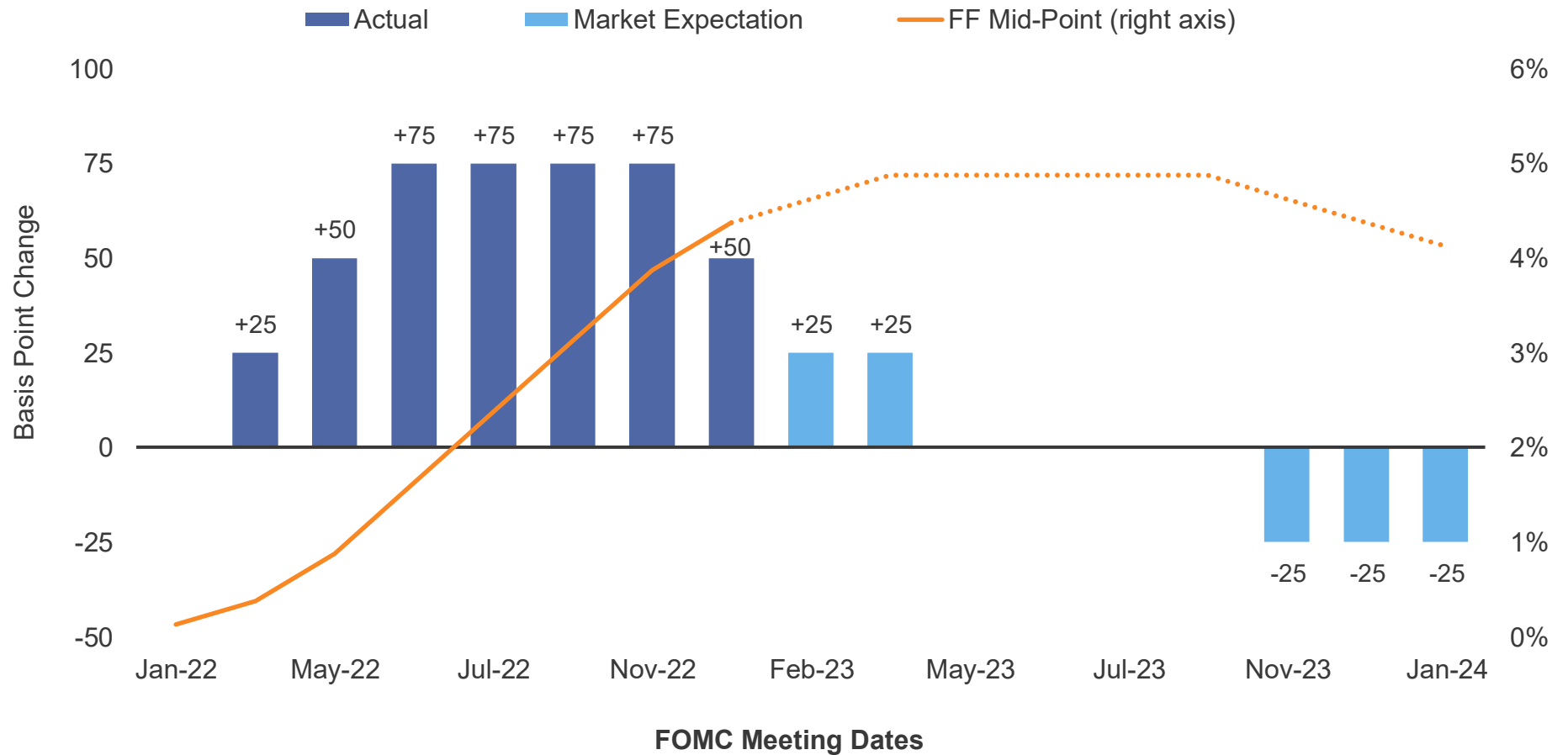
Fed Participants' Assessments of 'Appropriate' Monetary Policy



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

What Could the Fed's Pivot Look Like?

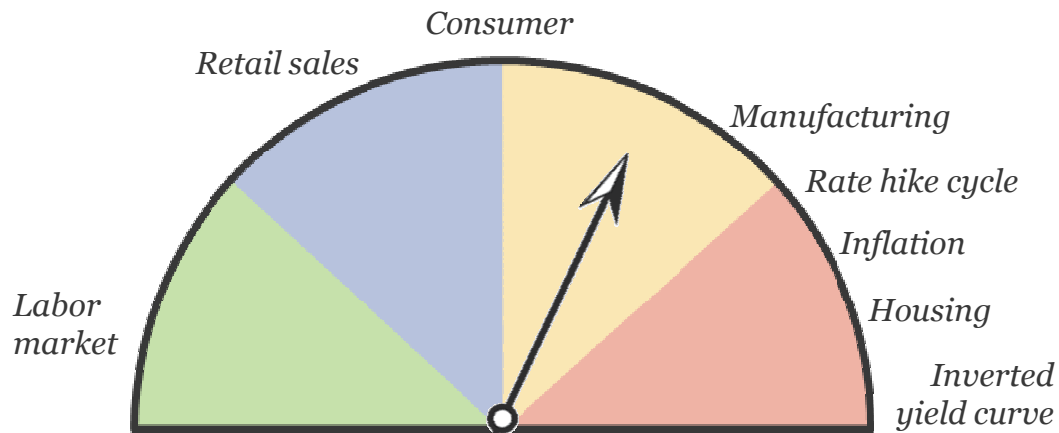
Changes to the Target Fed Funds Rate



Source: Bloomberg WIRP Interest Rate Probability as of 1/9/2023.

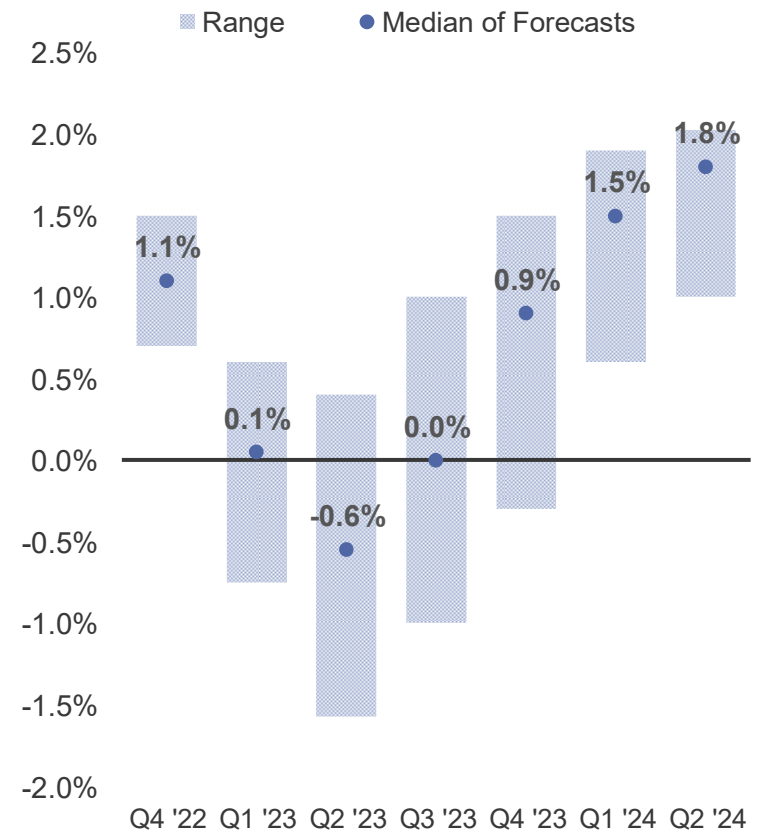
Recession Gauge Flashing Yellow, but GDP Expected to Grow by End of Year

Recession Risk



U.S. GDP Forecasts

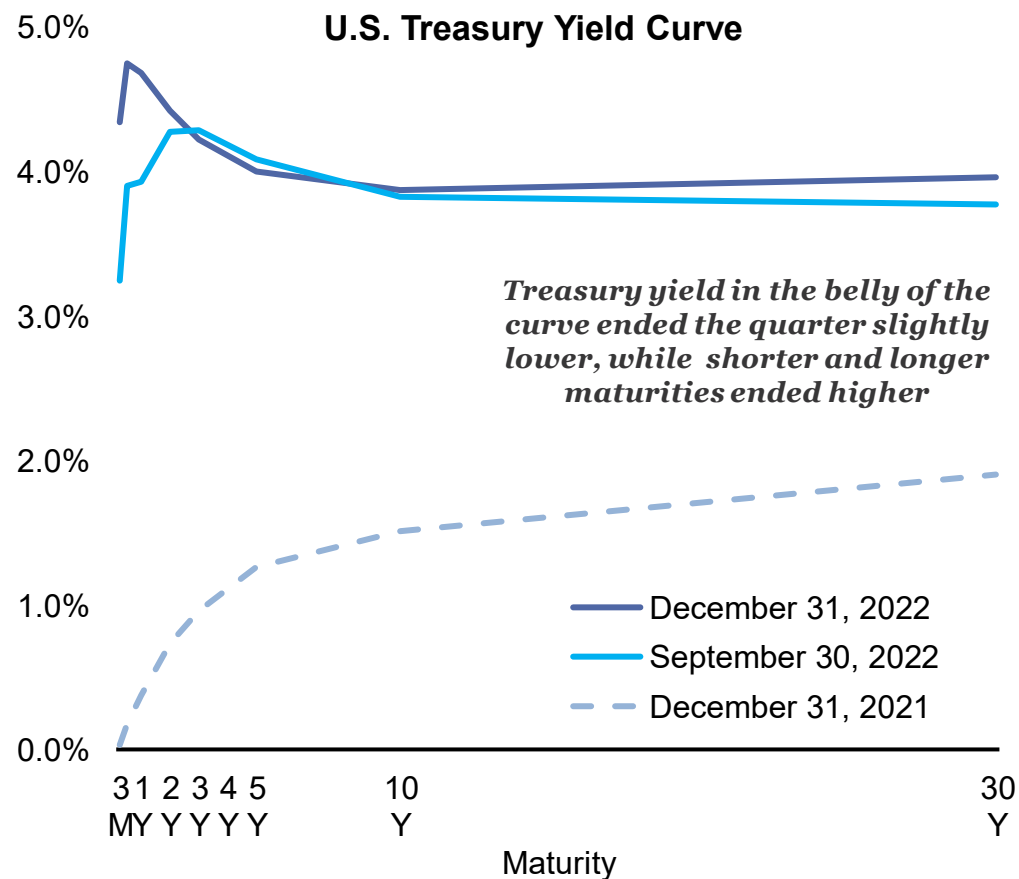
Annualized Rate



Source: Bloomberg, Economist Forecasts. Recession risk based on most recent economic data as of 1/9/2023.

Yield Curve Inversion Deepens

	4Q2022 12/31/22	3Q2022 09/30/22	QoQ Change
3-month	4.34%	3.25%	+1.10%
1-year	4.69%	3.93%	+0.75%
2-year	4.43%	4.28%	+0.15%
3-year	4.22%	4.29%	-0.06%
5-year	4.00%	4.09%	-0.09%
10-year	3.87%	3.83%	+0.05%
30-year	3.96%	3.78%	+0.19%

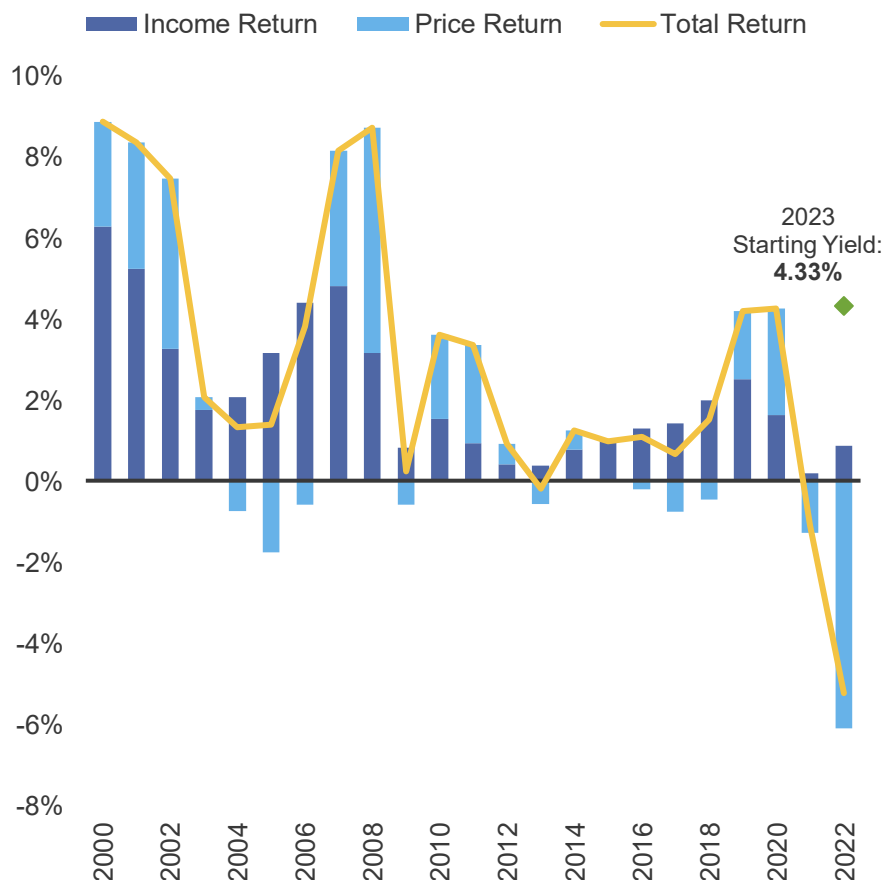


Source: Bloomberg, as of December 2022.

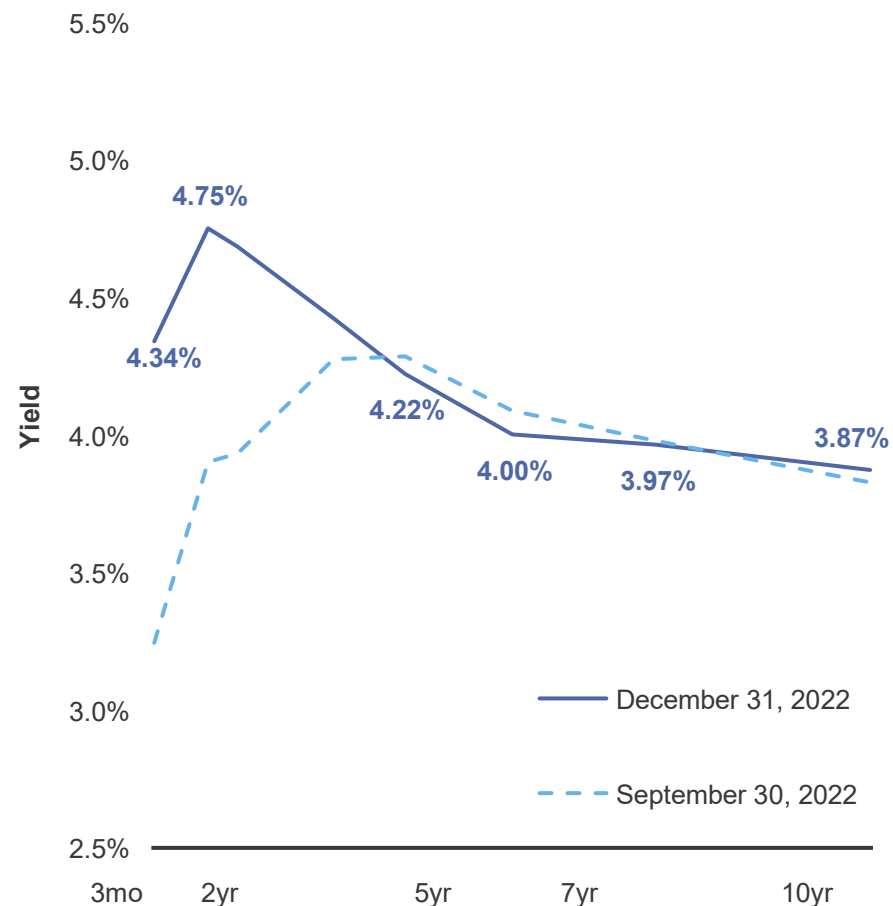
Higher Yields Can Offset Some of the Price Depreciation Woes

Annual Price & Income Returns

1-5 Year Treasury Index



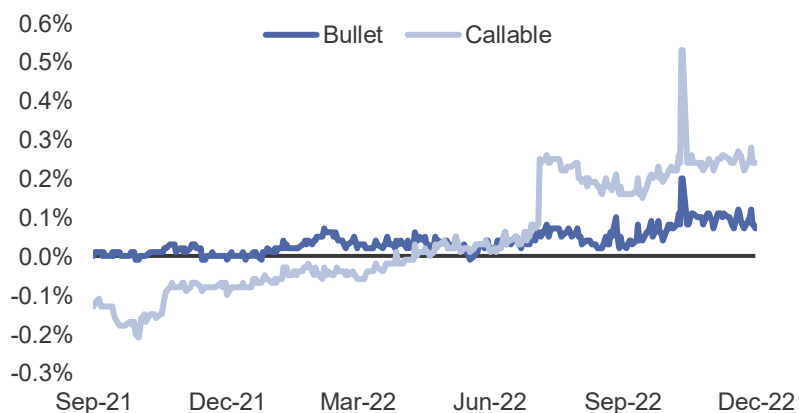
U.S. Treasury Yield Curve



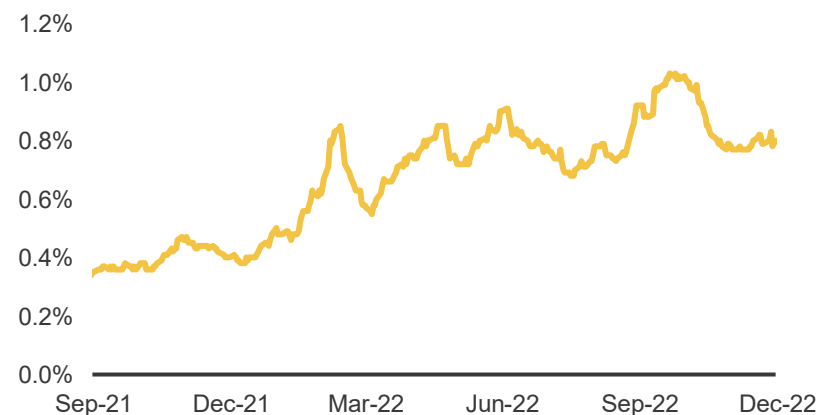
Source: ICE BofAML Indices via Bloomberg, as of 12/31/2022. PFAM Calculations. Income return represents the yield of the benchmark index, as of the end of the prior calendar year, respective to the year of performance shown.

Sector Yield Spreads

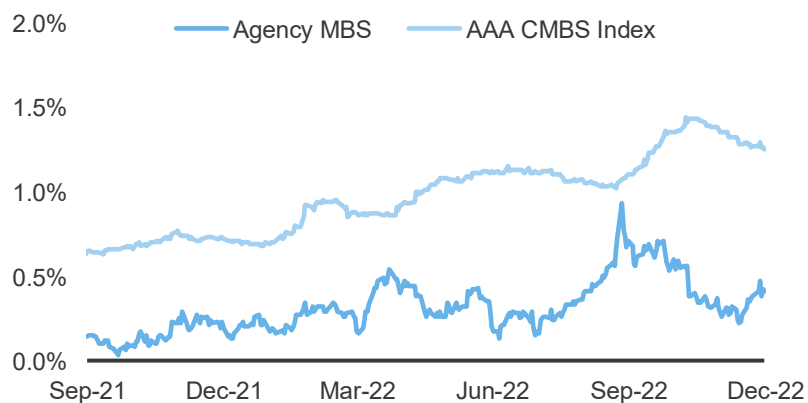
Federal Agency Yield Spreads



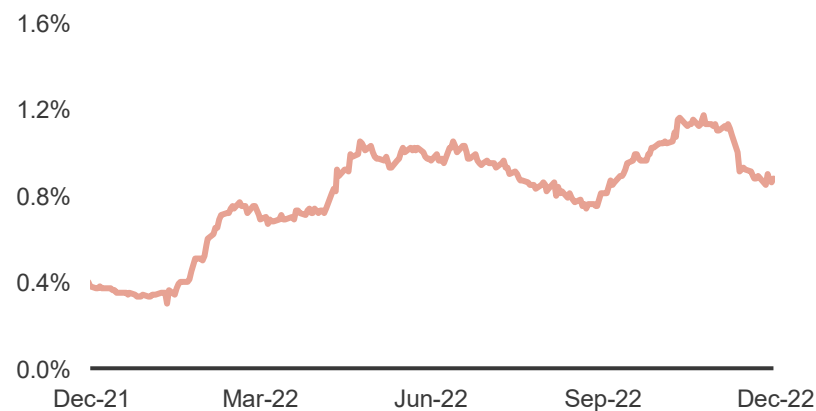
Corporate Notes A-AAA Yield Spreads



Mortgage-Backed Securities Yield Spreads



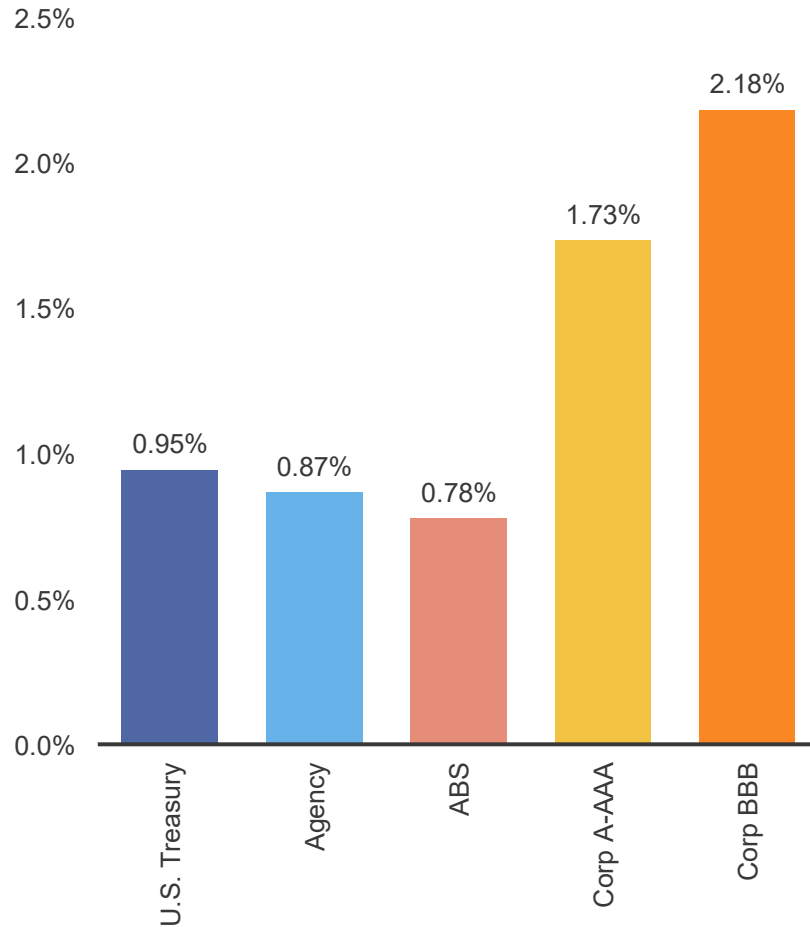
Asset-Backed Securities AAA Yield Spreads



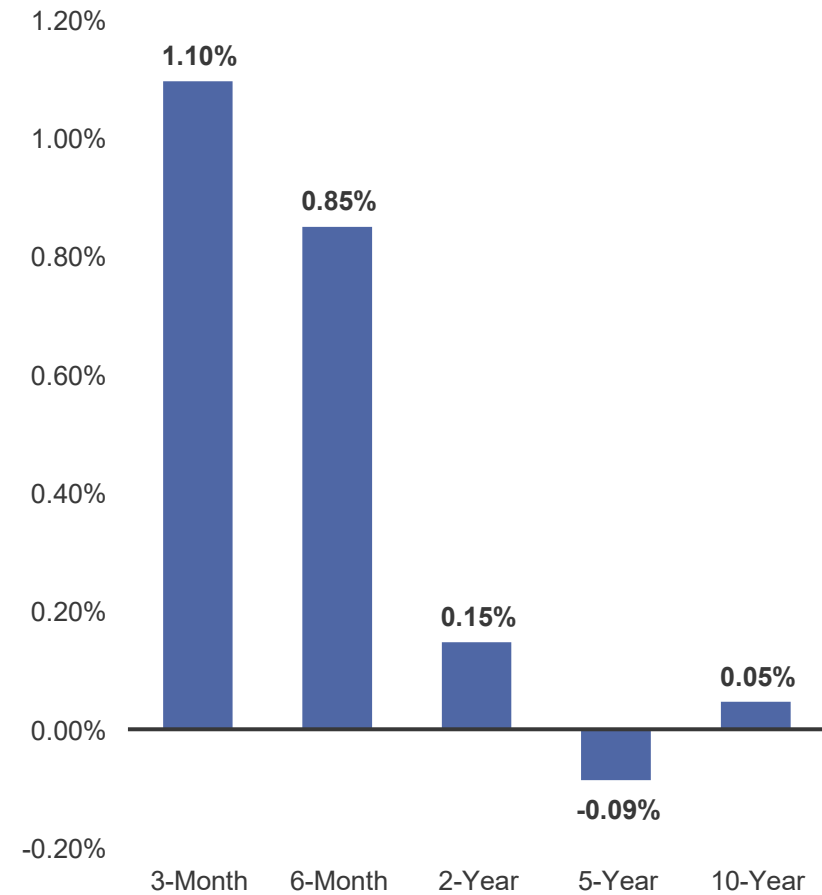
Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFMAM as of 12/31/2022. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

Fixed-Income Markets in Q4 2022

1-5 Year Indices Quarterly Returns



Change in U.S. Treasury Yield September 30, 2022 – December 31, 2022



Source: ICE BofAML Indices. ABS indices are 0-5 year, based on weighted average life. As of 12/31/2022.

Right Chart: Generic US Treasury securities via Bloomberg, change in yield from 9/30/2022 to 12/31/2022.

Fixed-Income Sector Commentary – 4Q 2022

- ▶ **U.S. Treasury** yields settled into a wide range after surging for the first three quarters of the year. The result of more stable yields was generally positive returns for the quarter.
- ▶ **Federal agency** bullet spreads finally broke single digits and climbed to the widest levels in the past 12 months for certain maturities. Callable structures were attractive early in the quarter as new issues came to market at wide levels on the heels of historically high bond volatility.
- ▶ **Supranational** issuance fell notably short of expectations in Q4 limiting new investment opportunities. Liquidity was better than that of federal agencies, which provided some ability to swap into other sectors which were more attractive.
- ▶ **Investment-Grade Corporate** yield spreads fluctuated in Q4 underscoring the historic levels of volatility experienced throughout the year. After reaching post-pandemic wides in late October, credit spreads reversed, ending the quarter modestly tighter. The sector generated strong excess returns in Q4 and buoyed portfolio returns relative to benchmarks.
- ▶ **Asset-Backed** yield spreads lagged the narrowing move in the corporate sector for much of Q4 but rallied into year end, ending the quarter only modestly wider than where they began. ABS and IG corporate spreads diverged markedly in November, growing to the widest margin since 2020 and leading to a year-end rally which brought performance just shy of matched-duration U.S. Treasuries.
- ▶ **Mortgage-Backed Securities** reversed course in Q4 after the dreadful negative returns for the first three quarters of 2022. Although still negative for the year, excess returns on MBS were near top-of-class amongst investment-grade options in Q4.
- ▶ **Taxable Municipal** issuance remained underwhelming as deals were heavily oversubscribed, dragging spreads lower, while secondary inventory at attractive levels was sparse.
- ▶ The **short-term credit** (commercial paper and CDs) yield curve was notably steep throughout the quarter as the market priced the expectation for further Fed rate increases. The aggressive pace of those rate hikes created valuable opportunities in floating-rate securities.

Fixed-Income Sector Outlook – 1Q 2023

Sector	Our Investment Preferences
COMMERCIAL PAPER / CD	
TREASURIES	
T-Bill	
T-Note	
FEDERAL AGENCIES	
Bullets	
Callables	
SUPRANATIONALS	
CORPORATES	
Financials	
Industrials	
SECURITIZED	
Asset-Backed	
Agency Mortgage-Backed	
Agency CMBS	
MUNICIPALS	

● Current outlook

○ Outlook one quarter ago

Negative

Slightly
Negative

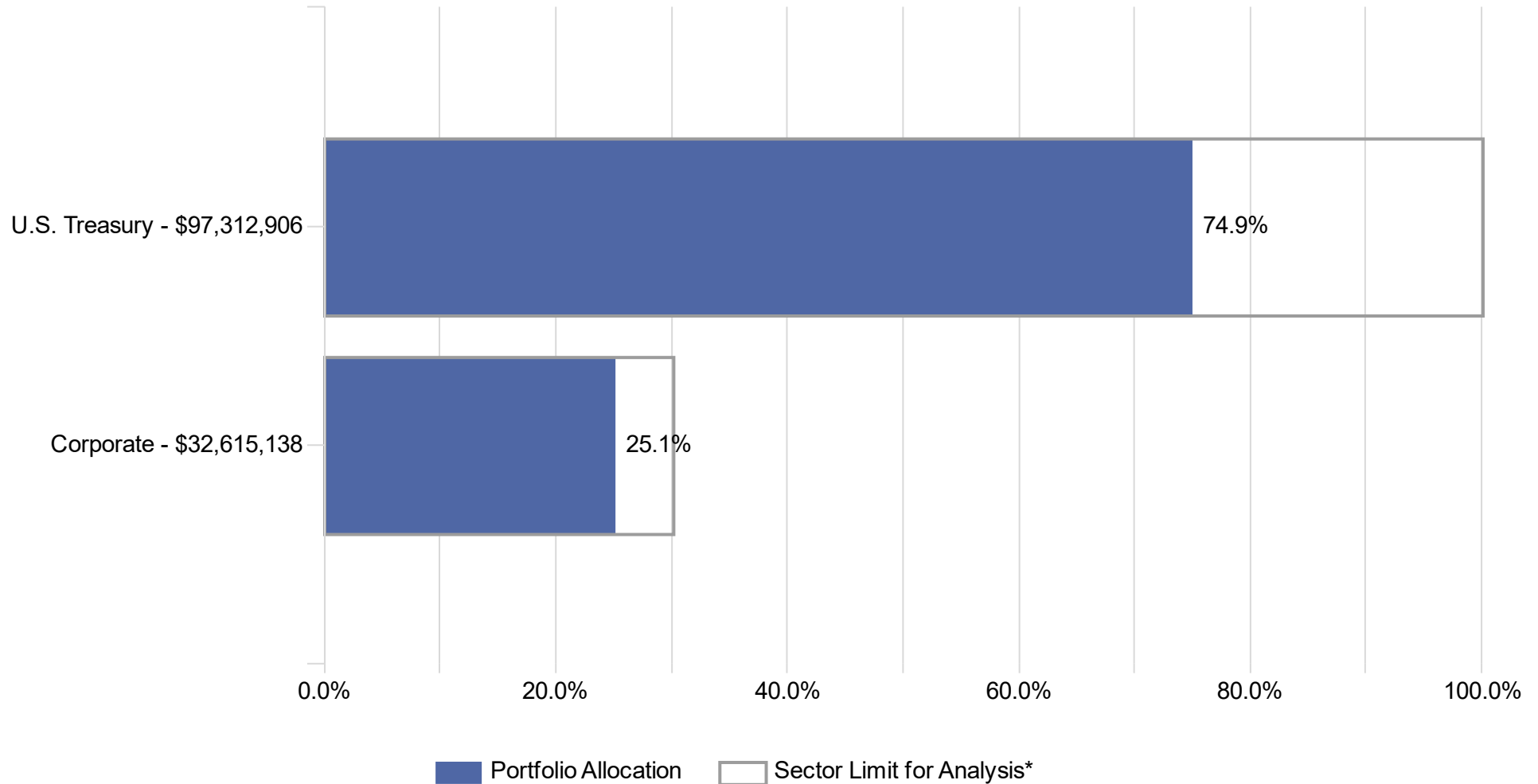
Neutral

Slightly
Positive

Positive

Account Summary

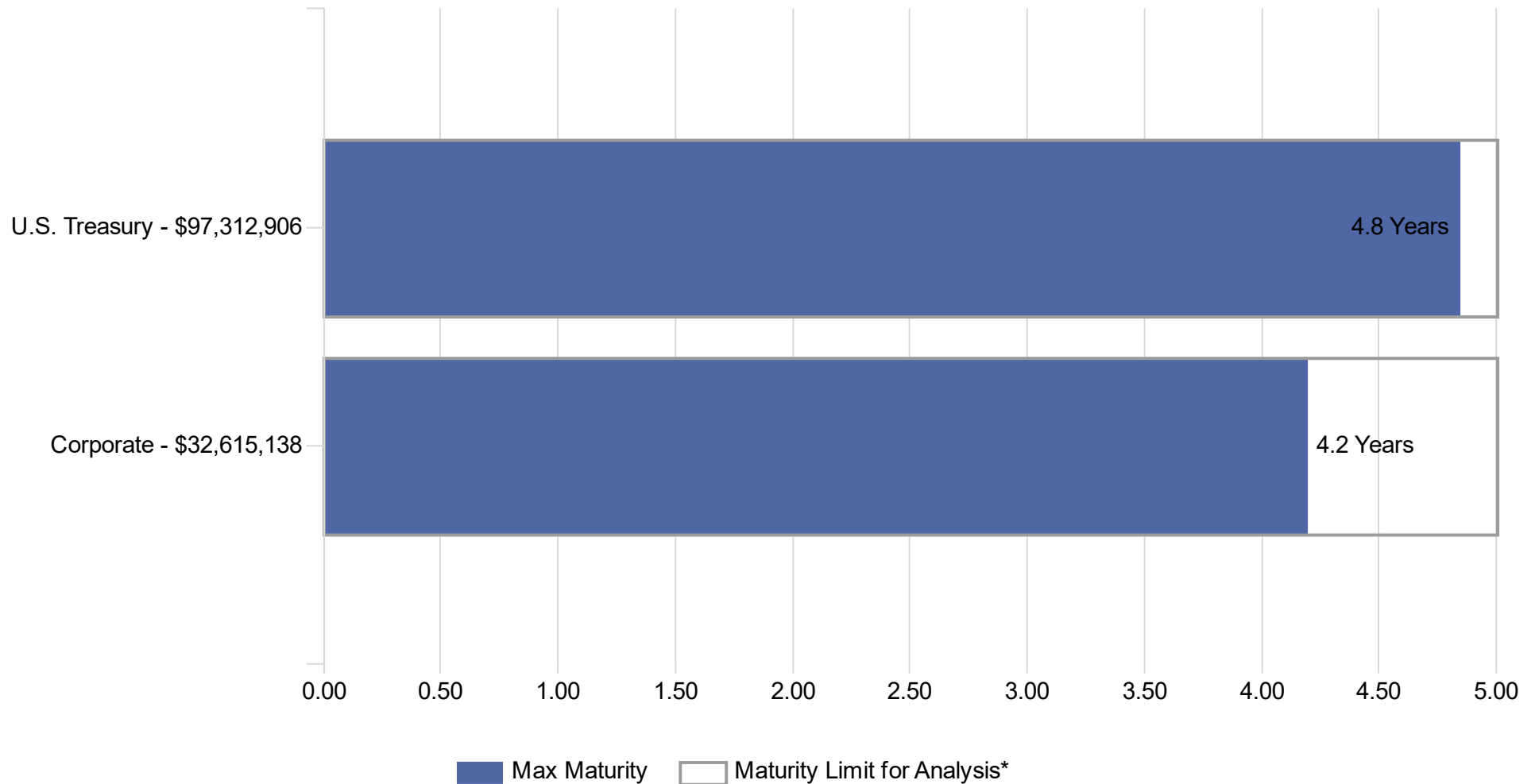
Sector Allocation Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.

**Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.*

Max Maturity Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest and excludes balances invested in overnight funds.

**Maturity Limit for Analysis is derived from our interpretation of your most recent Investment Policy as provided.*

Mortgage-backed securities and asset-backed securities, if any, limit is based on weighted average life, if applicable. Callable securities, if any, limit is based on maturity date.

Certificate of Compliance

During the reporting period for the quarter ended December 31, 2022, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management LLC*

Note: Pre- and post-trade compliance for the account(s) managed by PFM Asset Management is provided via Bloomberg Asset and Investment Management ("AIM").

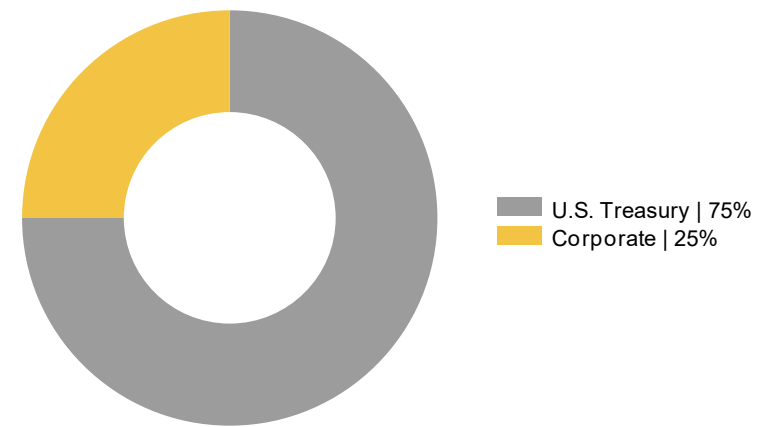
Portfolio Review: ZONE 7 WATER AGENCY

Portfolio Snapshot - ZONE 7 WATER AGENCY¹

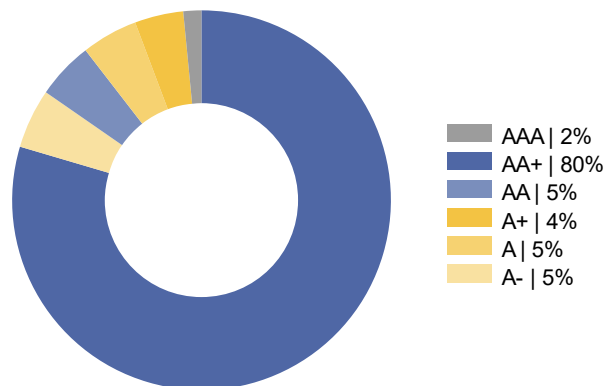
Portfolio Statistics

Total Market Value	\$134,972,493.55
Securities Sub-Total	\$129,344,861.09
Accrued Interest	\$583,183.81
Cash	\$5,044,448.65
Portfolio Effective Duration	2.52 years
Benchmark Effective Duration	2.48 years
Yield At Cost	2.21%
Yield At Market	4.39%
Portfolio Credit Quality	AA

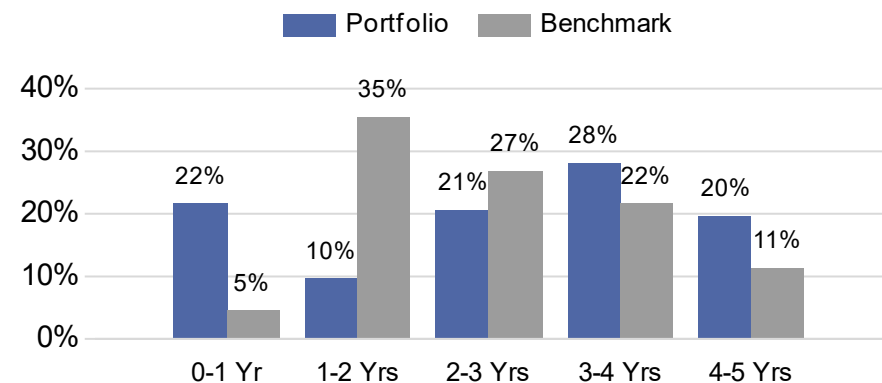
Sector Allocation



Credit Quality - S&P



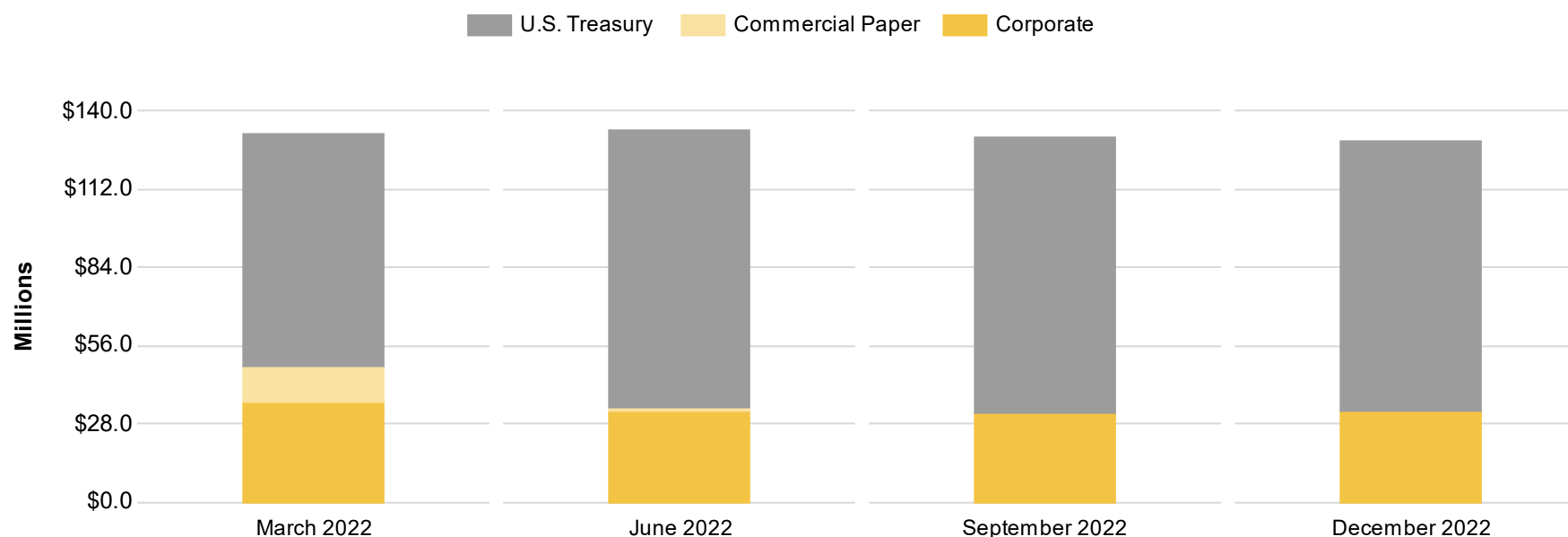
Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofAML 1-5 Year U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Sector Allocation Review - ZONE 7 WATER AGENCY

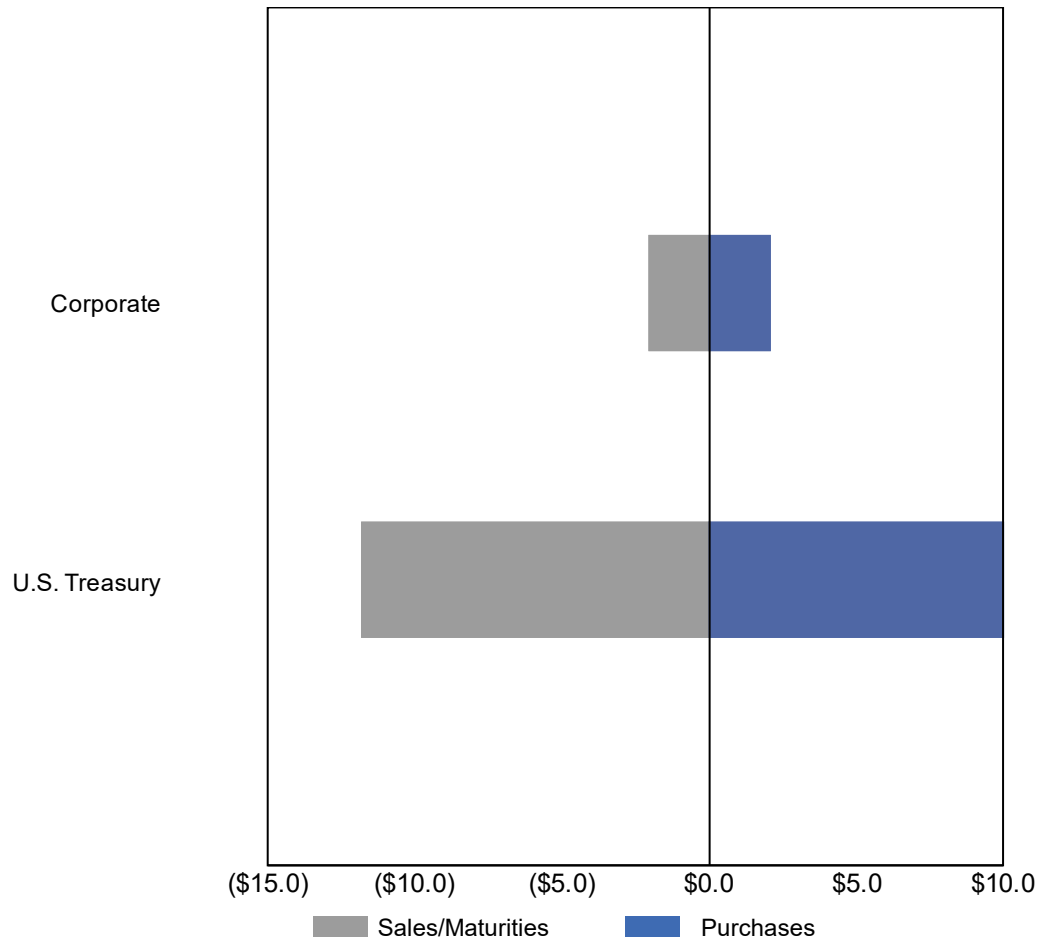
Security Type	Mar-22	% of Total	Jun-22	% of Total	Sep-22	% of Total	Dec-22	% of Total
U.S. Treasury	\$82.8	62.9%	\$99.6	74.7%	\$98.2	75.3%	\$97.0	75.0%
Commercial Paper	\$13.0	9.9%	\$1.0	0.8%	\$0.0	0.0%	\$0.0	0.0%
Corporate	\$35.9	27.2%	\$32.6	24.5%	\$32.2	24.7%	\$32.4	25.0%
Total	\$131.7	100.0%	\$133.1	100.0%	\$130.5	100.0%	\$129.3	100.0%



Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

Portfolio Activity - ZONE 7 WATER AGENCY

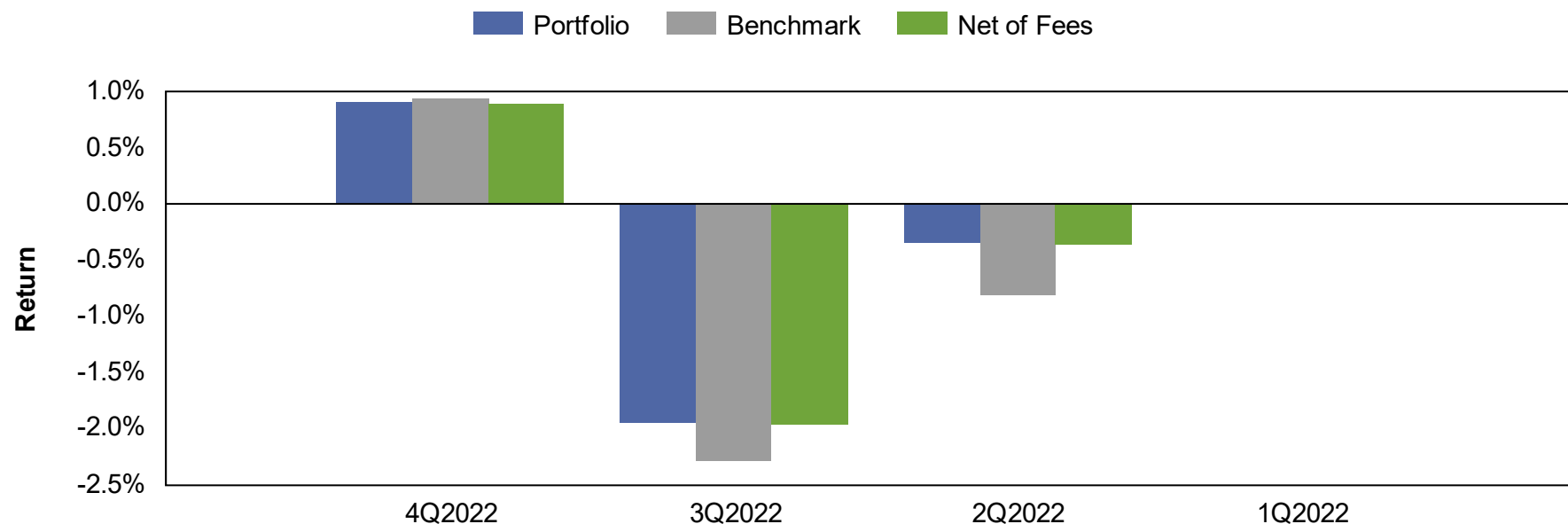
Net Activity by Sector (\$ millions)



Sector	Net Activity
Corporate	(\$5,847)
U.S. Treasury	(\$1,828,983)
Total Net Activity	(\$1,834,831)

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

Portfolio Performance



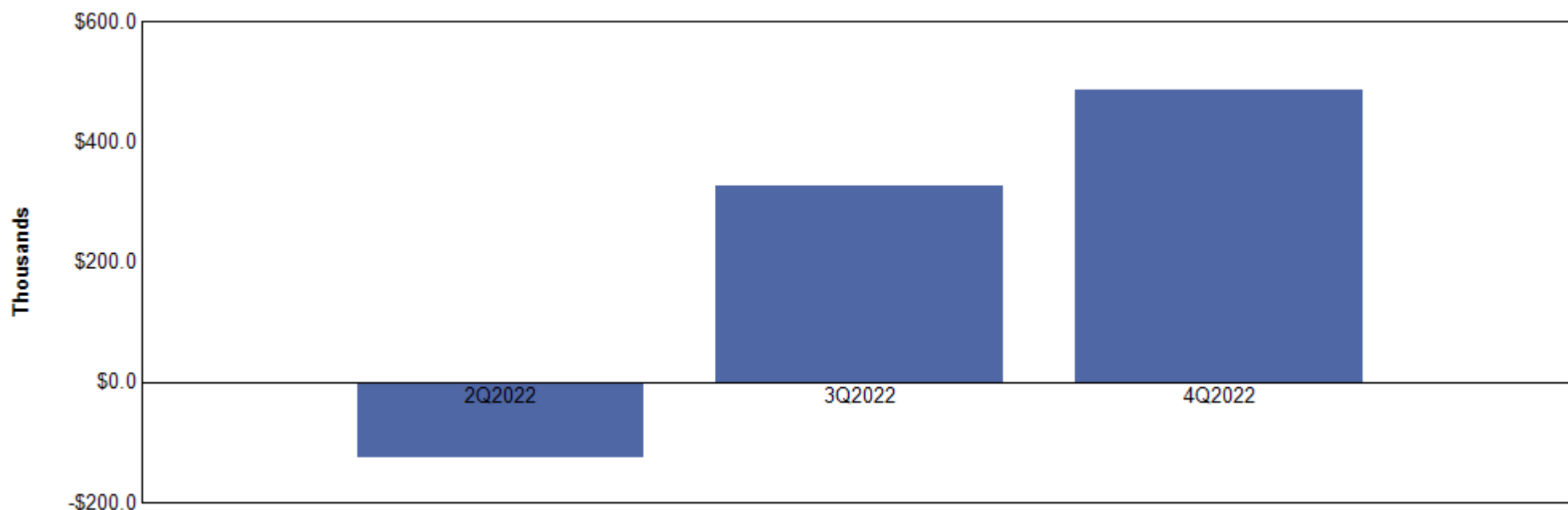
Market Value Basis Earnings	4Q2022	3Q2022	2Q2022	1Q2022
Interest Earned ¹	\$503,317	\$438,910	\$313,977	-
Change in Market Value	\$747,222	(\$3,047,237)	(\$782,470)	-
Total Dollar Return	\$1,250,539	(\$2,608,327)	(\$468,493)	\$0
Total Return²				
Portfolio	0.91%	-1.95%	-0.34%	0.00%
Benchmark ³	0.95%	-2.28%	-0.81%	0.00%
Basis Point Fee	0.02%	0.02%	0.02%	0.00%
Net of Fee Return	0.89%	-1.97%	-0.36%	0.00%

1. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

2. Returns are presented on a periodic basis.

3. The portfolio's benchmark is the ICE BofAML 1-5 Year U.S. Treasury Index. Source: Bloomberg.

Accrual Basis Earnings - ZONE 7 WATER AGENCY



Accrual Basis Earnings	1Q2022	2Q2022	3Q2022	4Q2022
Interest Earned ¹	-	\$313,977	\$438,910	\$503,317
Realized Gains / (Losses) ²	-	(\$488,730)	(\$289,978)	(\$223,010)
Change in Amortized Cost	-	\$49,423	\$178,675	\$206,846
Total Earnings	-	(\$125,331)	\$327,607	\$487,153

1. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

2. Realized gains / (losses) are shown on an amortized cost basis.

Portfolio Holdings and Transactions

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	74.9%	
UNITED STATES TREASURY	74.9%	AA / Aaa / AAA
Corporate	25.1%	
AMAZON.COM INC	1.5%	AA / A / AA
APPLE INC	4.6%	AA / Aaa / NR
BANK OF AMERICA CO	1.5%	A / A / AA
BERKSHIRE HATHAWAY INC	2.4%	AA / Aa / A
JP MORGAN CHASE & CO	3.6%	A / A / AA
MICROSOFT CORP	1.6%	AAA / Aaa / AAA
TARGET CORP	1.0%	A / A / A
THE BANK OF NEW YORK MELLON CORPORATION	3.9%	A / A / AA
TOYOTA MOTOR CORP	4.1%	A / A / A
WAL-MART STORES INC	1.0%	AA / Aa / AA
Total	100.0%	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

**Issuer Distribution
As of December 31, 2022**

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	96,980,476	74.98%
APPLE INC	5,917,608	4.58%
TOYOTA MOTOR CORP	5,351,880	4.14%
THE BANK OF NEW YORK MELLON CORPORATION	4,993,290	3.86%
JP MORGAN CHASE & CO	4,630,788	3.58%
BERKSHIRE HATHAWAY INC	3,116,190	2.41%
MICROSOFT CORP	2,004,705	1.55%
AMAZON.COM INC	1,919,773	1.48%
BANK OF AMERICA CO	1,916,301	1.48%
WAL-MART STORES INC	1,266,652	0.98%
TARGET CORP	1,247,198	0.96%
Grand Total	129,344,861	100.00%

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury											
US TREASURY N/B NOTES DTD 08/31/2021 0.125% 08/31/2023	91282CCU3	7,000,000.00	AA+	Aaa	8/31/2021	9/1/2021	6,988,789.06	0.21	2,973.07	6,996,278.40	6,788,906.60
US TREASURY N/B NOTES DTD 01/31/2022 0.875% 01/31/2024	91282CDV0	3,025,000.00	AA+	Aaa	2/7/2022	2/8/2022	2,999,831.05	1.30	11,076.60	3,011,230.28	2,901,636.87
US TREASURY N/B NOTES DTD 03/31/2022 2.250% 03/31/2024	91282CEG2	3,000,000.00	AA+	Aaa	4/1/2022	4/4/2022	2,989,101.56	2.44	17,245.88	2,993,179.11	2,910,468.60
US TREASURY N/B NOTES DTD 06/15/2021 0.250% 06/15/2024	91282CCG4	1,550,000.00	AA+	Aaa	4/13/2022	4/18/2022	1,479,947.27	2.41	180.98	1,502,854.25	1,454,820.39
US TREASURY N/B NOTES DTD 07/15/2021 0.375% 07/15/2024	91282CCL3	3,075,000.00	AA+	Aaa	2/7/2022	2/8/2022	2,997,884.77	1.43	5,326.94	3,026,281.93	2,879,929.69
US TREASURY N/B NOTES DTD 01/15/2022 1.125% 01/15/2025	91282CDS7	3,030,000.00	AA+	Aaa	2/7/2022	2/8/2022	2,994,492.19	1.54	15,746.94	3,005,323.40	2,834,470.46
US TREASURY N/B NOTES DTD 02/15/2022 1.500% 02/15/2025	91282CDZ1	5,100,000.00	AA+	Aaa	5/4/2022	5/5/2022	4,896,398.44	3.01	28,895.38	4,944,646.20	4,798,781.25
US TREASURY NOTES DTD 03/31/2020 0.500% 03/31/2025	91282ZF0	3,200,000.00	AA+	Aaa	4/1/2022	4/4/2022	3,005,750.00	2.62	4,087.91	3,054,134.62	2,938,000.00
US TREASURY NOTES DTD 04/30/2018 2.875% 04/30/2025	9128284M9	3,125,000.00	AA+	Aaa	5/3/2022	5/4/2022	3,120,361.33	2.93	15,387.60	3,121,389.31	3,023,437.50
US TREASURY NOTES DTD 07/31/2020 0.250% 07/31/2025	91282CAB7	3,145,000.00	AA+	Aaa	2/7/2022	2/8/2022	2,998,560.94	1.63	3,290.29	3,036,295.83	2,837,379.69
US TREASURY NOTES DTD 08/31/2020 0.250% 08/31/2025	91282CAJ0	1,685,000.00	AA+	Aaa	3/8/2022	3/9/2022	1,596,603.32	1.81	1,431.32	1,617,328.90	1,514,656.95
US TREASURY NOTES DTD 08/31/2020 0.250% 08/31/2025	91282CAJ0	1,075,000.00	AA+	Aaa	7/6/2022	7/7/2022	990,175.78	2.89	913.16	1,003,293.69	966,324.16
US TREASURY NOTES DTD 09/30/2020 0.250% 09/30/2025	91282CAM3	3,425,000.00	AA+	Aaa	5/3/2022	5/4/2022	3,125,580.08	2.97	2,187.67	3,183,780.58	3,074,472.49
US TREASURY NOTES DTD 11/30/2020 0.375% 11/30/2025	91282CAZ4	1,600,000.00	AA+	Aaa	4/13/2022	4/18/2022	1,477,187.50	2.61	527.47	1,501,155.45	1,431,000.00
US TREASURY NOTES DTD 01/31/2021 0.375% 01/31/2026	91282CBH3	3,160,000.00	AA+	Aaa	2/7/2022	2/8/2022	2,998,420.31	1.71	4,958.97	3,034,784.08	2,810,425.00

ZONE 7 WATER AGENCY

Portfolio Holdings

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury											
US TREASURY N/B NOTES DTD 03/31/2021 0.750% 03/31/2026	91282CBT7	3,405,000.00	AA+	Aaa	5/3/2022	5/4/2022	3,126,614.65	2.98	6,524.69	3,173,825.06	3,051,731.25
US TREASURY N/B NOTES DTD 03/31/2021 0.750% 03/31/2026	91282CBT7	3,225,000.00	AA+	Aaa	4/1/2022	4/4/2022	2,995,848.63	2.64	6,179.77	3,038,627.75	2,890,406.25
US TREASURY N/B NOTES DTD 04/30/2021 0.750% 04/30/2026	91282CBW0	1,225,000.00	AA+	Aaa	2/17/2022	2/18/2022	1,170,162.11	1.86	1,573.55	1,181,509.11	1,094,843.75
US TREASURY N/B NOTES DTD 05/31/2021 0.750% 05/31/2026	91282CCF6	6,760,000.00	AA+	Aaa	6/6/2022	6/8/2022	6,195,434.38	2.99	4,457.15	6,275,864.58	6,028,019.09
US TREASURY N/B NOTES DTD 05/31/2021 0.750% 05/31/2026	91282CCF6	1,665,000.00	AA+	Aaa	3/8/2022	3/9/2022	1,592,546.48	1.82	1,097.80	1,606,530.38	1,484,711.80
US TREASURY N/B NOTES DTD 09/30/2021 0.875% 09/30/2026	91282CCZ2	3,420,000.00	AA+	Aaa	5/3/2022	5/4/2022	3,122,353.13	3.00	7,645.67	3,167,092.60	3,036,318.75
US TREASURY NOTES DTD 11/15/2016 2.000% 11/15/2026	912828U24	6,450,000.00	AA+	Aaa	6/6/2022	6/8/2022	6,181,669.92	3.01	16,748.62	6,215,935.39	5,961,211.26
US TREASURY NOTES DTD 02/15/2017 2.250% 02/15/2027	912828V98	5,300,000.00	AA+	Aaa	7/5/2022	7/7/2022	5,162,945.31	2.85	45,042.80	5,177,432.09	4,929,000.00
US TREASURY N/B NOTES DTD 04/30/2020 0.500% 04/30/2027	912828ZN3	5,775,000.00	AA+	Aaa	8/3/2022	8/5/2022	5,161,406.25	2.92	4,945.44	5,214,283.91	4,971,011.43
US TREASURY NOTES DTD 05/15/2017 2.375% 05/15/2027	912828X88	6,220,000.00	AA+	Aaa	6/10/2022	6/13/2022	5,966,826.56	3.28	19,179.77	5,995,285.68	5,796,262.50
US TREASURY NOTES DTD 06/30/2020 0.500% 06/30/2027	912828ZV5	2,750,000.00	AA+	Aaa	8/9/2022	8/10/2022	2,440,410.16	2.99	37.98	2,465,385.47	2,351,679.55
US TREASURY NOTES DTD 08/15/2017 2.250% 08/15/2027	9128282R0	2,570,000.00	AA+	Aaa	9/1/2022	9/6/2022	2,436,580.86	3.40	21,841.51	2,445,233.88	2,376,848.57
US TREASURY N/B NOTES DTD 09/30/2022 4.125% 09/30/2027	91282CFM8	3,920,000.00	AA+	Aaa	11/1/2022	11/3/2022	3,894,428.13	4.27	41,313.46	3,895,270.06	3,933,475.00
US TREASURY N/B NOTES DTD 10/31/2022 4.125% 10/31/2027	91282CFU0	5,890,000.00	AA+	Aaa	12/13/2022	12/14/2022	6,019,303.91	3.63	41,612.36	6,017,997.81	5,910,246.88
Security Type Sub-Total		104,770,000.00					100,125,614.08	2.58	332,430.75	100,902,229.80	96,980,475.73

ZONE 7 WATER AGENCY

Portfolio Holdings

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
JPMORGAN CHASE & CO CORP NOTES DTD 01/25/2013 3.200% 01/25/2023	46625HJH4	1,962,000.00	A-	A1	2/9/2021	2/10/2021	2,073,520.08	0.29	27,206.40	1,965,748.57	1,959,945.79
BANK OF NY MELLON CORP NOTES (CALLABLE) DTD 01/29/2018 2.950% 01/29/2023	06406RAE7	5,000,000.00	A	A1	7/17/2020	7/17/2020	5,304,250.00	0.53	62,277.78	5,000,000.00	4,993,290.00
BERKSHIRE HATHAWAY INC GLOBAL NT DTD 02/11/2013 3.000% 02/11/2023	084670BJ6	3,124,000.00	AA	Aa2	6/25/2020	6/25/2020	3,332,527.00	0.44	36,446.67	3,132,896.57	3,116,190.00
APPLE INC CORPORATE NOTES DTD 05/11/2020 0.750% 05/11/2023	037833DV9	6,000,000.00	AA+	Aaa	7/14/2020	7/15/2020	6,069,180.00	0.34	6,250.00	6,008,731.46	5,917,608.00
TOYOTA MOTOR CREDIT CORP CORPORATE NOTES DTD 08/14/2020 0.500% 08/14/2023	89236THF5	5,500,000.00	A+	A1	4/8/2021	4/12/2021	5,505,500.00	0.46	10,465.28	5,501,449.06	5,351,879.50
JPMORGAN CHASE & CO CORP NOTES DTD 01/28/2014 3.875% 02/01/2024	46625HJT8	2,700,000.00	A-	A1	5/20/2021	5/24/2021	2,944,944.00	0.47	43,593.75	2,798,675.30	2,670,842.70
AMAZON.COM INC CORPORATE NOTES DTD 04/13/2022 3.000% 04/13/2025	023135CE4	1,990,000.00	AA	A1	4/11/2022	4/13/2022	1,986,835.90	3.06	12,935.00	1,987,595.17	1,919,772.90
WALMART INC CORP NOTES (CALLABLE) DTD 06/27/2018 3.550% 06/26/2025	931142ED1	1,300,000.00	AA	Aa2	2/7/2022	2/9/2022	1,372,527.00	1.84	640.97	1,352,353.11	1,266,652.40
TARGET CORP CORP NOTES (CALLABLE) DTD 01/24/2022 1.950% 01/15/2027	87612EBM7	1,375,000.00	A	A2	2/7/2022	2/9/2022	1,366,915.00	2.08	12,363.54	1,368,378.47	1,247,197.88
MICROSOFT CORP CORP NOTES (CALLABLE) DTD 02/06/2017 3.300% 02/06/2027	594918BY9	2,075,000.00	AAA	Aaa	12/14/2022	12/16/2022	2,015,634.25	4.06	27,580.21	2,016,262.04	2,004,705.23

ZONE 7 WATER AGENCY

Portfolio Holdings

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
BANK OF AMERICA CORP CORP NOTES (CALLABL DTD 03/11/2021 1.658% 03/11/2027	06051GJQ3	2,170,000.00	A-	A2	4/13/2022	4/18/2022	2,000,761.70	3.40	10,993.46	2,025,181.99	1,916,300.96
Security Type Sub-Total		33,196,000.00					33,972,594.93	1.10	250,753.06	33,157,271.74	32,364,385.36
Managed Account Sub Total		137,966,000.00					134,098,209.01	2.21	583,183.81	134,059,501.54	129,344,861.09
Securities Sub Total		\$137,966,000.00					\$134,098,209.01	2.21%	\$583,183.81	\$134,059,501.54	\$129,344,861.09
Accrued Interest											\$583,183.81
Total Investments											\$129,928,044.90

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
BUY									
11/1/2022	11/3/2022	3,920,000.00	91282CFM8	US TREASURY N/B NOTES	4.12%	9/30/2027	3,909,531.98	4.27%	
12/13/2022	12/14/2022	5,890,000.00	91282CFU0	US TREASURY N/B NOTES	4.12%	10/31/2027	6,048,835.26	3.63%	
12/14/2022	12/16/2022	2,075,000.00	594918BY9	MICROSOFT CORP CORP NOTES (CALLABLE)	3.30%	2/6/2027	2,040,361.33	4.06%	
Total BUY		11,885,000.00					11,998,728.57		0.00
INTEREST									
10/3/2022	10/3/2022		MONEY0002	MONEY MARKET FUND			393.26		
10/13/2022	10/13/2022	1,990,000.00	023135CE4	AMAZON.COM INC CORPORATE NOTES	3.00%	4/13/2025	29,850.00		
10/31/2022	10/31/2022	1,225,000.00	91282CBW0	US TREASURY N/B NOTES	0.75%	4/30/2026	4,593.75		
10/31/2022	10/31/2022	12,000,000.00	91282CBX8	US TREASURY N/B NOTES	0.12%	4/30/2023	7,500.00		
10/31/2022	10/31/2022	5,775,000.00	912828ZN3	US TREASURY N/B NOTES	0.50%	4/30/2027	14,437.50		
10/31/2022	10/31/2022	3,125,000.00	9128284M9	US TREASURY NOTES	2.87%	4/30/2025	44,921.88		
11/1/2022	11/1/2022		MONEY0002	MONEY MARKET FUND			6,484.36		
11/11/2022	11/11/2022	6,000,000.00	037833DV9	APPLE INC CORPORATE NOTES	0.75%	5/11/2023	22,500.00		
11/15/2022	11/15/2022	6,450,000.00	912828U24	US TREASURY NOTES	2.00%	11/15/2026	64,500.00		
11/15/2022	11/15/2022	6,220,000.00	912828X88	US TREASURY NOTES	2.37%	5/15/2027	73,862.50		
11/30/2022	11/30/2022	1,600,000.00	91282CAZ4	US TREASURY NOTES	0.37%	11/30/2025	3,000.00		
11/30/2022	11/30/2022	8,425,000.00	91282CCF6	US TREASURY N/B NOTES	0.75%	5/31/2026	31,593.75		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
12/1/2022	12/1/2022		MONEY0002	MONEY MARKET FUND			19,207.59		
12/15/2022	12/15/2022	1,550,000.00	91282CCG4	US TREASURY N/B NOTES	0.25%	6/15/2024	1,937.50		
12/21/2022	12/21/2022		MONEY0002	MONEY MARKET FUND			0.90		
12/22/2022	12/22/2022		MONEY0002	MONEY MARKET FUND			5.27		
12/26/2022	12/26/2022	1,300,000.00	931142ED1	WALMART INC CORP NOTES (CALLABLE)	3.55%	6/26/2025	23,075.00		
12/31/2022	12/31/2022	2,750,000.00	912828ZV5	US TREASURY NOTES	0.50%	6/30/2027	6,875.00		
Total INTEREST		58,410,000.00					354,738.26		0.00
SELL									
11/1/2022	11/3/2022	4,000,000.00	91282CBX8	US TREASURY N/B NOTES	0.12%	4/30/2023	3,915,510.19		-83,842.63
12/13/2022	12/14/2022	4,000,000.00	91282CBX8	US TREASURY N/B NOTES	0.12%	4/30/2023	3,935,920.24		-64,157.49
12/13/2022	12/14/2022	4,000,000.00	91282CBX8	US TREASURY N/B NOTES	0.12%	4/30/2023	3,935,920.24		-64,390.19
12/14/2022	12/16/2022	2,025,000.00	46625HJH4	JPMORGAN CHASE & CO CORP NOTES	3.20%	1/25/2023	2,046,208.50		-10,619.74
Total SELL		14,025,000.00					13,833,559.17		-223,010.05

Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
BUY	11/1/2022	11/3/2022	3,920,000.00	91282CFM8	US TREASURY N/B NOTES	4.12%	9/30/2027	3,909,531.98	4.27%	
BUY	12/13/2022	12/14/2022	5,890,000.00	91282CFU0	US TREASURY N/B NOTES	4.12%	10/31/2027	6,048,835.26	3.63%	
BUY	12/14/2022	12/16/2022	2,075,000.00	594918BY9	MICROSOFT CORP CORP NOTES	3.30%	2/6/2027	2,040,361.33	4.06%	
INTEREST	10/3/2022	10/3/2022		MONEY0002	MONEY MARKET FUND			393.26		
INTEREST	10/13/2022	10/13/2022	1,990,000.00	023135CE4	AMAZON.COM INC CORPORATE NOTES	3.00%	4/13/2025	29,850.00		
INTEREST	10/31/2022	10/31/2022	1,225,000.00	91282CBW0	US TREASURY N/B NOTES	0.75%	4/30/2026	4,593.75		
INTEREST	10/31/2022	10/31/2022	12,000,000.00	91282CBX8	US TREASURY N/B NOTES	0.12%	4/30/2023	7,500.00		
INTEREST	10/31/2022	10/31/2022	5,775,000.00	912828ZN3	US TREASURY N/B NOTES	0.50%	4/30/2027	14,437.50		
INTEREST	10/31/2022	10/31/2022	3,125,000.00	9128284M9	US TREASURY NOTES	2.87%	4/30/2025	44,921.88		
INTEREST	11/1/2022	11/1/2022		MONEY0002	MONEY MARKET FUND			6,484.36		
INTEREST	11/11/2022	11/11/2022	6,000,000.00	037833DV9	APPLE INC CORPORATE NOTES	0.75%	5/11/2023	22,500.00		
INTEREST	11/15/2022	11/15/2022	6,450,000.00	912828U24	US TREASURY NOTES	2.00%	11/15/2026	64,500.00		
INTEREST	11/15/2022	11/15/2022	6,220,000.00	912828X88	US TREASURY NOTES	2.37%	5/15/2027	73,862.50		
INTEREST	11/30/2022	11/30/2022	1,600,000.00	91282CAZ4	US TREASURY NOTES	0.37%	11/30/2025	3,000.00		
INTEREST	11/30/2022	11/30/2022	8,425,000.00	91282CCF6	US TREASURY N/B NOTES	0.75%	5/31/2026	31,593.75		
INTEREST	12/1/2022	12/1/2022		MONEY0002	MONEY MARKET FUND			19,207.59		
INTEREST	12/15/2022	12/15/2022	1,550,000.00	91282CCG4	US TREASURY N/B NOTES	0.25%	6/15/2024	1,937.50		
INTEREST	12/21/2022	12/21/2022		MONEY0002	MONEY MARKET FUND			0.90		

Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST	12/22/2022	12/22/2022		MONEY0002	MONEY MARKET FUND			5.27		
INTEREST	12/26/2022	12/26/2022	1,300,000.00	931142ED1	WALMART INC CORP NOTES	3.55%	6/26/2025	23,075.00		
INTEREST	12/31/2022	12/31/2022	2,750,000.00	912828ZV5	US TREASURY NOTES	0.50%	6/30/2027	6,875.00		
SELL	11/1/2022	11/3/2022	4,000,000.00	91282CBX8	US TREASURY N/B NOTES	0.12%	4/30/2023	3,915,510.19		-83,842.63
SELL	12/13/2022	12/14/2022	4,000,000.00	91282CBX8	US TREASURY N/B NOTES	0.12%	4/30/2023	3,935,920.24		-64,157.49
SELL	12/13/2022	12/14/2022	4,000,000.00	91282CBX8	US TREASURY N/B NOTES	0.12%	4/30/2023	3,935,920.24		-64,390.19
SELL	12/14/2022	12/16/2022	2,025,000.00	46625HJH4	JPMORGAN CHASE & CO CORP NOTES	3.20%	1/25/2023	2,046,208.50		-10,619.74
TOTALS			84,320,000.00					26,187,026.00		-223,010.05

Important Disclosures

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- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
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- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

Glossary

- Repurchase Agreements: A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- Settle Date: The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- Supranational: A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- Trade Date: The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- Unsettled Trade: A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- U.S. Treasury: The department of the U.S. government that issues Treasury securities.
- Yield: The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- YTM at Cost: The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- YTM at Market: The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

ORIGINATING SECTION: Administration**CONTACT:** Osborn Solitei**AGENDA DATE:** March 15, 2023**SUBJECT:** FY 2022-23 Unaudited Second Quarter Revenue and Expenditure (R&E) Report**SUMMARY:**

The proposed action is in support of Strategic Plan Goal G – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner, and Strategic Plan Initiative No. 24 – Continue to effectively manage financial resources for the Agency. In carrying out these fiscal responsibilities, staff provides quarterly financial reports to the Finance Committee and the Board. This quarterly report provides a summary of unaudited revenue and expenditures and explanations of any major variances through the second quarter of FY 2022-23 (July 1, 2022 – December 31, 2022) for the following funds:

- › Fund 100 – Water Enterprise Operations
- › Fund 110 – State Water Facilities
- › Fund 120 – Water Enterprise Renewal/Replacement & System-Wide Improvements
- › Fund 130 – Water Enterprise Capital Expansion
- › Fund 200 – Flood Protection Operations
- › Fund 210 – Flood Protection Development Impact Fee Fund (DIF)
- › Fund 300 – Water Facilities Fund

This report was presented to the Finance Committee on February 21, 2023. The Committee unanimously recommended the report be submitted to the next regular board meeting. On February 22nd, following the presentation of this report, the Department of Water Resources (DWR) announced an increase in State Water Project (SWP) allocation from 30% (announced in January 2023) to 35%.

Highlights of this report include:

Water Enterprise

- › State Water Project Allocation – On January 26, 2023, DWR announced an increased in the SWP allocation from 5% (announced in December 2022) to 30% for calendar year (CY) 2023.
- › Water Rates – The four-year rate study concluded in Fall 2022:
 - › Treated Water Rates – the Board adopted a four-year rate schedule for treated water rates for calendar years (CY) 2023-2026 per Resolution No. 22-93, dated November 16, 2022, and

- › Untreated Water Rates – the Board adopted the CY 2023 untreated water rate per Resolution No. 22-85, dated October 19, 2022.
- › Drought – Per Resolution No. 21-67, dated September 1, 2021, the Board declared a Drought Emergency and Water Shortage Contingency Plan Stage 2 and required 15% mandatory conservation from the retailers. An average of 19% conservation has been achieved this fiscal year. The regulation is set to expire on June 10, 2023.
- › Stoneridge PFAS Treatment Project – Per Resolution Nos. 22-71, dated August 17, 2022, and 22-86, dated October 19, 2022, the Board authorized additional appropriations totaling \$16.3M from Fund 120 to fund the Stoneridge PFAS Treatment Project. The FY 2022-23 Budget has been amended to include this additional appropriation, reducing the FY 2022-23 budgeted ending fund balance to approximately \$15.6M.
- › Water Connection Fee Revenue –At the October 19, 2022, Board Meeting, the Board approved the normal inflationary adjustment to the CY 2023 water connection fees. The adjusted fees went into effect January 1, 2023.

Flood Protection Operations

- › Per Resolution No. 23-06, dated February 1, 2023, the Board declared a local state of flood emergency within its service area. Subsequent Resolutions were passed to fund emergency repair work and needs-assessments in the amount of \$2.7M.

ANALYSIS:

The Agency maintains several funds; these fund balances are grouped into two categories – Unrestricted Fund Balances and Restricted Fund Balances.

UNRESTRICTED FUNDS

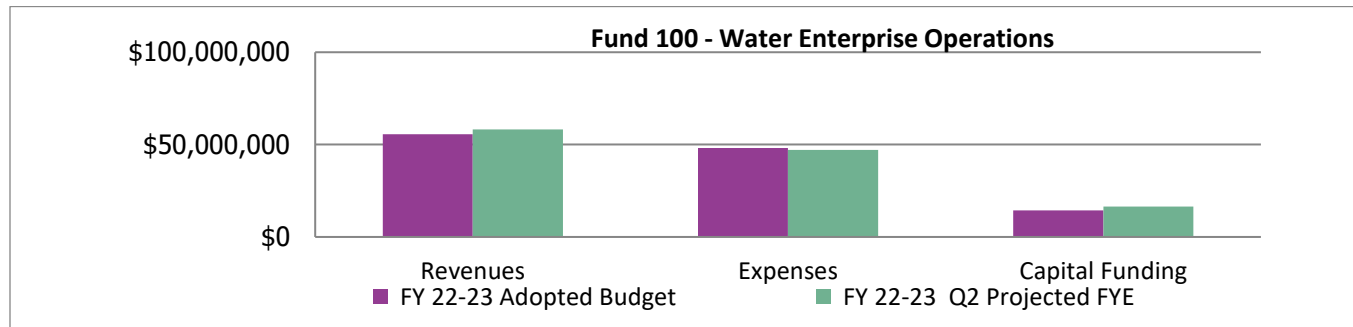
Unrestricted Fund Balance: This describes the portion of fund balance which is not restricted to use. To facilitate the discussion of reserve funds, this report will categorize the various funds as “Unrestricted Reserves” and “Restricted Reserves.” In general, Board policy can most affect Unrestricted Reserves.

Fund 100 – Water Enterprise Operations Fund

Primary Funding Source: Water Rates

The purpose of this fund is to ensure the delivery of high-quality drinking and irrigation water to the Livermore-Amador Valley. This operations and maintenance fund includes water treatment and distribution of potable (drinking) water; distribution of untreated agricultural/irrigation water; and surface water and groundwater management. Water distributed is a combination of locally stored and imported water from the SWP. Activities include water treatment; water quality analysis; water resource management; groundwater recharge and protection; maintenance; out-of-area water banking infrastructure; and water supply planning and engineering.

The following graph shows FY 2022-23 adopted budget and second quarter (Q2) projected FYE revenue, expenditures, and capital funding.



Details of Revenue and Expenses for Fund 100

Fund 100 - Water Enterprise Operations	FY 22-23 Adopted Budget	FY 22-23 Q2 YTD Actual	FY 22-23 Q2 Projected FYE	Year-End Over / (Under) Budget
Audited Beginning Fund Balance	\$34,812,000	\$33,301,000	\$33,301,000	(\$1,511,000)
Revenue				
Water Sales ¹	55,136,000	28,706,000	57,800,000	2,664,000
Investment Earnings ²	200,000	67,000	300,000	100,000
Other Revenue	202,000	115,000	115,000	(87,000)
Total Revenue	55,538,000	28,888,000	58,215,000	2,677,000
Expenses				
Labor ³	16,061,000	8,386,000	16,300,000	239,000
Professional Services	2,995,000	822,000	2,250,000	(745,000)
Legal Services	340,000	172,000	340,000	-
County Services	1,277,000	382,000	1,277,000	-
Insurance Services	575,000	584,000	590,000	15,000
Water ⁴	12,505,000	7,491,000	12,505,000	-
Chemicals ⁴	2,500,000	1,036,000	2,100,000	(400,000)
Utilities ⁴	3,713,000	2,284,000	4,100,000	387,000
Repairs and Maintenance ⁵	2,496,000	980,000	2,165,000	(331,000)
Rental Services	105,000	142,000	200,000	95,000
General/Other Supplies	876,000	489,000	679,000	(197,000)
Other Services ⁶	1,551,000	402,000	1,466,000	(85,000)
Debt Service	3,124,000	3,124,000	3,124,000	-
Total Expenses	48,118,000	26,294,000	47,096,000	(1,022,000)
Capital Funding ⁷	14,387,000	8,311,000	16,429,000	2,042,000
Estimated Revenue over Expenses	(6,967,000)	(5,717,000)	(5,310,000)	1,657,000
Ending Fund Balance	\$27,845,000	\$27,584,000	\$27,991,000	\$146,000

Note: Values are rounded to the thousands.

Revenue

- 1. Water Sales:** The table below summarizes the budgeted water sales as compared to the second quarter actuals and year-end projection.

FY 2022-23 Water Sales Revenue			
	Budget	Q2 YTD Actuals	Q2 Projected FYE Water Sales ³
Water Sales Revenue	\$55,136,000	\$28,706,000	\$57,800,000
Conservation Assumption	15% ¹	~19% ²	~15% ¹
Treated Water Rate Increase Assumption/Adoption	Assumed 4% Increase		Adopted 5.5% Increase (Effective 2-1-2023)

¹Conservation 15% based on FY 2019-20 total treated water sales of 39,023 AF.

²Conservation 19% based on treated water sales of 21,540 AF from July 2020 - December 2020.

³Q2 FYE water sales revenue projection reflects adopted rate increases on January 1, 2023 (untreated) and February 1, 2023 (treated).

The water sales revenue projection includes the following adopted rate increases:

- Per Resolution No. 22-85, dated October 19, 2022, the untreated water service delivery charge increased to \$255 per AF on January 1, 2023.
- Per Resolution No. 22-93, dated November 16, 2022, the treated volume-based water delivery charge increased to \$2.27 per ccf on February 1, 2023. The treated water fixed charge increased to 45% on February 1, 2023.

- 2. Investment Earnings:** YTD interest earnings have recovered since the first quarter report. Projected interest earnings exceed budget due to current favorable market conditions.

Expenditures

- 3. Labor:** Includes payroll through December 31, 2022, of \$8.4M. A 6% cost of living adjustment took effect on June 26, 2022. As of December 31, 2022, the Agency had a 17% vacancy rate.
- 4. Water production costs:** Includes Water, Chemicals, and Utilities.

Water: Projection reflects the Agency's current operations plan showing a need for continued conservation of at least 10%, use of water from Kern County storage and recovery programs, and 5,000 acre feet of water transfers. The Agency to-date has purchased approximately 2,940 acre feet in water transfers.

Chemicals and Utilities: This category includes year-to-date utility (power) costs of \$2.3M. Power costs reflect high summer/fall groundwater production, which increased due to the critically dry conditions. Year-end chemical expense projection is based on actual usage trends since Ozone came online.

- 5. Repairs and Maintenance:** Includes routine repairs and maintenance, as well as vehicle maintenance and fuel. Year-end projection is under budget due to less than anticipated

fuel expenses (~\$100K) and expected unspent budget from a maintenance contract for centrifuge equipment system rentals that closed in December 2022 (~\$200K).

6. Other Services: This category includes organizational memberships, support program participation in the Los Vaqueros Reservoir Expansion Project, as well as rebates and public outreach.

7. Capital Funding: Includes the first and second quarter transfers to Fund 120 for the Asset Management Program (AMP) funding. Per the Board Resolution, the funding amount shall be adjusted annually for inflation using the Engineering News Record Construction Cost Index (ENRCCI) starting with the base year of \$12.3M in FY 2018-19. The budget assumes a 3% adjustment, but actual ENRCCI adjustment from June 2021 to June 2022 was 14.1%. In addition, per Resolution No. 22-93, dated November 16, 2022, an additional transfer of \$725,000 from Fund 100 to Fund 120 was authorized, thus the projected transfer amount exceeds budget.

Water Supply Conditions

The SWP's current allocation for 2023 is 30% (see the Monthly Water Inventory and Water Budget Update in the February 15, 2023, Board Agenda packet). DWR will announce the final allocation this Spring. The United States Drought Monitor indicates moderate drought in most of California (<https://droughtmonitor.unl.edu/CurrentMap/StateDroughtMonitor.aspx?CA>).

Reserves

Per Initiative #24 of the Agency's Strategic Plan, the Agency shall maintain target levels of reserves. As of December 31, 2022, Fund 100 reserves are fully funded at the target level.

The table and chart below compare Minimum, Target, and Maximum reserves to projected reserves at the end this fiscal year. The projected FYE unallocated fund balance is about \$3.0M.

Fund 100 Reserves	Minimum	Target	Maximum	FY 22-23 Q2 Projected FYE	Actual Above / (Below) Target
Operating Reserves ¹	\$7,396,000	\$11,094,000	\$14,793,000	\$11,094,000	-
Emergency Reserves ²	6,126,000	8,081,000	9,188,000	8,081,000	-
Reserve for Economic Uncertainties ⁴	2,869,000	4,304,000	5,738,000	4,304,000	-
Subtotal	\$16,391,000	\$23,479,000	\$29,719,000	\$23,479,000	-
Pension Trust Fund ³				1,529,000	-
Projected Unallocated Fund Balance ⁵				2,983,000	2,983,000
Total Reserves	\$16,391,000	\$23,479,000	\$29,719,000	\$27,991,000	\$2,983,000

Note: Values rounded to the thousands.

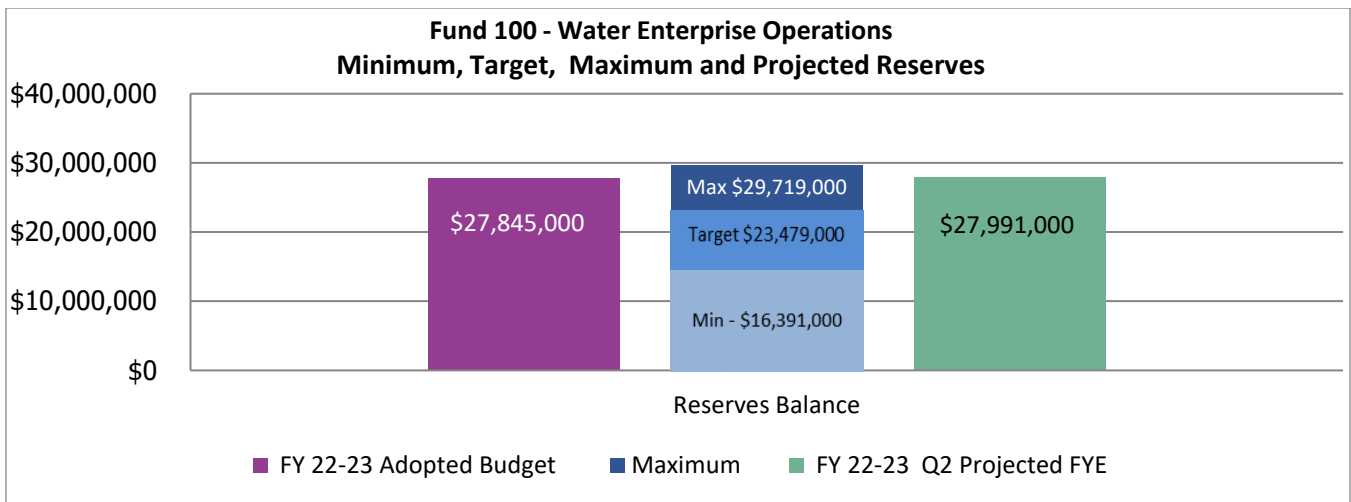
¹The FY 22-23 Q2 projected FYE Operating Reserve is funded at the target level of FY 22-23 90 days of operating expenses.

²The FY 22-23 Q2 projected FYE Emergency Reserve is funded at the target level of 2.5% of Water Enterprise assets.

³The FY 22-23 Q2 projected FYE Pension Trust Fund reflects a balance of \$1.5M and includes a FY 21-22 contribution of \$105K and budgeted FY 2022-23 contribution of \$120K.

⁴The FY 22-23 Q2 projected FYE Reserve for Economic Uncertainties is funded at 15% of FY 22-23 budgeted volume-based water sales revenue.

⁵At 6/30/2023, Fund 100 is projected to have \$3.0M of unallocated fund balance.



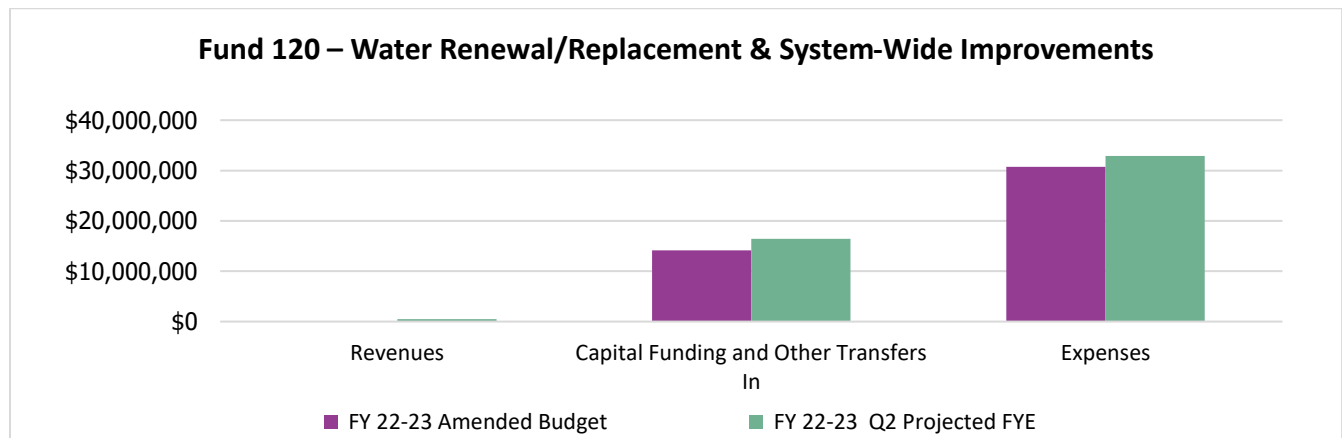
Fund 120 – Water Renewal/Replacement & System-Wide Improvements

This is a sub-fund of the Fund 100 – Water Enterprise Operations Fund

Primary Funding Source: Water Rates via a transfer from Fund 100

The purpose of this fund is to ensure that funding is available for capital renewal, replacement, and system-wide improvement projects needed to keep the current water treatment and delivery systems functioning effectively. Fund 120 pays for capital projects as outlined in the Agency's asset management program and the capital improvement program.

The following graph shows FY 2022-23 adopted budget and second quarter (Q2) projected FYE revenue, capital funding, and expenditures.



Note: When expenses exceed revenue, capital reserves (working capital) are being expended.

Details of Revenue and Expenses for Fund 120

Fund 120 - Water Enterprise Renewal/Replacement & Systemwide Improvements	FY 22-23 Amended Budget	FY 22-23 Q2 YTD Actual	FY 22-23 Q2 Projected FYE	Year-End Over/(Under) Budget
Audited Beginning Fund Balance*	\$32,017,000	\$43,296,000*	\$43,296,000*	\$11,279,000
Revenue				
Investment Earnings ¹	100,000	223,000	450,000	350,000
Other Revenue	2,000	3,000	3,000	1,000
Total Revenue	102,000	226,000	453,000	351,000
Other Financing Sources				
Capital Funding ²	14,177,000	8,215,000	16,429,000	2,252,000
Total Other Financing Sources	14,177,000	8,215,000	16,429,000	2,252,000
Expenses				
Labor ³	1,856,000	640,000	1,888,000	32,000
Capital Projects ⁴	28,885,000	5,660,000	31,000,000	2,115,000
Total Expenses	30,741,000	6,300,000	32,888,000	2,147,000
Estimated Revenue/Other Financing Sources over Expenses	(16,462,000)	2,141,000	(16,006,000)	456,000
Ending Fund Balance	\$15,555,000	\$45,437,000	\$27,290,000	\$11,735,000

*Audited fund balance includes bond proceeds and bond debt service payment.

Note: Values are rounded to the thousands.

Revenue

- 1. Investment Earnings:** Projection has been updated to reflect a higher rate of return based on current favorable market conditions.
- 2. Capital Funding:** Includes the first and second quarter transfers to Fund 120 for the Asset Management Program funding. Per the Board Resolution, the funding amount shall be adjusted annually for inflation using the Engineering News Record Construction Cost Index (ENRCCI) starting with the base year of \$12.3M in FY 2018-19. The budget assumes a 3% adjustment, but actual ENRCCI adjustment from June 2021 to June 2022 was 14.1%. In addition, per Resolution No. 22-93, dated November 16, 2022, an additional transfer of \$725,000 from Fund 100 to Fund 120 was authorized, thus the projected transfer amount exceeds budget.

Expenses

- 3. Labor costs:** Includes this fund's share of payroll through December 31, 2022. Projection is based on year-to-date trends.
- 4. Capital Projects:** Includes costs for FY 2022-23 budgeted projects as well as multi-year capital projects such the PPWTP Upgrades and Ozone project (close-out), Booster Pump Station, and design/planning for the COL and Stoneridge PFAS projects. The FY 2022-23 budget has also been amended per Resolution Nos. 22-71, dated August 17, 2022, and 22-86, dated October 19, 2022, for an additional appropriation of \$16.3M from Fund 120 to the Stoneridge PFAS project.

Reserves

The following table and chart compare the FY 2022-23 adopted budget ending reserve balances to the Q2 projected ending reserve balances.

Fund 120 Reserves	FY 22-23 Amended Budget FYE	FY 22-23 Q2 Projected FYE
Debt Service Rate Stabilization Reserve	\$6,300,000	\$6,300,000
Designated for Capital Projects Reserve ¹	9,255,000	20,990,000
Total Reserve	\$15,555,000	\$27,290,000

¹This reserve is designated for capital projects to fund the Fund 120 CIP projects the Agency has committed to over the next ten years. The Zone 7 Board adopted the Ten-Year Water System CIP on October 18, 2017 (Resolution No. 17-81).

Below is a summary of the major projects in progress. For more information on capital projects, see the Capital Projects Status Report, from the February 15, 2023, Board meeting.

Project	Total Estimated Cost	Fund 120 Share	Fund 120 Cash Financed	Fund 120 Bond Financing	Status	In-Service
Valley Booster Pump Station Project	\$8.5M	\$8.5M	\$8.0M	\$-	Substantially complete	Fall 2022
DVWTP Roadway/Parking Lot Repairs and Post Ozone Project	\$2.8M	\$2.8M	\$2.8M	\$-	Construction	Spring 2023
DVWTP Polymer Mixing System Replacement Project	\$855K	\$855K	\$855K	\$-	Construction	Spring 2023
North Canyons Building Interior Rehabilitation and Roofing Project	\$1.06M	\$806K	\$806K	\$-	Planning	Winter 2023
Pipeline Inspection Study	\$250K	\$250K	\$250K	\$-	Study In-process	Summer 2023
MGDP Concentrate Conditioning Project	\$7.8M	\$7.8M	\$7.8M	\$-	Construction	Fall 2023
PPWTP Upgrades Project	\$65M	\$19.5M	\$19.5M	\$-	Substantially complete	Fall 2022
PPWTP Ozone Project	\$45M	\$22.5M	\$3.5M	\$19M	Substantially complete	Fall 2022
Chain of Lakes PFAS Treatment Facility Project ¹	\$28.2M	\$28.2M	\$3M	\$ to be determined	Design complete	2024
Stoneridge Well PFAS Project	\$16.3M	\$16.3M	\$16.3M	\$-	Design	Summer 2023
Wells & MGDP Electrical Upgrades/Replacement Project	\$7.3M	\$7.3M	\$7.3M	\$-	Design	Spring 2024
Total	\$183.1M	\$114.8M	\$70.1M	\$19M		

Other Unrestricted Funds

Fund 300 - Water Facilities Fund is used for Chain of Lakes mitigation and planning reserve, quarry discharge exports, miscellaneous fees and deposits, and permit inspection deposits.

Fund	FY 2022-23 Beginning Unaudited Fund Balance	FY 2022-23 Q2 Unaudited Actual Interest Income & Misc. Deposits	FY 2022-23 Q2 Unaudited Actual Transfers Out	FY 2022-23 Q2 Projected Ending Fund Balance
Fund 300 - Water Facilities Fund ^{A,B}	2,858,000	24,000	(1,449,000)	1,433,000

The following funding from Fund 300 has been authorized by the Board for the Sites Reservoir Project and Los Vaqueros Reservoir Expansion Project. The projected ending fund balance has been allocated to the Site Project.

A. Sites Reservoir Project:

- Per Resolution No. 22-05 dated January 19, 2022, the Board authorized the Third Amendment to the 2019 Sites Reservoir Project Agreement at 10,000 acre-feet of participation in an amount not-to-exceed \$4M through 2024.

B. Los Vaqueros Reservoir Expansion Project:

- Per Resolution No. 21-81, dated October 20, 2021, the Board authorized Amendment No. 3 to the Cost Share Agreement for Los Vaqueros Reservoir Expansion Project, including additional Zone 7 contribution of \$900K.

RESTRICTED FUNDS ANALYSIS

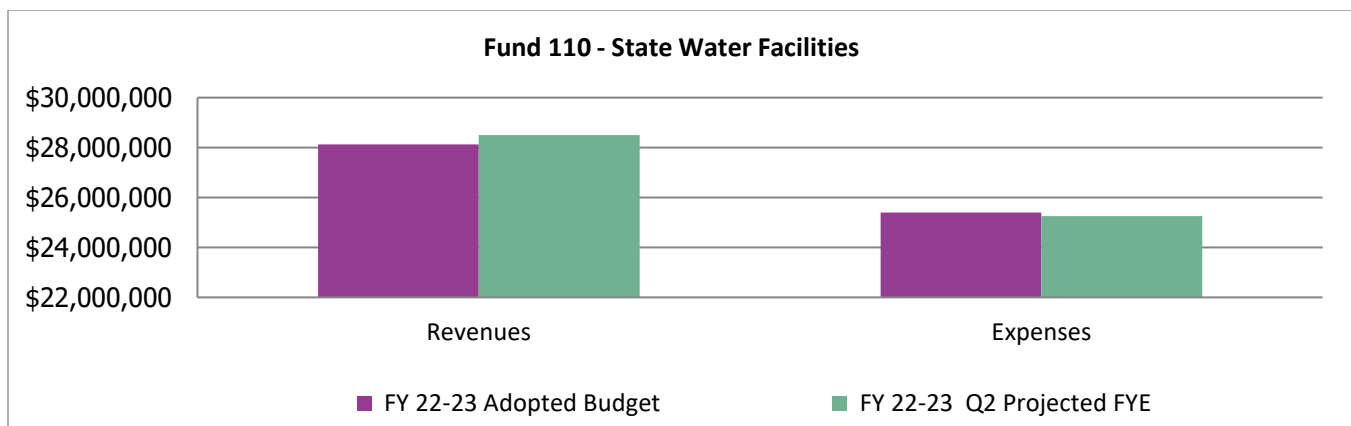
Restricted Fund Balance: These describe the portion of the fund balance that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. It also includes a legally enforceable requirement that the resources can only be used for specific purposes enumerated in the law. The restricted funds are not available to serve as operating or emergency reserves. These principally include property taxes, connection and developer fees received for use on capital projects, debt service requirements, and fees charged for the provision of future water resources.

Fund 110 – State Water Facilities Fund

Primary Funding Source: Property Taxes

This fund finances the "fixed cost" payment to (DWR) to import water to the Agency. The purpose is to pay the fixed costs of the SWP delivery system, which includes repayment of voter-approved, State-incurred, long-term debt.

The following graph shows FY 2022-23 adopted budget and second quarter (Q2) projected FYE revenue and expenditures.



When expenses exceed revenue, operating reserves (working capital) are being expended.

Details of Revenue and Expenses for Fund 110

Fund 110 - State Water Facilities	FY 22-23 Adopted Budget	FY 22-23 Q2 YTD Actual	FY 22-23 Q2 Projected FYE	Year-End Over / (Under) Budget
Audited Beginning Fund Balance	\$41,659,000	\$43,528,000	\$43,528,000	\$1,869,000
Revenue				
Dougherty Valley Surcharge	2,300,000	-	2,300,000	-
Property Taxes ¹	22,201,000	11,260,000	22,201,000	-
DWR Refunds	3,500,000	1,686,000	3,500,000	-
Investment Earnings ²	125,000	174,000	500,000	375,000
Total Revenue	28,126,000	13,120,000	28,501,000	375,000
Expenses³	25,399,000	20,244,000	25,250,000	(149,000)
Estimated Revenue over Expenses	2,727,000	(7,124,000)	3,251,000	524,000
Ending Fund Balance	\$44,386,000	\$36,404,000	\$46,779,000	\$2,393,000

Note: Values are rounded to the thousands.

Revenue

This is a pass-through fund for fixed charges associated with the SWP, assessed as a property tax override.

- Property Taxes:** YTD revenue includes the first installment of property tax revenue. The second installment is due in April. The revenue projection is based on budget; there is neither additional information nor significant trends available to change the fiscal year-end revenue projection at this time.
- Investment Earnings:** Projection has been updated to reflect a higher rate of return based on current favorable market conditions.

Expenses

- Expenditures are DWR fixed charges:** These charges occur both monthly and semi-annually. Transportation Capital charges and the improvement portion of the SBA Improvement and Enlargement Project debt service payments are paid in January/July and March/September, respectively. It is expected that expenditures exceed revenue during the second quarter. Operating reserves are used to meet cash flow needs.

Reserves

The following table and chart compare the FY 2022-23 adopted budget ending reserve balance to the Q2 projected ending reserve balance and maximum reserve. The reserve policy sets the maximum reserve requirement for this fund at 100% of the following year's projected expenses, or \$27.9M.

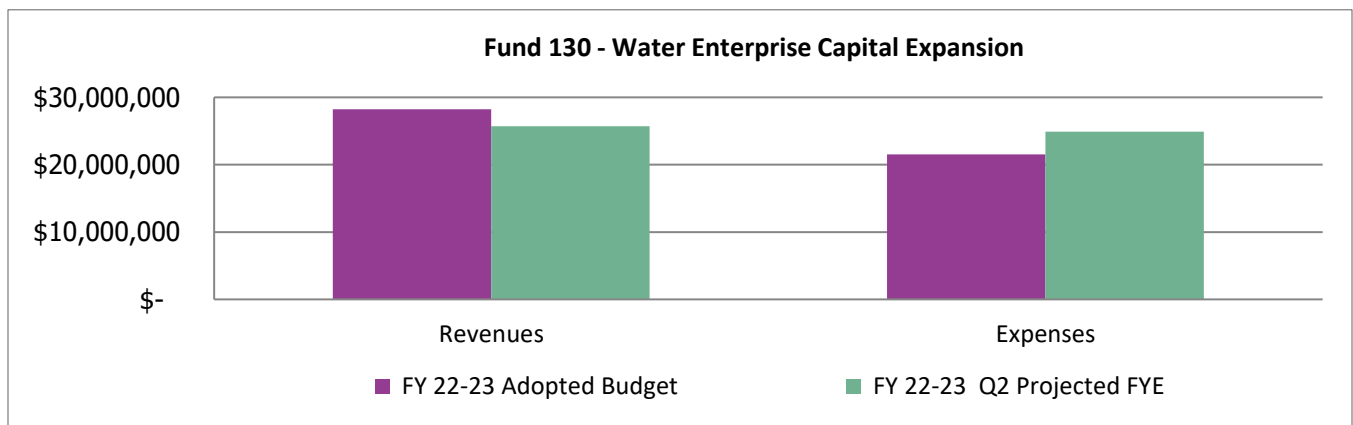
Fund 110 - State Water Facilities			
	FY 22-23 Adopted Budget	FY 22-23 Q2 Projected FYE	Reserve Maximum
Reserve Balance	\$ 44,386,000	\$ 46,779,000	\$ 27,923,000

Fund 130 – Water Enterprise Capital Expansion

Primary Funding Source: Water Connection Fees.

The purpose of this fund is to ensure that the Agency can meet future needs of new customers with development paying its own way. The program is primarily intended to provide funding for new or expanded facilities and additional water supplies to serve additional capacity requirements of development. Most expenses in this fund are fixed (i.e., bond payment obligations for debt incurred by others to increase capacity, such as the enlargement portion of the South Bay Aqueduct Improvement and Enlargement Project). Developer fees can only be used for projects related to water system expansion.

The following graph shows FY 2022-23 adopted budget and second quarter (Q2) projected FYE revenue and expenditures.



Details of Revenue and Expenses for Fund 130

Fund 130 - Water Enterprise Capital Expansion	FY 22-23 Adopted Budget	FY 22-23 Q2 YTD Actual	FY 22-23 Q2 Projected FYE	Year-End Over/(Under) Budget
Audited Beginning Fund Balance*	\$68,578,000	\$68,538,000*	\$68,538,000*	(\$40,000)
Revenue				
Connection Fees ¹	25,102,000	10,332,000	21,128,000	(3,974,000)
Investment Earnings ²	140,000	355,000	800,000	660,000
DWR Refunds	3,000,000	3,343,000	3,343,000	343,000
Other Revenue	-	449,000	449,000	449,000
Total Revenue	28,242,000	14,479,000	25,720,000	(2,522,000)
Expenses				
Labor ³	327,000	268,000	536,000	209,000
Professional Services	48,000	15,000	48,000	-
Water ⁴	16,748,000	11,976,000	16,456,000	(292,000)
Capital Projects ⁵	3,295,000	1,612,000	6,766,000	3,471,000
Debt Service	1,094,000	742,000	1,094,000	-
Total Expenses	21,512,000	14,613,000	24,900,000	3,388,000
Estimated Revenue over Expenses	6,730,000	(134,000)	820,000	(5,910,000)
Designation for Capital Reserves	48,265,000	43,456,000	42,315,000	(5,950,000)
Rate Stabilization Reserve	2,300,000	2,300,000	2,300,000	-
Sinking funds	24,743,000	22,643,000	24,743,000	-
Ending Fund Balance	\$75,308,000	\$68,404,000	\$69,358,000	\$(5,950,000)

*Audited fund balance includes bond debt service payment.

Note: Values are rounded to the thousands.

Revenue

The primary source of revenue is connection fees.

- 1. Connection Fees:** YTD revenue is comprised of connection fees from approximately 320 connections, primarily from the DSRSD service area. At the October 19, 2022, Board Meeting, the Board approved the normal inflationary adjustment to the CY 2023 water connection fees. The adjusted fees went into effect January 1, 2023. The year-end projection has been reduced by approximately \$4M based on year-to-date trends.
- 2. Investment Earnings:** Year-end projection has been updated to reflect a higher rate of return based on current favorable market conditions.

Expenses

- 3. Labor:** Includes this fund's share of payroll through December 31, 2022, for capital projects. Projection is based on YTD trends.
- 4. Water:** Expenses are comprised of the first installment of the SBA debt service payments (paid in September and March).
- 5. Capital Projects:** Includes capital project expenses approved in the FY 22-23 budget, including planning for the Chain of Lakes Pipeline and continued participation in water

supply reliability projects. The year-end projection includes current year project costs and multi-year project costs, such as the PPWTP Ozone and Upgrades project.

Reserves

The following table and chart compare the FY 2022-23 adopted budget ending reserve balances to the Q2 projected ending reserve balances.

Fund 130 Reserves	FY 22-23 Adopted Budget FYE	FY 22-23 Q2 Projected FYE
Sinking Funds	\$24,743,000	\$24,743,000
Debt Service Rate Stabilization Reserve ¹	2,300,000	2,300,000
Designated for Capital Projects Reserve ²	48,265,000	42,315,000
Total Reserves	\$75,308,000	\$69,358,000

¹These reserves were established by the Board to fund debt service payments that continue after service is built-out.

²This reserve is designated for capital projects to fund the Fund 130 CIP projects the Agency has committed to over the next ten years.

Below is a summary of the major projects in progress.

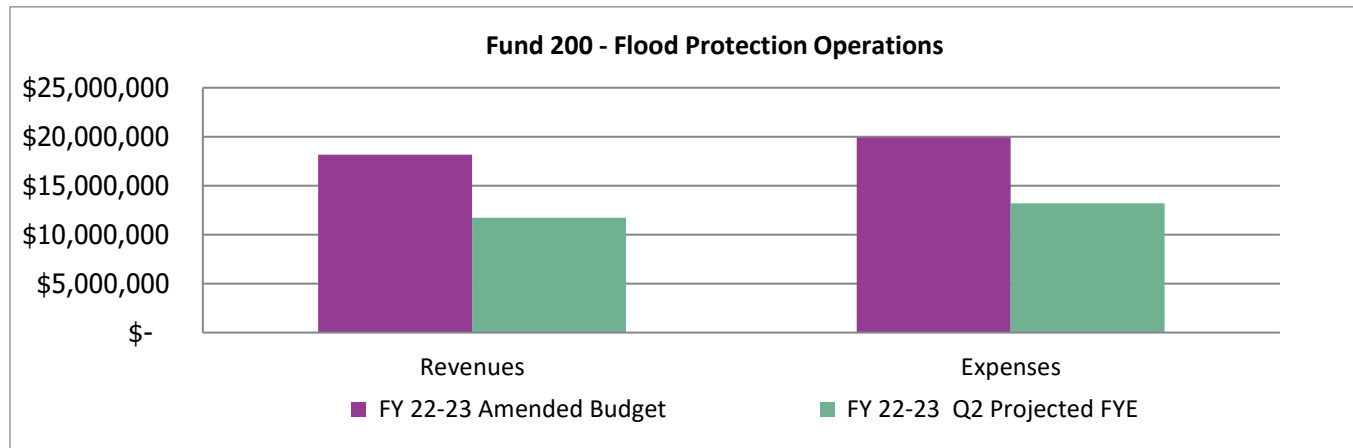
Project	Total Cost	Fund 130 Share	Status	In-service
PPWTP Upgrades Project	\$65M	\$45.5M	Substantially complete	Fall 2022
PPWTP Ozone Project	\$45M	\$22.5M	Substantially complete	Fall 2022
Non-discretionary obligations	~\$20M annually	~\$20M	n/a	ongoing

Fund 200 – Flood Protection Operations

Primary Funding Source: Property Taxes.

This fund uses property taxes to provide general administration, maintenance, and operation of regional flood protection facilities. The Agency manages a watershed of 425 square miles in eastern Alameda County, receiving drainage from parts of Contra Costa, Santa Clara, and San Joaquin Counties. More than 37 miles of flood control channels and regional drainage facilities are owned and maintained by the Agency. This fund finances a comprehensive year-round maintenance program that includes repairing slides and erosion, refurbishing access roads and associated drainage ditches, installing and repairing gates and fences, and maintaining landscaped areas. This fund pays renewal/replacement and improvement projects for the existing flood protection system.

The following graph shows FY 2022-23 adopted budget and second quarter (Q2) projected FYE revenue and expenditures.



Details of Revenue and Expenses for Fund 200

Fund 200 - Flood Protection Operations	FY 22-23 Amended Budget	FY 22-23 Q2 YTD Actual	FY 22-23 Q2 Projected FYE	Year-End Over/(Under) Budget
Audited Beginning Fund Balance	\$19,601,000	\$20,578,000	\$20,578,000	\$977,000
Revenue				
Property Taxes ¹	10,735,000	5,924,000	11,000,000	265,000
Investment Earnings	160,000	61,000	300,000	140,000
Grants ²	6,808,000	-	-	(6,808,000)
Other Revenue	457,000	69,000	436,000	(21,000)
Total Revenue	18,160,000	6,054,000	11,736,000	(6,424,000)
Expenses				
Labor ³	2,589,000	785,000	1,570,000	(1,019,000)
Professional Services ⁴	4,472,000	485,000	2,550,000	(1,922,000)
Repairs and Maintenance ⁵	11,689,000	1,036,000	8,389,000	(3,300,000)
Rental Services	50,000	1,000	5,000	(45,000)
Other Services/ Supplies	1,133,000	316,000	690,000	(443,000)
Total Expenses	19,933,000	2,623,000	13,204,000	(6,729,000)
Estimated Revenue over Expenses	(1,773,000)	3,431,000	(1,468,000)	305,000
Ending Fund Balance	\$17,828,000	\$24,009,000	\$19,110,000	\$1,282,000

Note: Values are rounded to the thousands.

Revenue

The primary source of revenue for this fund is property taxes.

- Property Tax:** The first installment of property tax revenue was received in December and the second installment will be received in April. The revenue projection has been revised based on the property tax estimate provided by the County.
- Grants:** The budget includes grant proceeds for the Flood Management Plan Phase 2 and Alamo Creek Pilot Project. DWR announced that Zone 7 will be awarded \$4.6M for the \$4.8M Alamo Creek Pilot Project pilot project. The project will stabilize the channel bank

toe of Alamo Creek, downstream of the confluence of South San Ramon Creek/Alamo Creek. The Agency also expects DWR to approve approximately \$827K for the Flood Management Plan Phase 2. However, neither of these grants are expected to be received this fiscal year.

Expenses

Per Resolution No. 23-06, dated February 1, 2023, the Board declared a local state of flood emergency within its service area. Subsequent Resolutions (No. 23-07 and No. 23-08) were passed to fund emergency repair work and needs-assessments in the amount of \$2.7M. These additional appropriations are reflected in the FY 2022-23 professional services (\$500K) and repairs and maintenance (\$2.2M) amended budgets and were considered in year-end projections.

3. Labor: Includes this fund’s share of payroll through December 31, 2022.

4. Professional Services: Projection is under budget due to timing of flood planning projects, such as the Flood Management Plan Phase 2A, and contingency.

5. Repairs and Maintenance: Includes routine flood engineering repair services and additional flood emergency projects. Projection is under budget due to timing of the Alamo Creek Pilot Project.

Reserves

The following table and chart compare the FY 2022-23 amended budget ending reserve balance to the Q2 projected ending reserve balance.

Fund 200 Reserves	FY 22-23 Amended Budget	FY 22-23 Q2 Projected FYE
Operating Reserves	\$4,300,000	\$4,300,000
Designated for Capital Projects Reserve	13,341,000	10,510,000
Section 115 Pension Trust	187,000	172,000
Total Reserves	\$17,828,000	\$19,110,000

The Agency is in the process of developing and implementing a Flood Management Plan to direct the Agency’s future flood maintenance activities and capital projects. Per Resolution No. 22-73, dated August 17, 2022, the Board adopted the Flood Management Plan Phase 1. Flood Management Plan Phase 2A is expected to start after Board approval on February 15, 2023.

The following table lists major projects that are in progress or recently completed.

Project	Total Cost	Fund 200 Share ¹	Status	In-service
Alamo Creek Bank Stabilization Pilot Project	\$4.8M	\$4.8M	Design	Winter 2024
Stanley Reach Stabilization Project	\$6.5M	\$6.5M	Complete	Fall 2022
Arroyo Mocho Medeiros Parkway	\$2.3M	\$972K	Complete	Winter 2022
Total	\$13.6M	\$12.3M		

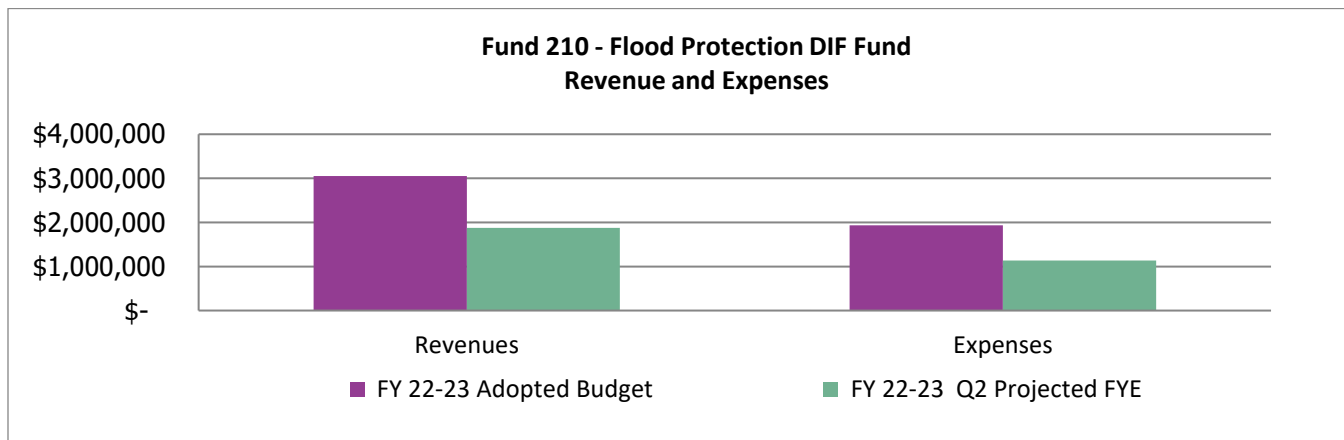
¹The remainder is paid by Fund 210 - Flood Protection Development Impact Fee Fund

Fund 210 – Flood Protection Development Impact Fee Fund

Primary Funding Source: Development Impact Fees.

The purpose of this fund is to ensure that the Agency can meet future needs for expansion-related flood control facilities. The program is primarily intended to provide funding for any flood control facilities required for new development. Funds are expended on the planning, design, lands and right of way acquisition, environmental review, permitting, and construction for drainage projects.

The following graph shows FY 2022-23 adopted budget and second quarter (Q2) projected FYE revenue and expenditures.



Details of Revenue and Expenses for Fund 210

Fund 210 - Flood Protection DIF Fund	FY 22-23 Adopted Budget	FY 22-23 Q2 YTD Actual	FY 22-23 Q2 Projected FYE	Year-End Over/(Under) Budget
Audited Beginning Fund Balance	\$73,715,000	\$73,997,000	\$73,997,000	\$282,000
Revenue¹				
Development Fees	2,500,000	331,000	1,150,000	(1,350,000)
Investment Earnings	525,000	222,000	700,000	175,000
Other Revenue	25,000	-	25,000	-
Total Revenue	3,050,000	553,000	1,875,000	(1,175,000)
Expenses				
Labor ²	323,000	35,000	70,000	(253,000)
Capital Projects ³	1,614,000	239,000	1,067,000	(547,000)
Total Expenses	1,937,000	274,000	1,137,000	(800,000)
Revenue over Expenses	1,113,000	279,000	738,000	(375,000)
Estimated Ending Fund Balance	\$74,828,000	\$74,276,000	\$74,735,000	\$93,000

Note: Values are rounded to the thousands.

Revenue

- Revenue:** Revenue is primarily generated from development impact fees and interest earnings. The year-end projection has been reduced by \$1.35M based on year-to-date trends.

Expenses

2. Labor: Includes staff labor through December 31, 2022. Projection is based on YTD trends.

3. Capital Projects: Includes professional services, projects planned in the FY 22-23 budget, and multi-year projects underway.

Reserves

The following table and chart compare the FY 2022-23 adopted budget ending reserve balance to the Q2 projected ending reserve balance.

Fund 210 Reserves	FY 22-23 Adopted Budget FYE	FY 22-23 Q2 Projected FYE
Capital Projects Reserve	\$74,828,000	\$74,735,000
Total Reserves	\$74,828,000	\$74,735,000

The Agency is in the process of developing and implementing a Flood Management Plan to direct the Agency's future flood maintenance activities and capital projects. Per Resolution No. 22-73, dated August 17, 2022, the Board adopted the Flood Management Plan Phase 1. Flood Management Plan Phase 2A is expected to start after Board approval on February 15, 2023.

The following table lists major projects that are in progress.

Project	Total Cost	Fund 210 Share¹	Status	In-service
Arroyo Mocho Medeiros Parkway	\$2.3M	\$1.3M	Complete	Winter 2022

¹The remainder is paid by Fund 200 - Flood Protection Operations.