



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

NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS

DATE: Wednesday, June 18, 2025  
TIME: 6:00 p.m. Closed Session  
7:00 p.m. Open Session (time approximate)  
LOCATION: Zone 7 Administration Building  
100 North Canyons Parkway, Livermore  
LIVE STREAMING: Comcast Channel 29  
AT&T U-Verse Channel 99 (Livermore)  
Streaming Live at [tv29live.org](http://tv29live.org)

THERE IS NO HYBRID OPTION AVAILABLE FOR THIS MEETING.

Any member of the public wishing to address the Board on an item under discussion may do so upon receiving recognition from the President. If the public wishes to provide comment before the meeting, please email [publiccomment@zone7water.com](mailto:publiccomment@zone7water.com) by 3:00 p.m. on Tuesday, June 17<sup>th</sup>.

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. 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
2. Closed Session
  - a. Conference with Legal Counsel - Real Property Negotiation (Government Code § 54956.8). Property: Alameda County APN 946-1350-4. Agency Negotiators: Valerie Pryor and Rebecca Smith. Negotiating Parties: Zone 7 Water Agency and Old Devil, LLC. Under Negotiation: Price and terms of payment
  - b. Conference with Labor Negotiators pursuant to Government Code § 54954.5: Agency Negotiators: Valerie Pryor/Osborn Solitei/Shelisa Jackson. 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
  - c. Conference with Legal Counsel – **Existing litigation pursuant to Gov't Code § 54956.9(d) (1):** (1) State Water Contractors v. California Department of Fish & Wildlife (JCCP Case No. 5117), (2) Stark v. Alameda County Flood Control and Water Conservation District, Zone 7 (Alameda County Superior Court Case No. 22-CV-5837), (3) Bautista v. Alameda County Flood Control and Water Conservation District, Zone 7 (Alameda County Superior Court Case No. 22-CV-10679); (4) Alameda County Flood Control & Water Conservation District, Zone 7 v. City of Pleasanton (Alameda County Superior Court Case No. 24-CV-61595); (5) In re: Aqueous Film-Forming Foams Products Liability Litigation (S.D. South Carolina, MDL No. 2: 18-mn-2873-RMG); (6) Munsell v. County of Alameda Civil Service Commission et al (Alameda County Superior Court, Case No. 24-CV-77110). (7) (Paragraph (1) of subdivision (d) of § 54956.9) Tulare Lake Basin Water Storage District v. California Department of Water Resources, Sacramento County Superior Court Case No. 24WM000006 and related cases.
3. Open Session and Report Out of Closed Session
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. Regular Board Meeting Minutes of May 21, 2025
8. Consent Calendar
  - a. Award a Contract for Design Services for DVWTP and PPWTP Improvements Project
  - b. Award a Contract for Design Services for Silver Oaks Pump Station Replacement Project
  - c. Award a Contract for As-Needed Kobelco Compressed Air Preventive Maintenance, Parts, and Repair Services
  - d. Award a Contract for VFD and Soft Starter Preventive Maintenance and As-Needed Repair Services
  - e. Award a Construction Contract and Amend an Engineering Contract for Alamo Creek Bank Stabilization and Flood Management Pilot Project
  - f. Award a Contract for Construction Management Services for Flood Protection Projects
  - g. Proposed Amended Reserve Policy
  - h. Annual Review of the Investment Policy
  - i. Approve Commercial Use of the Septic System at Five Pillars Cemetery, 1761 Laughlin Road (APN 099B-5450-009-00), Case #25-001

Recommended Action: Adopt Resolutions

9. Proposed Mid-Cycle Operating and Capital Budget Amendment for FY 2025-26

Recommended Action: Adopt Resolution

10. Vacancy Reporting Compliance: AB 2561

Recommended Action: Presentation Only

11. Update on the Regional Groundwater Facilities Improvement Project – Phase I

Recommended Action: Presentation Only

12. Committees

- a. Administrative Committee Meeting Notes of May 7, 2025
- b. Legislative Committee Meeting Notes of May 8, 2025
- c. Finance Committee Meeting Notes of May 28, 2025

13. Reports – Directors

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

14. Items for Future Agenda – Directors

15. Staff Reports

- a. **General Manager's Report**
- b. May Outreach Activities
- c. Monthly Water Inventory and Water Budget Update
- d. Legislative Update
- e. FY 2024-25 Unaudited Third Quarter Revenue and Expenditure Report
- f. Investment Report as of March 31, 2025

16. Adjournment

17. Upcoming Board Schedule: (All meeting locations are in the Boardroom at 100 N. Canyons Pkwy., Livermore, unless otherwise noted.)

- a. Finance Committee Meeting: July 9, 2025, 3:00 p.m.
- b. Regular Board Meeting: July 16, 2025, 7:00 p.m.



MINUTES OF THE BOARD OF DIRECTORS  
ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

REGULAR MEETING

May 21, 2025

Directors Present: Dawn Benson  
Catherine Brown  
Sandy Figuers  
Dennis Gambs  
Laurene Green  
Kathy Narum  
Sarah Palmer

Staff Present: Valerie Pryor, General Manager  
Chris Hentz, Assistant General Manager – Engineering  
Osborn Solitei, Treasurer/Assistant General Manager – Finance  
Carol Mahoney, Government Relations Manager  
Donna Fabian, Executive Assistant

General Counsel: Rebecca Smith, Downey Brand

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Item 1 – Call Zone 7 Water Agency Meeting to Order

The Zone 7 Water Agency meeting was called to order by President Gambs at 7:04 p.m.

Item 2 – Closed Session

The Board entered Closed Session at 6:00 p.m. and the Board adjourned at 6:55 p.m.

Item 3 – Open Session and Report Out of Closed Session

President Gambs stated that the Board met in Closed Session prior to the meeting and reported that Zone 7 entered into a settlement agreement with Dublin San Ramon Services District regarding a potential litigation matter. He noted that copies of the final settlement agreement are available at the Zone 7 office or upon request by any member of the public.

Item 4 – Pledge of Allegiance

Director Brown led the Pledge of Allegiance.

## Item 5 – Roll Call of Directors

All Directors were present.

## Item 6 – Public Comment

Public comment was received by Debbie Ferrari and Ken Horton.

## Item 7 – Minutes

Director Benson moved to approve the minutes from the regular Board meeting on April 16, 2025, seconded by Director Brown. The motion was approved by a voice vote of 7-0.

## Item 8 – Consent Calendar

Director Narum commented on Item 8k, expressing her **support for Director Palmer's** candidacy for the ACWA Region 5 Board. She noted that Director Palmer dedicates a significant amount of time and effort representing Zone 7, which is often underappreciated, and stated she was happy to support her.

Director Benson raised a question regarding Item 8g, inquiring whether any changes had been made since the previous Board meeting. Valerie Pryor, General Manager, responded that no changes had been recommended by the Administrative Committee.

President Gambs highlighted Item 8h, noting that Zone 7 is receiving a grant from the state for over \$1.2 million to support electrical work at the Mocho Groundwater Recharge Facility. He acknowledged the efforts of staff in securing the funding, emphasizing the importance of being prepared with completed design work, which positioned the Agency to successfully apply for and receive the grant.

Director Benson moved to approve Items 8a through 8l, seconded by Director Narum. The motion was approved by a roll call vote of 7-0.

## Item 9 – Water Conservation Art Contest Finalists

Carol Mahoney presented on the 2025 Tri-Valley Water Conservation Art Contest, themed **"Habitat Heroes: Transforming Lawns into Vibrant Native Gardens."** She shared that this year's contest included all five Tri-Valley water agencies for the first time, expanding participation beyond Livermore to include Dublin, Pleasanton, and San Ramon. Over 240 student submissions were received, with more than 1,600 community votes helping to select 17 finalists. While technical difficulties prevented the display of the artwork during the meeting, Ms. Mahoney and members of the Board engaged with student artists, discussing their inspirations and the media they used, which ranged from watercolor and colored pencil to digital animation. The students, ranging from kindergarten through high school, showed a strong understanding of water conservation concepts and great artistic skill.

Special recognition was given to top winners: Elvy Beltran (8th grade, Livermore), Reva Gupta (9th grade, Dublin), Viraj Gupta (1st grade, Livermore), and grand prize winner Nina Wang (4th grade, Pleasanton), who created a 27-image animated digital video. Awards were presented by Board President Dennis Gambbs, General Manager Valerie Pryor, and local officials. All finalists received gift bags, runners-up received gift cards, and the grand prize winner received an iPad. Finalist artwork will be displayed at various city and water agency offices throughout the Tri-Valley to promote water conservation. The presentation concluded with a group photo of the award recipients and Zone 7 Board members.

#### Item 10 – Flood Management Plan – Systemwide Evaluation Results

**Ms. Pryor introduced the item as part of the ongoing development of Zone 7's Flood Management Plan.** She noted the Board had previously adopted Phase 1, a strategic-level plan, and the current work represents Phase 2, a systemwide evaluation to assess flood risks **from overbank flooding beyond Zone 7's channels. This analysis is intended to** quantify damage risks to non-Zone 7 property and support the prioritization of future flood mitigation projects.

Tom Chapman of HDR and Joanna Leu, technical lead, presented the findings. Mr. Chapman **gave an overview of Phase 1, highlighting its alignment with Zone 7's Strategic Plan goals.** He explained that the 2023 hydrologic and hydraulic modeling update incorporated recent storm events and formed the basis of the systemwide evaluation. Ms. Leu then provided detailed insights into the risk assessment approach, defining flood risk in terms of hazard, performance, exposure, vulnerability, and consequence. She clarified that the analysis focused on overbank flooding and did not include storm drain backup.

The modeling used 10-, 25-, 50-, 100-, 200-, and 500-year storm scenarios, accounting for current and projected future conditions over a 50-year planning horizon. Findings show expected annual damages of \$4 million under current conditions, increasing to \$8.8 million in the future if no action is taken. The cumulative net present value of damage over 50 years is estimated at \$155 million. These figures reflect depreciated replacement values rather than market prices.

Director Figuers raised concerns about the distinction in risk for structures near versus far from channels and appreciated the explanation of depreciated structure values. Director Green confirmed that the modeling incorporated future climate trends and 2023 storm validation. She also inquired about potential structural solutions, such as channel grouting, and emphasized the need to understand permitting challenges. Mr. Chapman confirmed these types of measures would be evaluated and scored for implementability.

Director Narum asked about sedimentation impacts on original channel capacity and the use of current versus historical conditions. Mr. Chapman confirmed that capacity inspections are conducted regularly and incorporated into modeling assumptions. Director Narum also raised concerns about state legislation diminishing local zoning authority, making it harder to control floodplain development. Directors Benson and Palmer echoed frustrations with the lack of agency control over zoning, calling for water and flood agencies to have a greater say in land use planning.

The presentation also addressed geomorphic risk, channel erosion and sedimentation, qualitatively scored as low, medium, or high. Staff will use 2017 and 2023 storm damages (\$33M and \$82M, respectively) to help calibrate and monetize in-channel damage risks. Upcoming steps include developing structural and non-structural flood mitigation measures, creating and evaluating project alternatives, and coordinating with partner agencies and the public. Alternatives will be assessed using evaluation criteria such as cost-benefit, public acceptability, and permit feasibility.

Public comments were received from Rod Zeisse, John Marchand, and Ken Horton.

President Gambs concluded with questions on calibration and how evaluation criteria for alternatives will be developed. Mr. Chapman assured the Board that staff will be engaged throughout the process and that all criteria, benefits, and costs will be collaboratively developed and transparent.

#### Item 11 – Consider Adopting an Ordinance to Increase Zone 7 Board of Directors Compensation

Shelisa Jackson, Human Resources Manager, presented the item, recommending that the Board consider adopting an Ordinance to increase Board compensation. At the May 7, 2025, Administrative Committee meeting, members reviewed the 2025 Compensation Survey of Comparable Water Agencies and considered two options: maintaining the current compensation rate of \$216.93 per meeting, or increasing it by 10% to \$238.62 per meeting, **which is the maximum increase allowed under Water Code Section 20200. The Board's current** compensation, adopted in 2023, permits compensation for up to 10 meetings per month. The survey results showed that the average compensation for comparable agencies was \$247.67, reflecting a 13% increase since the last review. Ms. Jackson added that Zone 7 Board members do not receive group medical or retirement benefits.

Ms. Jackson noted that three of the six surveyed agencies, East Bay MUD, Marin Municipal, and Valley Water, had increased their compensation since the previous survey. She clarified that while the policy guiding meeting compensation is reviewed biennially, the broader Compensation and Expense Reimbursement Policy is scheduled for revision in 2026.

Director Palmer supported the increase and emphasized that Zone 7 remains the lowest-compensated Board among peer agencies and receives no benefits. Director Figuers also supported the increase, noting that modest compensation helps offset public service-related costs. Director Benson opposed the increase, citing a sense of stewardship and personal commitment to public service, and expressing concern over the optics of increasing stipends during challenging economic times. Director Green agreed with the proposed 10% increase but suggested that future adjustments should become effective only after the next election to avoid the perception of self-benefit. Rebecca Smith, General Counsel, advised that such a delayed effective date would be possible, though not proposed in this Ordinance, and should be considered for future discussions.

Director Narum expressed reluctance to support the full 10% increase, suggesting a 6% increase would be more appropriate. She echoed concerns about timing and noted her past

practice of voting against increases when employee raises were lower. She and Director Green agreed the Board should revisit this issue as part of future compensation reviews. Other Directors reiterated that the compensation was not the primary motivation for service but noted the value of acknowledging the time and commitment required.

Following discussion, Director Palmer moved to adopt the 10% increase, and the motion was seconded by Director Green. The ordinance passed by a roll call vote of 5-2, with Directors Benson and Narum voting in opposition.

#### Item 12 – Committees

There were no comments on the notes from the Finance Committee or the Water Resources Committee meetings.

#### Item 13 – Reports - Directors

Director Palmer submitted a written report and noted that she attended the ACWA Spring Conference and participated in various meetings. Director Green and President Gambs also reported attending the Conference.

#### Item 14 – Items for Future Agenda – Directors

No items were requested for consideration at an upcoming Board meeting.

#### Item 15 – Staff Reports

Ms. Pryor **provided a brief update, highlighting the success of Zone 7's recent open house and Patterson Pass Water Treatment Plant tours.** She reported that the event welcomed 70 visitors and expressed her appreciation to all Zone 7 staff who participated, with special thanks to Donna Fabian and Monique Santiago for their leadership in organizing the event. Ms. Pryor **also shared exciting news that Zone 7's Schools Program, in collaboration with the Livermore School District, had received a Gold Medallion Award from the National School Public Relations Association for their entry titled "Reimagining Water Education: The Zone 7 Water Academy's Collaborative Strategy."**

#### Item 16 – Adjournment

President Gambs adjourned the meeting at 9:29 p.m.



ORIGINATING SECTION: Water Supply Engineering  
CONTACT: Elliott Levitsky/Brandon Woods

AGENDA DATE: June 18, 2025

SUBJECT: Award a Contract for Design Services for Del Valle Water Treatment Plant (DVWTP) and Patterson Pass Water Treatment Plant (PPWTP) Improvements Project

SUMMARY:

- **To support Zone 7’s mission to deliver a safe and reliable supply of** high-quality water for the Tri-Valley, Zone 7 plans and constructs water system improvements and replaces aging equipment. The proposed action is in support of Strategic Plan Initiative 6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan.
- The DVWTP and PPWTP Improvements Project (Project) will make needed updates to each **plant’s** control building, which was constructed in 1973 and 1984, respectively, including replacing heating, ventilation, and air conditioning (HVAC) equipment. The project also includes improvements to the PPWTP laboratory, chlorine contact basin access hatches, clearwell, and clarifiers, and replacement of the DVWTP fire alarm control panel. The total project cost is estimated to be \$14 million.
- Consultant services are needed for design of the Project. Consistent with **Zone 7’s** purchasing policy, a Request for Proposals was issued in April and two proposals were received. The selection committee reviewed the proposals and determined that Lee & Ro, Inc., was the best qualified firm to provide the requested services.
- Staff recommends that the Board authorize the General Manager to negotiate, execute, and amend, as needed, a contract with Lee & Ro, Inc., for design services for the Project in an amount not-to-exceed \$1,080,000, which includes 10% contingency.

FUNDING:

Funding is included in the Adopted Two-Year Budget for FY 2024-26 for Fund 120 – Renewal/Replacement and System-Wide Improvements.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 25-

INTRODUCED BY DIRECTOR  
SECONDED BY DIRECTOR

Award a Contract for Design Services for  
D VWTP and PPWTP Improvements Project

WHEREAS, the Del Valle Water Treatment Plant (D VWTP) and Patterson Pass Water Treatment Plant (PPWTP) Improvements Project is in support of Strategic Plan Initiative 6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan; and

WHEREAS, Zone 7 has a project in the Capital Improvement Plan to replace the HVAC systems at D VWTP and PPWTP and to make improvements and replacements to various plant facilities; and

WHEREAS, consultant services are needed for project design; and

WHEREAS, in **accordance with Zone 7’s purchasing policy, a competitive procurement** process was completed to select a consulting firm to provide these services; and

WHEREAS, a Request for Proposals was issued on April 23, 2025, and two proposals were received; and

WHEREAS, the selection committee reviewed the proposals, evaluated the proposers based upon the capabilities requested and criteria outlined in the Request for Proposals, and determined that Lee & Ro, Inc., was the best qualified firm to provide the requested services.

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 professional services agreement with Lee & Ro, Inc., for the D VWTP and PPWTP Improvements Project in an amount not-to-exceed \$1,080,000, which includes 10% contingency.

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 June 18, 2025.

By: \_\_\_\_\_  
President, Board of Directors

ORIGINATING SECTION: Water Supply Engineering  
CONTACT: Athena Watson/Brandon Woods

AGENDA DATE: June 18, 2025

SUBJECT: Award a Contract for Design Services for Silver Oaks Pump Station Replacement Project

SUMMARY:

- To support Zone 7's mission to deliver a safe and reliable supply of high-quality water for the Tri-Valley, Zone 7 plans and constructs water system improvements and replaces aging equipment. The proposed action is in support of Strategic Plan Initiative 6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan.
- The Silver Oaks Pump Station, constructed in **the early 1990's**, supplies treated water to east Livermore when Patterson Pass Water Treatment Plant is at reduced capacity or is out of service. The pump station has reached the end of its useful life and needs to be replaced and relocated. The existing site, owned by California Water Service Company, is constrained and the pumps and electrical equipment are located outside where the equipment has experienced accelerated aging and reduced reliability due to exposure to the elements. The new site will have sufficient space to house a new building, pumps and electrical equipment. The project scope includes land acquisition, design, and construction of the new pump station and a pipeline to connect the new pump station to the existing water transmission system. The total project cost is estimated to be \$20 million. Construction is anticipated to be completed in fall 2028.
- Consultant services are needed to complete a siting study, preliminary and final design, and land acquisition. Consistent with **Zone 7's** purchasing policy, a Request for Proposals was issued in March, and two proposals were received. The selection committee reviewed the proposals, conducted interviews, and determined that HDR Engineering, Inc., was the best qualified firm to provide the requested services.
- Staff recommends that the Board authorize the General Manager to negotiate, execute, and amend, as needed, a contract with HDR Engineering, Inc., for design services for the project in an amount not-to-exceed \$2,120,000, which includes 10% contingency.

FUNDING:

Funding is included in the Adopted Two-Year Budget for FY 2024-26 for Fund 120 – Renewal/Replacement and System-Wide Improvements.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 25-

INTRODUCED BY DIRECTOR  
SECONDED BY DIRECTOR

Award a Contract for Design Services for  
Silver Oaks Pump Station Replacement Project

WHEREAS, the Silver Oaks Pump Station Replacement Project is in support of Strategic Plan Initiative 6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan; and

WHEREAS, Zone 7 has a project in the Capital Improvement Plan to replace and relocate the Silver Oaks Pump Station which is at the end of its useful life; and

WHEREAS, consultant services are needed to complete a siting study and preliminary and final design, and provide land acquisition support; and

**WHEREAS, in accordance with Zone 7's purchasing policy, a competitive procurement process was completed to select a consulting firm to provide these services; and**

WHEREAS, a Request for Proposals was issued on March 21, 2025, and two proposals were received; and

WHEREAS, the selection committee reviewed the proposals and conducted interviews, evaluated the proposers based upon the capabilities requested and criteria outlined in the Request for Proposals, and determined that HDR Engineering, Inc., was the best qualified firm to provide the requested services.

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 professional services agreement with HDR Engineering, Inc., for the Silver Oaks Pump Station Replacement Project in an amount not-to-exceed \$2,120,000, which includes 10% contingency.

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 June 18, 2025.

By: \_\_\_\_\_  
President, Board of Directors

ORIGINATING SECTION: Maintenance

CONTACT: Joe Cerro

AGENDA DATE: June 18, 2025

SUBJECT: Award a Contract for As-Needed Kobelco Compressed Air Preventative Maintenance, Parts and Repair Services

SUMMARY:

- This supports Zone 7's mission to deliver safe, reliable, efficient, and sustainable water services and aligns with Strategic Plan Goal C – Provide Customers with Safe Water.
- Kobelco air compressors are used at both surface water treatment plants to purge ozone to enable cleaning and maintenance of the ozone system. Zone 7 has identified the need for maintenance, parts and repair services to provide specialized mechanical support to ensure the reliable and continued operation of these specialty compressors.
- In accordance with the Purchasing Policy, a Request for Proposal (RFP No. 2025-072) was issued to qualified vendors to solicit bids for As-Needed Air Compressor Maintenance, Parts and Repair Services. Atlas Copco Compressors LLC was found to be the only responsive, responsible bidder.
- Staff recommend that the Board authorize the General Manager to:
  - Negotiate, execute, and amend, as needed, a contract with Atlas Copco Compressors LLC, for As-Needed Kobelco Compressed Air Compressor Maintenance, Parts and Repair Services for a not-to-exceed amount of \$53,000 (includes a 10% contingency), for the three-year period beginning July 1, 2025.
  - Amend the contract for two additional one-year terms for a total of five years for a not-to-exceed amount of \$88,000 (includes a 10% contingency).

FUNDING:

Funding is available in the FY 2025-26 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. 25-

INTRODUCED BY DIRECTOR  
SECONDED BY DIRECTOR

As-Needed Kobelco Compressed Air Preventative Maintenance,  
Parts and Repair Services

WHEREAS, Zone 7 is committed to delivering safe, reliable, efficient, and sustainable water services and Strategic Plan Goal C – Provide Customers with Safe Water; and

WHEREAS, Zone 7 has a need for As-Needed Kobelco Compressed Air Preventative Maintenance, Parts and Repair Services to increase preventative maintenance on the compressors to avoid disruption of water treatment processes; and

WHEREAS, a Request for Proposal (RFP No. 2025-072) was issued to qualified vendors to solicit bids for compressor services and parts, and Atlas Copco Compressors LLC was found to be the only responsible, responsive 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 three-year maintenance services contract with Atlas Copco Compressors LLC for As-Needed Kobelco Compressed Air Preventative Maintenance, Parts and Repair Services for a not-to-exceed amount of \$53,000, which includes a 10% contingency; and

BE IT FURTHER RESOLVED that the General Manager is authorized to extend the maintenance services contract based on satisfactory performance for up to two (2) additional one-year terms for a total of five-years for a not-to-exceed contract amount of \$88,000, which includes a 10% contingency.

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 June 18, 2025.

By: \_\_\_\_\_  
President, Board of Directors

ORIGINATING SECTION: Maintenance  
CONTACT: David Zachry

AGENDA DATE: June 18, 2025

SUBJECT: Award a Contract for Variable Frequency Drives (VFDs) and Soft Starter Preventive Maintenance and As-Needed Repair Services

SUMMARY:

- The proposed action is in support of Zone 7 mission to deliver safe, reliable, efficient, and sustainable water services and Strategic Goal B – provide customers with reliable water supply and infrastructure.
- In accordance with the Purchasing Policy, a Request for Quote (RFQ No. 2025-055) was issued to qualified vendors to solicit bids for VFDs and Soft Starter Preventive Maintenance and As-Needed Repair Services. Naz & Co, doing business as TrueBlue Automation Services was found to be the lowest responsive and responsible bidder.
- In May 2022, TrueBlue entered into a contract with Zone 7 to perform the VFDs and Soft Starter Preventive Maintenance and As-Needed Repair Services. To date, their **performance has been to Zone 7's satisfaction**. The contract amount is consistent with previous years.
- Staff recommends that the Board authorize the General Manager to:
  - Negotiate, execute, and amend an as-needed contract with Naz & Co, doing business as TrueBlue Automation Services for VFDs and Soft Starter Preventive Maintenance and As-Needed Repair Services for a not-to-exceed amount of \$80,000 (includes a 10% Contingency), for a three-year period (FY 2025-26 to FY 2027-28).

FUNDING:

Funding is available in the FY 2025-26 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. 25-

INTRODUCED BY DIRECTOR  
SECONDED BY DIRECTOR

Award a Contract for Variable Frequency Drives and Soft Starter Preventive  
Maintenance and As-Needed Repair Services

WHEREAS, the proposed action is in support of Zone 7 mission to deliver safe, reliable, efficient, and sustainable water services and Strategic Goal B - Reliable water Supply and infrastructure; and

WHEREAS, Zone 7 has an ongoing need to maintain the VFDs and soft starters that control most of the electric motors that drive most processes of the treatment plants and wellfields. There is a need for VFDs and Soft Starter Preventive Maintenance and As-Needed Repair Services to provide specialty support to ensure continued operation of this critical equipment; and

WHEREAS, a Request for Quote (RFQ No. 2025-055) was issued to qualified vendors to solicit bids for VFDs and Soft Starter Preventive Maintenance and As-Needed Repair Services and Naz & Co, doing business as TrueBlue Automation Services found to be the lowest responsible and qualified bidder to submit a complete bid packet.

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 a three-year as-needed contract with Naz & Co, doing business as TrueBlue Automation Services for Variable Frequency Drives and Soft Starter Preventive Maintenance and As-Needed Repair Services for a not-to-exceed amount of \$80,000, which includes a 10% contingency.

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 June 18, 2025.

By: \_\_\_\_\_  
President, Board of Directors

ORIGINATING SECTION: Flood Protection Engineering  
CONTACT: Jeff Tang/Edward Reyes

AGENDA DATE: June 18, 2025

SUBJECT: Award a Construction Contract and Amend an Engineering Contract for Alamo Creek Bank Stabilization and Flood Management Pilot Project

SUMMARY:

- To **support Zone 7's mission to deliver safe, reliable, efficient, and sustainable flood** protection services, Zone 7 implements projects to maintain its flood protection system. This project is in support of Strategic Plan Initiative 13 – Continue to repair and maintain the flood protection facilities.
- The Alamo Creek Bank Stabilization and Flood Management Pilot Project (Project) is located in Dublin on Alamo Creek (Line F), downstream of the confluence of Alamo Creek and South San Ramon Creek (see attached map). The objective is to reduce erosion and manage flood risks along Alamo Creek and repair of damage within the same area caused by 2023 storms. The project will install bank stabilization measures to reduce erosion and improve aquatic and riparian habitat. The measures consist of rock weirs, vegetated soil fabric layers, and native plantings to stabilize the creek banks and redirect turbulent flows. The
- The performance of these pilot project elements will be monitored and considered for future projects intended to reduce stream bank erosion and downcutting without increasing flood hazard.
- The total project cost is approximately \$7.8 million. The California Department of Water Resources will reimburse up to approximately \$4.6 million in grant funding. Construction is anticipated to start in July 2025 and be completed by December 2025, pending environmental permits from regulatory agencies. Construction may be delayed to spring 2026 if permits are not approved by August.
- Per the California Environmental Quality Act (CEQA) guidelines, a Draft Initial Study/Mitigated Negative Declaration (IS/MND) was prepared and circulated for public review. On April 16, 2025, the Board approved and adopted the Final IS/MND, along with the associated Mitigation and Monitoring Reporting Program.
- In accordance with the California Public Contract Code, Zone 7 advertised and solicited bids for construction of the Project. On May 8, 2025, four bids were received, ranging from \$3,207,089 to \$5,488,561.

- On May 12, the apparent low bidder, Teichert Construction, submitted a request for relief of bid in accordance with Public Contract Code, Chapter 5 (Relief of Bidders). Staff reviewed the request and determined that the request satisfies the statutory requirements for granting relief of bid. Staff reviewed the second low bid by Hanford Applied Restoration & Conservation, with a bid amount of \$5,104,573, and determined the bidder to be responsive and responsible.
- Staff recommends that the Board adopt the finding that relief of the bid is warranted and grant bid relief to Teichert Construction and authorize the General Manager to execute a construction contract with Hanford Applied Restoration & Conservation in an amount not-to-exceed \$5,104,573 and to execute change orders, as needed, in a total amount not-to-exceed \$510,457 (10% of the construction contract amount).
- Additionally, staff recommends that the Board authorize the General Manager to amend contract A24-35-FLO with FlowWest, Inc., to include continued engineering design, environmental permitting, and geotechnical support during construction, increasing the authorized amount by an additional \$123,000 for a total not-to-exceed amount of \$893,000, which includes a 10% contingency.

FUNDING:

Funding is included in the adopted Two-Year Budget for FYs 2024-26 for Fund 200 – Flood Protection Operations.

RECOMMENDED ACTION:

Adopt the attached Resolutions.

DISCUSSION:

In accordance with the California Public Contract Code, Zone 7 advertised and solicited bids for the project construction. On May 8, 2025, the following four bids were received:

<u>Name of Firm and Location</u>	<u>Total Bid Amount</u>
Teichert Construction, Pleasanton, CA	\$3,207,089
Hanford Applied Restoration & Conservation, Santa Rosa, CA	\$5,104,573
Ground Control Inc., San Francisco, CA	\$5,474,204
Suulutaaq, Inc., Suisun City, CA	\$5,488,561

The apparent low bidder, Teichert Construction, submitted a request for relief of bid in accordance with Public Contract Code, Chapter 5 (Relief of Bidders). Staff reviewed the request and determined that the request satisfies the requirements of Public Contract Code Section 5103 as follows: a mistake was made; Teichert Construction provided written notice of the mistake within five working days of the bid opening of May 8, 2025; the mistake made the bid materially different than intended; and the mistake was made in filling out the bid and not due to error in judgment or to carelessness in inspecting the site of the work, or in reading the plans or specifications.

Staff recommends that the Board adopt the finding that relief of the bid is warranted and grant bid relief to Teichert Construction and award the construction contract to the second low bidder, Hanford Applied Restoration & Conservation, with a bid amount of \$5,104,573. Staff has reviewed the second low bid and has determined the bidder to be responsive and responsible.

ATTACHMENTS:

1. Resolution – Award of Construction Contract
2. Resolution – Amend Engineering Services Contract
3. Vicinity and Location Map

ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 25-

INTRODUCED BY DIRECTOR  
SECONDED BY DIRECTOR

Award a Construction Contract for Alamo Creek Bank Stabilization  
and Flood Management Pilot Project

WHEREAS, **to support Zone 7's mission to deliver safe, reliable, efficient, and sustainable flood protection services**, Zone 7 implements projects to maintain its flood protection system; and

WHEREAS, this action is in support of Strategic Plan Initiative 13 – Continue to repair and maintain the Flood Protection facilities; and

WHEREAS, Zone 7 was awarded grant funding by the California Department of Water Resources for up to \$4,606,890 to implement channel improvements along the reach of Alamo Creek; and

WHEREAS, per the California Environmental Quality Act (CEQA) guidelines, the Zone 7 Board approved and adopted the Final Initial Study/Mitigated Negative Declaration, along with the associated Mitigation and Monitoring Reporting Program, and approved the CEQA compliance requirement for the Alamo Creek Bank Stabilization and Flood Management Pilot Project (Project) on April 16, 2025; and

WHEREAS, the Project plans, specifications, and addenda were developed and advertised for bidding in accordance with the California Public Contract Code; and

**WHEREAS, four bids were received and publicly read by the Zone 7 General Manager's** authorized representative at the Zone 7 Administration Office, 100 North Canyons Parkway, Livermore, California, at 2:00 p.m. on May 8, 2025; and

WHEREAS, the apparent low bid received for the Project was by Teichert Construction, with a bid amount of \$3,207,089; and

WHEREAS, Teichert Construction submitted a request for relief of bid in accordance with California Public Contract Code, Chapter 5 (Relief of Bidders), and staff has reviewed the request and determined that it met the statutory requirements of Section 5103; and

WHEREAS, the second low bid received for the Project was by Hanford Applied Restoration & Conservation, with a bid amount of \$5,104,573; and

**WHEREAS, Hanford Applied Restoration & Conservation's bid** was reviewed and deemed the lowest responsive and responsible bid for the Project.

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 plans, specifications, and addenda for the Alamo Creek Bank Stabilization and Flood Management Pilot Project; and

BE IT FURTHER RESOLVED that the Board of Directors at Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby adopt the finding that relief of the bid is warranted and grants bid relief to Teichert Construction; and

BE IT FURTHER RESOLVED that the Board of Director at Zone 7 of the Alameda County Flood Control and Water Conservation District accept the bid of the lowest responsive and responsible bidder, Hanford Applied Restoration & Conservation, and authorize the General Manager to execute a construction contract with Hanford Applied Restoration & Conservation in an amount not-to-exceed \$5,104,573; and

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 the General Manager to negotiate and execute change orders as and when needed in a total amount not-to-exceed \$510,457.

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 June 18, 2025.

By: \_\_\_\_\_  
President, Board of Directors

ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 25-

INTRODUCED BY DIRECTOR  
SECONDED BY DIRECTOR

Amend an Engineering Services Contract for Alamo Creek Bank Stabilization and Flood Management Pilot Project

**WHEREAS, to support Zone 7's mission to deliver safe, reliable, efficient, and sustainable flood protection services, Zone 7 implements projects to maintain its flood protection system; and**

WHEREAS, this action is in support of Strategic Plan Initiative 13 – Continue to repair and maintain the Flood Protection facilities; and

WHEREAS, on August 16, 2023, the Zone 7 Board awarded a design and environmental services contract to FlowWest, Inc., to provide professional services for design, environmental compliance, and permitting work for the Alamo Creek Bank Stabilization and Flood Management Pilot Project (Project); and

WHEREAS, design, environmental permitting, and geotechnical support is needed during the construction phase of the Project; and

WHEREAS, FlowWest, Inc., has completed their scope of work associated with the **planning and design of the Project to Zone 7's satisfaction.**

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 Agreement A24-35-FLO for continued engineering design, environmental permitting, and geotechnical support during construction of the Project, increasing the authorized amount by an additional \$123,000 for a total not-to-exceed amount of \$893,000, which includes a 10% contingency.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

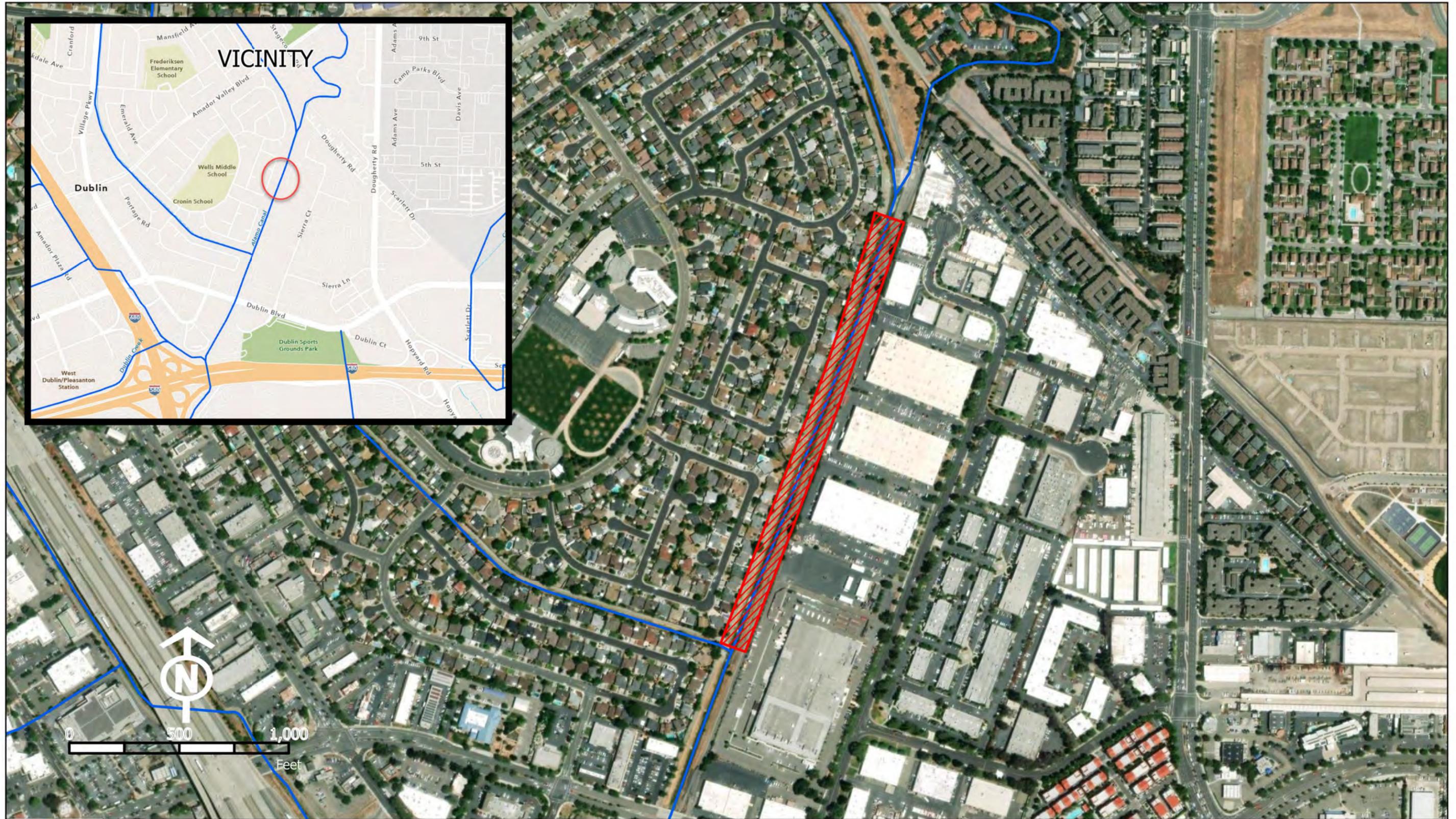
NOES:

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 June 18, 2025.

By: \_\_\_\_\_  
President, Board of Directors



**ZONE 7 WATER AGENCY**  
**100 N. Canyons Parkway**  
**Livermore, CA 94551**

DRAWN: JT

REVIEWED:

**ZONE 7**  
**Vicinity and Location**  
**Alamo Creek Bank Stabilization and**  
**Flood Management Pilot Project**

Scale: Not to Scale

Date: 05/27/2025

FIGURE 1

ORIGINATING SECTION: Flood Protection Engineering  
CONTACT: Ishika Chowdhury/Edward Reyes

AGENDA DATE: June 18, 2025

SUBJECT: Award a Contract for Construction Management Services for Flood Protection Projects

SUMMARY:

- **To support Zone 7's** mission to deliver safe, reliable, efficient, and sustainable flood protection services, Zone 7 implements projects to maintain its flood protection systems. These projects are in support of Strategic Plan Initiative 13 – Continue to repair and maintain the flood protection facilities.
- **In January and March 2023, storms caused significant damage to Zone 7's flood** protection facilities, resulting in the Board declaring a Local State of Flood Emergency for the two storms. Staff identified storm-related channel bank damages at 177 sites within flood protection facilities owned by Zone 7. Construction of storm damage repairs and other flood control improvements will begin as early as this summer and is anticipated to be completed in fall 2026.
- Construction management services are needed to support construction of the following four flood protection facility repair and improvement projects: 2023 Storm Damage High Priority Repairs; Alamo Creek Bank Stabilization and Flood Management Pilot Project; 2023 Storm Damage Repairs-Phase 1; and US Army Corps of Engineers Rehabilitation program PL 86-99. Total project cost is approximately \$57.6 million.
- Consistent with **Zone 7's** purchasing policy, a Request for Qualifications (RFQ) was issued in January 2024, for Engineering and Other Professional Services. Nine statements of qualifications (SOOs) were received in the construction management support services category. Three firms were selected to receive Request for Proposals for Construction Management Services for Flood Projection Projects and two proposals were received. The selection committee reviewed the proposals and determined that Haley & Aldrich, Inc., was the best qualified firm to provide the requested services.
- Staff recommends that the Board authorize the General Manager to negotiate, execute, and amend, as needed, a contract with Haley & Aldrich, Inc., for construction management services for these flood protection projects in an amount not-to-exceed \$2,720,000, which includes 10% contingency.

FUNDING:

Funding is included in the adopted Two-Year Budget for FYs 2024-26 for Fund 200 – Flood Protection Operations.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 25-

INTRODUCED BY DIRECTOR  
SECONDED BY DIRECTOR

Award a Contract for Construction Management Services for  
Flood Protection Projects

**WHEREAS, to support Zone 7's mission to deliver safe, reliable, efficient, and sustainable flood protection services, Zone 7 implements projects to maintain its flood protection system; and**

WHEREAS, these projects are in support of Strategic Plan Initiative 13 – Continue to repair and maintain the Flood Protection facilities; and

WHEREAS, construction management services are needed to monitor and coordinate work among flood protection facility repair and improvement projects; and

**WHEREAS, in accordance with Zone 7's purchasing policy, a competitive procurement process was completed to select a consulting firm to provide these services; and**

WHEREAS, a Request for Proposals was issued on April 14, 2025, and two proposals were received; and

WHEREAS, the selection committee reviewed the proposals, evaluated the proposers based upon the capabilities requested and criteria outlined in the Request for Proposals, and determined that Haley & Aldrich, Inc., was the best qualified firm to provide the requested services.

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 professional services agreement with Haley & Aldrich, Inc., for construction management services for flood protection projects in an amount not-to-exceed \$2,720,000, which includes 10% contingency.

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 June 18, 2025.

By: \_\_\_\_\_  
President, Board of Directors

ORIGINATING SECTION: Administrative Services  
CONTACT: Osborn Solitei

AGENDA DATE: June 18, 2025

SUBJECT: Proposed Amended Reserve Policy

SUMMARY:

- The proposed action is in support of Strategic Plan Goal H – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Initiative No. 21 – continue to effectively manage financial resources. In carrying out these fiscal responsibilities, staff periodically review and update financial policies to ensure continued alignment with the **Agency’s financial objectives, best practices, and** the current fiscal environment.
- **The Agency’s** Reserve Policy was last amended and adopted on December 18, 2024, via Resolution No. 24-106. The purpose of the Reserve Policy is to demonstrate to the community of ratepayers, bondholders, and rating/regulatory agencies that the Board of **Directors is committed to the Agency’s long-term** financial health, stability, and viability. Prudent financial management dictates the Agency maintain appropriate reserves for operating and capital needs, debt obligations, and funding for emergencies and unforeseen events.
- At the April 9, 2025, Finance Committee meeting, staff presented on the preferred use of the Fund 100 – Water Enterprise Operations Fund (Fund 100) unallocated fund balance, **recommending options such as amending the Agency’s Reserve Policy to establish a** general water reliability reserve. The Committee supported this recommendation, stating the reserve was necessary to demonstrate responsible financial planning to the public and Retailers.
- Based on **the Committee’s direction, staff** propose amending the Reserve Policy to include a Water Reliability Reserve under Fund 100. The Water Reliability Reserve is proposed to have no assigned minimum, target, or maximum amount. It is intended to maintain agility and flexibility in addressing water supply challenges and opportunities as they arise.
- Staff met with the Finance Committee on May 28, 2025, to discuss the proposed amended policy. The Committee unanimously agreed to forward the attached policy to the full Board for adoption.

FUNDING:

N/A

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENTS:

1. Resolution
2. Clean Reserve Policy
3. Redlined Reserve Policy

ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 25-

INTRODUCED BY DIRECTOR  
SECONDED BY DIRECTOR

Proposed Amended Reserve Policy

WHEREAS, the proposed action is in support of Strategic Plan Goal H – Fiscal Responsibility – Operate the Agency in a fiscally responsible manner, and Strategic Initiative No. 21 – Continue to effectively manage financial resources; and

WHEREAS, the purpose of the Reserve Policy is to demonstrate to the community of ratepayers, bondholders, and rating and regulatory agencies that the Board of Directors is **committed to the Agency’s long**-term financial health, stability, and viability; and

**WHEREAS, the Agency’s financial policies are periodically reviewed to ensure continued alignment with the Agency’s financial objectives, best practices, and the current fiscal environment; and**

WHEREAS, the Reserve Policy was last reviewed and amended in 2024 per Resolution No. 24-106, dated December 18, 2024; and

WHEREAS, the Reserve Policy has been reviewed and amended to include a Water Reliability Reserve under Fund 100 – Water Enterprise Operations Fund.

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 adopt the attached Reserve 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 June 18, 2025.

By: \_\_\_\_\_  
President, Board of Directors



## POLICY AND PROCEDURE

<b>POLICY TITLE:</b> Reserve Policy	<b>NUMBER:</b> Z7AF-140-16	<b>PAGE:</b> 1 of 12
<b>APPROVED BY:</b> Board of Directors Authorizing Resolution No. 25-	<b>REVISION:</b> 4	<b>EFFECTIVE DATE:</b> June 18, 2025

### 1. POLICY STATEMENT

The purpose of this policy is to ensure Zone 7 Water Agency (“Zone 7” or “the Agency”) operates in a productive, cost-effective and efficient manner. A robust reserve policy demonstrates to the community of rate payers, bondholders, and rating and regulatory agencies that the Board of Directors is committed to the Agency’s long-term financial health, stability, and viability. Prudent financial management dictates the Agency maintain appropriate reserves for operating and capital needs, debt obligations, and funding for emergencies and unforeseen events.

The Agency will strive to have sufficient funding available to meet its operating, capital, and debt service obligations. Reserve Funds (“Funds”) will be accumulated, designated and maintained to allow Zone 7 to fund operating expenses and capital expenditures in a manner consistent with its budget and capital improvement plan, respectively, and avoid significant customer rate fluctuations due to changes in cash flow requirements. Further, Zone 7 will endeavor to designate funds for all forms of potential disasters, emergencies and unforeseen events to ensure that funds are available to cover the costs associated therewith.

The Zone 7 Board of Directors (the “Board”) adopted a Financial Management Framework (the “Framework”) on November 16, 2011 (Resolution Number 11-4137) which includes planning for current operating and capital resource needs to ensure it can achieve its mission by providing for financial stability and health of the Agency. This Final Reserve Policy has been developed in keeping with the Framework after evaluating the efficacy of an Interim Reserve Policy adopted in 2013. One of the Framework’s goals is to be able to respond to changes in the economic environment and service demands with minimal impact on its customers while maintaining the financial integrity of Zone 7. A fundamental purpose of this policy is to link what must be accomplished with the necessary resources to successfully do so.

The Policy directives outlined in this document are intended to ensure Zone 7 has sufficient funds to meet current and future needs. The Agency shall maintain reserve levels, as directed by the Board, through the strategic planning and budget processes.

## 2. FUNDS

Zone 7 maintains financial assets in separate funds that are clearly identifiable and segregated for specific purposes in accordance with laws and regulations. The Agency shall not commingle funds that are established under different functions of the Agency nor shall it commingle developer fees with operational funding.

This Policy establishes Reserve Funds for each of the following major funding areas.

### Water Enterprise Operations and Capital Projects Fund (Funds 100 and 120)

These funds account for enterprise operation and administration, emergency and support services, variable State Water Project charges, water facilities maintenance and operation, water facilities, water resources and water supply planning, and renewal, replacement and system-wide improvement types of capital projects.

### State Water Project Fund (Fund 110)

This fund is used for fixed State Water Project charges, including State Water Project bonded indebtedness.

### Water Enterprise Capital Expansion Fund (Fund 130)

Expansion is funded by water connection fee revenue imposed on new development to fund new development's fair share of capital projects necessary to accommodate growth. These water connection fees are subject to the provisions contained in the California Mitigation Fee Act (Government Code § 66000 et seq.)

### Flood Protection Operations Fund (Fund 200)

This fund provides for general administration and regional flood control services, including renewal, replacement and system-wide improvement types of capital projects to ensure the controlled runoff of the Valley's excess stormwater runoff.

### Flood Protection Development Impact Fee Fund (Fund 210)

Expansion is funded by development impact fees imposed on new development to pay for new development's fair share of the acquisition, construction, engineering and improvement of the flood protection and/or storm water drainage elements of the Stream Management Master Plan of Zone 7, or to reduce the principal or interest of any bonded indebtedness thereof. Development fees are collected in accordance with the California Mitigation Fee Act (Government Code § 66000 et seq.)

## 3. RESERVE FUND DEFINITIONS

Restricted Reserves: Restrictions on the use of these funds are imposed by an outside source such as creditors, grantors, contributors, laws, or regulations, for example water connection fees or flood protection developer impact fees per the California Mitigation Fee Act.

Designated Reserves: Funds set aside for a specific purpose determined by Zone 7's Board of Directors as documented by minute order, resolution or ordinance. The Board of Directors has the authority to redirect the use of these funds as needs of the Agency change.

Unrestricted Reserves: Have no imposed restrictions as to their use.

#### 4. GENERAL PROVISIONS

##### Purpose of Reserve Funds

Reserves are established to:

- Comply with applicable statutory requirements
- Finance future capital facilities, finance improvements, and repair and replacement of existing assets
- Assure cash flow requirements are met
- Provide for economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy
- Provide for contingencies, emergencies or unforeseen operating or capital needs
- Meet bond covenant requirements

##### Segregation of Funds

The Agency will not transfer moneys between reserve funds that are established under different functions of the Agency. The Agency may complete interfund borrowing between reserves of different functions of the Agency at current market rates. The Board shall approve any reallocation of funds or any transfers among Reserve Funds.

##### Periodic Review Dates for Balances

Fund balances and target levels will be reviewed by staff, the Board and the public during the development and approval of each budget, annual financial audit and periodic water rate discussions.

#### 5. POLICY COMPLIANCE

The Minimum established for each reserve represents the target that is acceptable from both risk and long-range financial planning perspectives, as well as demonstrating financial stability to the rating agencies and lending institutions. Maintaining fund balances at appropriate levels is a prudent, ongoing business process that consists of an iterative, dynamic assessment and application of various revenue generating alternatives and cost management measures. To ensure reliable service to its ratepayers and to maintain fiscal responsibility, in every fiscal year Zone 7 will maintain balances in its Reserve Funds that are financially prudent.

Upon Board adoption of this policy, necessary actions will be taken to comply with this policy. Periodic reviews will ensure that reserves are in compliance with policy. In the event that a reserve has fallen below the minimum, and other reserves are above minimum and/or maximum, a transfer(s) shall be made from other reserve(s) within that fund to bring the non-compliant reserve to the minimum level. If reserves are depleted, the reserves shall be replenished within the two (2) year budget period to the established or re-established target through revenue generating alternatives and/or cost management measures. If cumulative reserves within a fund exceed maximum levels, a report will be made to the Board and alternative solutions considered.

Revenue-generating alternatives and cost management measures (either alone or in combination with each other) include, but are not limited to:

- rates, fees and charges
- capital financing
- investment of funds
- grants
- energy efficiencies
- pooled services/equipment agreements
- chemical purchase consortiums
- deferral or acceleration of capital projects, as appropriate

## 6. RESERVE FUND TARGET LEVELS AND MANAGEMENT

The following section describes Zone 7 reserves, target levels and management of funds.

### WATER ENTERPRISE OPERATIONS FUND RESERVES

The Water Enterprise Operations fund has four reserve categories:

- A. Operating Reserve
- B. Emergency Reserve
- C. Reserve for Economic Uncertainties
- D. Water Reliability Reserve

#### A. OPERATING RESERVE

The Operating Reserve is designated by the Board to maintain a reserve for current operations and to meet routine cash flow needs. The amounts in this reserve will fluctuate depending on the annual operating expenses of Zone 7. Money on deposit in this reserve may be used for:

- unanticipated operating expenses
- daily cash flow requirements
- minor emergencies such as unanticipated infrastructure failures.
- supplement losses to water sales revenue resulting from impacts of drought conditions

- use during periods of unanticipated fluctuations in treated water rate revenues and cost of service in order to offset significant increases in water rates

#### Minimum Level

The minimum level shall be equal to sixty (60) days of the current annual budgeted total operating expenses.

#### Target Level

Zone 7 shall strive to maintain a target level equal to ninety (90) days of the current annual budgeted total operating expenses.

#### Maximum Level

The maximum level shall not exceed one hundred twenty (120) days of the current annual budgeted total operating expenses.

Events or Conditions Prompting the Use of the Fund – This reserve may be routinely utilized to cover temporary cash flow deficiencies caused by timing differences between the receipt of revenue and actual expenses or extraordinary decreases in revenues and unexpected increases in expenses.

### B. EMERGENCY RESERVE

This reserve serves as working capital to address early stages of repairs and other activities while the Agency reviews accessing insurance, Federal Emergency Management Agency (FEMA) and other reimbursements, developing other revenue streams or other funding mechanisms to address long term repairs. Funds in the Emergency Reserve can be used for any operating or capital purpose (i) to begin repair of the water enterprise system after a catastrophic event or disaster, such as, but not limited to, an earthquake, fire, terrorist event, or storm while insurance claims are being processed or (ii) in the event of severe financial events that impact the financial soundness of Zone 7. FEMA may provide reimbursement to utilities after a catastrophic event; however, the reimbursement may take up to three years. It is important to have immediate funding available for the repairs, especially given the seismic vulnerability of the region and potential multi-year delays in reimbursement.

#### Minimum Level

The minimum level shall be equal to two percent (2%) of the capital assets of the Agency's water enterprise system to provide cash on hand for emergency repairs, particularly due to the seismically active location of the Agency.

#### Target Level

Zone 7 shall strive to maintain a target level equal to two- and one- half percent (2.5%) of the capital assets of the Agency's water enterprise system to provide cash on hand for emergency repairs, particularly due to the seismically active location of the Agency.

### Maximum Level

The maximum level shall not exceed three percent (3%) of the capital assets of the enterprise system to provide cash on hand for emergency repairs, particularly due to the seismically active location of the Agency.

Events or Conditions Prompting the Use of the Fund – The Board may designate use of this reserve after establishing that conditions exist as called out in the definition and purpose of the fund and declaring a local state of emergency. Funds will be transferred to the appropriate capital or operating fund as necessary.

## C. RESERVE FOR ECONOMIC UNCERTAINTIES

The Agency shall maintain a reserve for uncertain economic conditions. A reserve of this level is prudent to maintain a high bond rating and to protect the Agency from the effects of fluctuations in water usage and the cost of imported water to which the Agency is vulnerable, and other unforeseen events such as a natural disaster, water shortage emergency, or other unanticipated adverse situations.

### Minimum Level

The minimum level shall be equal to 10% of current annual budgeted volume-based water sales revenue.

### Target Level

The Agency will strive for target level equal to 15% of the current annual budgeted volume-based water sales revenue.

### Maximum Level

The maximum level shall not exceed 20% of the current annual budgeted volume-based water sales revenue.

Events or Conditions Prompting the Use of the Fund – The Board may designate use of this reserve after establishing that conditions exist as called out in the definition and purpose of the reserve.

## D. WATER RELIABILITY RESERVE

This reserve is designated by the Board to address and proactively prepare for water supply and reliability investments. Monies in this fund may be used to respond to emerging needs, opportunities, or risks related to water supply and reliability, including but not limited to water transfer purchases, drought response measures, and investments in regional/state water reliability project development and construction efforts.

Contributions and withdrawals from this reserve may occur as needed, based on the timing and scale of reliability-related investments or operational requirements, resulting from annual

fluctuations in the State Water Project allocation. The fund is intended to maintain agility and flexibility in addressing water supply challenges and opportunities as they arise.

#### Minimum, Target, and Maximum Level

This reserve will not be required to have a minimum, target, or maximum level.

Events or Conditions Prompting the Use of the Fund – The Board may designate the use of the reserve to pay for reliability-related investments or operational requirements as necessary to meet water supply demands, payments for planning and/or implementing water supply projects, and any other purpose as mentioned in the definition and purpose of this reserve.

#### DEBT SERVICE RATE STABILIZATION RESERVE

Debt Rate Stabilization Reserves established by bond requirements may be used to pay debt service if revenues are insufficient to satisfy annual debt service requirements. These reserves shall be within the Water Enterprise Renewal & Replacement and System-Wide Improvements and the Water Enterprise Capital Expansion funds. The target amount shall be equal to two years of each fund's respective share of the 2018 Series A Bonds debt service payment.

#### Minimum and Maximum Levels

This Reserve will not be required to have a minimum or maximum level.

#### Target Level

The Agency will strive for target level equal to two years of each fund's respective share of the 2018 Series A Bonds debt service payment.

Events or Conditions Prompting the Use of the Fund – The Board may designate use of this reserve to pay debt service if revenues are insufficient to satisfy annual debt service requirements. If funds from this reserve are used, the Agency is required to replenish the reserves as required by bond covenants.

#### WATER ENTERPRISE RENEWAL & REPLACEMENT AND SYSTEM-WIDE IMPROVEMENTS RESERVE

In 2017, the Board adopted Resolution No. 17-52 approving a Debt Policy. The policy provides guidelines under which specific projects may be best financed. Under the policy, debt issuance should be evaluated on a case-by-case basis as well as within the Agency's general debt management program. The Agency has historically relied on Water System Reserves to fund capital projects on a pay-as-you-go basis. This approach can work well during periods in which net revenues are strong and capital funding needs are modest. The Agency, under the direction of the Board of Directors will retain full flexibility in determining the best funding approach on a case-by-case basis.

For pay-as-you-go funding, capital reserve funds are accumulated to provide for current and future funding needs of the various capital programs and to facilitate completion of multi-year projects. The amount on deposit in the Water Enterprise Renewal & Replacement and System-Wide Improvements Reserve is earmarked by the Board of Directors for capital projects to meet regulatory requirements, replacement needs and system reliability of Zone 7's water enterprise. These capital projects are included in the Water System Capital Improvement Plan and the Asset Management Program (AMP), both of which are reviewed and approved by the Board of Directors periodically.

#### Minimum Level

The minimum level shall be equal to 100% of the estimated pay-go capital budget for the fiscal year immediately succeeding the then-current budgeted fiscal year.

#### Target Level

Not applicable

#### Maximum Level

Zone 7 will not have a maximum level for this reserve, but rather the fund shall accumulate sufficient reserves to pay for future projects set forth in the AMP and the reserve balance shall be consistent with the reserve balances forecast in the most recent Asset Management Plan and the current Capital Improvement Plan. Funds on deposit in the Debt Service Rate Stabilization Reserve shall not be considered in connection with the calculation of minimum levels.

Events or Conditions Prompting the Use of the Fund – Staff will recommend that assets be constructed, replaced, upgraded and/or repaired during the development and approval of the annual budget. Funds will be appropriated from the Water Enterprise Renewal & Replacement and System-Wide Improvement Reserve for renewal, replacement, or system- wide improvement capital projects.

### WATER ENTERPRISE CAPITAL EXPANSION RESERVE

In 2017, the Board adopted Resolution No. 17-52 approving a Debt Policy. The policy provides guidelines under which specific projects may be best financed. Under the policy, debt issuance should be evaluated on a case-by-case basis as well as within the Agency's general debt management program. The Agency has historically relied on Water System Reserves to fund capital projects on a pay-as-you-go basis. This approach can work well during periods in which net revenues are strong and capital funding needs are modest. The Agency, under the direction of the Board of Directors will retain full flexibility in determining the best funding approach on a case-by-case basis.

For pay-as-you-go funding, capital reserve funds are accumulated to provide for current and future funding needs. Money in the Water Enterprise Capital Expansion Reserve is earmarked by the Board of Directors for capital projects to meet additional demands created by development. In furtherance of meeting such needs the Agency incurred certain non- discretionary financial

obligations associated with capital expansion projects. Within this fund are four separate reserves to be used for:

1. The construction of improvements and enlargements to the South Bay Aqueduct (the "SBA Sinking Fund"); and,
2. The Future Contractors' share of the South Bay Aqueduct construction (the "FCSBA Sinking Fund"); and,
3. Any year when revenues are insufficient to satisfy annual debt service requirements (Debt Service Rate Stabilization Reserve).
4. The Water Enterprise Capital Expansion Reserve is used for the funding of capital projects to accommodate development.

#### Minimum Level

The minimum level shall be equal to 60% of the current annual budgeted non-discretionary amount.

#### Target Level

Not applicable

#### Maximum Level

Zone 7 will not have a maximum level for this fund, but rather the fund shall accumulate sufficient reserves to pay for future capital expansion projects as set forth in the capital improvement plan. The Agency may satisfy the minimum amount through the use of lines of credit, interim inter-fund borrowings or other financing arrangements. Funds on deposit in the Debt Service Rate Stabilization Reserve SBA Sinking Fund and FCSBA Sinking Fund shall not be considered in connection with the calculation of minimum or maximum levels of the Water Enterprise Capital Expansion Reserve.

Events or Conditions Prompting the Use of the Fund – Staff will recommend new assets to be constructed during the development and approval of the annual budget. Funds will be appropriated from the Water Enterprise Capital Expansion Reserve for expansion capital projects.

Periodic Review Dates for Balances – Fund balances and projected capital projects will be reviewed by staff, the Board and the public during the development and approval of each budget.

#### FLOOD PROTECTION OPERATING RESERVE

The amounts in the Flood Protection Operating Reserve Fund will fluctuate depending on the receipt of property taxes and the annual operating expenses of Zone 7. The Flood Protection Operating Reserve is designated by the Board to maintain a reserve for current operations and to meet routine cash flow needs.

Money on deposit in this fund may be used for unanticipated operating expenses, daily cash flow requirements and emergencies.

#### Minimum Level

The minimum level shall be equal to twenty percent (20%) of the Agency's current annual budgeted flood protection operating expenses, excluding capital.

#### Target Level

Not applicable

#### Maximum Level

The maximum level shall not exceed fifty percent (50%) of the current annual budgeted flood protection operating expenses, excluding capital.

Events or Conditions Prompting the Use of the Fund – This fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and/or shifts in the allocation of property taxes to Zone 7.

### FLOOD PROTECTION CAPITAL PROJECT RESERVE

The Flood Protection Capital Project Reserve holds the balance of funds once the Flood Protection Operating Reserve Fund achieves levels that are consistent with this Policy on an annual basis. The amount on deposit in the Flood Protection Capital Project Reserve is earmarked by the Board of Directors for capital projects to meet Zone 7's flood protection needs. Capital projects are identified and funded during the budget process. The forthcoming Flood Management Plan will direct the Agency's future flood capital projects.

Minimum and Maximum Levels – This Reserve will not be required to have a minimum or maximum level.

#### Target Level

Not applicable

Events or Conditions Prompting the Use of the Fund – The Flood Protection Project Reserve may be used at any time for flood protection maintenance or improvement projects not related to development.

### FLOOD PROTECTION DEVELOPMENT IMPACT FEE PROJECT RESERVE

The purpose of the Flood Protection and Storm Water Drainage Development Impact Fee (DIF) Project Reserve is to ensure that Zone 7 is able to meet current and future needs for Flood Protection facilities and is intended to provide funding for any Flood Protection facilities required to mitigate the impacts of new development. This Reserve will hold development impact fees in connection with Flood Protection improvements related to development.

Minimum and Maximum Levels – This Reserve will not be required to have a minimum or maximum level.

Target Level  
Not applicable

Events or Conditions Prompting the Use of the Fund – This Reserve may be used at any time for flood protection projects required to mitigate the impacts of new development.

#### STATE WATER FACILITIES RESERVE

The amounts in the State Water Facilities Reserve Fund fluctuate depending on the receipt of property taxes and the annual expenses of Zone 7 related to fixed charges for the State Water Project. The State Water Facilities Reserve Fund is designated by the Board to maintain a reserve for fixed costs related to the State Water Project that are not tied to development. This reserve may be used for unanticipated operating expenses, daily cash flow requirements and emergencies related to State Water Project fixed costs. The State Water Project costs are highly volatile and challenging to predict. This reserve will also accumulate funds to offset volatile future increases in State Water Project capital costs, allowing for smoothing of future property tax override collections.

#### Minimum Level

The minimum level shall be equal to fifty percent (50%) of the following year's projected annual operating expenses.

Target Level  
Not applicable

#### Maximum Level

Zone 7 will not have a maximum level for this reserve. The reserve shall accumulate funds to pay for future State Water Project costs. The maximum level shall be reviewed at least every five years.

Events or Conditions Prompting the Use of the Fund – This fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and extraordinary decreases and/or unexpected increases in expenses.

#### VEHICLE REPLACEMENT RESERVE

The purpose of this reserve is to fund planned replacement of vehicles and equipment that have reached the end of their useful lives. This reserve is funded by direct charges to departments for actual maintenance and operation costs, interest earnings and net proceeds from the sale of replaced vehicles and equipment. The reserve will be drawn down as replacement vehicles and equipment are purchased. This reserve shall have no minimum, maximum or target.

## 7. POLICY REVIEW

The General Manager, or designee (Treasurer/Assistant General Manager – Finance), will be responsible for reviewing and updating this Reserve Policy every five years, and presenting any recommended revisions to the Board of Directors for adoption.

## 8. HISTORY

Date	Action	Resolution
August 8, 1985	Originally adopted	Minute Order
September 28, 2016	Updated	16-166
May 15, 2019	Updated	19-37
December 18, 2024	Updated	24-106
June 18, 2025	Updated	25-



## POLICY AND PROCEDURE

<b>POLICY TITLE:</b> Reserve Policy	<b>NUMBER:</b> Z7AF-140-16	<b>PAGE:</b> 1 of <del>11</del> <u>12</u>
<b>APPROVED BY:</b> Board of Directors Authorizing Resolution No. <del>24-106-25-</del>	<b>REVISION:</b> <del>3</del> <u>4</u>	<b>EFFECTIVE DATE:</b> <del>December 18, 2024</del> <u>June 18, 2025</u>

### 1. POLICY STATEMENT

The purpose of this policy is to ensure Zone 7 Water Agency (“Zone 7” or “the Agency”) operates in a productive, cost-effective and efficient manner. A robust reserve policy demonstrates to the community of rate payers, bondholders, and rating and regulatory agencies that the Board of Directors is committed to the Agency’s long-term financial health, stability, and viability. Prudent financial management dictates the Agency maintain appropriate reserves for operating and capital needs, debt obligations, and funding for emergencies and unforeseen events.

The Agency will strive to have sufficient funding available to meet its operating, capital, and debt service obligations. Reserve Funds (“Funds”) will be accumulated, designated and maintained to allow Zone 7 to fund operating expenses and capital expenditures in a manner consistent with its budget and capital improvement plan, respectively, and avoid significant customer rate fluctuations due to changes in cash flow requirements. Further, Zone 7 will endeavor to designate funds for all forms of potential disasters, emergencies and unforeseen events to ensure that funds are available to cover the costs associated therewith.

The Zone 7 Board of Directors (the “Board”) adopted a Financial Management Framework (the “Framework”) on November 16, 2011 (Resolution Number 11-4137) which includes planning for current operating and capital resource needs to ensure it can achieve its mission by providing for financial stability and health of the Agency. This Final Reserve Policy has been developed in keeping with the Framework after evaluating the efficacy of an Interim Reserve Policy adopted in 2013. One of the Framework’s goals is to be able to respond to changes in the economic environment and service demands with minimal impact on its customers while maintaining the financial integrity of Zone 7. A fundamental purpose of this policy is to link what must be accomplished with the necessary resources to successfully do so.

The Policy directives outlined in this document are intended to ensure Zone 7 has sufficient funds to meet current and future needs. The Agency shall maintain reserve levels, as directed by the Board, through the strategic planning and budget processes.

## 2. FUNDS

Zone 7 maintains financial assets in separate funds that are clearly identifiable and segregated for specific purposes in accordance with laws and regulations. The Agency shall not commingle funds that are established under different functions of the Agency nor shall it commingle developer fees with operational funding.

This Policy establishes Reserve Funds for each of the following major funding areas.

### Water Enterprise Operations and Capital Projects Fund (Funds 100 and 120)

These funds account for enterprise operation and administration, emergency and support services, variable State Water Project charges, water facilities maintenance and operation, water facilities, water resources and water supply planning, and renewal, replacement and system-wide improvement types of capital projects.

### State Water Project Fund (Fund 110)

This fund is used for fixed State Water Project charges, including State Water Project bonded indebtedness.

### Water Enterprise Capital Expansion Fund (Fund 130)

Expansion is funded by water connection fee revenue imposed on new development to fund new development's fair share of capital projects necessary to accommodate growth. These water connection fees are subject to the provisions contained in the California Mitigation Fee Act (Government Code § 66000 et seq.)

### Flood Protection Operations Fund (Fund 200)

This fund provides for general administration and regional flood control services, including renewal, replacement and system-wide improvement types of capital projects to ensure the controlled runoff of the Valley's excess stormwater runoff.

### Flood Protection Development Impact Fee Fund (Fund 210)

Expansion is funded by development impact fees imposed on new development to pay for new development's fair share of the acquisition, construction, engineering and improvement of the flood protection and/or storm water drainage elements of the Stream Management Master Plan of Zone 7, or to reduce the principal or interest of any bonded indebtedness thereof. Development fees are collected in accordance with the California Mitigation Fee Act (Government Code § 66000 et seq.)

## 3. RESERVE FUND DEFINITIONS

Restricted Reserves: Restrictions on the use of these funds are imposed by an outside source such as creditors, grantors, contributors, laws, or regulations, for example water connection fees or flood protection developer impact fees per the California Mitigation Fee Act.

Designated Reserves: Funds set aside for a specific purpose determined by Zone 7's Board of Directors as documented by minute order, resolution or ordinance. The Board of Directors has the authority to redirect the use of these funds as needs of the Agency change.

Unrestricted Reserves: Have no imposed restrictions as to their use.

#### 4. GENERAL PROVISIONS

##### Purpose of Reserve Funds

Reserves are established to:

- Comply with applicable statutory requirements
- Finance future capital facilities, finance improvements, and repair and replacement of existing assets
- Assure cash flow requirements are met
- Provide for economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy
- Provide for contingencies, emergencies or unforeseen operating or capital needs
- Meet bond covenant requirements

##### Segregation of Funds

The Agency will not transfer moneys between reserve funds that are established under different functions of the Agency. The Agency may complete interfund borrowing between reserves of different functions of the Agency at current market rates. The Board shall approve any reallocation of funds or any transfers among Reserve Funds.

##### Periodic Review Dates for Balances

Fund balances and target levels will be reviewed by staff, the Board and the public during the development and approval of each budget, annual financial audit and periodic water rate discussions.

#### 5. POLICY COMPLIANCE

The Minimum established for each reserve represents the target that is acceptable from both risk and long-range financial planning perspectives, as well as demonstrating financial stability to the rating agencies and lending institutions. Maintaining fund balances at appropriate levels is a prudent, ongoing business process that consists of an iterative, dynamic assessment and application of various revenue generating alternatives and cost management measures. To ensure reliable service to its ratepayers and to maintain fiscal responsibility, in every fiscal year Zone 7 will maintain balances in its Reserve Funds that are financially prudent.

Upon Board adoption of this policy, necessary actions will be taken to comply with this policy. Periodic reviews will ensure that reserves are in compliance with policy. In the event that a reserve has fallen below the minimum, and other reserves are above minimum and/or maximum, a transfer(s) shall be made from other reserve(s) within that fund to bring the non-compliant reserve to the minimum level. If reserves are depleted, the reserves shall be replenished within the two (2) year budget period to the established or re-established target through revenue generating alternatives and/or cost management measures. If cumulative reserves within a fund exceed maximum levels, a report will be made to the Board and alternative solutions considered.

Revenue-generating alternatives and cost management measures (either alone or in combination with each other) include, but are not limited to:

- rates, fees and charges
- capital financing
- investment of funds
- grants
- energy efficiencies
- pooled services/equipment agreements
- chemical purchase consortiums
- deferral or acceleration of capital projects, as appropriate

## 6. RESERVE FUND TARGET LEVELS AND MANAGEMENT

The following section describes Zone 7 reserves, target levels and management of funds.

### WATER ENTERPRISE OPERATIONS FUND RESERVES

The Water Enterprise Operations fund has ~~three~~four reserve categories:

- A. Operating Reserve
- B. Emergency Reserve
- C. Reserve for Economic Uncertainties
- D. Water Reliability Reserve

#### A. OPERATING RESERVE

The Operating Reserve is designated by the Board to maintain a reserve for current operations and to meet routine cash flow needs. The amounts in this reserve will fluctuate depending on the annual operating expenses of Zone 7. Money on deposit in this reserve may be used for:

- unanticipated operating expenses
- daily cash flow requirements
- minor emergencies such as unanticipated infrastructure failures.
- supplement losses to water sales revenue resulting from impacts of drought conditions

- use during periods of unanticipated fluctuations in treated water rate revenues and cost of service in order to offset significant increases in water rates

#### Minimum Level

The minimum level shall be equal to sixty (60) days of the current annual budgeted total operating expenses.

#### Target Level

Zone 7 shall strive to maintain a target level equal to ninety (90) days of the current annual budgeted total operating expenses.

#### Maximum Level

The maximum level shall not exceed one hundred twenty (120) days of the current annual budgeted total operating expenses.

Events or Conditions Prompting the Use of the Fund – This reserve may be routinely utilized to cover temporary cash flow deficiencies caused by timing differences between the receipt of revenue and actual expenses or extraordinary decreases in revenues and unexpected increases in expenses.

### B. EMERGENCY RESERVE

This reserve serves as working capital to address early stages of repairs and other activities while the Agency reviews accessing insurance, Federal Emergency Management Agency (FEMA) and other reimbursements, developing other revenue streams or other funding mechanisms to address long term repairs. Funds in the Emergency Reserve can be used for any operating or capital purpose (i) to begin repair of the water enterprise system after a catastrophic event or disaster, such as, but not limited to, an earthquake, fire, terrorist event, or storm while insurance claims are being processed or (ii) in the event of severe financial events that impact the financial soundness of Zone 7. FEMA may provide reimbursement to utilities after a catastrophic event; however, the reimbursement may take up to three years. It is important to have immediate funding available for the repairs, especially given the seismic vulnerability of the region and potential multi-year delays in reimbursement.

#### Minimum Level

The minimum level shall be equal to two percent (2%) of the capital assets of the Agency's water enterprise system to provide cash on hand for emergency repairs, particularly due to the seismically active location of the Agency.

#### Target Level

Zone 7 shall strive to maintain a target level equal to two- and one- half percent (2.5%) of the capital assets of the Agency's water enterprise system to provide cash on hand for emergency repairs, particularly due to the seismically active location of the Agency.

### Maximum Level

The maximum level shall not exceed three percent (3%) of the capital assets of the enterprise system to provide cash on hand for emergency repairs, particularly due to the seismically active location of the Agency.

Events or Conditions Prompting the Use of the Fund – The Board may designate use of this reserve after establishing that conditions exist as called out in the definition and purpose of the fund and declaring a local state of emergency. Funds will be transferred to the appropriate capital or operating fund as necessary.

## C. RESERVE FOR ECONOMIC UNCERTAINTIES

The Agency shall maintain a reserve for uncertain economic conditions. A reserve of this level is prudent to maintain a high bond rating and to protect the Agency from the effects of fluctuations in water usage and the cost of imported water to which the Agency is vulnerable, and other unforeseen events such as a natural disaster, water shortage emergency, or other unanticipated adverse situations.

### Minimum Level

The minimum level shall be equal to 10% of current annual budgeted volume-based water sales revenue.

### Target Level

The Agency will strive for target level equal to 15% of the current annual budgeted volume-based water sales revenue.

### Maximum Level

The maximum level shall not exceed 20% of the current annual budgeted volume-based water sales revenue.

Events or Conditions Prompting the Use of the Fund – The Board may designate use of this reserve after establishing that conditions exist as called out in the definition and purpose of the reserve.

## D. WATER RELIABILITY RESERVE

This reserve is designated by the Board to address and proactively prepare for water supply and reliability investments. Monies in this fund may be used to respond to emerging needs, opportunities, or risks related to water supply and reliability, including but not limited to water transfer purchases, drought response measures, and investments in regional/state water reliability project development and construction efforts.

Contributions and withdrawals from this reserve may occur as needed, based on the timing and scale of reliability-related investments or operational requirements, resulting from annual

fluctuations in the State Water Project allocation. The fund is intended to maintain agility and flexibility in addressing water supply challenges and opportunities as they arise.

Minimum, Target, and Maximum Level

This reserve will not be required to have a minimum, target, or maximum level.

Events or Conditions Prompting the Use of the Fund – The Board may designate the use of the reserve to pay for reliability-related investments or operational requirements as necessary to meet water supply demands, payments for planning and/or implementing water supply projects, and any other purpose as mentioned in the definition and purpose of this reserve.

## DEBT SERVICE RATE STABILIZATION RESERVE

Debt Rate Stabilization Reserves established by bond requirements may be used to pay debt service if revenues are insufficient to satisfy annual debt service requirements. These reserves shall be within the Water Enterprise Renewal & Replacement and System-Wide Improvements and the Water Enterprise Capital Expansion funds. The target amount shall be equal to two years of each fund's respective share of the 2018 Series A Bonds debt service payment.

### Minimum and Maximum Levels

This Reserve will not be required to have a minimum or maximum level.

### Target Level

The Agency will strive for target level equal to two years of each fund's respective share of the 2018 Series A Bonds debt service payment.

Events or Conditions Prompting the Use of the Fund – The Board may designate use of this reserve to pay debt service if revenues are insufficient to satisfy annual debt service requirements. If funds from this reserve are used, the Agency is required to replenish the reserves as required by bond covenants.

## WATER ENTERPRISE RENEWAL & REPLACEMENT AND SYSTEM-WIDE IMPROVEMENTS RESERVE

In 2017, the Board adopted Resolution No. 17-52 approving a Debt Policy. The policy provides guidelines under which specific projects may be best financed. Under the policy, debt issuance should be evaluated on a case-by-case basis as well as within the Agency's general debt management program. The Agency has historically relied on Water System Reserves to fund capital projects on a pay-as-you-go basis. This approach can work well during periods in which net revenues are strong and capital funding needs are modest. The Agency, under the direction of the Board of Directors will retain full flexibility in determining the best funding approach on a case-by-case basis.

For pay-as-you-go funding, capital reserve funds are accumulated to provide for current and future funding needs of the various capital programs and to facilitate completion of multi-year projects. The amount on deposit in the Water Enterprise Renewal & Replacement and System-Wide Improvements Reserve is earmarked by the Board of Directors for capital projects to meet regulatory requirements, replacement needs and system reliability of Zone 7's water enterprise. These capital projects are included in the Water System Capital Improvement Plan and the Asset Management Program (AMP), both of which are reviewed and approved by the Board of Directors periodically.

#### Minimum Level

The minimum level shall be equal to 100% of the estimated pay-go capital budget for the fiscal year immediately succeeding the then-current budgeted fiscal year.

#### Target Level

Not applicable

#### Maximum Level

Zone 7 will not have a maximum level for this reserve, but rather the fund shall accumulate sufficient reserves to pay for future projects set forth in the AMP and the reserve balance shall be consistent with the reserve balances forecast in the most recent Asset Management Plan and the current Capital Improvement Plan. Funds on deposit in the Debt Service Rate Stabilization Reserve shall not be considered in connection with the calculation of minimum levels.

Events or Conditions Prompting the Use of the Fund – Staff will recommend that assets be constructed, replaced, upgraded and/or repaired during the development and approval of the annual budget. Funds will be appropriated from the Water Enterprise Renewal & Replacement and System-Wide Improvement Reserve for renewal, replacement, or system-wide improvement capital projects.

### WATER ENTERPRISE CAPITAL EXPANSION RESERVE

In 2017, the Board adopted Resolution No. 17-52 approving a Debt Policy. The policy provides guidelines under which specific projects may be best financed. Under the policy, debt issuance should be evaluated on a case-by-case basis as well as within the Agency's general debt management program. The Agency has historically relied on Water System Reserves to fund capital projects on a pay-as-you-go basis. This approach can work well during periods in which net revenues are strong and capital funding needs are modest. The Agency, under the direction of the Board of Directors will retain full flexibility in determining the best funding approach on a case-by-case basis.

For pay-as-you-go funding, capital reserve funds are accumulated to provide for current and future funding needs. Money in the Water Enterprise Capital Expansion Reserve is earmarked by the Board of Directors for capital projects to meet additional demands created by development. In furtherance of meeting such needs the Agency incurred certain non-discretionary financial

obligations associated with capital expansion projects. Within this fund are four separate reserves to be used for:

1. The construction of improvements and enlargements to the South Bay Aqueduct (the "SBA Sinking Fund"); and,
2. The Future Contractors' share of the South Bay Aqueduct construction (the "FCSBA Sinking Fund"); and,
3. Any year when revenues are insufficient to satisfy annual debt service requirements (Debt Service Rate Stabilization Reserve).
4. The Water Enterprise Capital Expansion Reserve is used for the funding of capital projects to accommodate development.

#### Minimum Level

The minimum level shall be equal to 60% of the current annual budgeted non-discretionary amount.

#### Target Level

Not applicable

#### Maximum Level

Zone 7 will not have a maximum level for this fund, but rather the fund shall accumulate sufficient reserves to pay for future capital expansion projects as set forth in the capital improvement plan. The Agency may satisfy the minimum amount through the use of lines of credit, interim inter-fund borrowings or other financing arrangements. Funds on deposit in the Debt Service Rate Stabilization Reserve SBA Sinking Fund and FCSBA Sinking Fund shall not be considered in connection with the calculation of minimum or maximum levels of the Water Enterprise Capital Expansion Reserve.

Events or Conditions Prompting the Use of the Fund – Staff will recommend new assets to be constructed during the development and approval of the annual budget. Funds will be appropriated from the Water Enterprise Capital Expansion Reserve for expansion capital projects.

Periodic Review Dates for Balances – Fund balances and projected capital projects will be reviewed by staff, the Board and the public during the development and approval of each budget.

#### FLOOD PROTECTION OPERATING RESERVE

The amounts in the Flood Protection Operating Reserve Fund will fluctuate depending on the receipt of property taxes and the annual operating expenses of Zone 7. The Flood Protection Operating Reserve is designated by the Board to maintain a reserve for current operations and to meet routine cash flow needs.

Money on deposit in this fund may be used for unanticipated operating expenses, daily cash flow requirements and emergencies.

#### Minimum Level

The minimum level shall be equal to twenty percent (20%) of the Agency's current annual budgeted flood protection operating expenses, excluding capital.

#### Target Level

Not applicable

#### Maximum Level

The maximum level shall not exceed fifty percent (50%) of the current annual budgeted flood protection operating expenses, excluding capital.

Events or Conditions Prompting the Use of the Fund – This fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and/or shifts in the allocation of property taxes to Zone 7.

### FLOOD PROTECTION CAPITAL PROJECT RESERVE

The Flood Protection Capital Project Reserve holds the balance of funds once the Flood Protection Operating Reserve Fund achieves levels that are consistent with this Policy on an annual basis. The amount on deposit in the Flood Protection Capital Project Reserve is earmarked by the Board of Directors for capital projects to meet Zone 7's flood protection needs. Capital projects are identified and funded during the budget process. The forthcoming Flood Management Plan will direct the Agency's future flood capital projects.

Minimum and Maximum Levels – This Reserve will not be required to have a minimum or maximum level.

#### Target Level

Not applicable

Events or Conditions Prompting the Use of the Fund – The Flood Protection Project Reserve may be used at any time for flood protection maintenance or improvement projects not related to development.

### FLOOD PROTECTION DEVELOPMENT IMPACT FEE PROJECT RESERVE

The purpose of the Flood Protection and Storm Water Drainage Development Impact Fee (DIF) Project Reserve is to ensure that Zone 7 is able to meet current and future needs for Flood

Protection facilities and is intended to provide funding for any Flood Protection facilities required to mitigate the impacts of new development. This Reserve will hold development impact fees in connection with Flood Protection improvements related to development.

Minimum and Maximum Levels – This Reserve will not be required to have a minimum or maximum level.

Target Level  
Not applicable

Events or Conditions Prompting the Use of the Fund – This Reserve may be used at any time for flood protection projects required to mitigate the impacts of new development.

#### STATE WATER FACILITIES RESERVE

The amounts in the State Water Facilities Reserve Fund fluctuate depending on the receipt of property taxes and the annual expenses of Zone 7 related to fixed charges for the State Water Project. The State Water Facilities Reserve Fund is designated by the Board to maintain a reserve for fixed costs related to the State Water Project that are not tied to development. This reserve may be used for unanticipated operating expenses, daily cash flow requirements and emergencies related to State Water Project fixed costs. The State Water Project costs are highly volatile and challenging to predict. This reserve will also accumulate funds to offset volatile future increases in State Water Project capital costs, allowing for smoothing of future property tax override collections.

#### Minimum Level

The minimum level shall be equal to fifty percent (50%) of the following year's projected annual operating expenses.

Target Level  
Not applicable

#### Maximum Level

Zone 7 will not have a maximum level for this reserve. The reserve shall accumulate funds to pay for future State Water Project costs. The maximum level shall be reviewed at least every five years.

Events or Conditions Prompting the Use of the Fund – This fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and extraordinary decreases and/or unexpected increases in expenses.

#### VEHICLE REPLACEMENT RESERVE

The purpose of this reserve is to fund planned replacement of vehicles and equipment that have reached the end of their useful lives. This reserve is funded by direct charges to departments for

actual maintenance and operation costs, interest earnings and net proceeds from the sale of replaced vehicles and equipment. The reserve will be drawn down as replacement vehicles and equipment are purchased. This reserve shall have no minimum, maximum or target.

## 7. POLICY REVIEW

The General Manager, or designee (Treasurer/Assistant General Manager – Finance), will be responsible for reviewing and updating this Reserve Policy every five years, and presenting any recommended revisions to the Board of Directors for adoption.

## 8. HISTORY

Date	Action	Resolution
August 8, 1985	Originally adopted	Minute Order
September 28, 2016	Updated	16-166
May 15, 2019	Updated	19-37
December 18, 2024	Updated	24-106
<del>FBD</del> <u>June 18, 2025</u>	<u>Updated</u>	<u>25-<del>---</del></u>

ORIGINATING SECTION: Administration  
CONTACT: Osborn Solitei

AGENDA DATE: June 18, 2025

SUBJECT: Annual Review of the Investment Policy

SUMMARY:

- The proposed action is in support of Strategic Plan Goal H – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Plan Initiative No. 21 – Continue to effectively manage financial resources for the Agency. In carrying out these fiscal responsibilities and continuing best practice and maintaining sound financial management policies, staff continues to submit the annual investment policy to the Board.
- **The Agency’s Investment Policy (“Policy”) sets forth guidelines that ensure the Agency’s funds are invested in compliance with State Law and in a prudent manner.** The Policy is reviewed annually by the Finance Committee and approved by the Board. The last recommended change to the Policy was approved by Board Resolution No. 24-45, dated June 11, 2024.
- The California Debt and Investment Advisory Commission annually revises its Local Agency Investment Guidelines to include statutory changes that affect local government investments. At this time, there have not been any applicable changes to the California Code since the last review. The only minor modification to the Policy is regarding the rebranding of the credit **rating service Standard and Poor’s to now read S&P Global.**
- The Policy was discussed at the Finance Committee meeting on May 28, 2025. The Committee unanimously agreed to forward the Policy to the full Board for adoption.

FUNDING:

N/A

RECOMMENDATION:

Adopt the attached Resolution approving the Investment Policy.

ATTACHMENTS:

1. Proposed Investment Policy (clean)
2. Proposed Investment Policy (redlined)

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

RESOLUTION NO. 25-

INTRODUCED BY DIRECTOR  
SECONDED BY DIRECTOR

Adopting Investment Policy and Delegating Authority  
to Deposit and Invest Funds to The Treasurer

WHEREAS, the Policy is reviewed on an annual basis and the proposed action is in support of Strategic Plan Goal H – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Plan Initiative No. 21 – Continue to effectively manage financial resources for the Agency; and

WHEREAS, Pursuant to Resolution No. 16-160 dated September 21, 2016, and in compliance with Section 36 of the District Act, the Zone 7 Board of Directors appointed an **Agency Treasurer to be responsible for its investments and to have custody of the Agency's** funds; and

WHEREAS, the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

WHEREAS, the Board of Directors of Zone 7, in accordance with Section 53600, *et. seq.*, of the Government Code of the State of California, finds that public funds should be prudently invested or deposited consistent with applicable laws and the policies of the Board to produce revenue for the Agency; and

WHEREAS, from time to time, there are Agency funds available for the purpose of investment or deposit; and

WHEREAS, it will be more convenient in the handling of any bonds or other securities purchased that they be held in safekeeping by Agency-approved banks while they are the property of this Agency; and

WHEREAS, as part of best practice and sound financial management the Agency will continue to submit its annual investment policy to the Board; and

WHEREAS, pursuant to Resolution No. 24-45 date June 11, 2024, the Board adopted the Agency investment policy delegating authority to deposit and invest funds to the Treasurer; and

WHEREAS, a proposed Agency Investment Policy effective July 1, 2025, is presented herewith, to be in effect until a subsequent policy is adopted.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District that the Treasurer appointed by the Agency pursuant to California Government Code Sections 53607 and 53608, is hereby authorized to invest or deposit for safekeeping, as far as possible, all money belonging to, or in the custody of, the Agency pursuant to the Government Code and as directed by the policies of the Board; and

BE IT FURTHER RESOLVED that the Treasurer and/ or designee be and are hereby authorized to invest in permissible investments, or to deposit in interest-bearing accounts with authorized financial institutions, funds in a sinking fund or funds of this Agency from any of the various accounts of this Agency when such funds will not be needed for the immediate necessities of the Agency; and

BE IT FURTHER RESOLVED that this Resolution is effective July 1, 2025, and shall be reconsidered by the Board annually; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby adopt the attached Investment 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 June 18, 2025.

By: \_\_\_\_\_  
President, Board of Directors



## POLICY AND PROCEDURE

POLICY TITLE: Investment Policy	NUMBER: 2021-03	PAGE: 1 of 28
APPROVED BY: Zone 7 Board	REVISION:	EFFECTIVE DATE: July 1, 2025

This policy is intended to provide guidelines for the prudent investment of surplus cash, reserves, trust funds and restricted monies and to outline a policy for maximizing the efficiency of the Agency's cash management system.

### 1.0 POLICY

It is the policy of the Board of Directors of the Zone 7 Water Agency ("Agency") to invest public funds in a manner which conforms to the four fundamental criteria in order of importance, as listed:

- Safety of Principal
- Liquidity
- Return on Investment, or Yield
- Diversity

### 2.0 INVESTMENT AUTHORITY

In accordance with Section 53600, *et. seq.*, of the Government Code of the State of California, the authority to invest Agency public funds has been delegated to the Agency Treasurer/Assistant General Manager – Finance.

### 3.0 DELEGATION OF AUTHORITY

Responsibility for the investment program is specifically delegated by the Board to the Board-appointed Treasurer or, if no such appointment has been made, to the General Manager, hereafter referred to as Treasurer who will establish procedures for the investment program, consistent with this Investment Policy. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities, including procedures to execute investment transactions in the absence of the Treasurer. All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and supporting procedures.

The Agency may engage the services of one or more external investment managers to assist in the management of the Agency's investment portfolio in a manner consistent with the

Agency's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisers Act of 1940.

#### 4.0 STATEMENT OF OBJECTIVES

Per Section 53600.5 of the California Government Code, the primary objective of the Treasurer shall be to safeguard the principal of the funds under his or her control when investing public funds. The secondary objective will be to maintain liquidity as required by the Agency and the third objective is to obtain a return on investment of these funds.

In order of priority, the four fundamental criteria shall be followed in the investment of funds:

- 4.1 Safety of Principal – Investments shall be undertaken in a manner which first seeks to ensure the preservation of principal in the portfolio. Each investment transaction shall be entered only after taking into consideration the quality of the issuer, the underlying security or collateral, and diversification of the portfolio. Cash flow analysis will be conducted and utilized to avoid the need to sell securities prior to maturity. The Agency shall seek to preserve principal by mitigating both credit and market risk.
- 4.2 Liquidity – Every effort shall be made to ensure that the Agency's portfolio is sufficiently liquid to meet current and anticipated operating requirements. Cash flow analysis should be performed on an ongoing basis. Investments shall be made to ensure maturities are compatible with anticipated cash flow requirements.
- 4.3 Return on Investment, or Yield – Investments shall be undertaken to produce an investment return consistent with the primary objectives of Safety of Principal and Liquidity, and the Prudent Investor Standard.
- 4.4 Diversity – The objective is to avoid over concentration or exposure to any one issuer, instrument or maturity sector as specified in the Summary Table of Investment Guidelines and Eligible Securities herein, so that no single investment or class of investments can have a disproportionate impact on the total portfolio. This restriction does not apply to U.S. Treasury securities.

The investment portfolio shall be diversified and designed to attain a market average rate of return, considering cash flow requirements. The Treasurer shall have an overall investment objective of holding investments to maturity and not investing with the objective of trading for speculative purposes. However, the Treasurer may swap or sell securities in order to:

- i) raise cash to meet unanticipated cash-flow requirements

- ii) swap old securities for current coupon securities
- iii) Maintain portfolio allocation limits
- iv) maintain a duration target
- v) Improve the quality, liquidity, or return of the portfolio
- vi) avoid further erosion and loss of investment principal due to deterioration in creditworthiness, as well as to respond to rapidly changing interest rate environments

## 5. CONCENTRATION OF RISK

Governmental Accounting Standards Board (GASB) statement No. 40 – *Deposits and Investment Risk Disclosures – An Amendment of GASB No. 3*. It recognizes that there are many factors that can affect the value of investments. Investment risk factors include credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Credit risk is the risk of loss due to failure of an issuer of a security or a financial institution. The Agency purchases U.S. Treasuries and high-grade securities which will lessen this type of risk. In addition, the portfolio will be diversified so that the failure of any one issuer will not unduly harm the Agency's cash flow.

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned. The Agency's investment securities are to be held by a third-party custodian designated by the Agency and evidenced by safekeeping receipts.

Concentration of credit risk is the risk associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. The Agency's investments will be diversified and will not exceed maximum percentages allowed in the California Government Code.

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to an increase in general interest rates. Interest rate risk may be reduced by structuring the portfolio so that securities are maturing periodically to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The Agency will limit investments to a maximum maturity of five years (unless otherwise authorized by Agency Board).

Foreign currency risk results from investment in foreign currency-denominated securities. The Agency will not invest in foreign currency (i.e., non-US dollar) dominated instruments.

## 6.0 SCOPE

The Investment Policy applies to all funds of the Agency including Water Enterprise Operations Funds, Renewal/Replacement & System-Wide Improvement Fund, State Water Facilities Fund, Water Enterprise Capital Expansion Fund, Flood Control Operations Fund, Flood Protection Development Impact Fee Fund, Water Facilities Fund, Water Supply and Reliability Fund, Vehicle/Equipment Replacement Reserve Fund, Endowments, and all other funds held by the Agency. This investment policy does not apply to proceeds of notes, bonds or similar external financings which would be invested pursuant to bond indentures or State of California Government Code Section 53600, *et. seq.*, as applicable.

## 7.0 PRUDENT INVESTOR STANDARD

All investments and evaluation of such investments shall be made with the Prudent Investor Standard as set forth in the California Government Code, Sections 53600.3 and 27000.3, which is defined as a standard of conduct whereby any person authorized to make investment decisions on behalf of the Agency acts with care, skill, prudence and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the Agency with the aim to safeguard principal and meet the liquidity needs of the Agency.

## 8.0 PORTFOLIO ADJUSTMENTS

Portfolio percentage limitations and credit rating requirements for each category of investment are applicable only at the date of purchase. Should an investment percentage be exceeded due to instances such as the fluctuation in overall portfolio size, or market valuation changes, the Treasurer is not required to sell the affected securities.

Should a security held in the portfolio be downgraded below the minimum rating criteria specified in this Investment Policy, the Treasurer or investment advisor, if one is utilized, shall perform a credit analysis of such security to determine whether to hold or sell the security. The Treasurer may elect to sell the security immediately to minimize losses in the event that an orderly disposition with minimal losses cannot be achieved. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored.

The Treasurer shall note in a quarterly report securities which have been downgraded below investment grade and the status of disposition.

## 9.0 SAFEKEEPING AND CUSTODY

All securities transactions entered into by the Agency shall be conducted on a delivery-versus-payment (DVP) basis pursuant to a custodial safekeeping agreement. All securities owned by the Agency shall be held in safekeeping by an independent custodian designated by the

Treasurer. Financial institutions providing safekeeping services shall provide reports or receipts which verify securities held in safekeeping.

## 10.0 REPORTING AND DISCLOSURE

The Treasurer shall submit a quarterly report within 45 days following the end of the quarter covered by the report to the Agency Board of Directors pursuant to California Government Code Section 53646 (b)(1). The report shall at a minimum provide information on compliance to this policy and on the composition of the portfolio for each fund with:

- Types of investment
- Issuer
- Maturity dates
- Par and dollar amount
- Market values including source of the valuation
- Rates of Interest
- Expected yields to maturity

In addition, the quarterly report shall also include a statement denoting the ability to meet the Agency's expenditure requirements for the next six (6) months.

## 11.0 COLLATERALIZATION

Collateral is required for investments in certificates of time deposit and agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for certificate of time deposit and for repurchase agreements it will be at least 102% of market value of principal and accrued interest.

## 12.0 INVESTMENT GUIDELINES AND ELIGIBLE SECURITIES

Section 53600, *et seq.*, of the Government Code of the State of California prescribes the statutory requirement relating to investments by local treasurers, providing guidance on:

- i. Allowable Investments
- ii. Portfolio diversification requirements including proportional limits on investment types, maximum maturity, and minimum credit rating criteria.

The maximum maturity of any investment in the portfolios shall not exceed five (5) years except when specifically authorized by the Agency Board of Directors through resolution. When practical, the Treasurer shall solicit more than one quotation on each trade for the purpose of awarding investment trades on a competitive basis. The Agency will conform to the legal provisions set forth in the Government Code with further and more specific requirements about allowable investments and restrictions as detailed below:

### 12.1 US Treasury Bonds, Bills and Notes

Bills, notes, and bonds issued by the U.S. Treasury which are direct obligations of the federal government.

- Maximum limit: Not Applicable (N.A.)
- Maximum maturity: Five (5) years
- Credit Requirement: N.A.

### 12.2 Federal Agency Bonds and Notes

Notes, bonds, or other instruments of federal agencies, or United States government-sponsored enterprises (GSEs). Not all are direct obligations of the U. S. Treasury but may involve federal sponsorship and/or guarantees, in some instances.

- Maximum limit: N.A.
- Maximum maturity: Five (5) years
- Credit Requirement: N.A.

### 12.3 Banker's Acceptances

Bills of exchange or time drafts drawn on and accepted by a commercial bank, typically created from a letter of credit issued in a foreign trade transaction.

- Maximum limit: forty percent (40%) of the portfolio
- Maximum maturity: One-hundred eighty (180) days
- Issued by banks with total deposits of over one billion dollars (\$1,000,000,000)
- Twenty-five percent (25%) limitation to any one issuer
- Credit requirement: Ratings of A1, P1 or F1 or better by two Nationally Recognized Statistical Rating Organizations (NRSRO). No rating may be lower than any of the rating listed above.
- Issued by banks from offices in the USA.

### 12.4 Commercial Paper

Commercial paper is defined as short-term, unsecured promissory notes issued by financial and non-financial companies to raise short-term cash. Financial companies issue commercial paper to support their consumer and/or business lending; non-financial companies issue for operating funds.

- Maximum limit: Forty percent (40%) of the portfolio until January 1, 2026. After January 1, 2026, Twenty-five percent (25%) of the portfolio
- Maximum Maturity: Two hundred seventy (270) days

- Maximum Issuer Exposure: No more than five percent (5%) of the portfolio shall be invested in the commercial paper and the medium-term notes of any one issuer
- Credit requirement: Ratings of "A1" or higher, or the equivalent, by an NRSRO.
- Limited to paper issued by corporations organized and operating in the U.S. with total assets in excess of five hundred million (\$500,000,000) and rated in a rating category of "A" its equivalent or higher for the issuer's debt, other than commercial paper, if any, as provided by an NRSRO.

### 12.5 Medium Term Corporate Notes

Corporate and depository institution debt securities. Issuers are banks and bank holding companies, thrifts, finance companies, insurance companies and industrial corporations. These debt obligations that are generally unsecured.

- Maximum limit: Thirty percent (30%) of the portfolio
- Maximum maturity: Five (5) years
- Maximum Issuer Exposure: No more than five percent (5%) of the portfolio shall be invested in the commercial paper or medium-term notes of any single issuer
- Credit Requirement: "A" rating category, equivalent or better by an NRSRO.
- Eligibility: Limited to corporations organized and operating within the United States or depository institutions licensed by the United States or any State and operating within the United States.

### 12.6 Negotiable Certificates of Deposit

Issued by a nationally or state-chartered bank, a savings association, or a federal association, a state or federal credit union or by a federally licensed or state-licensed branch of a foreign bank.

- Maximum limit: Thirty percent (30%) of the portfolio
- Maximum Issuer Exposure: Five percent (5%) per issuer
- Maximum maturity: Five (5) years
- Credit Requirement: "A" rating category, equivalent or better long-term, or "A-1", equivalent or better short-term, by an NRSRO
- Issued by banks with total deposits of one billion dollars (\$1,000,000,000) or more

### 12.7 Certificates of Time Deposit

Time deposits, which are non-negotiable, are issued most commonly by commercial banks, savings and loans and credit unions with federal deposit insurance available for amounts up to two hundred-fifty thousand (\$250,000).

- Maximum limit: Thirty percent (30%) of the portfolio for all deposits

- Maximum maturity: Five (5) years
- On uncollateralized deposits, limited to FDIC insured amount of two hundred-fifty thousand (\$250,000)
- Amounts over FDIC insured amount must be fully collateralized
- Credit Requirement: For federally insured deposits of two hundred-fifty thousand (\$250,000) or less, no minimum credit rating required. For deposits over two hundred-fifty thousand (\$250,000): Ratings of rating category "A" or the equivalent or better by any two NRSRO

Pursuant to Government Code 53637, the Agency is prohibited from investing in certificate of deposits of a state or federal credit union if a member of the Agency's Board of Directors or decision-making authority serves on the board of directors or committee.

### 12.8 Money Market Mutual Funds

Regulated by the SEC, these funds operate under strict maturity and diversification guidelines. These funds have no federal guarantee but are viewed as a very safe short-term cash investment.

- Maximum limit: Twenty percent (20%) of the portfolio
- Maximum Maturity: N.A.
- Maximum Issuer Exposure: Ten percent (10%) of the portfolio
- Rating Requirement: Top ranking or highest letter and numerical rating provided by at least two NRSROs
- Daily liquidity
- Net Asset Value (NAV) requirement: one dollar (\$1.00)
- Funds must be invested in securities and obligations permitted under the California Government Code

### 12.9 State of California, Local Agency Investment Fund (LAIF)

LAIF is a pooled investment fund overseen by the State Treasurer, which operates like a money market fund, but is for the exclusive benefit of governmental entities within the state. The maximum investment amount currently authorized by Local Agency Investment Fund (LAIF) is seventy-five million (\$75 million), which is subject to change. The LAIF is in trust in the custody of the State of California Treasurer. The Agency's right to withdraw its deposited monies from LAIF is not contingent upon the State's failure to adopt a State Budget.

- Maximum limit: Current State limit
- Maximum Maturity: N.A.

### 12.10 Municipal Bonds and Notes

Municipal obligations issued by the State of California and any other of the states in the union. Including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the 50 states.

Bonds, notes, warrants, or other evidences of indebtedness of a local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

- Maximum limit: Forty percent (40%) of the portfolio
- Maximum maturity: Five (5) years
- Credit Requirement: "A" rating category, equivalent or better by an NRSRO

### 12.11 Repurchase Agreement

A repurchase agreement is a purchase of authorized securities with terms including a written agreement by the seller to repurchase the securities on a future date and price.

- Maximum limit: Twenty percent (20%) of the portfolio
- Maximum maturity: Three hundred sixty (360) days
- Master Repurchase Agreement must be on file
- Limited to primary dealers or financial institutions rated "A" or better by Moody's or equivalent.
- Fully collateralized at market value of at least one hundred two percent (102%) with US government or federal agency securities

### 12.12 California Asset Management Program (CAMP)

- Maximum limit: Ten percent (10%) of the portfolio
- Rated highest rating by an NRSRO

### 12.13 Supranational Obligations

United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

- Maximum limit: Thirty percent (30%) of the portfolio
- Maximum maturity: Five (5) years
- Credit Requirement: "AA" rating category, equivalent or better by any NRSRO

### 12.14 Asset-backed Securities

A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. For securities eligible for investment not issued or guaranteed by federal agencies and GSEs, the following limitations apply:

- Maximum limit: Twenty percent (20%) of the portfolio
- Maximum maturity: Five (5) years
- Credit Requirement: "AA" rating category, equivalent or better by an NRSRO

### 13.0 CREDIT RATING

Credit rating requirements for eligible securities referred to in this policy shall mean the numeric, alpha, and/or alpha-numeric designations assigned by a National Recognized Statistical Rating Organizations (NRSRO).

Please see Rating Description table herein, below.

### 14.0 MONITORING SAFETY AND LIQUIDITY

The Treasurer shall monitor on an ongoing basis investments for exposure to risk and credit deterioration to ensure primary objectives of safety of principal and liquidity are adhered to. Such matters shall be reported to the Agency Board of Directors as part of the Treasurer's quarterly and/or annual report.

### 15.0 ADMINISTRATION

The Treasurer may, at any time, establish more restrictive requirements for securities approved for investment as deemed appropriate in this Investment Policy. These restrictions may include, but are not limited to, higher credit ratings, lower percentage limits by security type or issuer, shorter maturities, and additional collateral requirements for collateralized investments.

### 16.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

Investments not purchased directly from the issuer will be purchased from institutions licensed by the State of California as a broker/dealer, including:

- National or California State Chartered Banks
- Federal or California Chartered Savings Institutions
- Brokerage firms designated as a primary government dealer by the Federal Reserve Bank

- Member of a federally regulated securities exchange
- Institutions licensed by the State of California as a broker/dealer
- Federal or state savings institutions or associations as defined in Finance Code Section 5102

The Treasurer or designee will maintain a current and eligible list of reputable primary and regional dealers, brokers, and financial institutions with whom securities trading and placement of funds are authorized. A strong capital base credit worthiness, and, where applicable, a broker/dealer staff experienced in transactions with California local governments are the primary criteria for inclusion on the Agency's approved list.

Approved dealers and brokers shall be limited to primary dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule) and which provide proof of Financial Industry Regulatory Authority (FINRA) certification; proof of California State registration; and a completed Agency broker/dealer questionnaire. In addition, prior to approval and for every two years thereafter, approved dealers and brokers must provide: an audited financial statement; certification of receipt, review of and willingness to comply with the current Investment Policy; and certification of compliance with Rule G-37 of the Municipal Securities Rulemaking Board regarding limitations on political contributions to the Board of Directors of the Agency or to any candidate for these offices.

The Treasurer may remove a firm from the approved list at any time due to any failure to comply with any of the above criteria; any failure to successfully execute a transaction; any change in broker/dealer staff; or any other action, event, or failure to act which, in the sole discretion of the Treasurer is materially adverse to the best interests of the Agency.

If the Agency utilizes an external investment advisor, the advisor will perform due diligence and maintain their own list of approved broker/dealers. The advisor is authorized to transact with its own approved broker/dealer list on behalf of the Agency.

## 17.0 INVESTMENT SECURITY

To ensure a high degree of internal control, the Agency shall comply with the following:

- All securities purchased from dealers and brokers shall be held in safekeeping by the Agency's custodial bank, a national bank, a State chartered bank or trust company, established for this purpose as someone other than the selling party of the security. Securities purchased will be covered by a trust or safekeeping receipt in a manner that establishes the Agency's ownership. All transactions completed on a delivery versus pay basis (DVP).
- All trade confirmation shall be received directly and reviewed for conformity to the original transaction by an individual other than the person originating the transaction.

All trade confirmation must be an original; copies of confirmations are not allowed. Any discrepancies will be brought to the attention of the Treasurer.

#### 18.0 FUND WIRE PROCEDURES

Payment for securities purchased from broker dealers that are ineligible for safekeeping will be made through the Agency's custodial bank. Funds will only be transferred subsequently but immediately following the custodial bank's acknowledgement that they are prepared to make settlement on the terms and conditions specified by the Agency. Payment for securities purchased from bank investment departments that will be safely kept with the trust department of the bank will be made immediately upon confirmation of the trade.

#### 19.0 PERFORMANCE REVIEW AND INTERNAL CONTROL

The Treasurer or designee is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Agency are protected from loss, theft, or misuse. The internal control structure will be designed to provide reasonable assurance that these objectives are met. The internal control includes; the activities of any subordinate officials acting on behalf of the Agency. Procedures should include references to individuals authorized to execute transactions or transfers, safekeeping agreements, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. An independent analysis by an external auditor shall be conducted annually to review internal control, account activity, and compliance with policies, procedures, and applicable laws.

#### 20.0 ETHICS AND CONFLICT OF INTEREST

All officers and employees involved in the investment process shall refrain from engaging in any personal business activity which could conflict with proper execution and management of the investment program or that could impair their ability to make impartial investment decisions. Any material financial interests in financial institutions which do business with the Agency should be disclosed to the General Manager of the Agency. All individuals involved in the investment process are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission.

#### 21.0 POLICY REVIEW AND ADOPTION

This Investment Policy shall be reviewed at least annually to ensure it is consistent with the Agency's objectives and relevance to current law and financial and economic trends. Any amendments to this Policy, other than State and Federal Laws, which automatically supersede the relevant sections, shall be forwarded to the Board of Directors for adoption by resolution.

## 22.0 HISTORY

Date	Action	Resolution
May 17, 2017	Originally Adopted	17-42
May 16, 2018	Adopted	18-42
May 15, 2019	Adopted	19-38
April 15, 2020	Adopted	20-47
June 16, 2021	Adopted	21-48
June 15, 2022	Adopted	22-47
June 21, 2023	Adopted	23-46
June 11, 2024	Adopted	24-45
June 18, 2025	Adopted	25-

SUMMARY TABLE OF  
INVESTMENT GUIDELINES AND ELIGIBLE SECURITIES

Authorized Investments	Maximum % Holdings	Purchase Restrictions	Maximum Maturity	Credit Quality
US Treasury Bonds, Bills and Notes	100%	N.A.	5 Years	<i>N.A.</i>
Federal Agency and GSE Bonds & Notes	100%	N.A.	5 Years	<i>Full backing by the federal government of the United States of America</i>
Bankers' Acceptance	40%	25% limitation to a single issuer	180 days	<i>"A-1/P-1" rated by an NRSRO or equivalent for domestic banks</i>
Commercial Paper	40% until 1/1/2026; 25% after 1/1/2026	5% limitation to single issuer	270 days	<i>"A-1/P-1" rating category, equivalent or better by an NRSRO</i>
Medium Term Corporate Notes	30%	5% limitation to a single issuer. Limited to US licensed and operating corporations	5 years	<i>"A" rating category, equivalent or better by an NRSRO</i>
Negotiable CD	30%	National or state chartered bank, S&L, or branch of foreign bank	5 years	<i>"A" rating category, equivalent or better by an NRSRO</i>
Certificates of Time Deposit	30%	See California Government	5 years	<i>Limit to FDIC Insured amount \$250,000, Fully collateralized on amounts over the insured</i>

Authorized Investments	Maximum % Holdings	Purchase Restrictions	Maximum Maturity	Credit Quality
		Code Section 53637		<i>amount in accordance with California Government Code</i>
Money Market Mutual Funds	20%	10% per fund Must maintain constant NAV of \$1.00	Daily Liquidity	<i>Top ranking or highest letter and numerical by 2 NRSRO Fund must be invested in securities and obligation permitted under Government Code</i>
State of California, Local Agency Investment Fund ("LAIF")	Current State Limit	N.A.	N.A.	<i>Subject to California Government Code Section 16429.1 limitations</i>
Municipal Bonds & Notes	40%	N.A.	5 Years	<i>"A" rating category, equivalent or better by an NRSRO</i>
Repurchase Agreements ("REPO")	20%	Limited to primary dealers or financial institutions rated "A" or better by Moody's	360 days	<i>Fully collateralized (min 102% of funds borrowed with daily mark to market) with US Government or federal agency securities with maximum 5-year maturities</i>
California Asset Management Program ("CAMP")	10%	N.A.	Daily Liquidity	<i>Highest rating by an NRSRO</i>
Section 115 Pension Trust Fund	By Board Approval	By Board Approval	N.A.	<i>Investment Guidelines Document for the Trust Fund</i>
Supranational Obligations	30%	Issued by: International Bank for Reconstruction &	5 Years	<i>"AA" rating category, equivalent or better by an NRSRO</i>

Authorized Investments	Maximum % Holdings	Purchase Restrictions	Maximum Maturity	Credit Quality
		Development, International Finance Corporation, or Inter-American Development Bank		
Asset-Backed Securities	20%	N.A.	5 Years	<i>"AA" rating category, equivalent or better by an NRSRO</i>

## RATING DESCRIPTION TABLE

Long Term Debt Ratings			
Credit Quality	Moody's	S&P Global	Fitch
Strongest Quality	Aaa	AAA	AAA
Strong Quality	Aa1/Aa2/Aa3	AA+/AA/AA-	AA
Good Quality	A1/A2/A3	A+/A/A-	A
Medium Quality	Baa1/Baa2/Baa3	BBB+/BBB/BBB-	BBB
Speculative	Ba1/Ba2/Ba3	BB+/BB/BB-	BB
Low	B1/B2/B3	B+/B/B-	B
Poor	Caa	CCC+	CCC
Highly Speculative	Ca/C	CCC/CCC-/CC	CC
Short Debt Ratings			
Credit Quality	Moody's	S&P Global	Fitch
Strongest Quality	P-1	A-1+	F1
Strong Quality		A-1	
Good Quality	P-2	A-2	F2
Medium Quality	P-3	A-3	F3

Note: Investment Grade ratings applies to securities with at least a medium credit quality or higher by one of the nationally recognize rating organization, anything below the medium credit quality is non-investment grade.

## EXHIBIT A GLOSSARY

**ACCRETION:** Adjustment of the difference between the prices of a bond bought at an original discount and the par value of the bond.

**AGENCIES:** Federal agency securities and/or Government-sponsored enterprises (GSEs), also known as U.S. Government instrumentalities. Securities issued by Government National Mortgage Association (GNMA) are considered true agency securities, backed by the full faith and credit of the U.S. Government. GSEs are financial intermediaries established by the federal government to fund loans to certain groups of borrowers, for example homeowners, farmers and students and are privately owned corporations with a public purpose. The most common GSEs are Federal Farm Credit System Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Association, and Federal National Mortgage Association.

**AMORTIZATION:** Accounting procedure that gradually reduces the cost value of a limited life or intangible asset through periodic charges to income. For fixed assets, the term used is "depreciation." It is common practice to amortize any premium over par value paid in the purchase of preferred stock or bond investments.

**ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR):** The official annual financial report for the Agency. It includes combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principles (GAAP).

**APPRECIATION:** Increase in the value of an asset such as a stock bond, commodity, or real estate.

**ASKED PRICE:** The price a broker/dealer offers to sell securities.

**ASSET BACKED:** A type of security that is secured by receivables, such as credit card and auto loans. These securities typically pay principal and interest monthly.

**BANKERS' ACCEPTANCE (BA):** 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 issuer. This money market instrument is used to finance international trade.

**BASIS POINT:** One-hundredth of one percent (i.e., 0.01%).

**BENCHMARK:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investment.

**BID PRICE:** The price a broker/dealer offers to purchase securities.

**BOND:** A financial obligation for which the issuers promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

**BOOK VALUE:** The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

**BROKER:** A broker acts as an intermediary between a buyer and seller for a commission and does not trade for his/her own risk and account or inventory.

**CALLABLE SECURITIES:** A security that can be redeemed by the issuer before the scheduled maturity date.

**CASH EQUIVALENTS (CE):** Highly liquid and safe instruments or investments that can be converted into cash immediately. Examples include bank accounts, money market funds, and Treasury bills.

**CASH FLOW:** An analysis of all changes that affect the cash account during a specified period.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

**COLLATERAL:** Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COLLATERALIZED MORTGAGE OBLIGATION (CMO):** A type of mortgage-backed security that creates separate pools of pass-through rates for different classes of bondholders with varying maturities, called tranches. The repayments from the pool of pass-through securities are used to retire the bonds in the order specified by the bonds' prospectus.

**COMMERCIAL PAPER:** Short-term, unsecured, negotiable promissory notes of corporations.

**CORPORATE NOTE:** Debt instrument issued by a private corporation.

**COUPON:** The annual rate at which a bond pays interest.

**CREDIT RATINGS:** A grade given to a debt instrument that indicates its credit quality. Private independent rating services such as S&P Global, Moody's and Fitch provide these.

**CREDIT RISK:** The risk that an obligation will not be paid, and a loss will result due to a failure of the issuer of a security.

**CUSIP:** Stands for Committee on Uniform Securities Identification Procedures. A CUSIP number identifies most securities, including stocks of all registered U.S. and Canadian companies, and U.S. government and municipal bonds. The CUSIP system—owned by the American Bankers Association and operated by S&P Global—facilitates the clearing and settlement process of securities. The number consists of nine characters (including letters and numbers) that uniquely identify a company or issuer and the type of security.

**CURRENT YIELD:** The annual interest on an investment divided by the current market value. Since the calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**CUSTODIAN:** A bank or other financial institution that keeps custody of stock certificates and other assets.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his/her own risk and account or inventory.

**DEBENTURES:** A bond secured only by the general credit of the issuers.

**DELIVERY VERSUS PAYMENT (DVP):** Delivery of securities with a simultaneous exchange of money for the securities.

**DERIVATIVES:** A financial instrument that is based on, or derived from, some underlying asset, reference date, or index.

**DIRECT ISSUER:** Issuer markets its own paper directly to the investor without use of an intermediary.

**DISCOUNT:** The difference between the cost of a security and its value at maturity when quoted at lower than face value.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns and risk profiles.

**DURATION:** A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. Duration measures the price sensitivity of a bond to changes in interest rates.

**FACE VALUE:** The principal amount owed on a debt instrument. It is the amount on which interest is computed and represents the amount that the issuer promises to pay at maturity.

**FAIR VALUE:** The amount at which a security could be exchanged between willing parties, other than in a forced or liquidation sale. If a market price is available, the fair value is equal to the market value.

**FANNIE MAE:** Trade name for the Federal National Mortgage Association (FNMA), a U.S. Government sponsored enterprise.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that provides insurance on bank deposits, guaranteeing deposits to a set limit per account, currently \$250,000.

**FEDERAL FARM CREDIT BANK (FFCB):** Government-sponsored enterprise that consolidates the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Its securities do not carry direct U.S. government guarantees.

**FEDERAL FUNDS RATE:** The rate of interest at which Federal funds are traded. This rate is considered to be the most sensitive indicator of the direction of interest rates, as it is currently pegged by the Federal Reserve through open-market operations.

**FEDERAL GOVERNMENT AGENCY SECURITIES:** Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored enterprise (currently made up of 12 regional banks) that regulates and lends funds and provides correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. Although the banks operate under federal charter with government supervision, the securities are not guaranteed by the U. S. Government.

**FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC):** Government sponsored enterprise that helps maintain the availability of mortgage credit for residential housing. FHLMC finances these operations by marketing guaranteed mortgage certificates and mortgage participation certificates. Its discount notes and bonds do not carry direct U.S. government guarantees.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** Government sponsored enterprise that is the largest single provider of residential mortgage funds in the United States. FNMA is a private stockholder-owned corporation. The corporation's purchases include a

variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** A committee of the Federal Reserve Board, which establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

**FEDERAL RESERVE SYSTEM:** The central bank of the U.S. which consists of a seven-member Board of Governors, 12 regional banks and about 5,700 commercial banks that are members.

**FED WIRE:** A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

**FREDDIE MAC:** Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. government sponsored enterprise.

**GINNIE MAE:** Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the U.S. Government.

**GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB):** A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

**GUARANTEED INVESTMENT CONTRACTS (GICS):** An agreement acknowledging receipt of funds, for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest to be paid.

**INTEREST RATE:** The annual yield earned on an investment, expressed as a percentage.

**INTEREST RATE RISK:** The risk of gain or loss in market values of securities due to changes in interest-rate levels. For example, rising interest rates will cause the market value of portfolio securities to decline.

**INVESTMENT AGREEMENTS:** A contract providing for the lending of issuer funds to a financial institution which agrees to repay the funds with interest under predetermined specifications.

**INVESTMENT GRADE (LONG TERM RATINGS):** The minimum, high quality ratings for long-term debt such as corporate notes. Investment Grade ratings are as follows: A3 (Moody's), A- (S&P Global), and A- (Fitch).

**INVESTMENT PORTFOLIO:** A collection of securities held by a bank, individual, institution or government agency for investment purposes.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash with minimum risk of principal.

**LOCAL AGENCY INVESTMENT FUND (LAIF):** An investment pool sponsored by the State of California and administered/managed by the State Treasurer. Local government units, with consent of the governing body of that agency, may voluntarily deposit surplus funds for the purpose of investment. Interest earned is distributed by the State Controller to the participating governmental agencies on a quarterly basis.

**LOCAL AGENCY INVESTMENT POOL:** A pooled investment vehicle sponsored by a local agency or a group of local agencies for use by other local agencies.

**MARKET RISK:** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates. Systematic risk of a security that is common to all securities of the same general class (stocks, bonds, notes, money market instruments) and cannot be eliminated by diversification (which may be used to eliminate non-systematic risk).

**MARKET VALUE:** The price at which a security is currently being sold in the market. See **FAIR VALUE**.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase agreements and reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY:** The date that the principal or stated value of a debt instrument becomes due and payable.

**MEDIUM-TERM CORPORATE NOTES (MTNs):** Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts either on a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

**MODIFIED DURATION:** The percent change in price for a 100-basis point change in yields. This is a measure of a portfolio's or security's exposure to market risk.

**MONEY MARKET:** The market in which short-term debt instruments (Treasury Bills, Discount Notes, Commercial Paper, Banker's Acceptances and Negotiable Certificates of Deposit) are issued and traded.

**MORTGAGED BACKED SECURITIES:** A type of security that is secured by a mortgage or collection of mortgages. These securities typically pay principal and interest monthly.

**MUNICIPAL BONDS:** Debt obligations issued by states and local governments and their agencies, including cities, counties, government retirement plans, school Agencies, state universities, sewer agency, municipally owned utilities and authorities running bridges, airports, and other transportation facilities.

**MUTUAL FUND:** An entity that pools money and can invest in a variety of securities which are specifically defined in the fund's prospectus.

**NEGOTIABLE CERTIFICATE OF DEPOSIT:** A large denomination certificate of deposit which can be sold in the open market prior to maturity.

**NET PORTFOLIO YIELD:** Calculation in which the 365-day basis equals the annualized percentage of the sum of all Net Earnings during the period divided by the sum of all Average Daily Portfolio Balances.

**NATIONALLY RECOGNIZED RATING ORGANIZATION (NRSRO):** is a credit rating agency that issues credit rating that U.S. Securities and Exchange Commission permits other financial firms to use for certain regulatory purposes.

**OPEN MARKET OPERATIONS:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit: Sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

**PAR VALUE:** The amount of principal which must be paid at maturity. Also referred to as the face amount of a bond. See FACE VALUE.

**PORTFOLIO:** The collection of securities held by an individual or institution.

**PREMIUM:** The difference between the par value of a bond and the cost of the bond, when the cost is above par.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. These dealers are authorized to buy and sell government securities in direct dealing with the Federal Reserve Bank of New York in its execution of market operations to carry out U.S. monetary policy. Such dealers must be qualified in terms of reputation, capacity, and adequacy of staff and facilities.

**PRIME (SHORT TERM RATING):** High quality ratings for short term debt such as commercial paper. Prime ratings are as follows: P1 (Moody's), A1 (S&P Global), and F1 (Fitch).

**PRINCIPAL:** The face value or par value of a debt instrument, or the amount of capital invested in a given security.

**PRIVATE PLACEMENTS:** Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

**PROSPECTUS:** A legal document that must be provided to any prospective purchaser of a new securities offering registered with the Securities and Exchange Commission that typically includes information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements (also known as an "official statement").

**PRUDENT INVESTOR STANDARD:** A standard of conduct for fiduciaries. Investments shall be made with judgment and care--under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

**PUBLIC DEPOSIT:** A bank that is qualified under California law to accept a deposit of public funds.

**PURCHASE DATE:** The date in which a security is purchased for settlement on that or a later date. Also known as the "trade date."

**RATE OF RETURN:** 1) The yield which can be attained on a security based on its purchase price or its current market price. 2) Income earned on an investment, expressed as a percentage of the cost of the investment.

**REALIZED GAIN (OR LOSS):** Gain or loss resulting from the sale or disposal of a security.

**REGIONAL DEALER:** A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

**REPURCHASE AGREEMENT (RP or REPO):** A transaction in which a counterparty or the holder of securities (e.g. investment dealer) sells these securities to an investor (e.g. the Agency) with a simultaneous agreement to repurchase them at a fixed date. The security "buyer" (e.g. the Agency) in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate the "buyer" for this. Dealers use

RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

**REVERSE REPURCHASE AGREEMENT (REVERSE REPO):** The opposite of a repurchase agreement. A reverse repo is a transaction in which the Agency sells securities to a counterparty (e.g. investment dealer) and agrees to repurchase the securities from the counterparty at a fixed date. The counterparty in effect lends the seller (e.g. the Agency) money for the period of the agreement with terms of the agreement structured to compensate the buyer.

**RISK:** Degree of uncertainty of return on an asset.

**SAFEKEEPING:** A service which banks offer to clients for a fee, where physical securities are held in the bank's vault for protection and book-entry securities are on record with the Federal Reserve Bank or Depository Trust Company in the bank's name for the benefit of the client. As agent for the client, the safekeeping bank settles securities transactions, collects coupon payments, and redeems securities at maturity or on call date, if called.

**SECURITIES AND EXCHANGE COMMISSION (SEC):** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SECONDARY MARKET:** A market for the repurchase and resale of outstanding issues following the initial distribution.

**SECURITIES:** Investment instruments such as notes, bonds, stocks, money market instruments and other instruments of indebtedness or equity.

**SETTLEMENT DATE:** The date on which a trade is cleared by delivery of securities against funds.

**SOFR:** Acronym for "Secured Overnight Financing Rate," which represents a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

**SPREAD:** The difference between two figures or percentages. It may be the difference between the bid (price at which a prospective buyer offers to pay) and asked (price at which an owner offers to sell) prices of a quote, or between the amount paid when bought and the amount received when sold.

**STRUCTURED NOTE:** A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities, or indices. Examples include "inverse floating rate" notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising and "dual index floaters", which pay interest based on the relationship between two other interest rates, for example, the yield on the ten-year

Treasury note minus the SOFR rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

**SUPRANATIONALS:** are international institutions that provide development financing, advisory services and/or financial services to their member countries to achieve the overall goal of improving living standards through sustainable economic growth. The Government Code allows local agencies to purchase the United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

**TIME DEPOSIT:** A deposit with a California bank or savings and loan association for a specific amount and with a specific maturity date and interest rate. Deposits of up to \$250,000 are insured by FDIC. Deposits over \$250,000 are collateralized above the insurance with either government securities (at 110% of par value), first trust deeds (at 150% of par value), or letters of credit (at 105% of par value).

**TOTAL RATE OF RETURN:** A measure of a portfolio's performance over time. It is the internal rate of return which equates the beginning value of the portfolio with the ending value and includes interest earnings and realized and unrealized gains and losses on the portfolio. For bonds held to maturity, total return is the yield to maturity.

**TRUSTEE OR TRUST COMPANY OR TRUST DEPARTMENT OF A BANK:** A financial institution with trust powers which acts in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

**UNDERWRITER:** A dealer which purchases a new issue of municipal securities for resale.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirement that member firms as well as nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**U.S. GOVERNMENT AGENCY SECURITIES:** Securities issued by U.S. government agencies, most of which are secured only by the credit worthiness of the particular agency. See AGENCIES.

**U.S. TREASURY OBLIGATIONS:** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are the benchmark for interest rates on all other securities in the U.S. The Treasury issues both discounted securities and fixed coupon

notes and bonds. The income from Treasury securities is exempt from state and local, but not federal, taxes.

**TREASURY BILLS:** Securities issued at a discount with initial maturities of one year or less. The Treasury currently issues three-month and six-month Treasury bills at regular weekly auctions. It also issues very short-term "cash management" bills as needed to smooth out cash flows.

**TREASURY NOTES:** Intermediate-term coupon-bearing securities with initial maturities of one year to ten years.

**TREASURY BOND:** Long-term coupon-bearing securities with initial maturities of ten years or longer.

**UNREALIZED GAIN (OR LOSS):** Gain or loss that has not become actual. It becomes a realized gain (or loss) when the security in which there is a gain or loss is actually sold. See **REALIZED GAIN (OR LOSS)**.

**VOLATILITY:** Characteristic of a security, commodity, or market to rise or fall sharply in price within a short-term period.

**WEIGHTED AVERAGE MATURITY:** The average maturity of all the securities that comprise a portfolio that is typically expressed in days or years.

**YIELD:** The annual rate of return on an investment expressed as a percentage of the investment. See **CURRENT YIELD**; **YIELD TO MATURITY**.

**YIELD CURVE:** Graph showing the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

**YIELD TO MATURITY:** Concept used to determine the rate of return if an investment is held to maturity. It considers purchase price, redemption value, time to maturity, coupon yield, and the time between interest payments. It is the rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.



## POLICY AND PROCEDURE

POLICY TITLE: Investment Policy	NUMBER: 2021-03	PAGE: 1 of 28
APPROVED BY: Zone 7 Board	REVISION:	EFFECTIVE DATE: July 1, <del>2024</del> <u>2025</u>

This policy is intended to provide guidelines for the prudent investment of surplus cash, reserves, trust funds and restricted monies and to outline a policy for maximizing the efficiency of the Agency’s cash management system.

### 1.0 POLICY

It is the policy of the Board of Directors of the Zone 7 Water Agency (“Agency”) to invest public funds in a manner which conforms to the four fundamental criteria in order of importance, as listed:

- Safety of Principal
- Liquidity
- Return on Investment, or Yield
- Diversity

### 2.0 INVESTMENT AUTHORITY

In accordance with Section 53600, *et. seq.*, of the Government Code of the State of California, the authority to invest Agency public funds has been delegated to the Agency Treasurer/Assistant General Manager – Finance.

### 3.0 DELEGATION OF AUTHORITY

Responsibility for the investment program is specifically delegated by the Board to the Board-appointed Treasurer or, if no such appointment has been made, to the General Manager, hereafter referred to as Treasurer who will establish procedures for the investment program, consistent with this Investment Policy. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities, including procedures to execute investment transactions in the absence of the Treasurer. All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and supporting procedures.

The Agency may engage the services of one or more external investment managers to assist in the management of the Agency’s investment portfolio in a manner consistent with the

Agency's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisers Act of 1940.

#### 4.0 STATEMENT OF OBJECTIVES

Per Section 53600.5 of the California Government Code, the primary objective of the Treasurer shall be to safeguard the principal of the funds under his or her control when investing public funds. The secondary objective will be to maintain liquidity as required by the Agency and the third objective is to obtain a return on investment of these funds.

In order of priority, the four fundamental criteria shall be followed in the investment of funds:

- 4.1 Safety of Principal – Investments shall be undertaken in a manner which first seeks to ensure the preservation of principal in the portfolio. Each investment transaction shall be entered only after taking into consideration the quality of the issuer, the underlying security or collateral, and diversification of the portfolio. Cash flow analysis will be conducted and utilized to avoid the need to sell securities prior to maturity. The Agency shall seek to preserve principal by mitigating both credit and market risk.
- 4.2 Liquidity – Every effort shall be made to ensure that the Agency's portfolio is sufficiently liquid to meet current and anticipated operating requirements. Cash flow analysis should be performed on an ongoing basis. Investments shall be made to ensure maturities are compatible with anticipated cash flow requirements.
- 4.3 Return on Investment, or Yield – Investments shall be undertaken to produce an investment return consistent with the primary objectives of Safety of Principal and Liquidity, and the Prudent Investor Standard.
- 4.4 Diversity – The objective is to avoid over concentration or exposure to any one issuer, instrument or maturity sector as specified in the Summary Table of Investment Guidelines and Eligible Securities herein, so that no single investment or class of investments can have a disproportionate impact on the total portfolio. This restriction does not apply to U.S. Treasury securities.

The investment portfolio shall be diversified and designed to attain a market average rate of return, considering cash flow requirements. The Treasurer shall have an overall investment objective of holding investments to maturity and not investing with the objective of trading for speculative purposes. However, the Treasurer may swap or sell securities in order to:

- i) raise cash to meet unanticipated cash-flow requirements

- ii) swap old securities for current coupon securities
- iii) Maintain portfolio allocation limits
- iv) maintain a duration target
- v) Improve the quality, liquidity, or return of the portfolio
- vi) avoid further erosion and loss of investment principal due to deterioration in creditworthiness, as well as to respond to rapidly changing interest rate environments

## 5. CONCENTRATION OF RISK

Governmental Accounting Standards Board (GASB) statement No. 40 – *Deposits and Investment Risk Disclosures – An Amendment of GASB No. 3*. It recognizes that there are many factors that can affect the value of investments. Investment risk factors include credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Credit risk is the risk of loss due to failure of an issuer of a security or a financial institution. The Agency purchases U.S. Treasuries and high-grade securities which will lessen this type of risk. In addition, the portfolio will be diversified so that the failure of any one issuer will not unduly harm the Agency's cash flow.

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned. The Agency's investment securities are to be held by a third-party custodian designated by the Agency and evidenced by safekeeping receipts.

Concentration of credit risk is the risk associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. The Agency's investments will be diversified and will not exceed maximum percentages allowed in the California Government Code.

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to an increase in general interest rates. Interest rate risk may be reduced by structuring the portfolio so that securities are maturing periodically to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The Agency will limit investments to a maximum maturity of five years (unless otherwise authorized by Agency Board).

Foreign currency risk results from investment in foreign currency-denominated securities. The Agency will not invest in foreign currency (i.e., non-US dollar) dominated instruments.

## 6.0 SCOPE

The Investment Policy applies to all funds of the Agency including Water Enterprise Operations Funds, Renewal/Replacement & System-Wide Improvement Fund, State Water Facilities Fund, Water Enterprise Capital Expansion Fund, Flood Control Operations Fund, Flood Protection Development Impact Fee Fund, Water Facilities Fund, Water Supply and Reliability Fund, Vehicle/Equipment Replacement Reserve Fund, Endowments, and all other funds held by the Agency. This investment policy does not apply to proceeds of notes, bonds or similar external financings which would be invested pursuant to bond indentures or State of California Government Code Section 53600, *et. seq.*, as applicable.

## 7.0 PRUDENT INVESTOR STANDARD

All investments and evaluation of such investments shall be made with the Prudent Investor Standard as set forth in the California Government Code, Sections 53600.3 and 27000.3, which is defined as a standard of conduct whereby any person authorized to make investment decisions on behalf of the Agency acts with care, skill, prudence and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the Agency with the aim to safeguard principal and meet the liquidity needs of the Agency.

## 8.0 PORTFOLIO ADJUSTMENTS

Portfolio percentage limitations and credit rating requirements for each category of investment are applicable only at the date of purchase. Should an investment percentage be exceeded due to instances such as the fluctuation in overall portfolio size, or market valuation changes, the Treasurer is not required to sell the affected securities.

Should a security held in the portfolio be downgraded below the minimum rating criteria specified in this Investment Policy, the Treasurer or investment advisor, if one is utilized, shall perform a credit analysis of such security to determine whether to hold or sell the security. The Treasurer may elect to sell the security immediately to minimize losses in the event that an orderly disposition with minimal losses cannot be achieved. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored.

The Treasurer shall note in a quarterly report securities which have been downgraded below investment grade and the status of disposition.

## 9.0 SAFEKEEPING AND CUSTODY

All securities transactions entered into by the Agency shall be conducted on a delivery-versus-payment (DVP) basis pursuant to a custodial safekeeping agreement. All securities owned by the Agency shall be held in safekeeping by an independent custodian designated by the

Treasurer. Financial institutions providing safekeeping services shall provide reports or receipts which verify securities held in safekeeping.

## 10.0 REPORTING AND DISCLOSURE

The Treasurer shall submit a quarterly report within 45 days following the end of the quarter covered by the report to the Agency Board of Directors pursuant to California Government Code Section 53646 (b)(1). The report shall at a minimum provide information on compliance to this policy and on the composition of the portfolio for each fund with:

- Types of investment
- Issuer
- Maturity dates
- Par and dollar amount
- Market values including source of the valuation
- Rates of Interest
- Expected yields to maturity

In addition, the quarterly report shall also include a statement denoting the ability to meet the Agency's expenditure requirements for the next six (6) months.

## 11.0 COLLATERALIZATION

Collateral is required for investments in certificates of time deposit and agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for certificate of time deposit and for repurchase agreements it will be at least 102% of market value of principal and accrued interest.

## 12.0 INVESTMENT GUIDELINES AND ELIGIBLE SECURITIES

Section 53600, *et seq.*, of the Government Code of the State of California prescribes the statutory requirement relating to investments by local treasurers, providing guidance on:

- i. Allowable Investments
- ii. Portfolio diversification requirements including proportional limits on investment types, maximum maturity, and minimum credit rating criteria.

The maximum maturity of any investment in the portfolios shall not exceed five (5) years except when specifically authorized by the Agency Board of Directors through resolution. When practical, the Treasurer shall solicit more than one quotation on each trade for the purpose of awarding investment trades on a competitive basis. The Agency will conform to the legal provisions set forth in the Government Code with further and more specific requirements about allowable investments and restrictions as detailed below:

### 12.1 US Treasury Bonds, Bills and Notes

Bills, notes, and bonds issued by the U.S. Treasury which are direct obligations of the federal government.

- Maximum limit: Not Applicable (N.A.)
- Maximum maturity: Five (5) years
- Credit Requirement: N.A.

### 12.2 Federal Agency Bonds and Notes

Notes, bonds, or other instruments of federal agencies, or United States government-sponsored enterprises (GSEs). Not all are direct obligations of the U. S. Treasury but may involve federal sponsorship and/or guarantees, in some instances.

- Maximum limit: N.A.
- Maximum maturity: Five (5) years
- Credit Requirement: N.A.

### 12.3 Banker's Acceptances

Bills of exchange or time drafts drawn on and accepted by a commercial bank, typically created from a letter of credit issued in a foreign trade transaction.

- Maximum limit: forty percent (40%) of the portfolio
- Maximum maturity: One-hundred eighty (180) days
- Issued by banks with total deposits of over one billion dollars (\$1,000,000,000)
- Twenty-five percent (25%) limitation to any one issuer
- Credit requirement: Ratings of A1, P1 or F1 or better by two Nationally Recognized Statistical Rating Organizations (NRSRO). No rating may be lower than any of the rating listed above.
- Issued by banks from offices in the USA.

### 12.4 Commercial Paper

Commercial paper is defined as short-term, unsecured promissory notes issued by financial and non-financial companies to raise short-term cash. Financial companies issue commercial paper to support their consumer and/or business lending; non-financial companies issue for operating funds.

- Maximum limit: Forty percent (40%) of the portfolio until January 1, 2026. After January 1, 2026, Twenty-five percent (25%) of the portfolio
- Maximum Maturity: Two hundred seventy (270) days

- Maximum Issuer Exposure: No more than five percent (5%) of the portfolio shall be invested in the commercial paper and the medium-term notes of any one issuer
- Credit requirement: Ratings of "A1" or higher, or the equivalent, by an NRSRO.
- Limited to paper issued by corporations organized and operating in the U.S. with total assets in excess of five hundred million (\$500,000,000) and rated in a rating category of "A" its equivalent or higher for the issuer's debt, other than commercial paper, if any, as provided by an NRSRO.

### 12.5 Medium Term Corporate Notes

Corporate and depository institution debt securities. Issuers are banks and bank holding companies, thrifts, finance companies, insurance companies and industrial corporations. These debt obligations that are generally unsecured.

- Maximum limit: Thirty percent (30%) of the portfolio
- Maximum maturity: Five (5) years
- Maximum Issuer Exposure: No more than five percent (5%) of the portfolio shall be invested in the commercial paper or medium-term notes of any single issuer
- Credit Requirement: "A" rating category, equivalent or better by an NRSRO.
- Eligibility: Limited to corporations organized and operating within the United States or depository institutions licensed by the United States or any State and operating within the United States.

### 12.6 Negotiable Certificates of Deposit

Issued by a nationally or state-chartered bank, a savings association, or a federal association, a state or federal credit union or by a federally licensed or state-licensed branch of a foreign bank.

- Maximum limit: Thirty percent (30%) of the portfolio
- Maximum Issuer Exposure: Five percent (5%) per issuer
- Maximum maturity: Five (5) years
- Credit Requirement: "A" rating category, equivalent or better long-term, or "A-1", equivalent or better short-term, by an NRSRO
- Issued by banks with total deposits of one billion dollars (\$1,000,000,000) or more

### 12.7 Certificates of Time Deposit

Time deposits, which are non-negotiable, are issued most commonly by commercial banks, savings and loans and credit unions with federal deposit insurance available for amounts up to two hundred-fifty thousand (\$250,000).

- Maximum limit: Thirty percent (30%) of the portfolio for all deposits

- Maximum maturity: Five (5) years
- On uncollateralized deposits, limited to FDIC insured amount of two hundred-fifty thousand (\$250,000)
- Amounts over FDIC insured amount must be fully collateralized
- Credit Requirement: For federally insured deposits of two hundred-fifty thousand (\$250,000) or less, no minimum credit rating required. For deposits over two hundred-fifty thousand (\$250,000): Ratings of rating category "A" or the equivalent or better by any two NRSRO

Pursuant to Government Code 53637, the Agency is prohibited from investing in certificate of deposits of a state or federal credit union if a member of the Agency's Board of Directors or decision-making authority serves on the board of directors or committee.

### 12.8 Money Market Mutual Funds

Regulated by the SEC, these funds operate under strict maturity and diversification guidelines. These funds have no federal guarantee but are viewed as a very safe short-term cash investment.

- Maximum limit: Twenty percent (20%) of the portfolio
- Maximum Maturity: N.A.
- Maximum Issuer Exposure: Ten percent (10%) of the portfolio
- Rating Requirement: Top ranking or highest letter and numerical rating provided by at least two NRSROs
- Daily liquidity
- Net Asset Value (NAV) requirement: one dollar (\$1.00)
- Funds must be invested in securities and obligations permitted under the California Government Code

### 12.9 State of California, Local Agency Investment Fund (LAIF)

LAIF is a pooled investment fund overseen by the State Treasurer, which operates like a money market fund, but is for the exclusive benefit of governmental entities within the state. The maximum investment amount currently authorized by Local Agency Investment Fund (LAIF) is seventy-five million (\$75 million), which is subject to change. The LAIF is in trust in the custody of the State of California Treasurer. The Agency's right to withdraw its deposited monies from LAIF is not contingent upon the State's failure to adopt a State Budget.

- Maximum limit: Current State limit
- Maximum Maturity: N.A.

### 12.10 Municipal Bonds and Notes

Municipal obligations issued by the State of California and any other of the states in the union. Including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the 50 states.

Bonds, notes, warrants, or other evidences of indebtedness of a local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

- Maximum limit: Forty percent (40%) of the portfolio
- Maximum maturity: Five (5) years
- Credit Requirement: "A" rating category, equivalent or better by an NRSRO

### 12.11 Repurchase Agreement

A repurchase agreement is a purchase of authorized securities with terms including a written agreement by the seller to repurchase the securities on a future date and price.

- Maximum limit: Twenty percent (20%) of the portfolio
- Maximum maturity: Three hundred sixty (360) days
- Master Repurchase Agreement must be on file
- Limited to primary dealers or financial institutions rated "A" or better by Moody's or equivalent.
- Fully collateralized at market value of at least one hundred two percent (102%) with US government or federal agency securities

### 12.12 California Asset Management Program (CAMP)

- Maximum limit: Ten percent (10%) of the portfolio
- Rated highest rating by an NRSRO

### 12.13 Supranational Obligations

United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

- Maximum limit: Thirty percent (30%) of the portfolio
- Maximum maturity: Five (5) years
- Credit Requirement: "AA" rating category, equivalent or better by any NRSRO

### 12.14 Asset-backed Securities

A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. For securities eligible for investment not issued or guaranteed by federal agencies and GSEs, the following limitations apply:

- Maximum limit: Twenty percent (20%) of the portfolio
- Maximum maturity: Five (5) years
- Credit Requirement: "AA" rating category, equivalent or better by an NRSRO

### 13.0 CREDIT RATING

Credit rating requirements for eligible securities referred to in this policy shall mean the numeric, alpha, and/or alpha-numeric designations assigned by a National Recognized Statistical Rating Organizations (NRSRO).

Please see Rating Description table herein, below.

### 14.0 MONITORING SAFETY AND LIQUIDITY

The Treasurer shall monitor on an ongoing basis investments for exposure to risk and credit deterioration to ensure primary objectives of safety of principal and liquidity are adhered to. Such matters shall be reported to the Agency Board of Directors as part of the Treasurer's quarterly and/or annual report.

### 15.0 ADMINISTRATION

The Treasurer may, at any time, establish more restrictive requirements for securities approved for investment as deemed appropriate in this Investment Policy. These restrictions may include, but are not limited to, higher credit ratings, lower percentage limits by security type or issuer, shorter maturities, and additional collateral requirements for collateralized investments.

### 16.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

Investments not purchased directly from the issuer will be purchased from institutions licensed by the State of California as a broker/dealer, including:

- National or California State Chartered Banks
- Federal or California Chartered Savings Institutions
- Brokerage firms designated as a primary government dealer by the Federal Reserve Bank

- Member of a federally regulated securities exchange
- Institutions licensed by the State of California as a broker/dealer
- Federal or state savings institutions or associations as defined in Finance Code Section 5102

The Treasurer or designee will maintain a current and eligible list of reputable primary and regional dealers, brokers, and financial institutions with whom securities trading and placement of funds are authorized. A strong capital base credit worthiness, and, where applicable, a broker/dealer staff experienced in transactions with California local governments are the primary criteria for inclusion on the Agency's approved list.

Approved dealers and brokers shall be limited to primary dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule) and which provide proof of Financial Industry Regulatory Authority (FINRA) certification; proof of California State registration; and a completed Agency broker/dealer questionnaire. In addition, prior to approval and for every two years thereafter, approved dealers and brokers must provide: an audited financial statement; certification of receipt, review of and willingness to comply with the current Investment Policy; and certification of compliance with Rule G-37 of the Municipal Securities Rulemaking Board regarding limitations on political contributions to the Board of Directors of the Agency or to any candidate for these offices.

The Treasurer may remove a firm from the approved list at any time due to any failure to comply with any of the above criteria; any failure to successfully execute a transaction; any change in broker/dealer staff; or any other action, event, or failure to act which, in the sole discretion of the Treasurer is materially adverse to the best interests of the Agency.

If the Agency utilizes an external investment advisor, the advisor will perform due diligence and maintain their own list of approved broker/dealers. The advisor is authorized to transact with its own approved broker/dealer list on behalf of the Agency.

## 17.0 INVESTMENT SECURITY

To ensure a high degree of internal control, the Agency shall comply with the following:

- All securities purchased from dealers and brokers shall be held in safekeeping by the Agency's custodial bank, a national bank, a State chartered bank or trust company, established for this purpose as someone other than the selling party of the security. Securities purchased will be covered by a trust or safekeeping receipt in a manner that establishes the Agency's ownership. All transactions completed on a delivery versus pay basis (DVP).
- All trade confirmation shall be received directly and reviewed for conformity to the original transaction by an individual other than the person originating the transaction.

All trade confirmation must be an original; copies of confirmations are not allowed. Any discrepancies will be brought to the attention of the Treasurer.

#### 18.0 FUND WIRE PROCEDURES

Payment for securities purchased from broker dealers that are ineligible for safekeeping will be made through the Agency's custodial bank. Funds will only be transferred subsequently but immediately following the custodial bank's acknowledgement that they are prepared to make settlement on the terms and conditions specified by the Agency. Payment for securities purchased from bank investment departments that will be safely kept with the trust department of the bank will be made immediately upon confirmation of the trade.

#### 19.0 PERFORMANCE REVIEW AND INTERNAL CONTROL

The Treasurer or designee is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Agency are protected from loss, theft, or misuse. The internal control structure will be designed to provide reasonable assurance that these objectives are met. The internal control includes; the activities of any subordinate officials acting on behalf of the Agency. Procedures should include references to individuals authorized to execute transactions or transfers, safekeeping agreements, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. An independent analysis by an external auditor shall be conducted annually to review internal control, account activity, and compliance with policies, procedures, and applicable laws.

#### 20.0 ETHICS AND CONFLICT OF INTEREST

All officers and employees involved in the investment process shall refrain from engaging in any personal business activity which could conflict with proper execution and management of the investment program or that could impair their ability to make impartial investment decisions. Any material financial interests in financial institutions which do business with the Agency should be disclosed to the General Manager of the Agency. All individuals involved in the investment process are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission.

#### 21.0 POLICY REVIEW AND ADOPTION

This Investment Policy shall be reviewed at least annually to ensure it is consistent with the Agency's objectives and relevance to current law and financial and economic trends. Any amendments to this Policy, other than State and Federal Laws, which automatically supersede the relevant sections, shall be forwarded to the Board of Directors for adoption by resolution.

## 22.0 HISTORY

Date	Action	Resolution
May 17, 2017	Originally Adopted	17-42
May 16, 2018	Adopted	18-42
May 15, 2019	Adopted	19-38
April 15, 2020	Adopted	20-47
June 16, 2021	Adopted	21-48
June 15, 2022	Adopted	22-47
June 21, 2023	Adopted	23-46
<u>June 11, 2024</u>	<u>Adopted</u>	<u>24-45</u>
<u>June 18, 2025</u>	<u>Adopted</u>	<u>25-</u>

SUMMARY TABLE OF  
INVESTMENT GUIDELINES AND ELIGIBLE SECURITIES

Authorized Investments	Maximum % Holdings	Purchase Restrictions	Maximum Maturity	Credit Quality
US Treasury Bonds, Bills and Notes	100%	N.A.	5 Years	N.A.
Federal Agency and GSE Bonds & Notes	100%	N.A.	5 Years	<i>Full backing by the federal government of the United States of America</i>
Bankers' Acceptance	40%	25% limitation to a single issuer	180 days	<i>"A-1/P-1" rated by an NRSRO or equivalent for domestic banks</i>
Commercial Paper	40% until 1/1/2026; 25% after 1/1/2026	5% limitation to single issuer	270 days	<i>"A-1/P-1" rating category, equivalent or better by an NRSRO</i>
Medium Term Corporate Notes	30%	5% limitation to a single issuer. Limited to US licensed and operating corporations	5 years	<i>"A" rating category, equivalent or better by an NRSRO</i>
Negotiable CD	30%	National or state chartered bank, S&L, or branch of foreign bank	5 years	<i>"A" rating category, equivalent or better by an NRSRO</i>
Certificates of Time Deposit	30%	See California Government	5 years	<i>Limit to FDIC Insured amount \$250,000, Fully collateralized on amounts over the insured</i>

Authorized Investments	Maximum % Holdings	Purchase Restrictions	Maximum Maturity	Credit Quality
		Code Section 53637		<i>amount in accordance with California Government Code</i>
Money Market Mutual Funds	20%	10% per fund Must maintain constant NAV of \$1.00	Daily Liquidity	<i>Top ranking or highest letter and numerical by 2 NRSRO Fund must be invested in securities and obligation permitted under Government Code</i>
State of California, Local Agency Investment Fund ("LAIF")	Current State Limit	N.A.	N.A.	<i>Subject to California Government Code Section 16429.1 limitations</i>
Municipal Bonds & Notes	40%	N.A.	5 Years	<i>"A" rating category, equivalent or better by an NRSRO</i>
Repurchase Agreements ("REPO")	20%	Limited to primary dealers or financial institutions rated "A" or better by Moody's	360 days	<i>Fully collateralized (min 102% of funds borrowed with daily mark to market) with US Government or federal agency securities with maximum 5-year maturities</i>
California Asset Management Program ("CAMP")	10%	N.A.	Daily Liquidity	<i>Highest rating by an NRSRO</i>
Section 115 Pension Trust Fund	By Board Approval	By Board Approval	N.A.	<i>Investment Guidelines Document for the Trust Fund</i>
Supranational Obligations	30%	Issued by: International Bank for Reconstruction &	5 Years	<i>"AA" rating category, equivalent or better by an NRSRO</i>

Authorized Investments	Maximum % Holdings	Purchase Restrictions	Maximum Maturity	Credit Quality
		Development, International Finance Corporation, or Inter-American Development Bank		
Asset-Backed Securities	20%	N.A.	5 Years	<i>"AA" rating category, equivalent or better by an NRSRO</i>

## RATING DESCRIPTION TABLE

Long Term Debt Ratings			
Credit Quality	Moody's	S&P <u>Global</u>	Fitch
Strongest Quality	Aaa	AAA	AAA
Strong Quality	Aa1/Aa2/Aa3	AA+/AA/AA-	AA
Good Quality	A1/A2/A3	A+/A/A-	A
Medium Quality	Baa1/Baa2/Baa3	BBB+/BBB/BBB-	BBB
Speculative	Ba1/Ba2/Ba3	BB+/BB/BB-	BB
Low	B1/B2/B3	B+/B/B-	B
Poor	Caa	CCC+	CCC
Highly Speculative	Ca/C	CCC/CCC-/CC	CC
Short Debt Ratings			
Credit Quality	Moody's	S&P <u>Global</u>	Fitch
Strongest Quality	P-1	A-1+	F1
Strong Quality		A-1	
Good Quality	P-2	A-2	F2
Medium Quality	P-3	A-3	F3

Note: Investment Grade ratings applies to securities with at least a medium credit quality or higher by one of the nationally recognize rating organization, anything below the medium credit quality is non-investment grade.

## EXHIBIT A GLOSSARY

**ACCRETION:** Adjustment of the difference between the prices of a bond bought at an original discount and the par value of the bond.

**AGENCIES:** Federal agency securities and/or Government-sponsored enterprises (GSEs), also known as U.S. Government instrumentalities. Securities issued by Government National Mortgage Association (GNMA) are considered true agency securities, backed by the full faith and credit of the U.S. Government. GSEs are financial intermediaries established by the federal government to fund loans to certain groups of borrowers, for example homeowners, farmers and students and are privately owned corporations with a public purpose. The most common GSEs are Federal Farm Credit System Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Association, and Federal National Mortgage Association.

**AMORTIZATION:** Accounting procedure that gradually reduces the cost value of a limited life or intangible asset through periodic charges to income. For fixed assets, the term used is "depreciation." It is common practice to amortize any premium over par value paid in the purchase of preferred stock or bond investments.

**ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR):** The official annual financial report for the Agency. It includes combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principles (GAAP).

**APPRECIATION:** Increase in the value of an asset such as a stock bond, commodity, or real estate.

**ASKED PRICE:** The price a broker/dealer offers to sell securities.

**ASSET BACKED:** A type of security that is secured by receivables, such as credit card and auto loans. These securities typically pay principal and interest monthly.

**BANKERS' ACCEPTANCE (BA):** 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 issuer. This money market instrument is used to finance international trade.

**BASIS POINT:** One-hundredth of one percent (i.e., 0.01%).

**BENCHMARK:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investment.

**BID PRICE:** The price a broker/dealer offers to purchase securities.

**BOND:** A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

**BOOK VALUE:** The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

**BROKER:** A broker acts as an intermediary between a buyer and seller for a commission and does not trade for his/her own risk and account or inventory.

**CALLABLE SECURITIES:** A security that can be redeemed by the issuer before the scheduled maturity date.

**CASH EQUIVALENTS (CE):** Highly liquid and safe instruments or investments that can be converted into cash immediately. Examples include bank accounts, money market funds, and Treasury bills.

**CASH FLOW:** An analysis of all changes that affect the cash account during a specified period.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

**COLLATERAL:** Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COLLATERALIZED MORTGAGE OBLIGATION (CMO):** A type of mortgage-backed security that creates separate pools of pass-through rates for different classes of bondholders with varying maturities, called tranches. The repayments from the pool of pass-through securities are used to retire the bonds in the order specified by the bonds' prospectus.

**COMMERCIAL PAPER:** Short-term, unsecured, negotiable promissory notes of corporations.

**CORPORATE NOTE:** Debt instrument issued by a private corporation.

**COUPON:** The annual rate at which a bond pays interest.

**CREDIT RATINGS:** A grade given to a debt instrument that indicates its credit quality. Private independent rating services such as S&P [Global](#), Moody's and Fitch provide these.

**CREDIT RISK:** The risk that an obligation will not be paid, and a loss will result due to a failure of the issuer of a security.

**CUSIP:** Stands for Committee on Uniform Securities Identification Procedures. A CUSIP number identifies most securities, including stocks of all registered U.S. and Canadian companies, and U.S. government and municipal bonds. The CUSIP system—owned by the American Bankers Association and operated by S&P [Global](#)—facilitates the clearing and settlement process of securities. The number consists of nine characters (including letters and numbers) that uniquely identify a company or issuer and the type of security.

**CURRENT YIELD:** The annual interest on an investment divided by the current market value. Since the calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**CUSTODIAN:** A bank or other financial institution that keeps custody of stock certificates and other assets.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his/her own risk and account or inventory.

**DEBENTURES:** A bond secured only by the general credit of the issuers.

**DELIVERY VERSUS PAYMENT (DVP):** Delivery of securities with a simultaneous exchange of money for the securities.

**DERIVATIVES:** A financial instrument that is based on, or derived from, some underlying asset, reference date, or index.

**DIRECT ISSUER:** Issuer markets its own paper directly to the investor without use of an intermediary.

**DISCOUNT:** The difference between the cost of a security and its value at maturity when quoted at lower than face value.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns and risk profiles.

**DURATION:** A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. Duration measures the price sensitivity of a bond to changes in interest rates.

**FACE VALUE:** The principal amount owed on a debt instrument. It is the amount on which interest is computed and represents the amount that the issuer promises to pay at maturity.

**FAIR VALUE:** The amount at which a security could be exchanged between willing parties, other than in a forced or liquidation sale. If a market price is available, the fair value is equal to the market value.

**FANNIE MAE:** Trade name for the Federal National Mortgage Association (FNMA), a U.S. Government sponsored enterprise.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that provides insurance on bank deposits, guaranteeing deposits to a set limit per account, currently \$250,000.

**FEDERAL FARM CREDIT BANK (FFCB):** Government-sponsored enterprise that consolidates the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Its securities do not carry direct U.S. government guarantees.

**FEDERAL FUNDS RATE:** The rate of interest at which Federal funds are traded. This rate is considered to be the most sensitive indicator of the direction of interest rates, as it is currently pegged by the Federal Reserve through open-market operations.

**FEDERAL GOVERNMENT AGENCY SECURITIES:** Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored enterprise (currently made up of 12 regional banks) that regulates and lends funds and provides correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. Although the banks operate under federal charter with government supervision, the securities are not guaranteed by the U. S. Government.

**FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC):** Government sponsored enterprise that helps maintain the availability of mortgage credit for residential housing. FHLMC finances these operations by marketing guaranteed mortgage certificates and mortgage participation certificates. Its discount notes and bonds do not carry direct U.S. government guarantees.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** Government sponsored enterprise that is the largest single provider of residential mortgage funds in the United States. FNMA is a private stockholder-owned corporation. The corporation's purchases include a

variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** A committee of the Federal Reserve Board, which establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

**FEDERAL RESERVE SYSTEM:** The central bank of the U.S. which consists of a seven-member Board of Governors, 12 regional banks and about 5,700 commercial banks that are members.

**FED WIRE:** A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

**FREDDIE MAC:** Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. government sponsored enterprise.

**GINNIE MAE:** Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the U.S. Government.

**GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB):** A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

**GUARANTEED INVESTMENT CONTRACTS (GICS):** An agreement acknowledging receipt of funds, for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest to be paid.

**INTEREST RATE:** The annual yield earned on an investment, expressed as a percentage.

**INTEREST RATE RISK:** The risk of gain or loss in market values of securities due to changes in interest-rate levels. For example, rising interest rates will cause the market value of portfolio securities to decline.

**INVESTMENT AGREEMENTS:** A contract providing for the lending of issuer funds to a financial institution which agrees to repay the funds with interest under predetermined specifications.

**INVESTMENT GRADE (LONG TERM RATINGS):** The minimum, high quality ratings for long-term debt such as corporate notes. Investment Grade ratings are as follows: A3 (Moody's), A- (S&P Global), and A- (Fitch).

**INVESTMENT PORTFOLIO:** A collection of securities held by a bank, individual, institution or government agency for investment purposes.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash with minimum risk of principal.

**LOCAL AGENCY INVESTMENT FUND (LAIF):** An investment pool sponsored by the State of California and administered/managed by the State Treasurer. Local government units, with consent of the governing body of that agency, may voluntarily deposit surplus funds for the purpose of investment. Interest earned is distributed by the State Controller to the participating governmental agencies on a quarterly basis.

**LOCAL AGENCY INVESTMENT POOL:** A pooled investment vehicle sponsored by a local agency or a group of local agencies for use by other local agencies.

**MARKET RISK:** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates. Systematic risk of a security that is common to all securities of the same general class (stocks, bonds, notes, money market instruments) and cannot be eliminated by diversification (which may be used to eliminate non-systematic risk).

**MARKET VALUE:** The price at which a security is currently being sold in the market. See **FAIR VALUE**.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase agreements and reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY:** The date that the principal or stated value of a debt instrument becomes due and payable.

**MEDIUM-TERM CORPORATE NOTES (MTNs):** Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts either on a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

**MODIFIED DURATION:** The percent change in price for a 100-basis point change in yields. This is a measure of a portfolio's or security's exposure to market risk.

**MONEY MARKET:** The market in which short-term debt instruments (Treasury Bills, Discount Notes, Commercial Paper, Banker's Acceptances and Negotiable Certificates of Deposit) are issued and traded.

**MORTGAGED BACKED SECURITIES:** A type of security that is secured by a mortgage or collection of mortgages. These securities typically pay principal and interest monthly.

**MUNICIPAL BONDS:** Debt obligations issued by states and local governments and their agencies, including cities, counties, government retirement plans, school Agencies, state universities, sewer agency, municipally owned utilities and authorities running bridges, airports, and other transportation facilities.

**MUTUAL FUND:** An entity that pools money and can invest in a variety of securities which are specifically defined in the fund's prospectus.

**NEGOTIABLE CERTIFICATE OF DEPOSIT:** A large denomination certificate of deposit which can be sold in the open market prior to maturity.

**NET PORTFOLIO YIELD:** Calculation in which the 365-day basis equals the annualized percentage of the sum of all Net Earnings during the period divided by the sum of all Average Daily Portfolio Balances.

**NATIONALLY RECOGNIZED RATING ORGANIZATION (NRSRO):** is a credit rating agency that issues credit rating that U.S. Securities and Exchange Commission permits other financial firms to use for certain regulatory purposes.

**OPEN MARKET OPERATIONS:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit: Sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

**PAR VALUE:** The amount of principal which must be paid at maturity. Also referred to as the face amount of a bond. See FACE VALUE.

**PORTFOLIO:** The collection of securities held by an individual or institution.

**PREMIUM:** The difference between the par value of a bond and the cost of the bond, when the cost is above par.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. These dealers are authorized to buy and sell government securities in direct dealing with the Federal Reserve Bank of New York in its execution of market operations to carry out U.S. monetary policy. Such dealers must be qualified in terms of reputation, capacity, and adequacy of staff and facilities.

**PRIME (SHORT TERM RATING):** High quality ratings for short term debt such as commercial paper. Prime ratings are as follows: P1 (Moody's), A1 (S&P [Global](#)), and F1 (Fitch).

**PRINCIPAL:** The face value or par value of a debt instrument, or the amount of capital invested in a given security.

**PRIVATE PLACEMENTS:** Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

**PROSPECTUS:** A legal document that must be provided to any prospective purchaser of a new securities offering registered with the Securities and Exchange Commission that typically includes information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements (also known as an "official statement").

**PRUDENT INVESTOR STANDARD:** A standard of conduct for fiduciaries. Investments shall be made with judgment and care--under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

**PUBLIC DEPOSIT:** A bank that is qualified under California law to accept a deposit of public funds.

**PURCHASE DATE:** The date in which a security is purchased for settlement on that or a later date. Also known as the "trade date."

**RATE OF RETURN:** 1) The yield which can be attained on a security based on its purchase price or its current market price. 2) Income earned on an investment, expressed as a percentage of the cost of the investment.

**REALIZED GAIN (OR LOSS):** Gain or loss resulting from the sale or disposal of a security.

**REGIONAL DEALER:** A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

**REPURCHASE AGREEMENT (RP or REPO):** A transaction in which a counterparty or the holder of securities (e.g. investment dealer) sells these securities to an investor (e.g. the Agency) with a simultaneous agreement to repurchase them at a fixed date. The security "buyer" (e.g. the Agency) in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate the "buyer" for this. Dealers use

RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

**REVERSE REPURCHASE AGREEMENT (REVERSE REPO):** The opposite of a repurchase agreement. A reverse repo is a transaction in which the Agency sells securities to a counterparty (e.g. investment dealer) and agrees to repurchase the securities from the counterparty at a fixed date. The counterparty in effect lends the seller (e.g. the Agency) money for the period of the agreement with terms of the agreement structured to compensate the buyer.

**RISK:** Degree of uncertainty of return on an asset.

**SAFEKEEPING:** A service which banks offer to clients for a fee, where physical securities are held in the bank's vault for protection and book-entry securities are on record with the Federal Reserve Bank or Depository Trust Company in the bank's name for the benefit of the client. As agent for the client, the safekeeping bank settles securities transactions, collects coupon payments, and redeems securities at maturity or on call date, if called.

**SECURITIES AND EXCHANGE COMMISSION (SEC):** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SECONDARY MARKET:** A market for the repurchase and resale of outstanding issues following the initial distribution.

**SECURITIES:** Investment instruments such as notes, bonds, stocks, money market instruments and other instruments of indebtedness or equity.

**SETTLEMENT DATE:** The date on which a trade is cleared by delivery of securities against funds.

**SOFR:** Acronym for "Secured Overnight Financing Rate," which represents a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

**SPREAD:** The difference between two figures or percentages. It may be the difference between the bid (price at which a prospective buyer offers to pay) and asked (price at which an owner offers to sell) prices of a quote, or between the amount paid when bought and the amount received when sold.

**STRUCTURED NOTE:** A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities, or indices. Examples include "inverse floating rate" notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising and "dual index floaters", which pay interest based on the relationship between two other interest rates, for example, the yield on the ten-year

Treasury note minus the SOFR rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

**SUPRANATIONALS:** are international institutions that provide development financing, advisory services and/or financial services to their member countries to achieve the overall goal of improving living standards through sustainable economic growth. The Government Code allows local agencies to purchase the United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

**TIME DEPOSIT:** A deposit with a California bank or savings and loan association for a specific amount and with a specific maturity date and interest rate. Deposits of up to \$250,000 are insured by FDIC. Deposits over \$250,000 are collateralized above the insurance with either government securities (at 110% of par value), first trust deeds (at 150% of par value), or letters of credit (at 105% of par value).

**TOTAL RATE OF RETURN:** A measure of a portfolio's performance over time. It is the internal rate of return which equates the beginning value of the portfolio with the ending value and includes interest earnings and realized and unrealized gains and losses on the portfolio. For bonds held to maturity, total return is the yield to maturity.

**TRUSTEE OR TRUST COMPANY OR TRUST DEPARTMENT OF A BANK:** A financial institution with trust powers which acts in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

**UNDERWRITER:** A dealer which purchases a new issue of municipal securities for resale.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirement that member firms as well as nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**U.S. GOVERNMENT AGENCY SECURITIES:** Securities issued by U.S. government agencies, most of which are secured only by the credit worthiness of the particular agency. See AGENCIES.

**U.S. TREASURY OBLIGATIONS:** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are the benchmark for interest rates on all other securities in the U.S. The Treasury issues both discounted securities and fixed coupon

notes and bonds. The income from Treasury securities is exempt from state and local, but not federal, taxes.

**TREASURY BILLS:** Securities issued at a discount with initial maturities of one year or less. The Treasury currently issues three-month and six-month Treasury bills at regular weekly auctions. It also issues very short-term "cash management" bills as needed to smooth out cash flows.

**TREASURY NOTES:** Intermediate-term coupon-bearing securities with initial maturities of one year to ten years.

**TREASURY BOND:** Long-term coupon-bearing securities with initial maturities of ten years or longer.

**UNREALIZED GAIN (OR LOSS):** Gain or loss that has not become actual. It becomes a realized gain (or loss) when the security in which there is a gain or loss is actually sold. See **REALIZED GAIN (OR LOSS)**.

**VOLATILITY:** Characteristic of a security, commodity, or market to rise or fall sharply in price within a short-term period.

**WEIGHTED AVERAGE MATURITY:** The average maturity of all the securities that comprise a portfolio that is typically expressed in days or years.

**YIELD:** The annual rate of return on an investment expressed as a percentage of the investment. See **CURRENT YIELD**; **YIELD TO MATURITY**.

**YIELD CURVE:** Graph showing the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

**YIELD TO MATURITY:** Concept used to determine the rate of return if an investment is held to maturity. It considers purchase price, redemption value, time to maturity, coupon yield, and the time between interest payments. It is the rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

ORIGINATING SECTION: Groundwater  
CONTACT: Colleen Winey/Michelle Parent

AGENDA DATE: June 18, 2025

SUBJECT: Approve Commercial Use of the Septic System at Five Pillars Cemetery,  
1761 Laughlin Road, (APN 099B-5450-009-00), Case #25-001

SUMMARY:

- This action is in support of Zone 7 Water Agency's (Zone 7) Strategic Plan Goal D - Groundwater Management - Manage and protect the groundwater basin as the State-designated Groundwater Sustainability Agency (GSA), and to implement Initiative #11- Manage the GSA and implement the Groundwater Sustainability Plan.
- Zone 7's Resolution 1165 prohibits the use of septic systems for commercial or industrial uses unless the Board of Directors approves.
- Five Pillars Cemetery has applied for Zone 7's approval for the commercial use of a septic system, also known as onsite wastewater treatment systems, for a cemetery.
- The proposed project is on a 36.3-acre parcel at 1761 Laughlin Road in North Livermore (APN 099B-5450-009-00). The parcel overlies the eastern Fringe Area of the Livermore Valley Groundwater Basin and is located outside areas of concern for high nitrates.
- The property is currently being used as a cemetery. Zone 7 approval of commercial use of is required to continue the commercial use of the land.
- Currently, it is not feasible for this property to connect to the municipal sewer; however, the **Zone 7's** approval will include a condition requiring the property to connect to the public sewer when it becomes available.
- Staff finds that the proposed use conforms to the Zone 7 Wastewater Management Policy that established a maximum wastewater loading of one rural residential equivalence per five acres (1 RRE/5 Acres) when a community sewerage system is not yet available;
- Staff also finds that the proposed use also conforms with the 2015 Zone 7 Nutrient Management Plan that maintains the 1 RRE/5 Acres maximum loading requirement for properties outside of areas of concern for high nitrates.

- Staff concluded that this project's total wastewater loading is estimated to be 0.15 RRE/5 Acres and within the 1 RRE/5 Acres maximum loading requirement.
- Based on the board-approved Zone 7 Septic Tank Review Decision Tree, the project meets the approval criteria and is in compliance with Resolution 1165.
- Staff has reviewed this case and recommends that the Board approve the commercial use of a septic system at 1761 Laughlin Road in North Livermore.

FUNDING:

Not applicable

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENTS:

1. Resolution
2. Project Wastewater Loading Worksheet
3. Zone 7 Septic Tank Approval Decision Tree
4. Project location map

ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
BOARD OF DIRECTORS

RESOLUTION NO. 25-

INTRODUCED BY DIRECTOR  
SECONDED BY DIRECTOR

Authorization for the Commercial Use of Septic System at Five Pillars Cemetery,  
1761 Laughlin Road, (APN 099B-5450-009-00), Case #25-001

WHEREAS, this action is in support of Zone 7 Water Agency's (Zone 7) Strategic Plan Goal D - Groundwater Management - Manage and protect the groundwater basin as the State-designated Groundwater Sustainability Agency (GSA), and to implement Initiative #11- Manage the GSA and implement the Groundwater Sustainability Plan.

WHEREAS, the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District adopted the Wastewater Management Plan for the Unsewered, Unincorporated Area of Alameda Creek Watershed above Niles (Resolution No. 1037, May 19, 1982) to protect the surface and ground water resources within the Zone; and

WHEREAS, the Wastewater Management Plan provides for strict controls on the use of septic tank/leach field systems, which may affect groundwater quality within the Zone 7 area; and

WHEREAS, the Board of Directors adopted a policy prohibiting the use of septic tank/leach field systems for new development zoned for commercial or industrial uses which overlies the central or fringe groundwater sub-basins unless it can be satisfactorily demonstrated that the wastewater loading be no more than the loading from an equivalent rural residential unit (Resolution No. 1165, August 28, 1986); and

WHEREAS, on October 15, 1986, the Board of Directors approved a Zone 7 Septic Tank Review Procedure for commercial/industrial development, and the Procedure provides for Special Review by the Board of Directors of Septic Tank Permit Applications for Non-residential Use; and

WHEREAS, by application dated May 6, 2025, Ms. Reshma Inamdar seeks the Zone 7 **Board's** approval for use of a septic tank system for a cemetery on a 36.3-acre parcel located at 1761 Laughlin Road, near Livermore (APN 099B-5450-009-00); and

WHEREAS, the parcel overlies the Fringe Area of the Livermore Valley Groundwater Basin and is located outside of the high nitrates area of concern; and

WHEREAS, the total wastewater loading generated onsite by all uses, residential and commercial, will be less than a maximum wastewater loading of one rural residential equivalence per five acres (1 RRE/5 Acres) for parcels outside areas of concern for high nitrates; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby makes the following findings regarding the application:

1. It is not feasible at this time for the onsite facilities to connect to a municipal sewer;
2. The proposed use conforms to the Zone 7 Wastewater Management Policy (WMP) that allows a maximum wastewater loading of one rural residential equivalence per five acres (1 RRE/5 Acres) when a community sewerage system is not yet available;
3. The proposed use conforms with the 2015 Zone 7 Nutrient Management Plan that maintains the maximum 1 RRE per 5 Acres of nitrogen loading for properties outside areas of concern for high nitrates;
4. The proposed land use does not involve the use, storage, or generation of hazardous materials other than those found in typical households;
5. There is no significant risk of contamination to the groundwater basin from the proposed septic system(s).

BE IT FURTHER RESOLVED that the septic tank use is deemed to be in compliance with Zone 7 Resolution No. 1165, and is approved with the following conditions:

1. **Zone 7's approval is contingent upon Alameda County** Department of Environmental **Health's** approval and oversight during the operation and maintenance of the system.
2. No wastewater disposal, other than that specifically approved herewith, is allowed without prior approval by the Zone 7 Water Agency.
3. When a public sewer is extended within 200 feet of any onsite dwelling connected to the septic systems, the septic system shall be abandoned, and all building sewers shall be connected to the public sewer.

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 June 18, 2025.

By: \_\_\_\_\_  
President, Board of Directors

**Project Wastewater Loading Worksheet  
 Five Pillars Farm Cemetery  
 1761 Laughlin Road, Livermore  
 (Case # 25-001)**

<b>Facility</b>	<b>Qty</b>	<b>Loading Description</b>	<b>Sewage Flow Rate (GPD)</b>	<b>Days per week</b>	<b>Avg GPD</b>	<b>N Conc Mg/L <sup>(1)</sup></b>	<b>Annual Nitrogen Loading lbs/yr</b>	<b>Rural Residential Equivanent (RRE)</b>	<b>Max RRE<sup>(2)</sup></b>	<b>Max RRE per 5 Acres<sup>(3)</sup></b>
Cemetery	3	employees	15	7	45	90	12	0.35	-	-
Cemetery	36	visitors	2.5	7	90	90	25	0.74	-	-
<b>Total</b>					135		37	1.09	7.26	0.15

(1) ACDEH OWTS Manual (2018).

(2) Maximum allowable RRE per year = (# Acres) x 6.8 lbs/Acre) / (34 lbs/year). ACDEH OWTS Manual (2018)

(3) Max RRE/5 acres: (5 acres / # parcel acres) x Total RRE

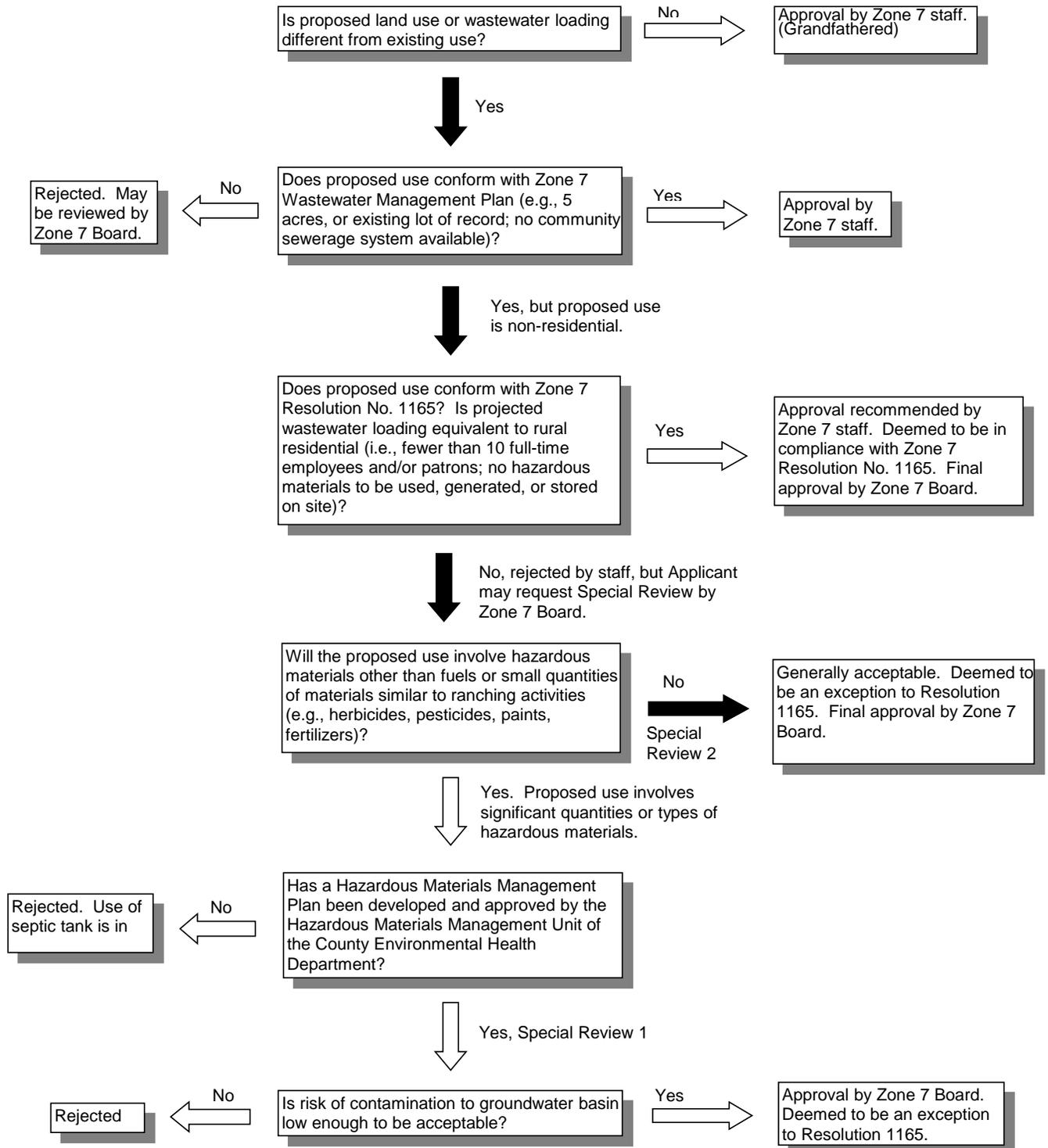
**Notes**

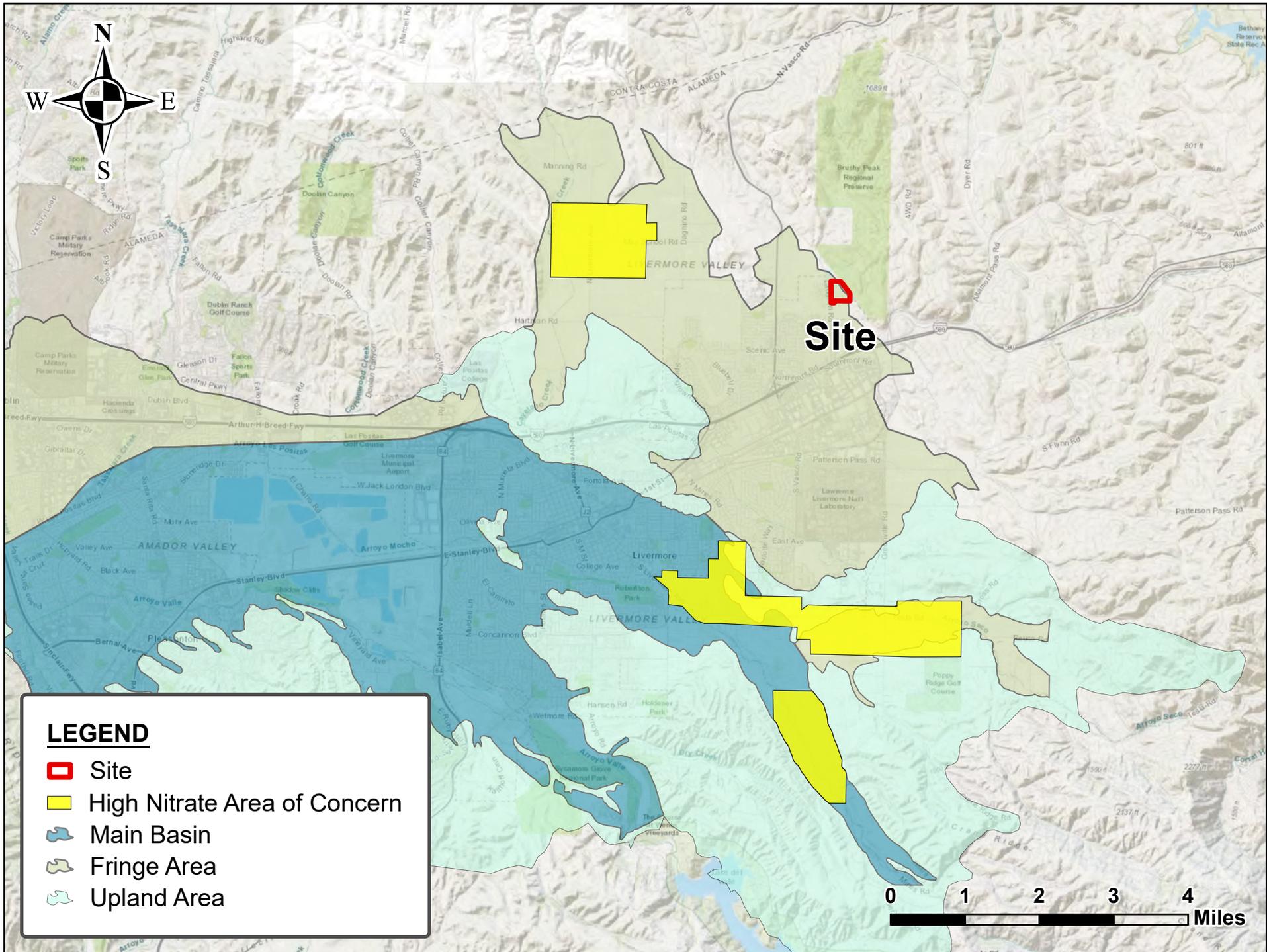
Acres 36.3  
 Nitrogen Area of Concern No  
 Max Nitrogen Loading 6.8 lbs/yr/acre  
 1 RRE 34 lbs N/yr (5 acre parcel)

# Zone 7 Septic Tank Approval Decision Tree

Applicant: <b>Five Pillars Cemetery</b>	Case No.: <b>25-001</b>
Site Address: <b>1761 Laughlin Road, Livermore</b>	
Date: <b>May 30, 2025</b>	

(Most septic tank reviews are made when the property owner request the Planning Department for a land use change, rezoning, or parcel split.)





**Site**

**LEGEND**

- Site
- High Nitrate Area of Concern
- Main Basin
- Fringe Area
- Upland Area

0 1 2 3 4 Miles

ORIGINATING SECTION: Administrative Services  
CONTACT: Osborn Solitei

AGENDA DATE: June 18, 2025

SUBJECT: Proposed Mid-Cycle Operating and Capital Budget Amendment for Fiscal Year 2025-26

SUMMARY:

- The FY 2025-26 proposed budget amendment aligns **with the Agency's** 2025-2029 Strategic Plan, prioritizing resources toward key strategic initiatives, including investing in, and maintaining a high-quality workforce, addressing major storm damage repair projects related to the 2022/2023 storms, and assessing and **investing in the Agency's** aging infrastructure while demonstrating fiscal responsibility and maintaining adaptability to emerging needs.
- The proposed action is in support of Strategic Plan Goal H – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Plan Initiative No. 21 – Continue to effectively manage financial resources for the Agency. In carrying out these responsibilities, staff conducts a review of the second year (FY 2025-26) of the adopted FY 2024-26 biennial budget, for the Board of Director's review and approval, for the following operating and capital 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)
- On June 11, 2024, the Board of Directors adopted the two-year operating and capital budget for Fiscal Years (FY) 2024-25 and 2025-26 via Resolution No. 24-48. The proposed budget amendment covers FY 2025-26.
- The purpose of the mid-cycle review is to confirm the budget continues to align with Board priorities, economic and climate conditions, capital project schedules, projected fund balances, and reserve policy requirements.

- The following table summarizes the FY 2025-26 Proposed Amended Budget and the proposed change from the FY 2025-26 Adopted Budget. The amended revenue is proposed to decrease by \$2.5M due to the timing of Federal and State grant revenue in Fund 200. The amended expenses are proposed to decrease by \$11.3M, primarily from capital project deferrals in Funds 120 and 130. The key factors driving the budget amendments are outlined in the discussion section.

Proposed Amended Budget (Agency-wide)

	FY 2025-26 Adopted Budget	FY 2025-26 Proposed Amended Budget	Change (\$)
Est. Beginning Fund Balance	\$295,177,000	\$325,762,000	\$30,585,000
Operating Revenue	135,139,000	132,674,000	(2,465,000)
Capital Funding	17,398,000	17,398,000	-
<b>Total Revenue</b>	<b>\$152,537,000</b>	<b>\$150,072,000</b>	<b>(\$2,465,000)</b>
Personnel	26,952,000	28,008,000	1,056,000
Operating Expenses	96,191,000	96,355,000	164,000
Capital Projects	26,018,000	13,490,000	(12,528,000)
Debt Service	6,076,000	6,076,000	-
Capital Funding <sup>1</sup>	17,634,000	17,634,000	-
<b>Total Expenses</b>	<b>\$172,871,000</b>	<b>\$161,563,000</b>	<b>(\$11,308,000)</b>
Est. Ending Fund Balance	\$274,843,000	\$314,271,000	\$39,428,000

Note: Values may not add due to rounding.

<sup>1</sup>Capital funding includes the annual Asset Management Plan (AMP) capital funding from Fund 100 to Fund 120 and the annual transfer from Fund 100 to the vehicle replacement reserve.

- Highlights of the FY 2025-26 proposed amended budget include:
  - › 2022/2023 Storm Damage Repairs (Fund 200):
    - Decrease of \$2.5M for Federal and State grant revenue. Storm repairs scheduled for summer 2024 were deferred due to environmental permitting delays. Therefore, the anticipated grants will be delayed as the grants reimburse for costs incurred to complete the storm repairs.
    - Increase of \$3.76M for high and medium-priority Phase 1 storm repair projects.
  - › Water Production (Fund 100):
    - *Water*: Reduction of \$900K for Kern County Storage/Recovery Program. Per the updated water operations plan, the Agency plans to recover less water from the Kern County Banks in FY 2025-26 than originally planned.
    - *Chemicals*: Increased by \$350K due to unit cost increases from continued inflation.
    - *Utilities*: Increased by \$792K due to the updated water operations plan. It is anticipated that the Agency will increase groundwater pumping to provide some capacity in the groundwater basin before the next rainy season.

- › Personnel (Funds 100, 120, 130, 200, and 210): Increase of \$1.1M. To support Strategic Plan Goal A – Professional Workplace, four full-time equivalent (FTE) positions are proposed to be added to the budget. The proposed amended budget has also been updated with current salaries, benefits, and other wage adjustments.
- › Water Supply Reliability Projects (Funds 100 and 130):
  - *Los Vaqueros Reservoir Expansion Project (Funds 100 and 130)*: Reduction of \$400K. The Los Vaqueros Reservoir Expansion Project Joint Powers Authority was formally dissolved on April 9, 2025, and the project has been terminated. Therefore, the Agency does not have any additional payments required.
  - *Delta Conveyance Project (Fund 100)*: Reduction of \$1.65M. Per Resolution No. 24-28, dated October 16, 2024, the Agency approved funding for pre-construction for CYs 2026 and 2027. There is no funding requirement for calendar year 2025.
  - *Sites Reservoir Project (Fund 130)*: Reduction of \$850K. The Sites Authority authorized the time extension of the Third Amendment through June 2026. No additional cash calls were requested as part of this extension. Therefore, the budget has been reduced to reflect Zone 7 staff time required to complete Phase 2 of the planning phase.
- › Flood Management Plan (Funds 200 and 210): Reduction of \$1.1M. This is a multi-year project, and no additional budget is needed to complete Phase 2.
- › Pension Trust Fund (Funds 100, 120, 130, and 200): Increase of \$100K. **Per the Finance Committee's recommendation, a** one-time contribution of \$100K has been assumed for FY 2025-26. This one-time contribution is in addition to the planned annual contribution for FY 2025-26 of \$150K.
- › Capital Projects (Funds 120 and 130): Reduction of \$12.5M. The FY 2025-26 capital budget amendments reflect progress made on the 10-Year Water System Capital Improvement Plan and Asset Management Plan updates. Some projects span multiple fiscal years, and funding for the additional years will be requested in future Agency budgets.

RECOMMENDED ACTION:

Adopt the attached Resolution approving the proposed Mid-Cycle Operating and Capital Budget Amendment for Fiscal Year 2025-26.

ATTACHMENTS:

1) Resolution; 2) Exhibit A: FY 2025-26 Proposed Budget Amendment – Summary of Budget by Account Classification; 3) Exhibit B: FY 2025-26 Proposed Amended Capital Projects Listing

DISCUSSION:

OPERATING BUDGETS

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Fund 100 – Water Enterprise Operations

*Primary Funding Source: Water Rates*

The table below summarizes the proposed budget amendment and change from the adopted budget for Fund 100. Total revenue is proposed to remain unchanged, and expenses are proposed to decrease by \$882K. A summary of the proposed amendments is outlined below. Please see Exhibit A for the proposed budget amendment details.

	FY 2025-26 Adopted Budget	FY 2025-26 Proposed Amended Budget	Change (\$)
Beginning Fund Balance	\$30,794,000	\$38,642,000	\$7,848,000
Revenue	72,165,000	72,165,000	-
Expenses	72,442,000	71,560,000	(882,000)
Operating Impact (Rev-Exp)	(277,000)	605,000	882,000
Fiscal Year-End Fund Balance	\$30,517,000	\$39,247,000	\$8,730,000

The Fund 100 Proposed Budget Amendments include:

- Personnel: Increase of \$845K for the addition of four FTE positions and updates to reflect current salaries, benefits, and other wage adjustments.

Position	Justification
Administrative Assistant (1 FTE)	Additional administrative support for the Agency, including records management, maintaining the <b>Agency’s website</b> , front desk coverage, and other administrative duties.
Human Resources Analyst (1 FTE)	Additional support for employee and labor relations, medical leaves and accommodations programs, training, and workforce analytics.
Principal Engineer (1 FTE)	Lead the Water Supply Engineering Section and oversee large capital projects, including the Mocho PFAS project, the Regional Wells Project, and the Chain of Lakes Conveyance Project.
Staff Analyst (1 FTE)	Administrative support for the Operations, Maintenance, and Engineering Division, including budget development, contracts management, agenda item preparation, and cost/performance reporting.

- Water Production Costs: Total increase of \$242K for water, chemicals, and utilities.

*Water:* Costs are proposed to be reduced by \$900K based on the updated water operations plan that indicates less water is planned to be recovered from the Kern County Banks. A summary of the water budget changes is shown in the table below:

Source	FY 2025-26 Adopted Budget	FY 2025-26 Proposed Amended Budget	Change (\$)
State Water Project – Table A	\$3,000,000	\$3,000,000	-
Kern Storage/Recovery Program	3,078,000	2,178,000	(900,000)
Water Transfers/Exchanges	1,000,000	1,000,000	-
Other Water Costs	195,000	195,000	-
<b>Total</b>	<b>\$7,273,000</b>	<b>\$6,373,000</b>	<b>(\$900,000)</b>

*Chemicals:* Increase of \$350K due to unit cost increases from continued inflation.

*Utilities:* Increase of \$792K due to the updated water operations plan. It is anticipated that the Agency will increase groundwater pumping to provide some capacity in the groundwater basin before the next rainy season.

- Los Vaqueros Reservoir Expansion Costs: Decrease of \$320K due to the termination of the project. The Los Vaqueros Reservoir Expansion Project Joint Powers Authority was formally dissolved on April 9, 2025, and the project has been terminated. Therefore, the Agency does not have any additional required payments.
- Delta Conveyance Project Planning Costs: Decrease of \$1.65M due to no funding requirement for calendar year 2025. Per Resolution No. 24-28, dated October 16, 2024, the Agency approved funding for pre-construction for calendar years 2026 and 2027.
- Reserves: The proposed amended budget recommends continuing to fund reserves at target levels. The corresponding target reserve requirements for the proposed budget amendment are shown in the table below. The table also reflects the newly proposed Water Reliability Reserve Fund balance.

Fund 100 Reserves	Target Policy	FY 2025-26 Proposed Amended Budget
Operating	90 days of budgeted operating expenses	\$13,301,000
Emergency	2.5% of water enterprise assets	8,588,000
Economic Uncertainties	15% of budgeted volume-based water sales	5,611,000
<b>Total Target Reserves<sup>1</sup></b>		<b>\$27,500,000</b>
Section 115 Pension Trust Fund <sup>2</sup>		2,135,000
Water Reliability Fund <sup>3</sup>		8,112,000
Unallocated Fund Balance <sup>4</sup>		1,500,000
<b>Total Proposed Reserves Budget</b>		<b>\$39,247,000</b>

1. Target Reserves: The proposed budget amendment **meets the Agency’s** reserve policy requirement of funding the operating and emergency reserves, and reserve for economic uncertainties at target levels.

2. Section 115 Pension Trust Fund: The proposed budget amendment includes an annual contribution of \$150K to the Pension Trust as well as a one-time additional contribution of \$100K, **per the Finance Committee’s recommendation.**
3. Water Reliability Reserve Fund (*Newly Proposed Reserve*): This reserve is proposed to have no assigned minimum, target, or maximum amount and is intended to accumulate funds to maintain agility and flexibility in addressing water supply challenges and investment opportunities as they arise. The proposed budget amendment plans for a reserve balance of \$8.1M.
4. Unallocated Fund Balance: The unallocated fund balance is the remaining balance of funds after all reserves have been funded.

**Fund 110 – State Water Facilities**

*Primary Funding Source: Property Taxes. The property tax override is exempt from the ad valorem property tax levy limitations of Article XIII A of the Constitution of the State of California as the indebtedness was approved prior to July 1, 1978.*

No proposed amendments.

**Fund 200 – Flood Protection Operations**

*Primary Funding Source: Property Taxes. Ad valorem property taxes equal to one percent (1%) of the full cash value, of which Zone 7 of the Alameda County Flood and Water Conservation District receives a proportionate share.*

The table below summarizes the proposed budget amendment and changes from the adopted budget for Fund 200. Total revenue is proposed to decrease by \$2.47M, and expenses are proposed to increase by \$3.28M. A summary of the proposed amendments is outlined below. Please see Exhibit A for the proposed budget amendment details.

	FY 2025-26 Adopted Budget	FY 2025-26 Proposed Amended Budget	Change (\$)
Beginning Fund Balance	\$13,620,000	\$18,995,000	\$5,375,000
Revenue	15,958,000	13,493,000	(2,465,000)
Expenses	19,430,000	22,712,000	3,282,000
Operating Impact (Rev-Exp)	(3,472,000)	(9,219,000)	(5,747,000)
Fiscal Year-End Fund Balance	\$10,148,000	\$9,776,000	\$372,000

The Fund 200 Proposed Budget Amendments include:

- Grant Revenue: Decrease of \$2.47M due to Phase 1 storm repair delays. State and Federal grants will reimburse expenses incurred for storm repair projects currently anticipated for construction in summer of 2025, pending approval of environmental permits.
- Professional Services: Decrease of \$773K, primarily for the Flood Management Plan (\$649K). This is a multi-year project, and no additional budget is needed to complete

Phase 2. The proposed decrease also includes reducing other as-needed services (\$124K).

- Repairs and Maintenance: Increase of \$4.06M. The table below identifies the proposed changes.

Flood Protection Repairs and Maintenance Services	FY 2025-26 Adopted Budget	FY 2025-26 Proposed Amended Budget	Change (\$)
Phase 1B Storm Damage Repairs (FEMA/CalOES Assistance) <sup>1</sup>	\$6,981,000	\$10,741,000	\$3,760,000
General and On-Call Engineering Repairs	1,155,000	1,155,000	-
Alamo Creek Pilot Project	400,000	400,000	-
Maintenance (On-Call Maintenance Contracts and General Maintenance Services) <sup>2</sup>	\$3,384,000	\$3,679,000	\$295,000
<b>Total</b>	<b>\$11,920,000</b>	<b>\$15,975,000</b>	<b>\$4,055,000</b>

<sup>1</sup>Proposed increase due to higher than anticipated construction costs and the addition of medium/high priority projects to Phase 1B.

<sup>2</sup>Proposed increase due to the expanded scope of work for the operated equipment supply contract and emergency work for flood control facilities.

## CAPITAL BUDGETS

### Fund 120 – Water Renewal/Replacement and System-wide Improvements

*Primary Funding Source: Water Rates*

The table below summarizes the proposed capital budget amendment and changes from the adopted budget for Fund 120. Total revenue is proposed to remain unchanged, and expenses are proposed to decrease by \$11.01M. The FY 2025-26 capital budget amendments reflect progress made on the 10-Year Water System Capital Improvement Plan and Asset Management Plan updates. Some projects span multiple fiscal years, and funding for the additional years will be requested in future Agency budgets.

	FY 2025-26 Adopted Budget	FY 2025-26 Proposed Amended Budget	Change (\$)
Beginning Fund Balance	\$57,323,000	\$64,589,000	\$7,266,000
Revenue	18,212,000	18,212,000	-
Expenses	24,887,000	13,877,000	(11,010,000)
Operating Impact (Rev-Exp)	(6,675,000)	4,335,000	11,010,000
Fiscal Year-End Fund Balance	\$50,648,000	\$68,924,000	\$18,276,000

Fund 120 newly proposed and amended capital projects are detailed in Exhibit B.

Fund 130 – Water Enterprise Capital Expansion  
*Primary Funding Source: Water Connection Fees*

The table below summarizes the proposed water expansion capital budget amendment and changes from the adopted budget for Fund 130. Total revenue is proposed to remain unchanged, and expenses are proposed to decrease by \$2.25M.

	FY 2025-26 Adopted Budget	FY 2025-26 Proposed Amended Budget	Change (\$)
Beginning Fund Balance	\$60,741,000	\$66,608,000	\$5,867,000
Revenue	13,835,000	13,835,000	-
Expenses	23,077,000	20,830,000	(2,247,000)
Operating Impact (Rev-Exp)	(9,242,000)	(6,995,000)	2,247,000
Fiscal Year-End Fund Balance	\$51,499,000	\$59,613,000	\$8,114,000

Fund 130 newly proposed and amended capital projects are detailed in Exhibit B.

Fund 210 – Flood Protection Development Impact Fee  
*Primary Funding Source: Developer Impact Fees*

The table below summarizes the proposed flood expansion capital budget amendment and changes from the adopted budget for Fund 210. Total revenue is proposed to remain unchanged, and expenses are proposed to decrease by \$451K. Details of the proposed amendments are outlined below.

	FY 2025-26 Adopted Budget	FY 2025-26 Proposed Amended Budget	Change (\$)
Beginning Fund Balance	\$79,739,000	\$82,335,000	\$2,596,000
Revenue	2,712,000	2,712,000	-
Expenses	1,783,000	1,332,000	(451,000)
Operating Impact (Rev-Exp)	929,000	1,380,000	451,000
Fiscal Year-End Fund Balance	\$80,668,000	\$83,715,000	\$3,047,000

The Fund 210 Proposed Budget Amendment includes:

- Professional Services: Decrease of \$451K for the Flood Management Plan. This is a multi-year project, and no additional budget is needed to complete Phase 2.

ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 25-

INTRODUCED BY DIRECTOR  
SECONDED BY DIRECTOR

Mid-Cycle Operating and Capital Budget Amendment for Fiscal Year 2025-26

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, the Proposed Mid-Cycle Operating and Capital Budget Amendment for FY 2025-26 is in support of Strategic Plan Goal H – Fiscal Responsibility – Operate the Agency in a fiscally responsible manner and Strategic Initiative No. 21 – Continue to effectively manage financial resources.

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 following budget amendment, including revenues, expenses, and the use of fund balances for Fiscal Year 2025-26 as detailed in Exhibit A:

1. Fund 100 – Water Enterprise Operations;
2. Fund 110 – State Water Facilities;
3. Fund 120 – Water Enterprise Renewal & Replacement and System-Wide Improvements;
4. Fund 130 – Water Enterprise Capital Expansion;
5. Fund 200 – Flood Protection Operations;
6. Fund 210 – Flood Protection Development Impact Fee Fund; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the proposed capital projects (Exhibit B) for Fiscal Year 2025-26 and authorizes the General Manager to implement such projects; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 does hereby request the Board of Supervisors of the Alameda County Flood Control and Water Conservation District to incorporate said budgets of Zone 7, where applicable; and

BE IT FURTHER RESOLVED that Section 1 (b) of Article XIII A of the California Constitution exempts ad valorem property tax levies to make payments upon indebtedness approved by voters prior to July 1, 1978, from the limitations set forth in Section 1 (a) of Article XIII A; and

**BE IT FURTHER RESOLVED** that the District's indebtedness from its State Water Supply Contract falls within such exemption; and

BE IT FURTHER RESOLVED, that consistent with the requirements of law and specifically within the limitations imposed by Article XIII A of the Constitution of the State of California there shall be levied a property tax within the District sufficient to raise the sum of \$22,000,000 for Fiscal Year 2025-**26 to meet that portion of the District's State Water Supply** Contract obligation. All funds received by the District pursuant to the aforementioned property tax levy shall be placed in Fund 110 – State Water Facilities Fund, a separate fund identified for the indebtedness set forth above; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 does hereby request the Board of Supervisors of said District to levy a tax on all property of Zone 7 sufficient to **assure payment of sums due under the District's State Water Supply Contract for** the State Water Facilities Fund to make payments; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the personnel actions, if any, as contained in the proposed amended budget for Fiscal Year 2025-26 and authorizes the General Manager to implement such personnel actions; and

BE IT FURTHER RESOLVED THAT the General Manager is authorized and directed to adjust accounts as the General Manager may deem necessary to account for any changes in available fund balances, revenues, or expenditures.

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 June 18, 2025.

By: \_\_\_\_\_  
President, Board of Directors

## Exhibit A - Summary of Budget by Account Classification

The schedule below summarizes the proposed budget by fund and account classification. The schedule includes revenue, expenses and projected reserve balances at fiscal year-end. The fund schedules are grouped by type of fund: Enterprise (Water Enterprise Fund, State Water Facilities Fund, Renewal & Replacement/System Wide Improvement Fund, and the Expansion Fund) and Governmental Funds (Flood Protection and Flood Protection/Development Impact Fee Fund).

	Fund 100	Fund 110	Fund 120	Fund 130	Fund 200	Fund 210	Total
<b>FY 2025-26 Estimated Beginning Fund Balance</b>	<b>\$38,642,000</b>	<b>\$54,593,000</b>	<b>\$64,589,000</b>	<b>\$66,608,000</b>	<b>\$18,995,000</b>	<b>\$82,335,000</b>	<b>\$325,762,000</b>
<b>Revenue</b>							
Water Sales and Service	71,268,000	2,995,000					74,263,000
Property Taxes		22,201,000			13,077,000		35,278,000
Connection/Development Fees				10,000,000		1,500,000	11,500,000
Investment Earnings	454,000	784,000	812,000	835,000	180,000	1,187,000	4,252,000
Grants	130,000						130,000
Other Revenue	313,000	3,675,000	2,000	3,000,000	236,000	25,000	7,251,000
Capital Funding			17,398,000				17,398,000
<b>Total Revenue</b>	<b>\$72,165,000</b>	<b>\$29,655,000</b>	<b>\$18,212,000</b>	<b>\$13,835,000</b>	<b>\$13,493,000</b>	<b>\$2,712,000</b>	<b>\$150,072,000</b>
<b>Expenses</b>							
Personnel	21,851,000		2,590,000	198,000	3,208,000	161,000	28,008,000
Professional Services	3,589,000	16,000	29,000	50,000	2,402,000	671,000	6,757,000
County Services	1,936,000				110,000		2,046,000
Insurance Services	900,000						900,000
Legal Services	455,000			200,000			655,000
Water	6,373,000	31,236,000		17,400,000			55,009,000
Delta Conveyance Project	1,650,000						1,650,000
Chemicals	4,350,000						4,350,000
Utilities	3,220,000						3,220,000
Telecommunications	238,000				6,000		244,000
Maintenance Services	2,484,000				15,975,000		18,459,000
Rental Services	116,000						116,000
Office Supplies and Other Services	1,025,000				842,000		1,867,000
Organizational Memberships and Support	424,000				91,000		515,000
Sites Reservoir Project				150,000			150,000
Training and Travel	197,000				27,000		224,000
Water Conservation Program	158,000						158,000
Capital Projects			11,258,000	1,732,000		500,000	13,490,000
Equipment					35,000		35,000
Debt Service	4,976,000			1,100,000			6,076,000
<i>Subtotal (before capital funding)</i>	<i>53,942,000</i>	<i>31,252,000</i>	<i>13,877,000</i>	<i>20,830,000</i>	<i>22,696,000</i>	<i>1,332,000</i>	<i>143,929,000</i>
Capital Funding	17,618,000				16,000		17,634,000
<b>Total Expenses</b>	<b>71,560,000</b>	<b>31,252,000</b>	<b>13,877,000</b>	<b>20,830,000</b>	<b>22,712,000</b>	<b>1,332,000</b>	<b>161,563,000</b>
Operating Impact (Revenue-Expenses)	605,000	(1,597,000)	4,335,000	(6,995,000)	(9,219,000)	1,380,000	(11,491,000)
<b>FY 2025-26 Estimated Ending Fund Balance</b>	<b>\$39,247,000</b>	<b>\$52,996,000</b>	<b>\$68,924,000</b>	<b>\$59,613,000</b>	<b>\$9,776,000</b>	<b>\$83,715,000</b>	<b>\$314,271,000</b>
<b>Reserves</b>							
Operating	13,301,000	52,996,000			9,548,000		75,845,000
Debt Rate Stabilization			6,300,000	2,300,000			8,600,000
Emergency	8,588,000						8,588,000
Reserve for Economic Uncertainties	5,611,000						5,611,000
Section 115 Trust	2,135,000		64,000	17,000	228,000		2,444,000
Water Reliability Reserve	8,112,000						8,112,000
SBA Enlargement				22,590,000			22,590,000
Future Contractor's Share of SBA				8,950,000			8,950,000
Capital Projects			62,560,000	25,756,000		83,715,000	172,031,000
Unallocated Fund Balance	1,500,000						1,500,000
<b>Total Reserves</b>	<b>\$39,247,000</b>	<b>\$52,996,000</b>	<b>\$68,924,000</b>	<b>\$59,613,000</b>	<b>\$9,776,000</b>	<b>\$83,715,000</b>	<b>\$314,271,000</b>

Exhibit B  
 FY 2025-26 Proposed Amended Capital Projects Listing

**Fund 120 – Water Renewal/Replacement and System-wide Improvements**

<b>Project Listing</b>	<b>FY 2025-26 Proposed Budget</b>
Chain of Lakes Conveyance System (Amended)	530,000
CMMS Support	1,125,000
Contingency	750,000
DVWTP and PPWTP HVAC Replacement (Amended)	670,000
DVWTP Master Plan (Amended)	500,000
Electrical Vehicle Charging Infrastructure Program (Newly Proposed)	53,000
Facility Improvements for Energy Cost Savings (Newly Proposed)	318,000
Laboratory Equipment Replacement (Amended)	200,000
Minor Renewal/Replacement Projects	840,000
Mocho PFAS Treatment Plant (Amended)	4,019,000
North Canyons Renewal/Replacement and Improvements	50,000
North Canyons Electrical Vehicle Chargers (Amended)	150,000
On-call Design and Construction Services	850,000
PPWTP Improvements and Replacements (Amended)	850,000
Production Well Pump Replacement Project	430,000
Regional Project Feasibility Study (Amended)	383,000
SCADA Upgrades and Replacements	340,000
Silver Oaks Pump Station Replacement (Amended)	1,740,000
Transmission System Planning Update (Newly Proposed)	50,000
<b>Total<sup>1</sup></b>	<b>13,848,000</b>

<sup>1</sup>Fund total does not include \$29K for professional investment services.

The FY 2025-26 Adopted Budget was reviewed and amended as part of the mid-cycle budget process. The proposed amended capital projects also incorporate progress made on the 10-Year Water System Capital Improvement Plan and Asset Management Program updates. Some projects span multiple fiscal years, and funding for the additional years will be requested in future Agency budgets. The proposed adjustments are summarized below.

**Fund 120 – Capital Project Descriptions (Newly Proposed)**

**Electrical Vehicle Charging Infrastructure Program - \$53K**

The project will include the design and construction of electric vehicle chargers at DVWTP, Parkside, and PPWTP. The California Air Resources Board (CARB) Advanced Clean Fleets (ACF) regulation requires that Zone 7 begin converting its fleet to zero-emission vehicles. Zone 7 plans to electrify its fleet to comply with this regulation. To support an electric fleet, electric vehicle charging infrastructure will be required at DVWTP, Parkside, and PPWTP. This project, together with the Facility Improvements for Energy Cost Savings project identified below, replaced the Energy Master Plan Priority Projects (as identified in the FY 2024-26 Adopted Budget).

Exhibit B  
FY 2025-26 Proposed Amended Capital Projects Listing

**Facility Improvements for Energy Cost Savings - \$318K**

This project aligns with the Agency's Energy Policy and implements the Energy Master Plan. The project would implement one or more cost-effective facility improvements that reduce energy costs by procuring/generating less expensive energy and/or by modifying facility utility systems to qualify for better utility rates and reduce exposure to utility demand charges. This project, together with the Electrical Vehicle Charging Infrastructure Program project identified above, replaced the Energy Master Plan Priority Projects (as identified in the FY 2024-26 Adopted Budget).

**Transmission System Planning Update - \$50K**

This update will use the latest near-term and long-term demand estimates and hydraulic modeling to verify the capability of Zone 7's existing system and identify CIP projects to deliver treated water at an adequate level of service and to meet the reliability policy. Policy review will also be conducted to include delivered water flows and pressures at various turnouts. As a result of updated hydraulic modeling scenarios, this project may also identify new transmission system project needs (e.g., pump stations, pipelines, and other appurtenances) and additional storage needs (e.g., sizing and location of treated water storage facility) for incorporation into the CIP. This project has a 50/50 split with Fund 130.

Exhibit B  
FY 2025-26 Proposed Amended Capital Projects Listing

**Fund 120 – Capital Project Descriptions (Proposed Schedule/Budget Adjustment)**

**Asset Management Program Management- \$0**

This project includes ongoing program management of the Asset Management Program. Activities include facilitating condition assessments, maintaining the asset database, regular updates of the Asset Management Program, and other ongoing implementation tasks. The budget is proposed to decrease due to the timing of the completion of the Asset Management Plan. The proposed adjustment will decrease the proposed capital budget by \$110K.

**Capital Improvement Program Update - \$0**

Project funds the ongoing program management of the Capital Improvement Program including annual report preparation, Zone 7 labor, and other Capital Improvement Program related efforts. The budget is proposed to decrease due to the timing of the completion of the 10-Year Water System Capital Improvement Plan. The proposed adjustment will decrease the proposed capital budget by \$160K.

**Chain of Lakes Conveyance System - \$530K**

This project consists of a new multi-purpose conveyance pipeline and pump station connecting DVWTP/SBA with Lakes I/Cope and future lakes. Since active gravel mining operations may continue until 2060 and thereby delay completion of the Chain of Lakes (COLs) by 30 years beyond the previous planning horizon, Zone 7 is planning to construct this project using Zone 7-owned lakes to maximize the water supply reliability and operational flexibility benefits and append future lakes as appropriate when they become available. The project budget has been reduced to allow more time for additional analyses to identify the most viable project options. The proposed adjustment will decrease the proposed capital budget by \$1.23M.

**DVWTP and PPWTP HVAC Replacement - \$670K**

This project will replace key equipment including but not limited to boilers and appurtenances, air handling units and exhaust fans, air cooled chiller for the Laboratory Building, associated system control and pressure valves, switches, appurtenances, etc., and digital control systems for the HVAC systems at PPWTP and DVWTP. The project schedule has been adjusted due to limited staff resources (as a result of delays in other projects in progress) and to enable coordination with the design of facility improvements with the PPWTP Improvements and Replacement project. The design and construction phases will begin FY 2025-26. Completion of the HVAC facilities at PPWTP and DVWTP is anticipated by spring 2027 and spring 2028, respectively. The proposed adjustment will decrease the proposed capital budget by \$496K.

**DVWTP Master Plan - \$500K**

The planned scope of this project has been expanded to include the development of a master plan for DVWTP that fully integrates all planned CIP projects, identifies new projects to be added based on site evaluations and analysis, including the proposed maintenance yard and storage building, and will include prioritization of projects. This project replaces the existing Maintenance Yard and Storage Study. The proposed adjustment will increase the proposed capital budget by \$500K.

Exhibit B  
FY 2025-26 Proposed Amended Capital Projects Listing

**Hopyard Pipeline Corrosion Protection Improvement Project - \$0**

The project is proposed to be replaced with a future project based on the findings of an upcoming condition assessment. Staff is working with an on-call contractor to schedule a video camera survey inside a portion of the Hopyard Pipeline during the City of Pleasanton's construction work on turnout 4 in fall 2025. The proposed adjustment will decrease the proposed capital budget by \$477K.

**Laboratory Equipment Replacement - \$200K**

Replacement of various monitoring and analytical laboratory equipment and components that are nearing the end of their useful life. Replacement of some instruments in the water quality laboratory were previously delayed and planned for FY 2025-26. This equipment includes gas chromatography (GC), gas chromatography/mass spectrometry (GC/MS), inductively coupled plasma/optical emission spectrometry (ICP/OES), inductively coupled plasma/mass spectrometry (ICP/MS), total organic carbon (TOC) analyzer, cyanotoxin analyzer, ion chromatography (IC) instruments, and turbidimeters. The proposed adjustment will increase the proposed capital budget by \$30K.

**Maintenance Yard and Building - \$0K**

The anticipated scope of this project includes design and construction of additional facilities to provide additional equipment storage areas, maintenance work areas, and office space for Maintenance staff. The project has been deferred to follow the completion of the Del Valle Water Treatment Plant Master Plan. The proposed adjustment will decrease the proposed capital budget by \$400K.

**MGDP RO Membrane Replacement - \$0K**

This project is proposed to be deferred for one year. The MGDP RO membranes continue to perform well and are not at the end of their useful lives. The proposed adjustment will decrease the proposed capital budget by \$250K.

**Mocho PFAS Treatment Plant - \$4.02M**

This project has been rescoped to include both the Mocho Wellfield PFAS Treatment Facility project and the Wells & MGDP Electrical Upgrades/Replacement Project (as identified in the FY 2024-26 Adopted Budget). The treatment plant will remove PFAS from Mocho wellfield supplies to meet drinking water standards and restore production capacity and water supply reliability, operated in concert with the Mocho Groundwater Demineralization Plant. The project will also implement planned replacement of the aging switchgears at Mocho Wells 3 and 4, which will be partially funded by a \$1,226,000 Department of Water Resources Proposition 1 Integrated Regional Water Management grant. The proposed adjustment will decrease the proposed capital budget by \$4.48M.

**North Canyons Electrical Vehicle Chargers - \$150K**

The EV charger project is ongoing. An additional budget in FY 2025-26 is needed to complete the project. The proposed adjustment will increase the proposed capital budget by \$150K.

**PPWTP Improvements and Replacements - \$850K**

This project consolidates existing PPWTP renewal/replacement projects and addresses modifications for operational and maintenance needs, safety, and regulatory compliance. The project schedule has been adjusted due to limited staff resources (as a result of delays in other

Exhibit B  
FY 2025-26 Proposed Amended Capital Projects Listing

projects in progress) and to enable coordination with the design of facility improvements with the DVWTP and PPWTP HVAC Replacement projects. The design and construction phases will begin FY 2025-26 and FY 2026-27, respectively. Project completion is anticipated in spring 2028. The proposed adjustments will decrease the proposed capital budget by \$3.08M.

**Silver Oaks Pump Station Replacement - \$1.74M**

This project has been amended based on the current project schedule. The proposed FY 2025-26 budget is for design and planning. Land acquisition is anticipated to be completed in FY 2026-27. The proposed adjustment will decrease the proposed capital budget by \$1.59M.

**System-Wide Installation of Line Valves - \$0K**

This project includes periodic installation of new line valves in the transmission system, as needed. The project is proposed to be deferred for one year as this is not a priority project. The proposed adjustment will decrease the proposed capital budget by \$110K.

**Regional Project Feasibility Study - \$383K**

This study is to evaluate the feasibility of developing new municipal groundwater wells in the Bernal subbasin jointly with the City of Pleasanton. The study is cost-shared 50/50 between the City of Pleasanton and Zone 7. This project will include installing new wells, constructing pipelines, and upgrading Hopyard treatment facilities. The proposed budget is necessary to cover the Board approved increase in the revised Cost Share Agreement and any potential updates and changes to the project. This project is split 50/50 with Fund 130 – Water Enterprise Capital Expansion. The proposed adjustment will increase the proposed capital budget by \$383K.

Exhibit B  
 FY 2025-26 Proposed Amended Capital Projects Listing

**Fund 130 – Water Enterprise Capital Expansion  
 Capital Project Listing**

<b>Project Listing</b>	<b>FY 2025-26 Proposed Budget</b>
Cawelo Groundwater Banking Program Debt Service	1,100,000
Chain of Lakes Conveyance System (Amended)	470,000
Contingency	500,000
Fourth Contractor's Share of South Bay Aqueduct - Payment to DWR	3,000,000
North Canyons Renewal/Replacement and Improvements	2,000
Regional Project Feasibility Study (Amended)	383,000
Sites Reservoir (Amended)	150,000
South Bay Aqueduct Enlargement Project - Payment to DWR	14,400,000
Transmission System Planning Update (Newly Proposed)	50,000
Well Master Plan	525,000
<b>Total<sup>1</sup></b>	<b>20,580,000</b>

<sup>1</sup>Fund total does not include \$250K for professional investment and legal services.

The FY 2025-26 Adopted Budget was reviewed and amended as part of the mid-cycle budget process. The proposed amended capital projects also incorporate progress made on the 10-Year Water System Capital Improvement Plan update. Some projects span multiple fiscal years, and funding for the additional years will be requested in future Agency budgets. The proposed adjustments are summarized below.

**Fund 130 – Newly Proposed Capital Project Descriptions**

**Transmission System Planning Update - \$50K**

This update will use the latest near-term and long-term demand estimates and hydraulic modeling to verify the capability of Zone 7's existing system and identify CIP projects to deliver treated water at an adequate level of service and to meet the reliability policy. Policy review will also be conducted to include delivered water flows and pressures at various turnouts. As a result of updated hydraulic modeling scenarios, this project may also identify new transmission system project needs (e.g., pump stations, pipelines, and other appurtenances) and additional storage needs (e.g., sizing and location of treated water storage facility) for incorporation into the CIP. This project has a 50/50 split with Fund 120.

Exhibit B  
FY 2025-26 Proposed Amended Capital Projects Listing

**Fund 130 – Capital Project Descriptions (Proposed Schedule/Budget Adjustment)**

**Capital Improvement Program Management - \$0**

Project funds the ongoing program management of the Capital Improvement Program including annual report preparation, Zone 7 labor, and other Capital Improvement Program related efforts. The budget is proposed to decrease due to the timing of the completion of the 10-Year Water System Capital Improvement Plan. The proposed adjustment will decrease the proposed capital budget by \$160K.

**Chain of Lakes Conveyance System - \$470K**

This project consists of a new multi-purpose conveyance pipeline and pump station connecting DVWTP/SBA with Lakes I/Cope and future lakes. Since active gravel mining operations may continue until 2060 and thereby delay completion of the Chain of Lakes (COLs) by 30 years beyond the previous planning horizon, Zone 7 is planning to construct this project using Zone 7-owned lakes to maximize the water supply reliability and operational flexibility benefits and append future lakes as appropriate when they become available. The project budget has been reduced to allow more time for additional analyses to identify the most viable project options. The proposed adjustment will decrease the proposed capital budget by \$1.09M.

**City Reach Pipeline Mitigation Planning – \$0**

The mitigation is needed for the City Reach of Altamont Pipeline. This limited mitigation need can be fulfilled by purchasing mitigation credits at a suitable mitigation bank or by developing a Zone 7 mitigation project. The project requires additional time to negotiate the terms of mitigation with CDFW and USFWS. This proposed adjustment will decrease the proposed capital budget by 410K.

**Los Vaqueros Reservoir Expansion Project - \$0K**

This project has been formally terminated. This proposed adjustment will decrease the proposed capital budget by \$170K.

**Sites Reservoir Project - \$150K**

This project will construct a 1.5 million acre-feet off-stream reservoir and supporting facilities. The reservoir will be located in Glenn and Colusa Counties. This project will use existing infrastructure to divert excess stormwater flows from the Sacramento River to fill the reservoir. Zone 7 has been participating in the project planning phases for a storage allocation of 62,340 acre-feet, which provides average reservoir releases of approximately 10,000 acre-feet per year. The Sites Authority authorized the time extension of the Third Amendment through June 2026. No additional cash calls were requested as part of this extension. Therefore, the budget has been reduced to reflect Zone 7 staff time required to complete Phase 2 of the planning phase. This proposed adjustment will decrease the capital budget by \$850K.

**Regional Project Feasibility Study - \$383K**

This study is to evaluate the feasibility of developing new municipal groundwater wells in the Bernal subbasin jointly with the City of Pleasanton. The study is cost-shared 50/50 between the City of Pleasanton and Zone 7. This project will include installing new wells, constructing pipelines, and upgrading Hopyard treatment facilities. The proposed budget is necessary to

Exhibit B  
FY 2025-26 Proposed Amended Capital Projects Listing

cover the Board approved increase in the revised Cost Share Agreement and any potential updates and changes to the project. This project is split 50/50 with Fund 130 – Water Enterprise Capital Expansion. The proposed adjustment will increase the proposed capital budget by \$383K.

ORIGINATING SECTION: Administrative Services  
CONTACT: Shelisa Jackson/Osborn Solitei

AGENDA DATE: June 18, 2025

SUBJECT: Assembly Bill 2561 Vacancy Reporting Compliance

SUMMARY:

- Assembly Bill 2561 (AB 2561), which was signed into law in September 2024, with an effective date of January 1, 2025, and added to California Government Code Section 3502.3, introduces new requirements for public agencies as it relates to job position vacancies and recruitment and retention efforts.
- To proactively address any recruitment and retention challenges, in November 2024, the Board adopted the 2025-2029 Strategic Plan, which includes Goal A, Initiative – To recruit and retain a diverse and skilled workforce by engaging in strategic workforce planning and development initiatives.

DISCUSSION:

There are three key provisions of AB 2561:

1. Public agencies are mandated to present the status of job vacancies, along with recruitment and retention efforts, at a public hearing before their governing body at least once per fiscal year. This presentation must occur prior to adoption of the budget.
2. Recognized employee organizations have the right to make presentations at these public hearings concerning positions within their respective bargaining units.
3. If job vacancies in a bargaining unit reach or exceed 20 percent of authorized full-time positions, and a recognized employee organization requests it, the Agency must provide the following at a public hearing:
  - Total number of job vacancies within the bargaining
  - Total number of applicants for these vacancies
  - The average hiring duration from job posting to completion

**The vacancy rate for each of the Agency's bargaining units does not exceed 20 percent of** authorized full-time positions. In compliance with AB 2561, the reporting vacancy rates for the Agency as of May 28, 2025 (for positions filled through June 23, 2025) are as follows:

- Alameda County Management Employees Association – 0 percent
- Building Trades Council of Alameda County – 9.5 percent
- International Federation of Professional and Technical Engineers – 17.6 percent
- Service Employees International Union 1021 – 16.9 percent
- Unrepresented Management – 27.8 percent

To address any recruitment and retention challenges the Agency continues to strive towards attracting and retaining a diverse and skilled workforce by engaging in strategic workforce planning and development initiatives such as:

- Employee Engagement (employee led activities, employee recognition, seasonal activities, etc.)
- Recruitment Strategies (intern program, job fairs, targeted recruitment, etc.)
- Alternative Work Schedules
- Hybrid (In-Office/Home) Work Option for qualifying positions
- Training and Professional Development Opportunities
- Tuition Reimbursement
- Competitive Wages
- Longevity Pay

FUNDING:

N/A

RECOMMENDED ACTION:

- Conduct a Public Hearing and receive a report on job vacancy rates of the Alameda County Management Employees Association, Building Trades Council of Alameda County, International Federation of Professional and Technical Engineers, and Service Employees International Union 1021 as required by California Assembly Bill 2561: Local Public Employees: Vacant Positions.

ORIGINATING SECTION: Groundwater  
CONTACT: Ken Minn/Colleen Winey

AGENDA DATE: June 18, 2025

SUBJECT: Update on the Regional Groundwater Facilities Improvement Project – Phase I

SUMMARY:

- To support the Mission to deliver safe, reliable, efficient, and sustainable water, Zone 7 Water Agency (Zone 7) partnered with the City of Pleasanton to evaluate the feasibility of a Joint Regional Groundwater Facilities Project (the joint project) in the Bernal subbasin. This action supports Strategic Plan Goal B – Reliable Water Supply and Infrastructure, Goal C – Safe Water, and Goal D – Groundwater Management. It is also to implement Strategic Plan Initiative #5 – Develop a diversified water supply plan and implement supported projects and programs, Initiative #9 – Implement the PFAS Management Strategy, and Initiative #11 - Manage the Groundwater Sustainability Agency and implement the Groundwater Sustainability Plan.
- Zone 7 has been exploring the Bernal subbasin to recover the groundwater production capacity, which has been reduced due to out-of-commission wells and Per- and polyfluoroalkyl substances (PFAS) treatment process, and to meet projected future demands. The City of Pleasanton is also planning to install new groundwater wells to recover its annual groundwater pumping quota of 3,500 acre-feet.
- If feasible, installing additional groundwater wells in the Bernal subbasin will enable Zone 7 to become more resilient to multi-year droughts by providing additional groundwater supply, operational flexibility, and redundancy, thereby increasing water supply reliability. The project could be **upsized to accommodate Pleasanton’s groundwater pumping quota.**
- Developing a joint project with the City of Pleasanton will be mutually beneficial, as it will enable both parties to achieve significant cost savings through economies of scale, minimize the impact on the local community and environment, and gain operational efficiencies through centralized treatment.
- **Zone 7’s existing infrastructure, including the distribution system and the** water treatment facilities at Hopyard well field, can be upgraded to make integrating new production wells to the existing system more cost-effective and efficient without the need to construct a new (non-PFAs) groundwater treatment facility. Groundwater treatment typically includes the addition of standard disinfectants.

- The current phase of the joint project is the feasibility study. This phase involves installing up to three test wells **on the City of Pleasanton's property to assess potential** yields at these locations and analyze groundwater quality. It also involves analyzing PFAS mobilization using the newly developed groundwater flow model and developing a basis of design for the transmission pipeline and water treatment facility upgrades at the Hopyard well field. Staff will use the findings from this analysis to determine the optimal number and locations of wells for the potential development of new regional wells.
- To date, the three test wells have all been installed, developed, and analyzed for potential yields and water quality, including PFAS compounds. The feasibility study remains on track to be completed by the end of the year, and the additional costs are within the contingency amount previously approved by the Board.
- At the June 18 Board meeting, the consultants and staff will discuss preliminary results on water quality and estimated yields from the test wells.

FUNDING:

No funding is requested at this time.

RECOMMENDED ACTION:

Information only.

ZONE 7 BOARD OF DIRECTORS  
SUMMARY NOTES OF THE ADMINISTRATIVE COMMITTEEMay 7, 2025  
4:00 p.m.

Directors Present: Sandy Figuers  
Laurene Green

Directors Absent: Dawn Benson

Staff Present: Valerie Pryor, General Manager  
Osborn Solitei, Treasurer/Assistant General Manager – Finance  
Shelisa Jackson, Human Resources Manager  
Donna Fabian, Executive Assistant

General Counsel: Rebecca Smith

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### 1. Call Meeting to Order

Director Figuers called the meeting to order at 4:00 p.m.

### 2. Public Comment on Items Not on the Agenda

There were no public comments.

### 3. Revised Records Retention Schedule

Valerie Pryor, General Manager, presented the revised Records Retention Schedule, noting that the update was completed in coordination with a records management consultant and approved by legal counsel. Most retention timelines are based on state law, limiting the **Agency's flexibility. Rebecca Smith, General Counsel, explained that the schedule consolidates** various legal and best practice standards for how long records should be kept, such as contracts for seven years post-expiration, and others in perpetuity. She emphasized that having and following a clear retention schedule is essential to ensure compliance with the Public Records Act and avoid legal liability, such as past situations where Zone 7 was sued for incomplete records responses.

Director Figuers explained he requested the item be brought to Committee because it had been initially buried in a large Board packet and he had questions about specific entries. **Director Green inquired about "DMV pull notices," which Shelisa Jackson, Human Resources Manager,** explained are part of driver monitoring requirements. Director Green also questioned the 20-year retention for Urban Water Management Plans and expressed interest in retaining technical documents like RFPs and water plans longer, especially for historical comparisons. Ms. Smith explained that two to five years are typical for RFPs due to legal limitations on

contract challenges. Ms. Pryor noted that while not all documents are kept on the website, final records are retained in digital formats.

Director Figuers voiced concern over the long-term retention of geological data, referencing materials he had previously donated to the agency that appeared to have been discarded. He stressed that geological data has lasting value and should not be subject to expiration. Ms. Pryor clarified that key Zone 7-specific records, such as well logs, are designated as permanent, and broader geology documents may be better suited for libraries or university archives. Both Directors Green and Figuers agreed on the importance of retaining geological and technical records long-term. The Committee recommended forwarding the revised Records Retention Schedule to the full Board for approval at the next Board meeting.

#### 4. Consider Action to Increase the Compensation of Zone 7 Board Members

Shelisa Jackson, Human Resources Manager, presented an overview of the Board of Directors **Compensation and Benefits Survey conducted in February 2025, as required by the Board's** policy for biannual review. She summarized current compensation, \$216.93 per meeting with a 10-meeting-per-month cap, and outlined comparative data from six regional water agencies. The average per-meeting compensation across those agencies was \$247.67, representing a **14% increase over Zone 7's current rate. Staff presented two options:** maintain the current rate or increase it by up to 10% (to \$238.62), which complies with the Water Code limit of 5% per year over two years. Directors Green and Figuers opted not to recommend a specific compensation option to the full Board, instead choosing to forward both for consideration.

Director Green expressed a desire to revisit the list of qualifying compensated activities, though staff clarified that this was governed by a separate policy not currently on the agenda and due for review in 2026. Additionally, Director Green requested that a future Committee discussion include the cost of candidate statements and possible options for addressing a financial burden experienced in the last election.

The Committee recommended that the Board Compensation matter be placed on the agenda for the full Board to determine the final action.

#### 5. Adjournment

Director Figuers adjourned the meeting at 4:50 p.m.

ZONE 7 BOARD OF DIRECTORS  
SUMMARY NOTES OF THE LEGISLATIVE COMMITTEE

May 8, 2025  
4:00 p.m.

Directors Present: Catherine Brown  
Laurene Green  
Sarah Palmer

Staff Present: Valerie Pryor, General Manager  
Carol Mahoney, Government Relations Manager  
Donna Fabian, Executive Assistant

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1. Call Meeting to Order

The meeting was called to order by Director Green at 4:07 pm.

2. Public Comment on Items Not on the Agenda

There were no public comments.

3. Legislative Update – Consultant/Staff

Carol Mahoney, Government Relations Manager, presented a comprehensive legislative update. She began by discussing H.R. 1267, the Water Systems PFAS Liability Protection Act, which seeks to exempt passive receivers such as water and wastewater agencies from CERCLA liability. The bill, authored by Representative Perez, has seen no movement since February and remains in the House Energy and Commerce Committee and the Water Resources and Environment Subcommittee. Director Green inquired about the scope of the bill and whether it was narrowly focused on water agencies. Ms. Mahoney confirmed it was. Director Green also noted Senator **Schiff's** office has shown interest in a Senate companion bill and highlighted the relevance of Zone **7's** PFAS working group in supporting federal legislative efforts. Ms. Mahoney stated that a letter of support had been sent, signed by the Board president, and this action would be included in the next Board packet.

Next, Ms. Mahoney addressed AB 259, a state bill that would eliminate the sunset provision on Brown Act remote participation allowances. The bill, which allows board members to attend meetings remotely due to just cause or emergency circumstances, has moved from the Assembly to the Senate and has not faced opposition. Although Zone 7 has not taken a formal stance, Ms. Mahoney noted the agency is monitoring its progress along with two similar bills. Colleen Haley from the California Special Districts Association (CSDA) added that the bill had no associated costs and was likely to pass. In response to a question from Director Green, Ms. Haley clarified that the extension would be indefinite.

Ms. Mahoney then discussed AB 942, which relates to net energy metering. Zone 7 has taken a **“not-favor”** position due to the **bill’s** potential to negatively impact the financial benefits of Del Valle Water Treatment **Plant’s** solar array.

Regarding SB 601, which pertains to NPDES permits and Waters of the State, Ms. Mahoney noted that the bill is still in the judiciary committee and has not advanced. Director Green recalled it from a previous meeting and asked for an update. Ms. Mahoney confirmed that no action has been taken and no position has been established by Zone 7.

The Committee then reviewed AB 794, which would adopt emergency regulations under the Safe Drinking Water Act. Ms. Mahoney noted that the bill is on suspense in appropriations and has drawn opposition from the California Municipal Utilities Association, while ACWA has taken an **“oppose unless amended”** stance. Director Green expressed her support for the bill, stating her preference to adopt federal MCLs swiftly, rather than waiting for **California’s** slower regulatory process. She emphasized the risk of federal rollbacks and stated her opinion diverges from other ACWA working group members. Director Palmer asked for clarification, and Director Green explained the urgency of codifying **EPA’s** work. Valerie Pryor, General Manager, noted that staff had not conducted a full review but offered to research the issue further if the committee wished. Director Green responded that additional research would not be necessary.

Ms. Mahoney also provided an update on SB 7, one of three AI-related bills introduced by Senator McNerney. She stated that the bill is currently being amended and has been opposed by the Chamber of Commerce. Director Green expressed interest in the bill and others related to AI, particularly where they may affect internal agency operations, and emphasized the importance of continuing to monitor its development.

AB 1146, which deals with fraudulent use of release, was also discussed. Director Palmer asked if the bill was introduced in response to federal actions, and Director Green confirmed that it was. Ms. Mahoney noted that the State Water Contractors are considering an oppose position due to potential unintended consequences. The bill is scheduled to be heard in the appropriations committee on May 14.

Lastly, SB 454, the PFAS Mitigation Program bill, was reviewed. Ms. Mahoney confirmed that Zone 7 supports the bill and has submitted a letter of support. Director Green asked if the bill had been tabled or permanently stalled. Ms. Mahoney clarified that it is currently on suspense but not dead. Director Palmer inquired whether the bill could be reintroduced next session. Ms. Mahoney responded that it could be picked back up later in the current session. Director Green asked whether ACWA was actively supporting the bill, and Ms. Mahoney confirmed their support. When asked if there was anything else Zone 7 could do to help, Ms. Mahoney said the support letter was the most that could be done at this point unless a representative chose to speak at a hearing.

#### 4. Legislative Update - CSDA

Colleen Haley, CSDA's Public Affairs Field Coordinator, provided an update on CSDA's state and federal legislative priorities. She reiterated support for AB 259, the Brown Act remote participation bill, and explained that the bill seeks to make existing emergency and just cause teleconferencing rules permanent. She noted the bill has faced no opposition and is moving through the legislative process with strong support.

Ms. Haley also spoke about SB 496, the Advanced Clean Fleets Reform Measure. This bill aims to address local agency concerns about **CARB's** mandate to transition to zero-emission medium- and heavy-duty vehicles by 2045. It allows for exemptions during emergencies, provides for an appeals process, and considers infrastructure limitations and cost concerns. Ms. Haley stated the bill is widely supported by local governments and is progressing well.

She then discussed ongoing efforts to reintroduce federal legislation that would define special districts in federal code and enable their eligibility for federal grants. The proposed bill is similar to previous versions and is being rebranded as the Special Districts Access to Resources Act. CSDA is working to gain bipartisan support, particularly from Senate offices in states such as Kentucky where prior opposition arose. Ms. Haley encouraged the committee to explore CSDA's Take Action resources, toolkits, and grassroots surveys to support advocacy efforts.

#### 5. Adjournment

The meeting was adjourned by Director Green at 4:49 p.m.

ZONE 7 BOARD OF DIRECTORS  
SUMMARY NOTES OF THE FINANCE COMMITTEEApril 9, 2025  
3:00 p.m.

Directors Present: Laurene Green  
Kathy Narum

Directors Absent: Dawn Benson  
Catherine Brown

Staff Present: Valerie Pryor, General Manager  
Osborn Solitei, Treasurer/Assistant General Manager – Finance  
Lizzie Foss, Financial Analyst  
JaVia Green, Financial Analyst  
Donna Fabian, Executive Assistant

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1. Call Meeting to Order

Director Narum called the meeting to order at 3:05 p.m.

2. Public Comment on Items Not on the Agenda

There were no public comments.

3. Investment Report as of March 31, 2025

Justin Resuello from PFM Asset Management presented the Investment Report for the quarter ending March 31, 2025. He began by discussing the ongoing economic uncertainty, noting that while inflation and labor market data remain relatively stable, tariffs and fiscal policy changes **continue to cloud the outlook. He referenced the Fed's March 31 Summary of Economic Projections** and highlighted concerns regarding inflationary pressure from recent tariff increases, which could raise inflation by 0.8% and reduce GDP by 1.4% for every 10% increase in the effective tariff rate. Despite these headwinds, the U.S. economy has not yet shown significant deterioration in hard data, and unemployment remains at 4.2%, well below the 25-year average.

**Mr. Resuello explained that the district's portfolio is well-**positioned given the market environment, with a focus on maintaining liquidity and safety. He reported that the portfolio value increased by \$2.9 million over the quarter, reaching a total of \$154.3 million as of March 31. Duration was in line with the benchmark at 2.49 years. The yield at cost rose to 3.94%, and the market yield increased to 4.14%. Credit quality remains strong, with 83% of the portfolio rated AA or higher.

He discussed notable portfolio activity during the quarter, including approximately \$13 million in new purchases, such as treasuries with maturities through February 2030, asset-backed securities from Honda and Hyundai, Federal Home Loan Mortgage securities, and corporate bonds from Pepsi. The investment team continues to look for value across asset classes and reported that spreads briefly widened, allowing for some opportunistic purchases.

Director Narum asked about the strategy behind sales of securities prior to maturity. Mr. Resuello clarified that securities were sold when their long-term value was outweighed by opportunities to reinvest in higher-yielding instruments. He emphasized that the goal is to enhance total return over time, even if short-term losses are realized. He added that treasuries previously held with lower coupons were swapped for securities with yields up to 4.82% during the quarter.

Mr. Resuello also presented updated performance metrics, noting a total return of 1.91% for the quarter and interest earnings of approximately \$1.3 million. While the portfolio underperformed the benchmark by 9 basis points, this was attributed to diversification, which tends to weigh on returns during periods of market volatility but supports long-term performance. Since inception, the portfolio has generated more than \$10 million in total return, including realized gains and amortized cost changes.

Director Narum inquired about the fee calculation and the impact of reported losses on portfolio strategy. Mr. Resuello noted that the fee was approximately two basis points during the quarter and confirmed that reported losses were more than offset by higher yields from reinvested securities. Osborn Solitei added that the team tracks yield-to-market on new purchases to ensure long-term gains will surpass realized losses. He pointed out that if held to maturity, the district stands to make more than the \$118,000 in realized losses due to the improved income profile of new investments.

Director Narum asked for clarification on a security abbreviation (FHMS), which Mr. Resuello identified as Federal Home Loan Mortgages, commonly referred to as K-bonds.

The Finance Committee recommended forwarding the Investment Report to the full Board.

#### 4. Proposed Amended Reserve Policy

Osborn Solitei presented the Proposed Amended Reserve Policy, following up on the Finance **Committee's April 9 discussion regarding options for the unallocated fund balance, which** totaled approximately \$8 million. At that time, the Committee recommended the creation of a new reserve focused on water supply and reliability. This meeting was to formalize that reserve in policy, as outlined on page 6 of the proposed document.

Director Narum noted that the Agency had recently brought in some one-time revenue, including \$1.2 million from Los Vaqueros and over \$1 million from water sales. With a strong projected year-end and existing reserves already at their targets, there was general agreement on the importance of planning ahead for future expenses.

Valerie Pryor emphasized that significant cost increases are anticipated, particularly related to State Water Project (SWP) operations and maintenance, subsidence mitigation, and capital improvements. She recommended setting aside the surplus in the proposed Water Supply and Reliability Reserve to help offset future rate increases and maintain financial stability.

There was discussion around the absence of a target or maximum for this new reserve. Mr. Solitei explained that similar to Fund 110, which had its maximum removed due to State Water Project cost volatility, this new reserve would not include a target or maximum. He clarified that for Fund 110, a minimum is maintained, requiring the reserve to hold at least 50% of the **following year's expenses.**

Director Green inquired about the frequency of reserve policy reviews, and Mr. Solitei confirmed they are reviewed every five years. Valerie Pryor added that for some specialized funds, like the SWP Fund, industry standards for targets do not exist due to the unpredictable nature of associated costs. Instead, minimums are maintained for cash flow needs.

The Committee discussed the flexibility of the proposed reserve, with Ms. Foss and Mr. Solitei **noting the reserve was designed to allow "agility" and responsiveness to future needs such as** drought, the Delta Conveyance Project, regional well projects, or Sites Reservoir. The reserve would not include a defined minimum, target, or maximum, and funds could be strategically drawn down as needed, with Board approval.

The Committee generally agreed that the reserve provides transparency and intentionality in how the Agency is preparing for large upcoming expenses, rather than letting unallocated funds remain unused. Ms. Pryor noted that while this reserve may be short-lived, likely used up within five years, it offers a prudent bridge between one-time revenues and future capital obligations.

The Finance Committee voted unanimously to recommend the Proposed Amended Reserve Policy to the full Board.

## 5. FY 2024-25 Unaudited Third Quarter Revenue and Expenditure Report

Lizzie Foss presented the unaudited third quarter revenue and expenditure report for FY 2024–25. She began with highlights for the quarter, including the increase in the State Water Project (SWP) allocation to 50%, the proposed establishment of the Water Reliability Reserve Fund in Fund 100 (pending Board approval in June), and the receipt of a \$1.23 million Integrated Regional Water Management grant for the MGD Electrical Modernization Project. She also reported a \$1.59 million refund from the Los Vaqueros Reservoir Expansion Project, with 80% allocated to Fund 100 and 20% to Fund 130.

Ms. Foss explained that Agency funds fall into two categories: unrestricted and restricted. Unrestricted funds include Funds 100 and 120.

### Fund 100 (Water Enterprise Operations Fund)

Revenue is projected to come in slightly above budget, with expenses trending under budget. Contributing factors include higher-than-expected water sales and favorable investment earnings, along with the unanticipated Los Vaqueros refund. Expenses are expected to be \$5.3 million under budget, primarily due to lower water costs, no delta conveyance charges for CY25, and no planned water transfers or Kern County bank recovery through June 30. Professional services are also under budget due to multi-year contracts and contingency savings. The unallocated fund balance is projected to be approximately \$10 million by fiscal year-end.

### Fund 120 (Water Renewal, Replacement & System-Wide Improvements Fund)

Both revenue and capital expenses are projected to be under budget. Revenue included the remaining portion of the DWR grant for the Stoneridge PFAS Treatment Facility, with \$11.5 million received last fiscal year. Capital expenses are below budget due to the multi-year nature of many projects. Project updates included the Chain of Lakes PFAS Treatment Facility (ribbon cutting held in March), the Wells and Electrical Upgrade Replacement Project, and the Joint Regional Groundwater Development Project.

### Restricted Funds (110, 130, 200, 210)

Restricted funds are funded by property taxes or development fees and have limited uses.

### Fund 110 (State Water Facilities Fund)

Revenue and expenses are trending close to budget. Interest earnings are over budget due to favorable market conditions. The fund balance is in compliance with reserve policy. Ms. Foss **reminded the committee that the Board previously amended this fund's** reserve policy in December to remove the maximum, allowing the Agency to build reserves in anticipation of future cost volatility.

### Fund 130 (Water Enterprise Capital Expansion Fund)

Revenue is expected to be higher than budget due to stronger-than-anticipated connection fee revenue, primarily from DSRSD and the City of Livermore. Expenses are slightly under budget due to the ongoing nature of capital projects. The fund remains in compliance with reserve policies, and staff is continuing work with its consultant Raftelis on the connection fee study.

### Fund 200 (Flood Protection Operations Fund)

Revenue is on track, while expenses are projected to be under budget. Delays in environmental permits pushed flood protection system repair projects planned for summer 2024. Staff expects permits to be issued in June or July, allowing construction to begin. The fund remains in compliance with the reserve policy.

## Fund 210 (Flood Protection Capital Expansion Fund)

FY 2024–25 expenses include a \$3 million reimbursement to the Camp Parks developer for construction of a detention basin. A flood management plan is currently in development and will guide future capital improvement projects funded through this fund. Reserves are in compliance with Board policy.

Director Green inquired about the Camp Parks reimbursement, and Osborn Solitei confirmed it was a developer-built flood facility that the Agency reimbursed per agreement. Ms. Pryor added that permitting delays are widespread across agencies due to understaffing at the Regional Water Quality Control Board and California Department of Fish and Wildlife.

Director Narum asked about the wide range in investment returns, which she calculated to be between 112% and 188% above budget. Mr. Solitei explained that the Agency budgets conservatively at around 2%, but actual investment returns were closer to 3.94%, which accounts for the variance. He noted that investments are split roughly 50/50 between the Alameda County Treasury and PFM. Director Narum then asked about the two different property taxes. Mr. Solitei explained that property tax revenue is managed differently between funds—Fund 110 has a voter-approved override for SWP costs, while Fund 200 receives a share of the 1% property tax and Zone 7 has no control over the amount received.

Ms. Foss clarified that the year-end property tax projection for Fund 200 was adjusted based on a midyear letter from the county. Ms. Pryor explained that the Agency has no control over Fund 200 property tax revenue, while Fund 110 revenue is controlled through the Board-approved property tax override request.

Director Green asked how the Agency communicates the SWP tax need to Alameda County. Mr. Solitei explained that Zone 7 determines the property tax request based on estimated SWP costs, the Board adopts a resolution as part of the annual budget, and that figure is submitted to the County to set the tax rate accordingly. Ms. Pryor noted the importance of Board action before the **County's August deadline to ensure the** Agency receives its funding.

The Finance Committee voted unanimously to forward the Third Quarter Revenue and Expenditure Report to the full Board.

## 6. Proposed Investment Policy

Osborn Solitei introduced the Proposed Investment Policy and noted that since Investment Advisor Justin Resuello was still present, he could answer any questions. Mr. Solitei explained that there were no changes recommended to the policy this year, and no changes to the **California Government Code had occurred that would impact the agency's portfolio**. The only minor modification to the Policy is regarding the rebranding of the credit rating service **Standard and Poor's to now read S&P Global**

Director Narum confirmed she had no questions. Valerie Pryor added that the Board is required by state law to review and re-adopt the Investment Policy annually. While changes are proposed in some years, no updates were needed this year.

The Finance Committee voted unanimously to forward the Proposed Investment Policy to the full Board for adoption.

## 7. Adjournment

Director Narum adjourned the meeting at 3:32 p.m.

## June 2025 Board Report - PALMER

### ACSDA (Alameda County Special Districts Association)

Wednesday May 14: a meeting was hosted by LARPD. This was also during the ACWA Conference so several of us were not able to attend, however, a great presentation was given by LARPD. I saw the same one at Rotary so some stats are worth knowing! Some of their info slides are below.



Of interest:

#### AB 810, as amended, (Irwin).

Local government: internet websites and email addresses. Existing law requires that a local agency that maintains an internet website for use by the public to ensure that the internet website uses a “.gov” top-level domain or a “.ca.gov” second-level domain no later than January 1, 2029. Existing law requires that a local agency that maintains addresses to ensure that each email address provided to its employees uses a “.gov” domain name or a “.ca.gov” domain name no later than January 1, 2029. Existing law defines “local agency” for these purposes as a city, county, or city and county. This bill would recast these provisions by instead requiring a city, county, or city and county to comply with the above-described domain requirements and by deleting the term “local agency” from the above-described provisions. The bill would also require a district, joint powers authority, or other political subdivision to comply with similar domain requirements no later than January 1, 2031.

An Executive Board Meeting is scheduled for June 11.

Upcoming membership meetings:

Wednesday, July 9, 2025  
ACSDA/CCSDA Joint Meeting: 8:00 – 10:00 a.m.  
Location: TBD

Wednesday, September 10, 2025  
Host: HARD  
Wednesday Location: San Felipe Community Center (Fairview)

Wednesday, November 12, 2025  
Host: Oro Loma Sanitary District (OLSD)  
Location: CVSan Office

## **ACWA Spring 2025 Conference in Monterey (May 12 -15)**

There were about 1700 attendees including several from Zone 7. Of particular interest were discussions on the Budget Trailer Bill presented by Governor Newsom that week, including a breakfast discussion with Karla Nemeth of DWR. Also I attended updates on the Delta Conveyance Project and on the Sites Reservoir Project. Committees I attended included: Groundwater Committee, Water Quality Committee, Water Management Committee, and Finance Committee. Region 5 of ACWA, on which I serve as Vice-Chair, met to summarize the committee reports and highlight events in the Region.

Several of the presentations addressed issues of Climate Change, resilience, and adaptability.

## **Delta Conveyance Project**

Meetings and fact sheets can be found at [dcdca.org](http://dcdca.org)

The latest Cost containment fact sheet is at:

<https://www.dcdca.org/wp-content/uploads/2025/05/DCA-Cost-Containment-Fact-Sheet.pdf>

For a link to Public information Toolkit:

<https://water.ca.gov/-/media/DWR-Website/Web-Pages/Programs/Delta-Conveyance/Public-Information/DCPPublic-Info-Materials-Toolkit.pdf>

Please see the added "Myths and Facts about the Delta Conveyance Project".

Met with Graham Bradner during ACWA week to discuss The Governor's Budget Trailer Bill.

**May 30:** Carol Mahoney, our legislative advocate Mark Smith and I met with Senator Jerry McNerney to review Zone 7 issues with the Senator and his Staff

**June 11:** Attend Advocacy meetings in Sacramento re DCP

**June 12:** DCA Finance Committee Meeting. I will ZOOM in from the Zone 7 offices.

**June 9:** AWWEE (Association of Women in Water, Engineering and the Environment)

## "California's Water Future: Resilience, Sustainability and Adaptation"

This was an excellent presentation with:

**Laura Hidas**, from ACWD and President of the State Water Contractors, State Water Project Keeping California's Essential Water Supply Affordable, Climate Responsive and Environmentally Responsible". SWP provides the following areas:



**Cindy Messer** of DWR also presented: "California's Water future: Resilience, sustainability and Adaptation"

Over the next 20 yrs, California could lose 10% of its overall water supplies because of climate change.

### SWP Climate Action Planning

- **SWP Delivery Capability Report (July 2024)**  
Shows future delivery capability if we continue business as usual. No major adaptations, no changes in regulation, but climate continues to warm, and precipitation becomes more extreme.
- **SWP Adaptation Strategy (Summer 2025)**  
Shows future delivery capability if we implement key strategies that we are already working on. Shows how new infrastructure and science-based operations can improve reliability.
- Phase III of DWR's Climate Action Plan & the upcoming release of its 2025 SWP Adaptation Strategy – which evaluates a range of projects to help the state adapt to a changing climate while ensuring the long-term reliability of the SWP, including the Delta Conveyance Project.
- Final Strategy & Findings: Anticipated release Summer 2025

# Delta Conveyance Project

Modernizing California's Water Infrastructure | 2025



## **✗ MYTHS** and **✓ FACTS**

### About the Delta Conveyance Project

**✗ MYTH:** The tunnel is nothing more than a "water grab" by Southern California.

**✓ FACT:** The purpose of the Delta Conveyance Project is to ensure the reliability of water supplies due to climate change for communities and farmland in the Bay Area, the Central Coast and the Central Valley, as well as Southern California. Climate change is expected to lead to a 10% loss of water supplies across the state by 2040, resulting in a decline in water available to 27 million people who rely on the State Water Project. The Delta Conveyance Project will protect against those losses with infrastructure that can help capture water during high flow storm events.

**✗ MYTH:** This project is a waste of money that only helps certain political interests.

**✓ FACT:** Protecting the health and safety of all Californians by providing access to affordable, reliable, and clean water is a nonpartisan issue. Precipitation patterns are changing across California, bringing less snow and more rain. Water supplies are declining as a result and will continue to decline as future decades get hotter and drier. The Delta Conveyance Project will directly confront these climate-driven changes by capturing excess river flows during big, but infrequent, storms. Those diversions will be regulated to meet all fishery and water quality requirements and stay within the limits of State Water Project water rights. Twenty-seven million people rely on the State Water Project and their future water security is not a waste.

**✗ MYTH:** No new water is created by the tunnel.

**✓ FACT:** The Delta Conveyance Project will capture water that would be otherwise unavailable without the project. The project will capture and move water from high flows created by big but infrequent storm events. Because of outdated infrastructure, most years, we miss opportunities to capture water. From October 1, 2024 through April 17, 2025 alone, had it been in place, the Delta Conveyance Project would have captured about 867,000 acre-feet of water—enough for over 9.1 million people for a year, all while satisfying water quality and endangered species regulations. Modeling to the year 2070 shows that even in the face of climate change, the project would help protect future water supplies.

**✗ MYTH:** Upgrading Delta levees would be better than building a tunnel.

**✓ FACT:** Solely upgrading levees is not a realistic way to protect the reliability of State Water Project deliveries. It would not address rising sea levels, would not adapt to changing precipitation patterns and extreme weather events, and would not guard water supplies against earthquake. The existing State Water Project facilities are currently limited to one diversion point in the South Delta that will continue to be constrained by location, fish and water quality restrictions, and capacity. Upgrading levees would not resolve those limitations. However, DWR has invested millions of dollars to reinforce Delta levees through various projects and programs and will continue to support these efforts.



[water.ca.gov/deltaconveyance](http://water.ca.gov/deltaconveyance) | [deltaconveyanceproject.com](http://deltaconveyanceproject.com) | [dcdca.org](http://dcdca.org)

**MYTH:** The project will negatively impact the Delta and surrounding communities.

**FACT:** While some noise, traffic, and disruption is inevitable with a major construction effort of this scale, significant work has been undertaken over several years to avoid and minimize impacts through project design, including moving the underground tunnel route out of the central Delta and closer to Interstate 5, eliminating most barging and all barge landings, reducing pile driving, undergrounding power near sandhill crane habitat, minimizing acreage needed to store tunnel material, creating a design with no need for a new intermediate forebay, and overall reducing the project footprint. These efforts have helped to minimize noise, traffic, power needs, aesthetic effects, boating and waterway effects, and land disturbances. Additionally, DWR is pursuing a Community Benefits Program as part of project implementation to address the reality that project impacts are local to the Delta.

**MYTH:** The project doesn't protect fish.

**FACT:** The Delta Conveyance Project reduces fishery conflicts in the south Delta and allows the State of California to both protect fish species and protect water supply reliability. The Delta Conveyance Project would make it possible to move more water during high flow events. This is particularly critical when DWR takes action—as it has done since early February of this year—to improve conditions for fish by reducing pumping in the south Delta.

**MYTH:** The project is "one of the biggest salmon killing projects in state history."

**FACT:** Assertions that the project will harm salmon are simply not supported by the evidence in the project's environmental analysis, which shows that mitigation and design features minimize potential impacts (e.g. habitat restoration and state-of-the-art fish screens). Moreover, DWR will obtain appropriate approvals from state and federal fishery agencies to ensure that any effects to listed salmon are fully mitigated.

**MYTH:** Local water supply projects are a better investment.

**FACT:** Water solutions in California are not an "either/or" proposition—we need to protect the future reliability of the State Water Project and we need to support local projects to secure water supplies. In fact, the State Water Project also provides a foundation for these important local water supply and resiliency projects. Ignoring the effects of climate change on the State Water Project would risk water security for 27 million people.

**MYTH:** Tribes have been "left out" of the process

**FACT:** DWR initially reached out to more than 120 Tribes and received responses from 13 interested in participating in the consultation process. This included more than 150 government-to-government consultations, numerous site visits and extensive Tribal review and comment on the consultation record. These efforts played an important role in identifying and evaluating potential impacts on Tribal cultural resources and helped DWR develop robust and responsive mitigation measures.

**MYTH:** All Californians would pay for the tunnel and it's too expensive.

**FACT:** The project would be funded only by public water agencies in the Bay Area, San Joaquin Valley, and Southern California that receive water from the State Water Project, not through the state's General Fund and not by state taxpayers. The State Water Project is one of the most affordable sources of water in California. A recent economic analysis shows that the State Water Project is highly valuable to the state economy. It also shows that the State Water Project is more affordable than desalination, recycling, stormwater capture and conservation.



**MYTH: The earthquake risk in the Delta is overstated.**

**FACT:** According to the U.S. Geological Survey, there is a 72 percent chance of a 6.7 or greater magnitude earthquake in the Bay Area by 2043, and a major earthquake centered in the Delta poses a significant threat to levees. The collapse of Delta levees could allow salt water to contaminate the State Water Project delivery system. The Delta Conveyance Project would minimize this threat.

**MYTH: The tunnel will "sit dry" and be unusable because climate change is reducing snowpack.**

**FACT:** The primary purpose of the Delta Conveyance Project is to adapt a major source of water supply for a future of reduced snowpack due to more precipitation falling as rain instead of snow and earlier runoff. Future precipitation patterns are expected to result in more rain flowing through rivers, and the Delta Conveyance Project will help capture and move high flows. The assertion that the project will "sit dry" is simply not supported by substantial evidence, including detailed hydrologic modeling, in our analyses.

**MYTH: A recent court ruling bars DWR from building or financing the project.**

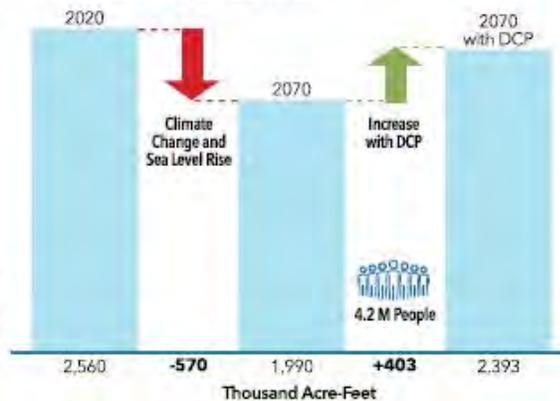
**FACT:** The judge has not said that DWR lacks the authority to build the project it approved in December or borrow money to pay for it. The project DWR approved in December 2023 was not before the court. What was before the court were bond resolutions that contained a broadly defined "Delta program," and the judge essentially rejected the definition as being too broad. The bond resolutions were adopted in 2020 during the time that DWR was conducting environmental review and the department necessarily had to adopt a program definition that could encompass the broad range of project alternatives under consideration.



**MYTH: DWR intends to increase deliveries through the Delta from current levels, even during droughts.**

**FACT:** What this myth conveniently omits is that the State Water Project is facing a reduction in delivery capability and supply reliability by as much as 23% over the next 20 years. We will lose much more over the life of the system due to climate change, sea level rise, and wild swings in precipitation patterns. The purpose of the Delta Conveyance Project is to minimize these future losses and protect reliability for 27 million Californians. State Water Project deliveries have declined, and will continue to decline, yet with the DCP the declines will be lessened and all Delta water quality and fishery protections will continue to be sustained. To call this an "increase" is simply untrue and misleading.

State Water Project Deliveries:



**MYTH: DWR has not listened to community concerns**

**FACT:** DWR has implemented a robust public outreach and engagement program to ensure that community members are fully and fairly informed, and to provide numerous opportunities for input. This has included extensive outreach, information, webinars, workshops, and surveys for the overall community, as well as outreach specific to Environmental Justice communities and to Tribes. Significant and important project refinements have resulted that effectively avoid and minimize potential project impacts. Just because views on the project remain sharply divided does not mean that DWR is not listening to public concern..



ORIGINATING SECTION: Administration  
CONTACT: Valerie Pryor

AGENDA DATE: June 18, 2025

SUBJECT: **General Manager's Report**

SUMMARY:

The following highlights key activities from the past month. A list of General Manager (GM) contracts executed in May is also attached.

Engineering and Water Quality:

PFAS Regulatory Update: On May 14, the U.S. Environmental Protection Agency (EPA) announced an updated plan to address PFAS (per- and polyfluoroalkyl substances) in drinking water. A proposed rule is expected to be released this fall, with a final version anticipated by spring 2026. The current maximum contaminant levels (MCLs) for PFOA (perfluorooctanoic acid) and PFOS (perfluorooctanesulfonic acid) will remain at 4.0 parts per trillion. The compliance deadlines for these substances will be extended until 2031. Additionally, the EPA plans to reconsider regulatory determinations for other PFAS—PFHxS, PFNA, and HFPO-DA (also known as GenX)—to ensure compliance with the Safe Drinking Water Act. More information is available at: <http://www.epa.gov/newsreleases/epa-announces-it-will-keep-maximum-contaminant-levels-pfoa-pfos>.

Chain of Lakes PFAS Treatment Plant: The treatment plant is now delivering PFAS-treated water to the transmission system.

2023 Storm Damage Repairs: The construction contract for Phase 1 repairs is being advertised and includes repairs to 50 storm-damaged sites. Bids will be opened on June 17. Staff anticipates bringing the construction contract to the Board for award in July. Construction is slated to begin in late July and continue through December for the initial group of sites. However, delays in regulatory approvals may impact how much work can be completed this year. Construction is estimated to take up to three years overall. Staff has received and is addressing permit comments from regulatory agencies. Separately, the U.S. Army Corps of Engineers (USACE) will repair ten storm damage sites along the Arroyo Mocho and Alamo Canal in Pleasanton in 2025. USACE is advertising the project in June and is on track to obtain all necessary **permits prior to construction. The remaining 38 sites under USACE's** rehabilitation program are scheduled for repair in 2026.

## Integrated Water Resources:

On April 29, 2025, the California Department of Water Resources (DWR) increased the State Water Project (SWP) allocation to 50%, which amounts to 40,310 acre-feet of water for Zone 7. In May, the treated water supply was comprised of 85% surface water and 15% groundwater.

Delta Conveyance Project (DCP): The Change in Point of Diversion (CPOD) hearing process for the DCP continued, with the Administrative Hearing Office (AHO) convening eight hearings in May. On May 19, the AHO and State Water Resources Control Board (SWRCB) heard a second set of policy statements. DWR is posting CPOD hearing highlights on its website at <https://www.deltaconveyanceproject.com/planning-processes/change-in-point-of-diversion/cpod-hearing-updates>. The CPOD process is scheduled to continue through October.

On May 14, as part of the May Budget Revise, the Governor announced a proposal to streamline DCP permitting. The proposal includes simplifying water rights permitting, **confirming DWR's authority to issue bonds for the project, streamlining judicial review of litigation**, and expediting land acquisition. This proposal is supported by the State Water Contractors and must pass the Legislature.

Sites Reservoir: The Sites Reservoir Committee and Authority Board met on May 16. The Sites JPA continues procurement efforts in preparation for construction. A Request for Proposals for a Construction Manager at Risk is expected to be issued in June. A Request for Qualifications for environmental mitigation providers is under development and is expected to be issued this year. The Draft Operations Plan has been updated to reflect the terms and **conditions of the project's Operations Incidental Take Permit**.

## Operations and Maintenance:

Staff supported several projects, including Capital Improvement Projects such as the commissioning of the Chain of Lakes PFAS Treatment Facility. The Computerized Maintenance Management System (CMMS) implementation is well underway, with staff now having access to the test environment. A CMMS working group is meeting to discuss coordination of CMMS, GIS and document management.

May 2025

<u>Contracts</u>	<u>Amount</u>	<u>Purpose</u>
Absolute Standards, Inc.	\$20,000	Analytical Standards and ELAP Performance Test Samples
<b>Blaisdell's</b>	\$50,000	Supply and Delivery of Office Supplies
EKI Environment and Water, Inc.	\$50,000	As-Needed Groundwater Modeling Services
Electric Power Systems International, Inc.	\$50,000	Electrical Power Testing at Patterson Pass Water Treatment Plant and As-Needed Repair/Testing Services
Total May 2025	\$170,000	

ORIGINATING SECTION: Office of the General Manager

CONTACT: Donna Fabian

AGENDA DATE: June 18, 2025

SUBJECT: May Outreach Activities

SUMMARY:

**In alignment with the Agency's 2025–2029 Strategic Plan Goal G – Stakeholder Engagement,** Zone 7 is dedicated to fostering understanding of community needs, the Agency, and its functions. Initiative #19 emphasizes transparency and effective communication as essential for building trust and upholding our commitment to customer service and integrity. The Agency provides proactive updates, promotes key initiatives, and engages stakeholders through public education campaigns, outreach programs, and digital tools. This report highlights progress and key activities that strengthen community relationships and advance these goals.

#### Communications Updates:

##### Patterson Pass Water Treatment Plant Open House & Tours

Our first Open House & Tour event at the Patterson Pass Water Treatment Plant was a success and a great way to kick off Water Awareness Month. Attached is the outreach summary report with full campaign details.

##### Water Conservation Art Contest

The new Tri-Valley-Wide Water Conservation Art Contest was a tremendous success, with 240 art submissions and over 1,600 votes cast. The contest generated the highest number of website users for the month. In addition, all retail partners participated by helping select the 17 finalists and promoting the voting period through their newsletters and social media channels as part of Water Awareness Month. A summary report of all agency outreach activities is attached.

#### Press:

- Staff sent out the May [e-newsletter](#).
- Staff sent out two press releases and one statement:
  - [Voting is now LIVE for Water Conservation Art Contest](#)
  - [Zone 7 Water Agency to Deliver Flood Protection System Evaluation Results](#)
  - [Zone 7 Expresses Support for Streamlined Delta Conveyance Project Approvals](#)

## Outreach Program Updates:

**Schools’** Program: Staff wrapped up the school year by teaching 26 lessons across the Zone 7 service area in May. Several teachers have already expressed interest in signing up for next year!

## Completed In-Person Events:

### Patterson Pass Open House Tours

*Saturday, May 3 | 10:00 a.m. – 3:00 p.m. | Patterson Pass Water Treatment Plant*

Staff joined representatives from the water departments of Pleasanton and Livermore, as well as East Bay Regional Park District, to provide treats, rebates, and information to visitors.

### Bring Back the Natives Tour

*Sunday, May 4 | 10:00 a.m. – 4:00 p.m.*

Staff hosted a booth at a participating Livermore residence, educating visitors about native plants and available lawn rebate programs. There was strong interest, with many attendees seeking inspiration for upcoming landscaping projects.

### **Livermore Farmers’ Market**

*Thursday, May 22 | 4:00 p.m. – 8:00 p.m. | Carnegie Town Square, Livermore*

Staff hosted a booth to encourage conversations about water conservation inside and outside the home. Rebates and giveaways were well received. Approximately 80 children visited with their families to make Earth Day bracelets that highlighted our shared responsibility to protect water and the planet.

## Upcoming In-Person Events:

### Alameda Clean Water Booth

*Alameda County Fair | June 13 – July 6 | 9:00 a.m. – 6:00 p.m. | Alameda County Fairgrounds*

Staff will support Alameda Clean Water by engaging with fairgoers throughout the **event**. We’ll help reinforce the clean water message with giveaways, including Zone 7 doggie waste bags.

### **Pleasanton Farmers’ Market**

*Saturday, August 9 | Angela Street, Pleasanton*

Staff will greet marketgoers at a booth offering educational materials and a hands-on activity. Handouts will include rebate information and timely giveaways—such as our popular shower water collection buckets.

## 2024-25 Schools Program Summary:

Total Number of Classroom Presentations (Grades K–8): 448

### By Curriculum Type:

- 25 – *Water Matters* (Transitional Kindergarten)
- 60 – *Water in Motion* (Kindergarten)
- 75 – *Water Wise Tips* (1st Grade)
- 77 – *All About Creeks & Streams* (2nd Grade)

- 71 – *What's Water Got to Do with It?* (3rd Grade)
- 45 – *California and the Race for Liquid Gold* (4th Grade)
- 54 – *Life as a Water Molecule* (5th Grade)
- 15 – *The Wonder Down Under* (Middle School)
- 24 – *Engineering Clean Water* (Middle School)
- 2 – *All About Water* (Middle School)

By City:

- 164 presentations in Dublin
- 147 presentations in Livermore
- 92 presentations in Pleasanton
- 45 presentations in San Ramon (Dougherty Valley)

Approximate Total Number of Students Reached: 12,000

Outreach Events at Schools:

- Ag Day at Livermore High School – Reached over 360 third graders, along with teachers and parents
- Altamont Creek Elementary, Earth Day Family Science Night – Reached over 100 students and their families
- Arroyo Seco Elementary, Family Science Night – Reached over 131 students and their families
- Dublin Elementary, Family Science Night – Reached at least 171 students and their families
- Frederiksen Elementary, Family Science Night – Reached at least 66 students and their families
- Granada High School, CTE Career Fair – Interacted with over 68 students
- Green Engineering Academy, Earth Day Event – Interacted with over 190 students
- Las Positas College Child Development Center, Spring Festival – Interacted with over 30 students and their families
- Livermore Science Odyssey – Reached around 65 students and their families
- Marilyn Avenue Elementary, Family Science Night – Reached over 84 students and their families
- Rancho Las Positas Elementary, Family Science Night – Reached approximately 85 students and their families
- Smith Elementary, Family Science Night – Reached approximately 116 students and their families

Those interested in having Zone 7 attend a school or public event within the service area are encouraged to email [schools@zone7water.com](mailto:schools@zone7water.com) for more information.

For the most up-to-date schedule of public events, please visit [www.zone7water.com/calendar](http://www.zone7water.com/calendar).

ATTACHMENTS: 1) May Social Media Dashboard; 2) May Zone 7 Website Dashboard; 3) Water Awareness Month Outreach Summary Report; 4) Tri-Valley Water Conservation Art Contest Outreach Summary Report

# Social Media Insights

01 May 25 - 31 May 25

## Zone 7 Water Agency



Zone 7 Water Agency



Zone 7 Water Agency



Zone 7 Water Agency



Zone 7 Official



# Followers

2426  
+0.96%



📅 Zone 7 Water Agency

1359

+0.07%

Facebook

753

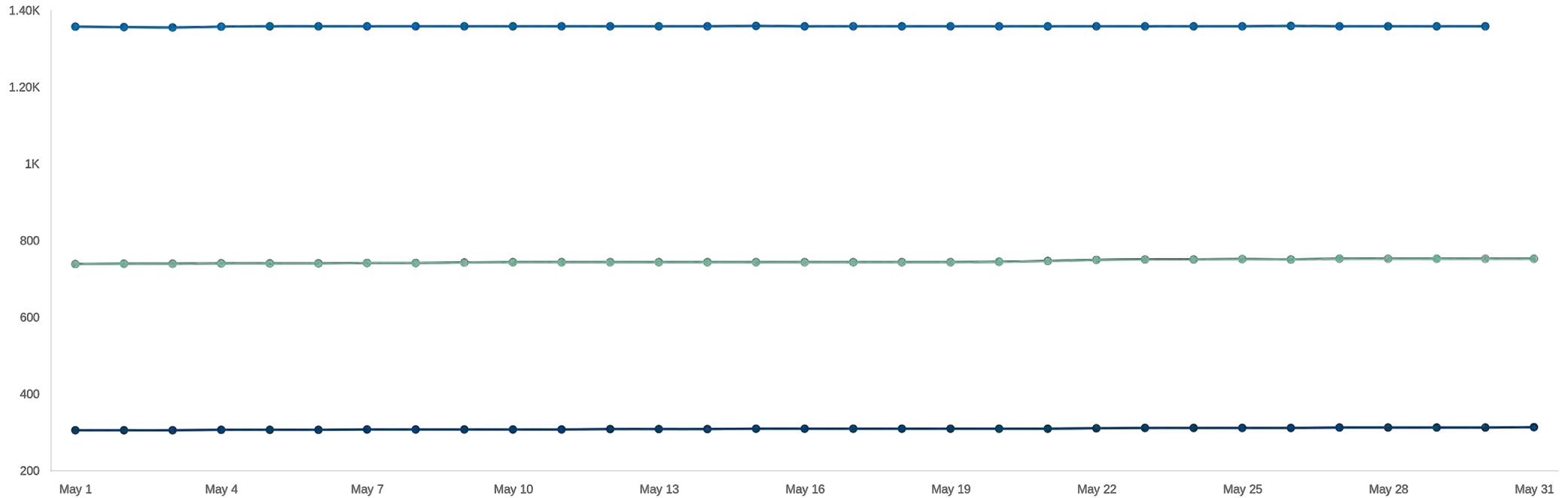
+1.89%

LinkedIn

314

+2.61%

Youtube



May 1 - May 31



# Impressions

85.15K  
+46.70%



Zone 7 Water Agency

34.80K  
-25.37%

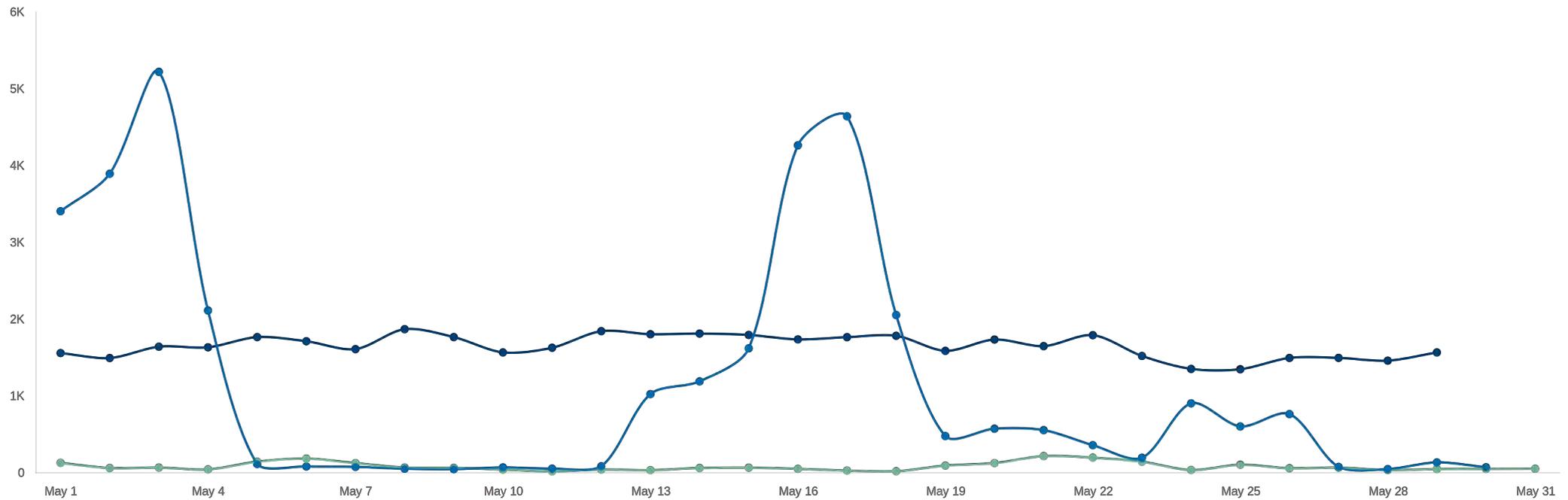
Facebook

2519  
-36.69%

LinkedIn

47.83K  
+543.51%

Youtube



May 1 - May 31



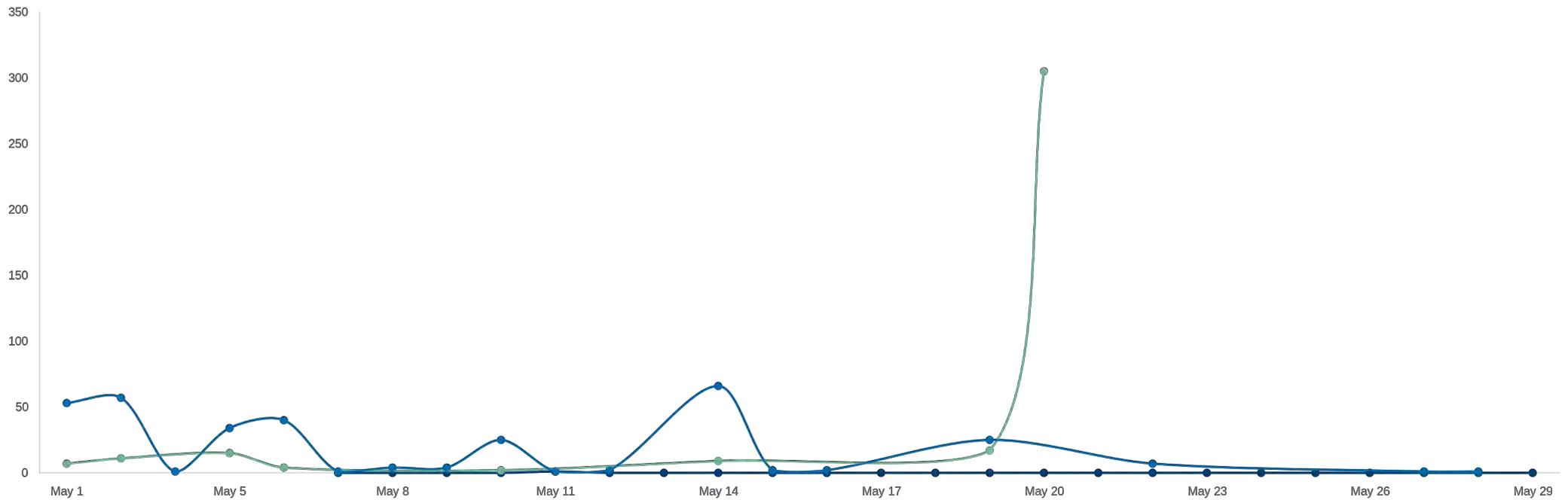
# Interactions

697  
+142.86%



📅 Zone 7 Water Agency

<b>326</b> +62.19% Facebook	<b>370</b> +335.29% Linkedin	<b>1</b> +0.00% Youtube
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May 1 - May 31

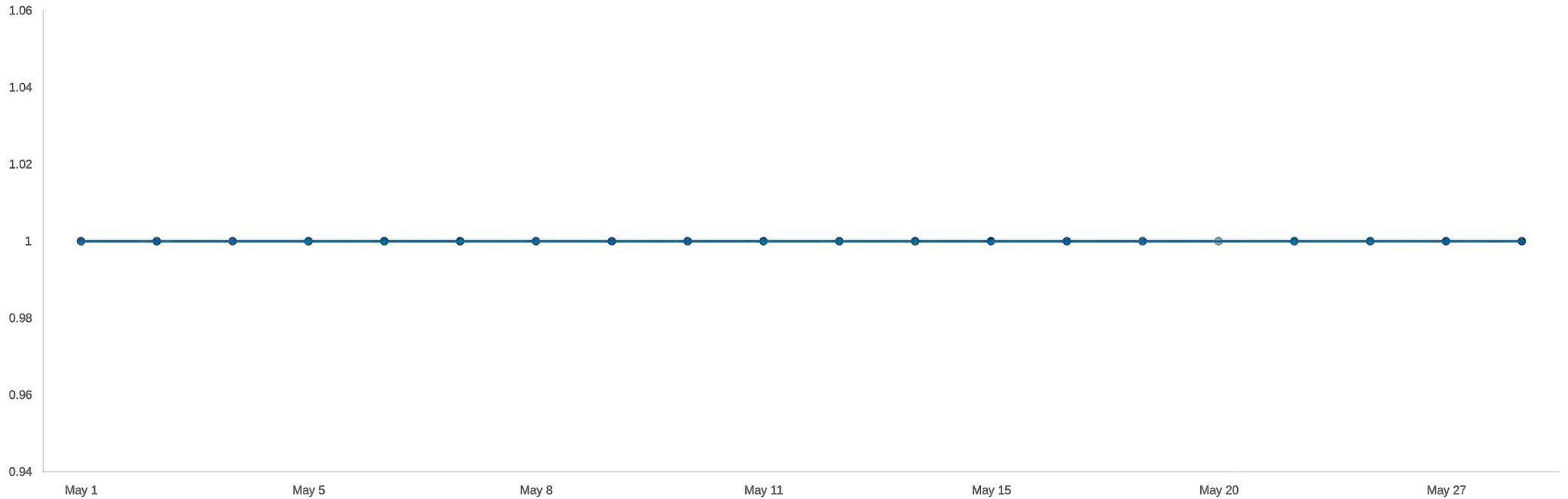


# Posts

28  
+12.00%



Zone 7 Water Agency



May 1 - May 31



# Ranking of posts

 Zone 7 Water Agency

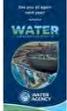
Showing 20 posts sorted by impressions

Published	Text	Impressions	Interactions		
May 14, 2025 14:55	 <p>Protecting our community is a priority. Join us May 21st at 7 PM to hear the latest on our flood pro...</p>	<a href="#">Go</a>		13.8k	66
May 03, 2025 17:18	 <p>One week left to vote! 🗳️ We've been absolutely FLOODED with votes for the Tri-Valley Water Conserv...</p>	<a href="#">Go</a>		8366	57
May 05, 2025 14:07	 <p>You are invited! 📣 Zone 7 will present its flood protection system evaluation results on May 21st a...</p>	<a href="#">Go</a>		7316	34
May 01, 2025 13:06	 <p>🌊 Happy Water Awareness Month! 🌍 Let's commit to being water-wise in everything that we do! 🗣️ Spe...</p>	<a href="#">Go</a>		5949	53
May 06, 2025 14:31	 <p>🗳️ Our amazing finalists in the Tri-Valley Water Conservation Art Contest are ready for your votes! ...</p>	<a href="#">Go</a>		4593	40
May 07, 2025 16:14	 <p>Z7 Chain of Lakes PFAS Facility Grand Opening</p>	<a href="#">Go</a>		4480	1

May 1 - May 31



Published		Text			Impressions	Interactions
May 19, 2025 15:02		Zone 7 Water Agency continues its proactive approach to infrastructure management, which includes 37...	<a href="#">Go</a>		2467	25
May 10, 2025 14:23		🗳️ Last day to vote! 🗳️ Don't forget to cast your vote in the Tri-Valley Water Conservation Art Conte...	<a href="#">Go</a>		1892	25
May 22, 2025 15:01		Memorial Day Weekend just got better! While you're checking out those holiday sales, did you know yo...	<a href="#">Go</a>		1715	7
May 20, 2025 15:23		Are you a safety-driven leader ready to protect our community? Manage emergency response and ensure ...	<a href="#">Go</a>		580	297
May 05, 2025 14:07		You are invited! 🗳️ Zone 7 will present its flood protection system evaluation results on May 21st a...	<a href="#">Go</a>		315	13
May 19, 2025 15:02		Zone 7 Water Agency continues its proactive approach to infrastructure management, which includes 37...	<a href="#">Go</a>		261	15
May 03, 2025 17:18		One week left to vote! 🗳️ We've been absolutely FLOODED with votes for the Tri-Valley Water Conserv...	<a href="#">Go</a>		227	10
May 06, 2025 14:31		🗳️ Our amazing finalists in the Tri-Valley Water Conservation Art Contest are ready for your votes! ...	<a href="#">Go</a>		168	4

Published		Text			Impressions	Interactions
May 14, 2025 14:55		Protecting our community is a priority. Join us May 21st at 7 PM to hear the latest on our flood pro...	<a href="#">Go</a>		166	8
May 01, 2025 13:06		💧 Happy Water Awareness Month! 🌍 Let's commit to being water-wise in everything that we do! 🗣️ Spea...	<a href="#">Go</a>		154	7
May 10, 2025 14:23		🗳️ Last day to vote! 🗣️ Don't forget to cast your vote in the Tri-Valley Water Conservation Art Conte...	<a href="#">Go</a>		97	2
May 15, 2025 15:46		🙏 Thank you to everyone who helped us celebrate Water Awareness Month at our Patterson Pass Open Ho...	<a href="#">Go</a>		84	2
May 09, 2025 15:31		Want to keep your pool sparkling and save water (and money!)? 💧 Yes, please! 🗣️ Perfect, we have jus...	<a href="#">Go</a>		83	4
May 08, 2025 14:46		Wow! What an incredible Livermore Science Odyssey we had this year! 🗣️ Thank you to everyone who par...	<a href="#">Go</a>		69	4

# Impressions

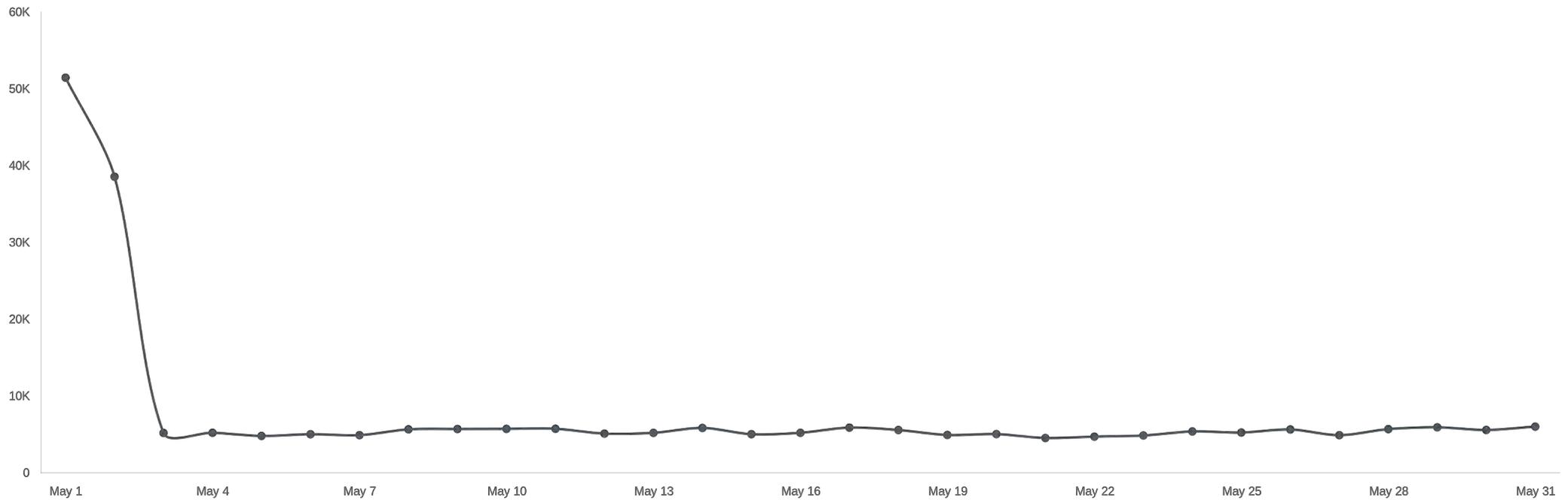
Zone 7 Water Agency

244.33K  
-26.51%



244.33K  
-26.51%

Google Ads



May 1 - May 31



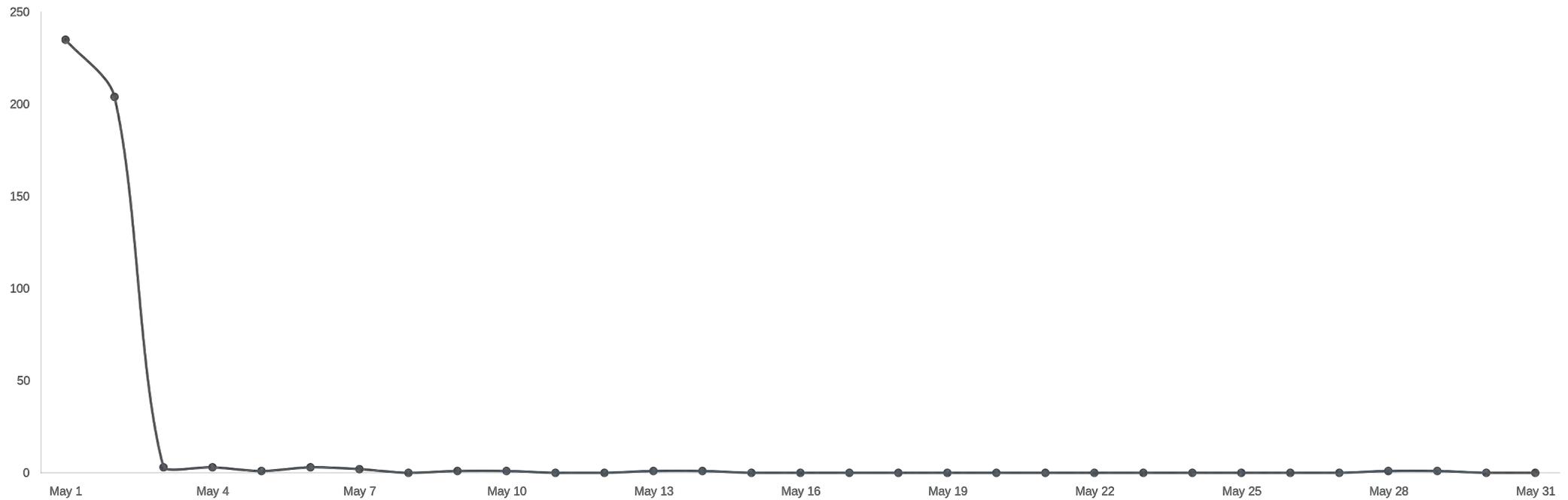
# Clicks

Zone 7 Water Agency

457  
-59.45%



457  
-59.45%  
Google Ads



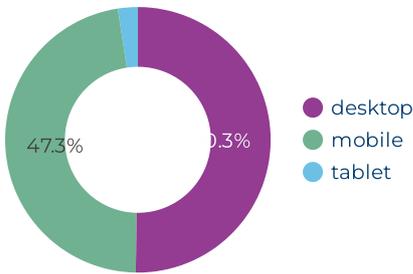
May 1 - May 31



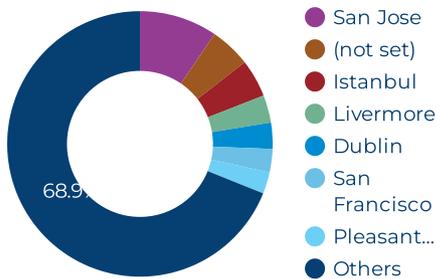
## Highlights:

Total users	Views
<b>10,046</b>	<b>21,242</b>
↑ 46.8%	↑ 27.9%
New users	Engagement rate
<b>9,450</b>	<b>54.11%</b>
↑ 48.0%	↑ 12.6%
Sessions	User engagement
<b>13.6K</b>	<b>164:39:14</b>
↑ 37.3%	↑ 57.0%

## Device Type:



## Users by City



## Most visited pages on the website - users and pageviews

	Page title	Views ▾	Total users
1.	Tri-Valley Water Conservation Art Contest Voting! - Zone 7 Water Agency	3,817	2,368
2.	Examples of a Water Cycle Story - Zone 7 Water Agency	3,184	2,327
3.	Zone 7 Water Agency - the Tri-Valley region's water wholesaler	1,882	1,209
4.	Board Meetings - Zone 7 Water Agency	755	587
5.	Construction & Business Opportunities - Zone 7 Water Agency	676	283
6.	4. Label the Water Cycle - Zone 7 Water Agency	615	526
7.	Patterson Pass Water Treatment Plant Open House - Zone 7 Water Agency	543	402
8.	2. Explore Permeability - Zone 7 Water Agency	528	208
9.	Page not found - Zone 7 Water Agency	527	226
10.	Careers - Zone 7 Water Agency	484	330

## Acquisition source/medium - where traffic sessions come from

	Session source	Session medium	Sessions ▾
1.	(direct)	(none)	7,352
2.	google	organic	4,064
3.	google	cpc	411
4.	bing	organic	343
5.	fb	paid	155
6.	m.facebook.com	referral	128
7.	an	paid	114
8.	cityofpleasantonca.gov	referral	83
9.	dsrsd.com	referral	71
10.	l.instagram.com	referral	70

1 - 100 / 144 < >

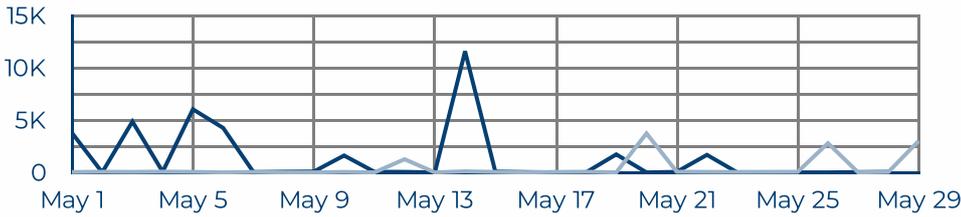
## Pages with the most time spent by users



## Facebook Analytics

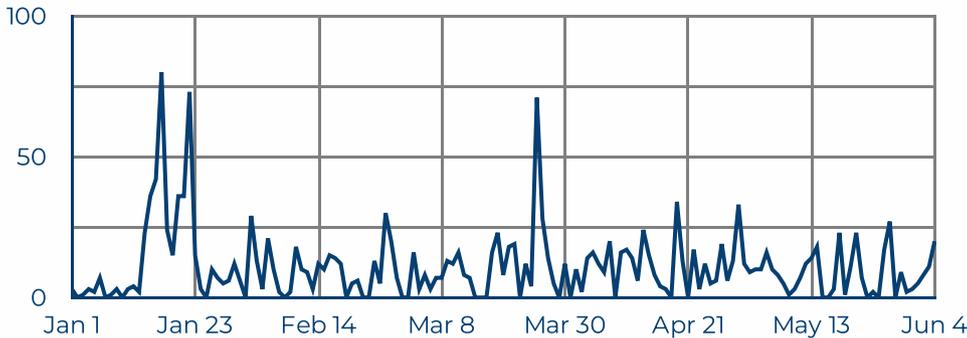
Total Posts	Engagement	Page Followers	Impressions
19	48.24	1,358	34,865
↓ -13.6%	↓ -27.3%	0.0%	↓ -25.2%

Facebook Daily Average Reach per Post

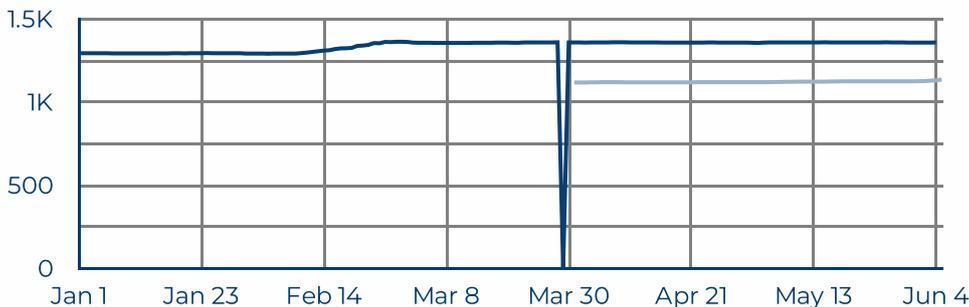


Paid Reach	Organic Reach	Total Reach
34,832	1,354	36,114
↑ 238.0%	↓ -25.3%	↑ 207.8%

Facebook Page Visits



Facebook Page Followers - Year-to-Date Growth



## Mailchimp Delivery Analytics

Total Eblasts Sent	3
Total Deliveries	3,010
Avg. Open Rate %	40.1%
Total Clicks	159
New Signups	0

## Monthly YouTube Performance

Total Views	51,004
Watch Time (Minutes)	55,676.68
Average View Duration	00:01:21

### Top Five Videos of Month

Video Title	Views
Patterson Pass Water Treatment Plant - Treatment and Plant Upgrades	11,891
Z7 Chain of Lakes PFAS Treatment	10,086
Wondrous World of Water - Surface Water Treatment	7,893
Z7 Chain of Lakes PFAS Facility Grand Opening	5,812
Z7 Chain of Lakes Ion Exchange Vessel Installation	3,160

## Insights & Opportunities

### Website

**Summary:** May experienced significant growth across all major website engagement metrics, signaling heightened community interest—likely driven by seasonal events and educational content. Compared to April, sessions, users, and engagement rate all saw marked increases.

• **Key Metrics:**

Total Views: 21,242 (+27.9%), Sessions: 13.6K (+37.3%), Total Users: 10,046 (+46.8%), New Users: 9,450 (+48.0%), Engagement Rate: 54.11% (+12.6%)

• **Top content drivers:** The Tri-Valley Water Conservation Art Contest Voting page led with 3,817 views, reflecting strong interest in community and youth engagement. The Examples of a Water Cycle Story page also performed well with 3,184 views, highlighting demand for educational material. Other top pages included the Water Wholesaler homepage (1,882 views) and Board Meetings (755 views).

• **Traffic sources:** Main Drivers were Direct traffic: 7,352 sessions, Google Organic: 4,064, Google CPC: 411, and Facebook Paid: 155

### Social Media

**Summary:** Social media activity in May saw a slight decline in impressions and engagement due to fewer posts and reduced organic reach, however total reach saw a dramatic increase—driven almost entirely by highly effective paid campaigns. This suggests paid social is proving valuable for broad visibility. The stagnant follower count and declining engagement point to the need for more consistent, interactive content to organically grow the community and maintain engagement.

• **Reach and impressions:** Reach Increased significantly, Total Reach: 36,074 (+207.5%) Paid Reach: 34,832 (+238.0%), Organic Reach: 1,312 (-27.6%), Impressions: 34,865 (-25.2%), Engagement: 44.7.

• **Posting activity:** 19 Posts were published (-13.6%), while this fell slightly, it still maintained visibility organically.

### Mailchimp

**Summary:** Email marketing remained steady in May, with solid open rates and average click activity. While click volume was lower compared to April's unusually high performance, the open rate improved—indicating stronger subject lines or relevance of timing.

• **Key Metrics:** Total Eblasts Sent: 3 Average Open Rate: 40.1% (↑ from April's 36%) Total Clicks: 159 (↓ from 641 in April) Total Deliveries: 3,010

### YouTube

**Summary:** YouTube performance surged in May, marking it one of the strongest months to date. With over 51,000 views and nearly 56,000 minutes watched, video content proved highly effective in educating and engaging viewers. The most-watched videos continue to center on water treatment and infrastructure, underscoring the public's ongoing interest in transparency and technical upgrades. The consistent success of videos related to PFAS treatment and facility updates highlights the potential for further content in this niche. Increased watch time and solid average view duration (1:21) suggest viewers are not only clicking in, but staying engaged.

• **Key Metrics:** Total Views: 51,009 Watch Time: 55,681 minutes Average View Duration: 1 minute 21 seconds

• **Top videos:** Patterson Pass Water Treatment Plant – Upgrades: 11,786 views, Z7 Chain of Lakes PFAS Treatment: 9,896 views, Wondrous World of Water – Surface Water Treatment: 8,776 views, Chain of Lakes PFAS Grand Opening: 4,983 views, Ion Exchange Vessel Installation: 3,159 views

### Opportunities for June 2025

- Leverage High Engagement Campaigns Continue promoting community-driven initiatives like the Art Contest through follow-up content and participant spotlights to sustain momentum.

- Boost Organic Engagement Address the drop in organic reach by increasing post frequency and incorporating more engaging visuals or polls across social platforms.

- Email List Expansion Focus on acquiring more subscribers through website banners, social posts or paid media to grow the audience base and amplify e-blast impact.

- Maximize Video Impact Repurpose high-performing video content into reels or shorts for social media to increase discoverability and user interaction.

## **OUTREACH SUMMARY - WATER AWARENESS MONTH & PATTERSON PASS WATER TREATMENT PLANT OPEN HOUSE**

The Zone 7 Water Communications team worked with our communications partners to host the annual Patterson Pass Water Treatment Plant tours. This year, for the first time, an Open House was held the same day as the tours to encourage public attendance. Tours were held every hour, with walk-in tours available to anyone who was unable to reserve a slot online. East Bay Regional Park District and the cities of Livermore and Pleasanton participated in this year's open house, each with their own table and Water Awareness Month information.

### **OBJECTIVES**

- Encourage the public to learn more about their waters' testing and treatment during Water Awareness Month
- Promotion of in-person tours of the upgraded Patterson Pass Water Treatment Plant and Open House
- Encourage the public to visit the upgraded facility, which now offers ozonation as a water treatment

### **SUMMARY OF OUTREACH EFFORTS**

To accomplish these objectives, the team developed a full suite of creative assets. Those assets were used in various outreach tactics including creating a landing page for the tours on the website which linked to an event registration page, then driving traffic to the website with a small paid media investment on YouTube and Facebook, along with articles and special updates in The Latest From Zone 7 newsletter and all social media platforms. Finally, the team hosted an Open House at Patterson Pass Water Treatment Plant during the tours. Hourly tours began at 10 AM and concluded at 3 PM, with overflow walk-in tours available as needed. Partner agencies hosted their own tables with games, freebies, rebate info, and all things water. Both the tours and the open house were successful, with each tour "selling out" and a full open house.

### **RESULTS - 102,849 GROSS IMPRESSIONS**

#### **Website Traffic (April 1 - May 31)**

1783 Views  
1570 Sessions  
1304 Users

#### **Facebook Performance**

2 total clicks/4 posts  
290 reach  
438 impressions

#### **YouTube Video Performance (4/1/25 - 5/31/25)**

Upgrades to Patterson Pass  
22,815 → 39,413 (+16,698 video views)  
40,659 impressions

Our Waters Journey (1 min)  
10,911 → 14,674 (+3,763 video views)  
11,823 impressions

Surface Water Treatment  
4,503 baseline video views → 15,563 total views  
+ 11,060 added video views  
46,246 impressions

#### **Nextdoor**

3 reactions/1 post  
1,898 impressions

On the following pages, we have included samples of assets and links to where you can view reels and videos, web pages, infographics and other materials used to invite community participation.



WAM 6X3 BANNER

Download

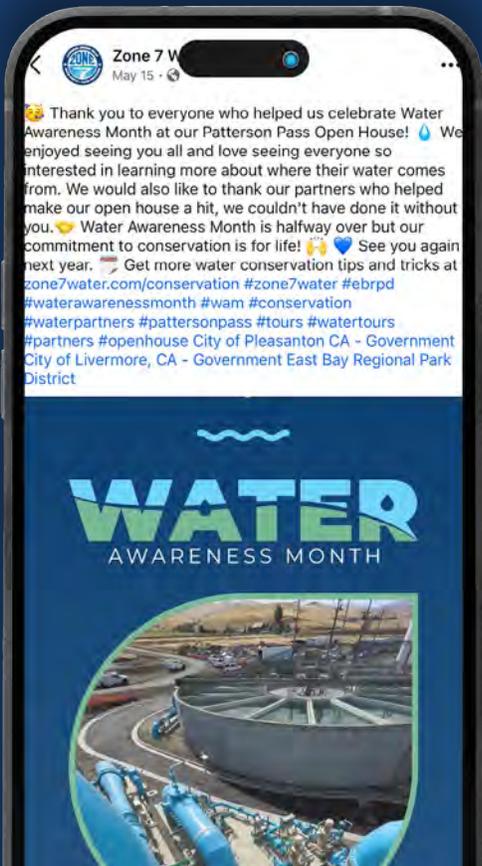
GOOGLE ADS

Download



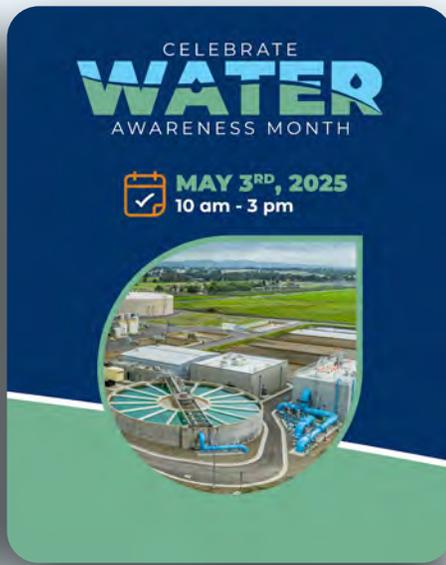
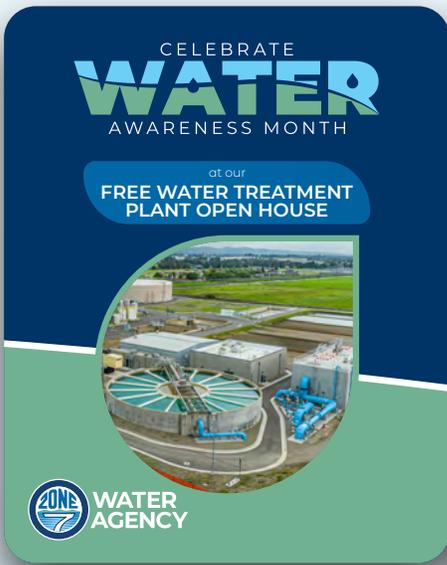
# WAM TEMP YOUTUBE THUMBNAILS

View



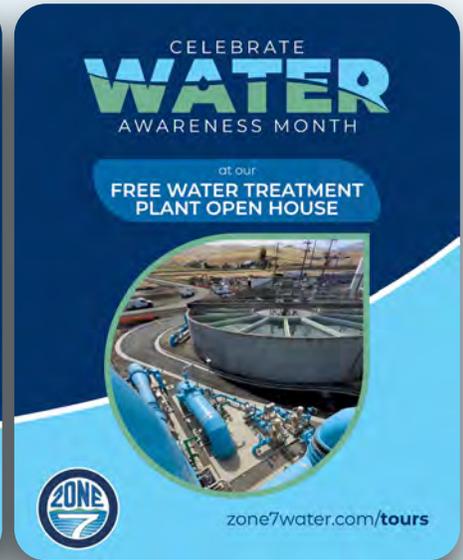
WINNERS REEL

View



## WAM PATTERSON PASS WATER TREATMENT PLANT LINKEDIN SLIDER

Download



## WAM PATTERSON PASS WATER TREATMENT PLANT NEXTDOOR GRAPHIC

View

## WAM LANDING PAGE PROMO GRAPHIC



Download

## WAM HOMEPAGE SLIDER



Download

## WAM FACEBOOK POST



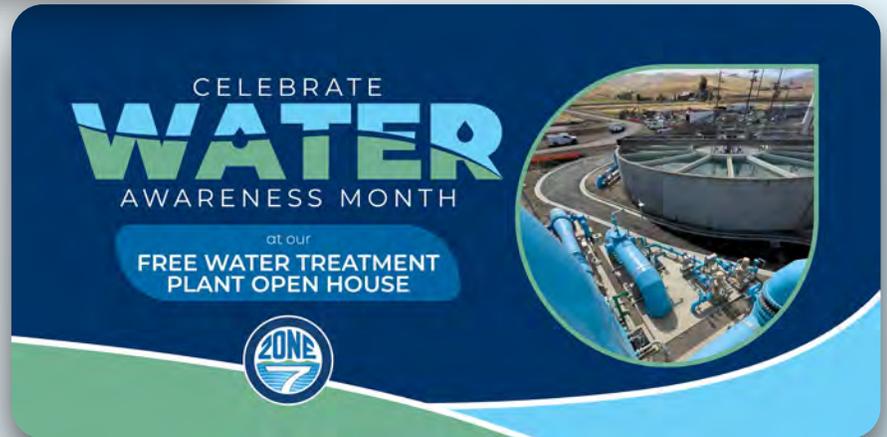
View

## WAM FACEBOOK COVER PHOTO



Download

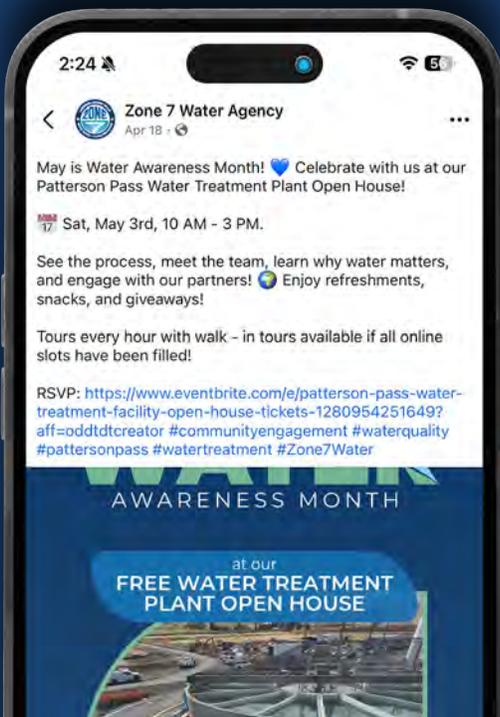
## WAM EVENTBRITE GRAPHIC



Download

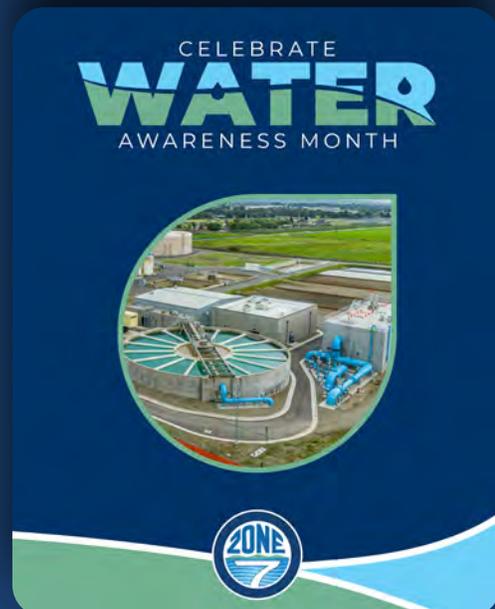
## PATTERSON PASS WATER TREATMENT PLANT OPEN HOUSE PROMO REEL

View



## WAM ELFSIGHT POPUP

Download



## 2025 TRI-VALLEY WATER CONSERVATION ART CONTEST OUTREACH SUMMARY

The Zone 7 Water Communications team launched the first Annual Tri-Valley Water Conservation Art Contest in January of 2025. Previously, the contest was limited to Livermore students only. This year, in partnership with the retailers, the contest was expanded to all students who reside in the Tri-Valley. The theme for the contest was Habitat Heroes: Transforming Lawns into Vibrant Native Gardens. Students submitted any form of visual artwork that showcased the importance of swapping thirsty grass for water-wise, native plant gardens and how they support the ecosystems around them. The submission period was from January until March 2025, with a voting period of May 1st - 10th after finalists from each partner were selected. The finalist artwork was showcased around the Tri-Valley during the annual Water Awareness Month, and the grand prize winner won a new iPad.

### OBJECTIVES

- 1) Encourage students to learn about California's native plant species and how they can help us conserve more water and help sustain life around them.
- 2) Increase student participation by allowing all students in the Tri-Valley to participate by promoting through various media channels.
- 3) Increase website visitors to the contest landing/voting page and the conservation landing page
- 4) Increase community knowledge on the importance of going native in their gardens.
- 5) Increase lawn-conversion rebate sign-ups.

### IMPLEMENTATION

The art contest landing page went live in January with information about how to enter the contest, along with full contest details. The landing page included conservation worksheets and activities to encourage visitors to learn more about their California wildlife and conserve water. The site also featured a list of California native species and their contributions to conservation and wildlife as inspiration for students. Students uploaded their artwork by March 3rd. Over 280 student projects were submitted and screened for disqualifications and theme alignment before each agency was provided with their finalist spreadsheet to narrow down throughout April. In May, 10 finalists from each city were announced (7 in Livermore) in the Zone 7 and Water Academy newsletters and voting opened online from May 1st to 1-10th. Voting promotion continued on social media during the voting period, and the winner was announced (date). The winner of the contest received a new iPad and all finalists received a small prize package containing conservation items from Z7. The artwork was also displayed around the Tri-Valley during Water Awareness Month.

### RESULTS - 119,116 GROSS IMPRESSIONS

#### Website Landing Page Traffic

9,978 page views/5,917 users

#### Social Media Engagement

Facebook: 34,431 views/27,325 reach/236 clicks/10 posts

NextDoor: 19,580 impressions/6 posts

LinkedIn: 49,056 impressions/3 posts/24 clicks

#### MailChimp E-Newsletter

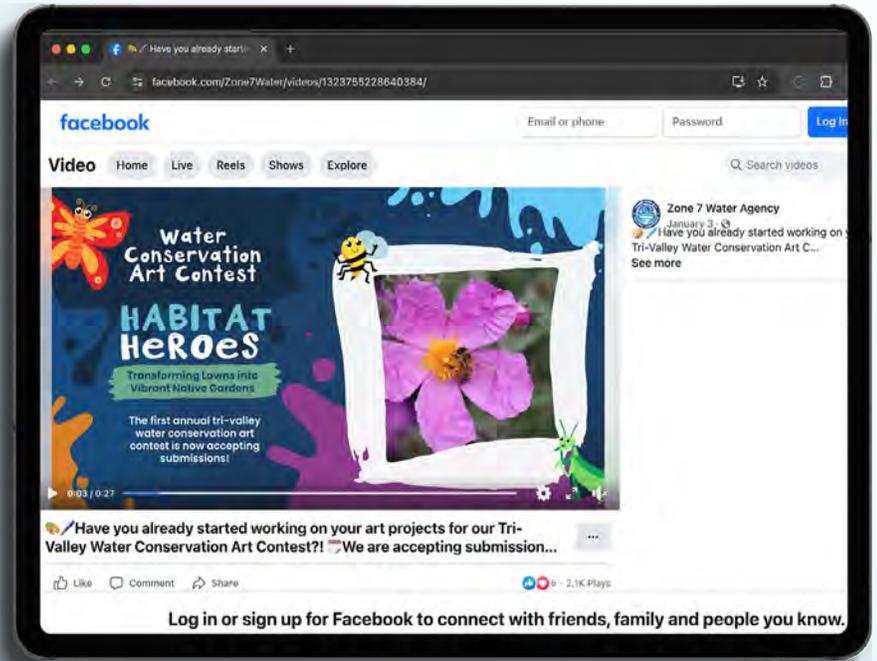
6,071 sends/2,248 opens in 24/25

\* compared to 1,198 sends/638 opens in 23/24

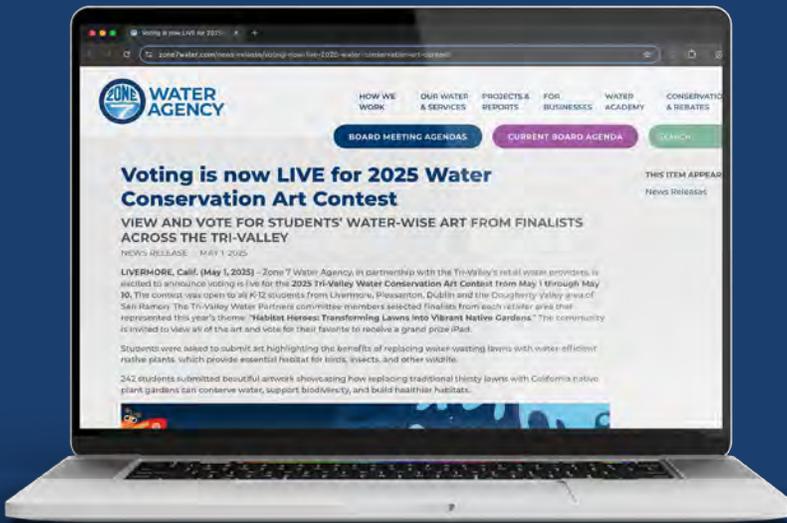
We have included samples of assets and links where you can view the videos, web page, ads, press release and other materials used to promote the contest and tips on the following pages.

## Z7 ART CONTEST PROMO REEL

Watch Now



Log in or sign up for Facebook to connect with friends, family and people you know.



## Z7 ART CONTEST VOTING PRESS RELEASE

Read Now

# Z7 ART CONTEST PRESS RELEASE



[Read Now](#)

# Z7 ART CONTEST VOTING OPEN HOMEPAGE SLIDER



[Download](#)

# VOTING OPEN GRAPHIC



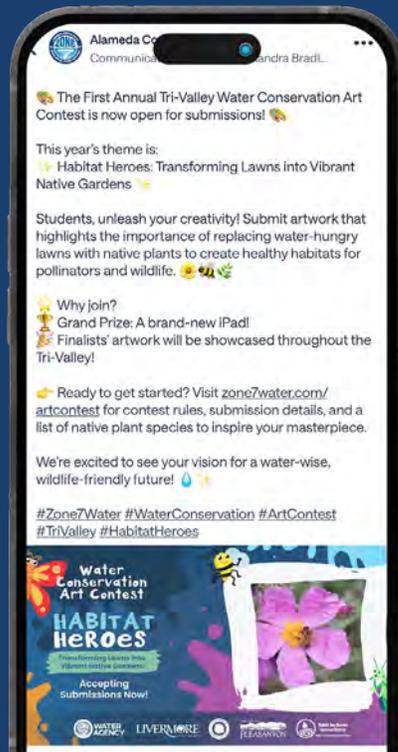
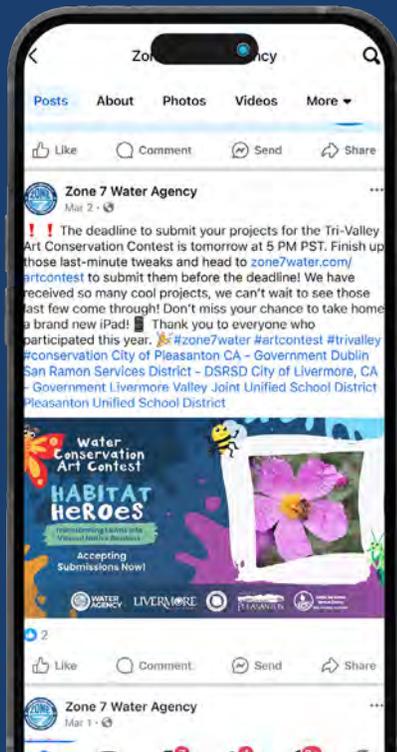
[Download](#)

## Z7 ART CONTEST FACEBOOK COVER



Download

## Z7 ART CONTEST FACEBOOK/NEXTDOOR GRAPHIC



# Z7 ART CONTEST LIVERMORE KIOSK FLYER

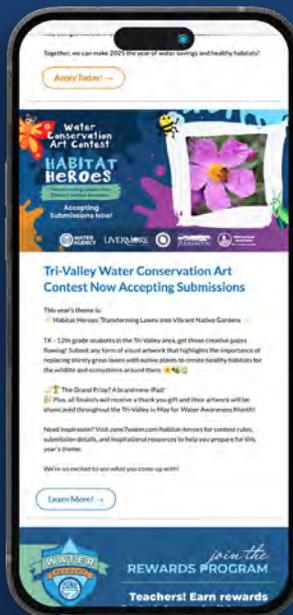


Download

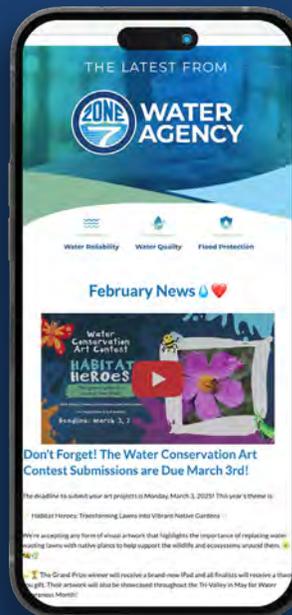
## LATEST FROM ZONE 7 NEWSLETTER



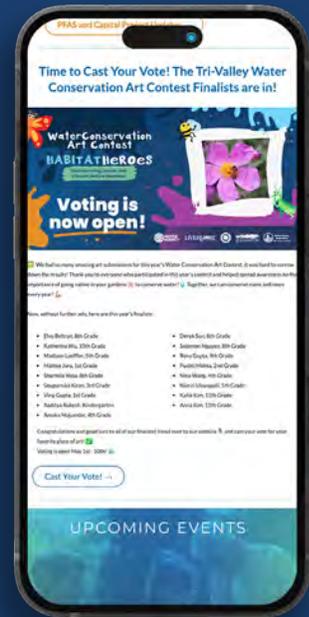
ART CONTEST TEASER



CONTEST LIVE



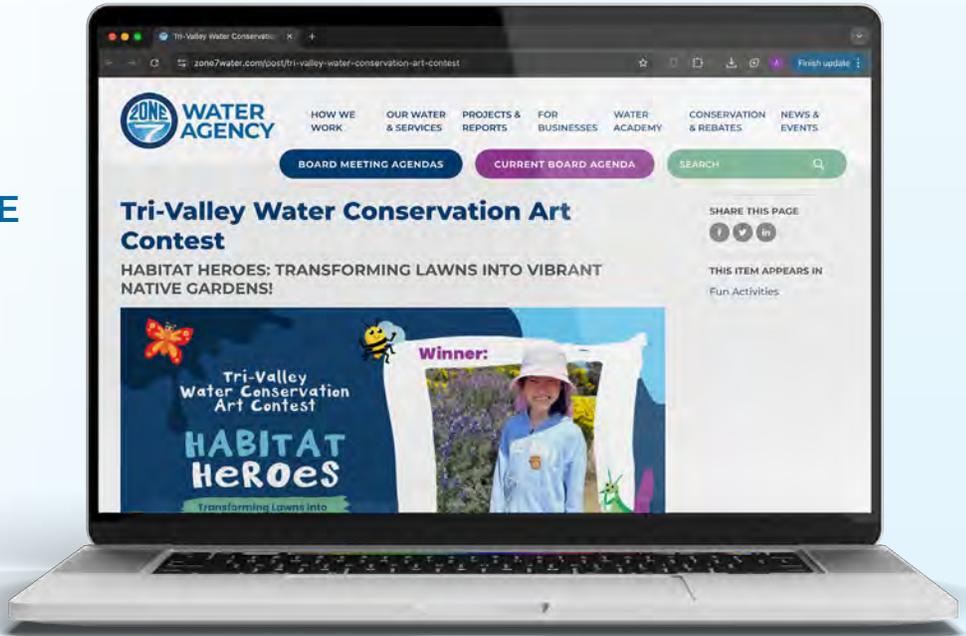
LAST CALL



VOTING OPEN

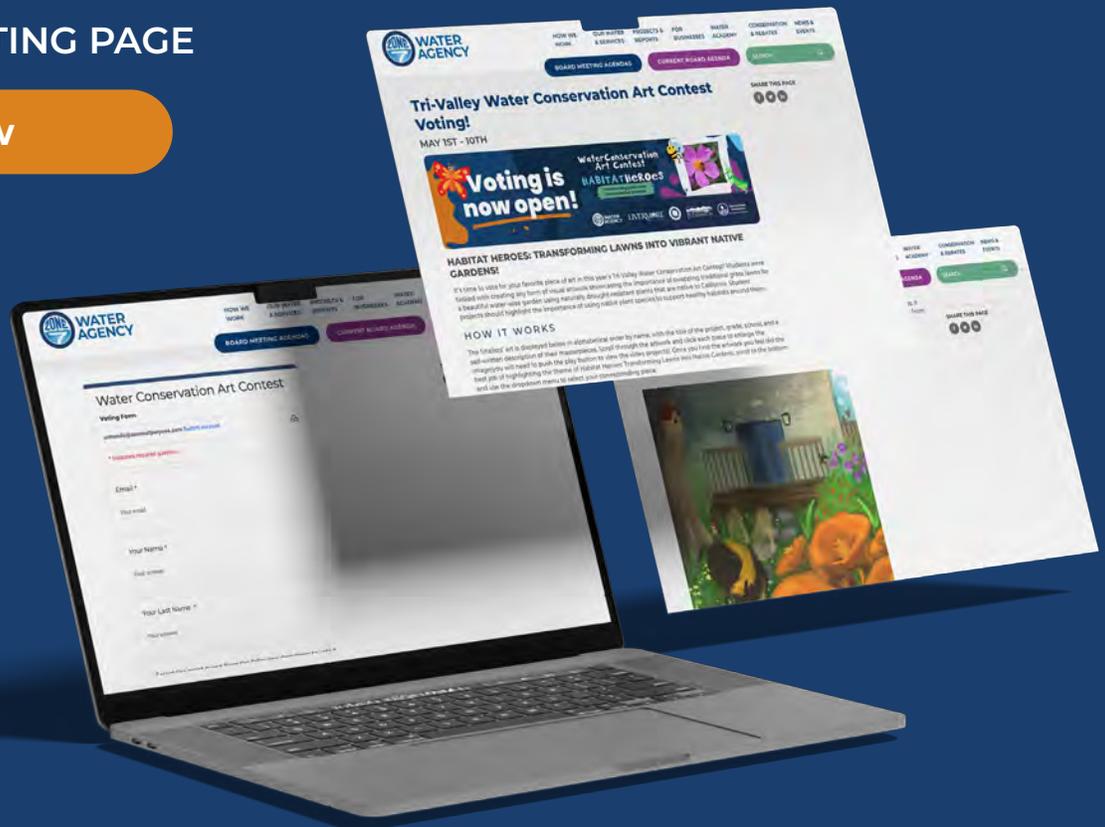
## CONTEST LANDING PAGE

View



## CONTEST VOTING PAGE

View



## WINNER PRESS RELEASE

Download



## WINNERS REEL

View



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

**ORIGINATING SECTION:** Integrated Planning

**CONTACT:** Sal Segura/Neeta Bijoor

**AGENDA DATE:** June 18, 2025

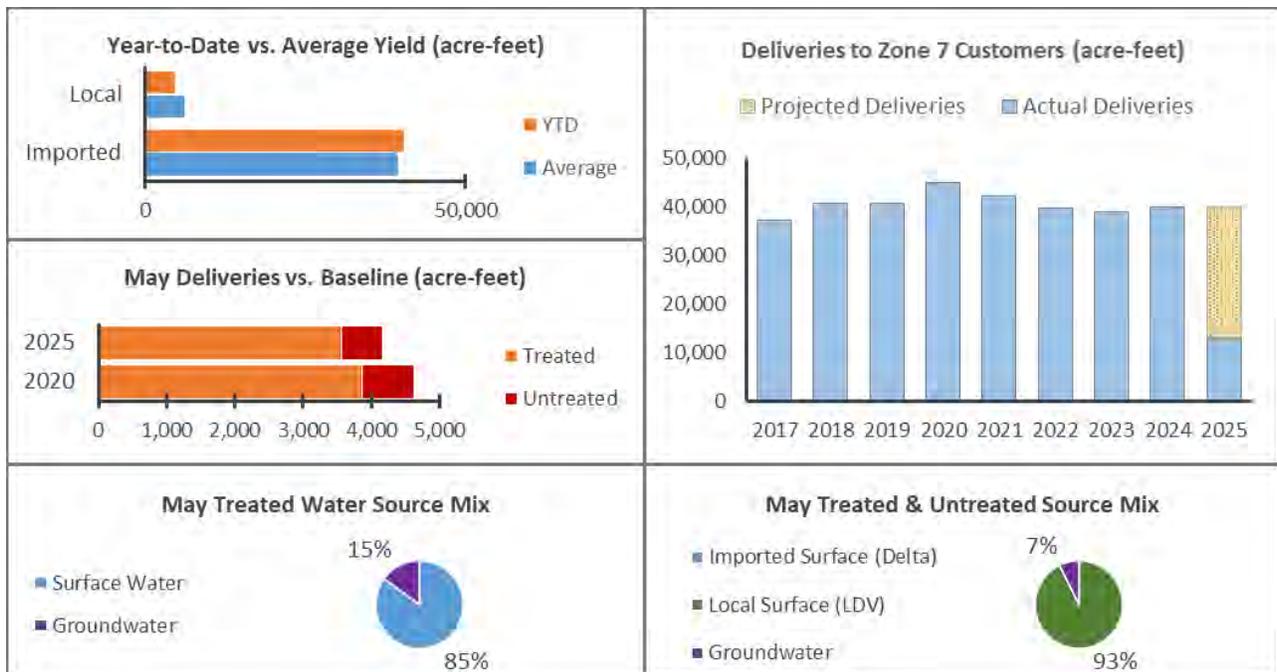
**SUBJECT:** Monthly Water Inventory and Water Budget Update

**SUMMARY:**

To support the mission to deliver safe, reliable, efficient, and sustainable water, Zone 7 Water Agency (Zone 7) manages its water supply portfolio. This report summarizes current water supply, usage, and storage conditions to support Strategic Plan Goal B – Reliable Water Supply and Infrastructure and is to advance Strategic Plan Initiative #5 to develop a diversified water supply plan and implement supported projects and programs.

The 2025 Annual Review of the Sustainable Water Supply Report, which discusses an overall analysis of the annual water supply, was presented to the Board on April 16. A summary of long-term water supply planning is also included in the Urban Water Management Plan (UWMP), which is updated every five years and assesses water supply reliability on a 20-year time horizon. The next update of the UWMP is due on July 1, 2026. These plans and evaluations consider the various sources of supply and storage available to Zone 7 locally, in State Water Project (SWP) facilities, and in Kern County storage and recovery programs.

**Summaries of 2025 Water Supplies, Deliveries, and Available Water**



## ZONE 7 WATER INVENTORY AND WATER BUDGET (May 2025)

### Supply and Demand

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

- Monthly totals: 4,170 acre-feet (AF) delivered to customers (3,570 AF treated production and 600 AF estimated untreated deliveries).
- Total treated water production increased by 45% compared to last month.
- Treated water sources were 85% surface water and 15% groundwater this month.
  - Treatment plant production was 31.8 million gallons per day (MGD).
  - Wellfield production was 5.7 MGD.

### Comparison of Demands: 2025 vs 2020 baseline

*(See Table 1)*

- In May 2025, Zone 7's overall water demands were 10% lower than May 2020: treated water production was 8% lower, and estimated untreated deliveries were 22% lower.

**Table 1: May 2025 comparison – Treated and Untreated Demands**

	Treated Production	Untreated Delivery	Total
May 2025 (AF)	3,570	600	4,170
May 2020 (AF)	3,860	770	4,630
May 2025 vs May 2020	8% lower	22% lower	10% lower

### Imported Water

*(See Table 2 and Table 3)*

- The State Water Project (SWP) allocation remains at 50%, which amounts to 40,310 AF for Zone 7.

**Table 2: Available Water Supplies (as of June 1, 2025)**

Sources of Water Supplies	Acre-Feet (AF)
Table A	40,310
Water Transfers/ Exchanges	0
SWP Carryover Water	2,160
Lake Del Valle (Carryover + New Yield)	8,000
Livermore Valley Groundwater Basin (AF above Minimum Thresholds)	127,900
Kern Storage and Recovery Programs	100,600
<b>Total</b>	<b>278,970</b>

**Groundwater***(See Table 3 and Figure 5)*

- The Livermore Valley Groundwater Basin comprises four subbasins. The Basin’s estimated maximum storage capacity is 254,000 AF, including the storage capacity below the Minimum Thresholds established in the Alternative Groundwater Sustainability Plan. The estimated storage capacity above the Minimum Thresholds (operational storage) is 126,000 AF.
- Currently, the Basin is at approximately 100% of its operational storage capacity.
- It is also important to note that not all the operational storage is accessible with Zone 7’s existing wells, as 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 some wells.
- In May, the total pumping from Zone 7’s wellfield was approximately 540 AF, making up 15% of the treated supply.
- Estimated groundwater basin outflow on the west side of the Basin is 140 AF in May. This groundwater exfiltrates into Arroyo De La Laguna due to a high-water table in that region.
- Zone 7 made 250 AF of artificial recharge and live stream releases in May.

**Stream Outflow***(See Table 3)*

- Surface runoff exceeded the 10 cubic feet per second (CFS) baseflow at Arroyo De La Laguna at the Verona stream gauge for portions of May, resulting in approximately 60 AF of stream outflow.
- Note: Some surface flows out of the Livermore-Amador Valley are mandated for other downstream purposes.

## Local Precipitation

*(See Figure 7)*

- 0.07 inches of precipitation were recorded at Livermore Airport in May.
- Livermore has received 10.28 inches of rain or 73% of average for the Water Year-to-Date as of May 31.

## Sierra Precipitation

*(See Figure 8)*

- 0.8 inches of precipitation were recorded in the Northern Sierras in May. The historical average precipitation in May is 2.8 inches.
- Cumulative precipitation in the Northern Sierra for Water Year 2025 is 54.9 inches as of June 1, or 106% of the seasonal average-to-date.

## Sierra Snowpack

*(See Figure 9)*

- Statewide snowpack is 23% of normal for the Water Year-to-Date as of May 30.
- Northern Sierra snowpack is 31% of normal for the Water Year-to-Date as of May 30.

## Lake Oroville

*(See Figure 10)*

- As of June 1, 2025, Lake Oroville storage is 100% of total capacity representing 122% of average storage conditions for this date of the year.
  - Storage: 3,418,244 AF
  - Storage as a percentage of total capacity increased by 4% over the month of May.

## San Luis Reservoir

*(See Figure 11)*

- San Luis Reservoir is a joint-use facility between the State Water Project and the Central Valley Project. Its total storage capacity is 2,041,000 AF, and the SWP's share of the total capacity is 1,062,180 AF. As of June 1, 2025, the total reservoir storage is 1,296,644 AF, of which approximately 670,000 AF belongs to SWP. Currently, the SWP's share of the reservoir capacity is 63% full.

## Lake Del Valle

*(See Table 3 and Figure 6)*

- Lake Del Valle holds 39,808 AF as of June 1, 2025.
- Zone 7 primarily used its Lake Del Valle local water supply to meet demand in May, utilizing 3,030 AF.
- Zone 7's estimated water storage in Lake Del Valle at the end of May is approximately 8,000 AF.

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

### Table 3: Water Inventory

Note: Values are rounded. All units in AF unless noted otherwise. Subject to adjustment over the year.

	2024 <i>Jan-Dec</i>	2025 <i>May</i>	2025 - YTD <i>Jan-Dec</i>
<b>Source</b>			
<b>Incoming Supplies</b>			
State Water Project (SWP) - Table A	23,140	0	0
State Water Project - Article 21	0	0	0
Lake Del Valle Local Water	5,290	3,030	5,230
Water Transfers/Exchanges	0	0	0
<b>Subtotal</b>	<b>28,430</b>	<b>3,030</b>	<b>5,230</b>
<b>From Storage</b>			
State Water Project - Carryover	25,240	850	7,010
Livermore Valley Groundwater Basin	3,580	540	1,170
Kern Storage and Recovery Programs	0	0	0
<b>Subtotal</b>	<b>28,820</b>	<b>1,390</b>	<b>8,180</b>
<b>Total Supply</b>	<b>57,250</b>	<b>4,420</b>	<b>13,410</b>
<b>Water Use</b>			
<b>Customer Deliveries</b>			
Treated Water Demand <sup>1</sup>	35,440	3,570	11,910
Untreated Water Demand	4,380	600	950
<b>Subtotal</b>	<b>39,820</b>	<b>4,170</b>	<b>12,860</b>
<b>To Storage</b>			
Livermore Valley Groundwater Basin Recharge	6,180	250	550
Kern Storage and Recovery Programs	10,000	0	0
<b>Subtotal</b>	<b>16,180</b>	<b>250</b>	<b>550</b>
<b>SWP Transfer</b>			
Napa County Repayment <sup>2</sup>	1,250	0	0
<b>Total Water Use</b>	<b>57,250</b>	<b>4,420</b>	<b>13,410</b>
<b>Available Water Supplies</b>			
<b>Incoming Supplies</b>	<b>End-of-2024</b>		
SWP - Table A (%)	40%	50%	50%
SWP - Table A Remaining	0	40,310	40,310
Water Transfers/Exchanges	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>40,310</b>	<b>40,310</b>
<b>Storage Balance</b>	<b>End-of-2024</b>		
SWP Carryover	9,170	2,160	2,160
Lake Del Valle Local Water	8,550	8,000	8,000
Livermore Valley Groundwater Basin <sup>3</sup>	124,000	127,900	127,900
Kern Storage and Recovery Programs	100,600	100,600	100,600
<b>Subtotal</b>	<b>242,320</b>	<b>238,660</b>	<b>238,660</b>
<b>Total Available Water</b>	<b>242,320</b>	<b>278,970</b>	<b>278,970</b>
<b>Watershed Conditions</b>	<b>End-of-2024</b>		
Precipitation at Livermore Station (in) <sup>4</sup>	16.1	0.07	5.87
Lake Del Valle Local Water Net Yield	9,290	0	4,600
Measured Change in Groundwater Basin Storage	0	-700	3,900
Surface Water Outflow <sup>5</sup>	43,910	60	11,610

<sup>1</sup> Includes a small amount of unaccounted-for water.

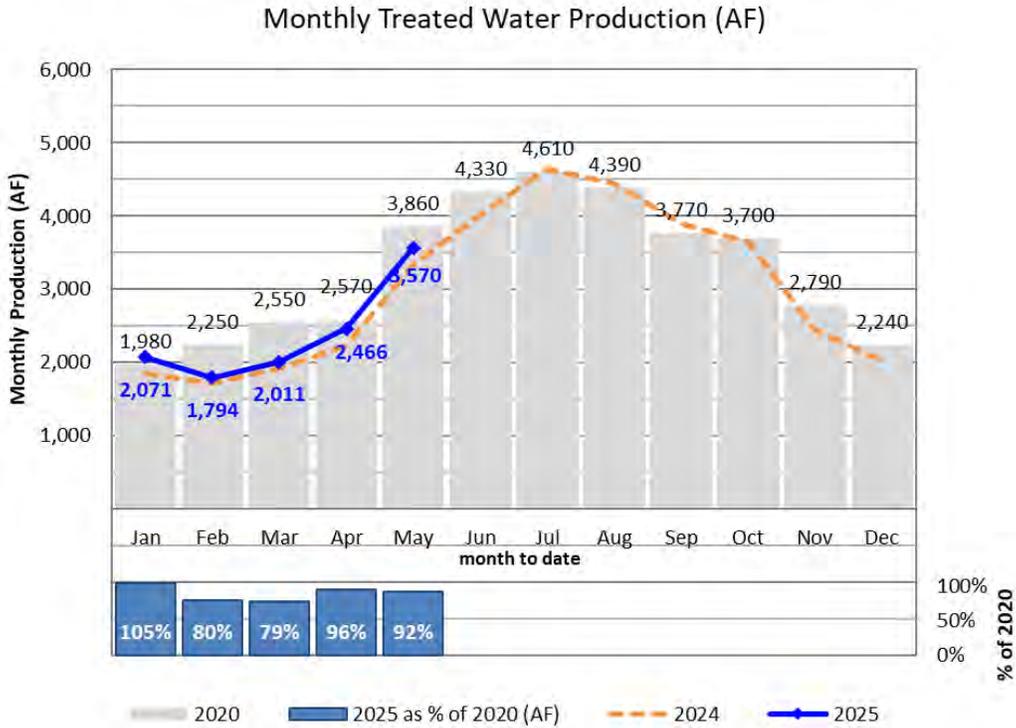
<sup>2</sup> In 2024, Zone 7 repaid Napa County for a water exchange agreement executed in 2020.

<sup>3</sup> Storage volume is based on most recent groundwater level data; amount shown excludes 128,000 AF of storage below the minimum thresholds.

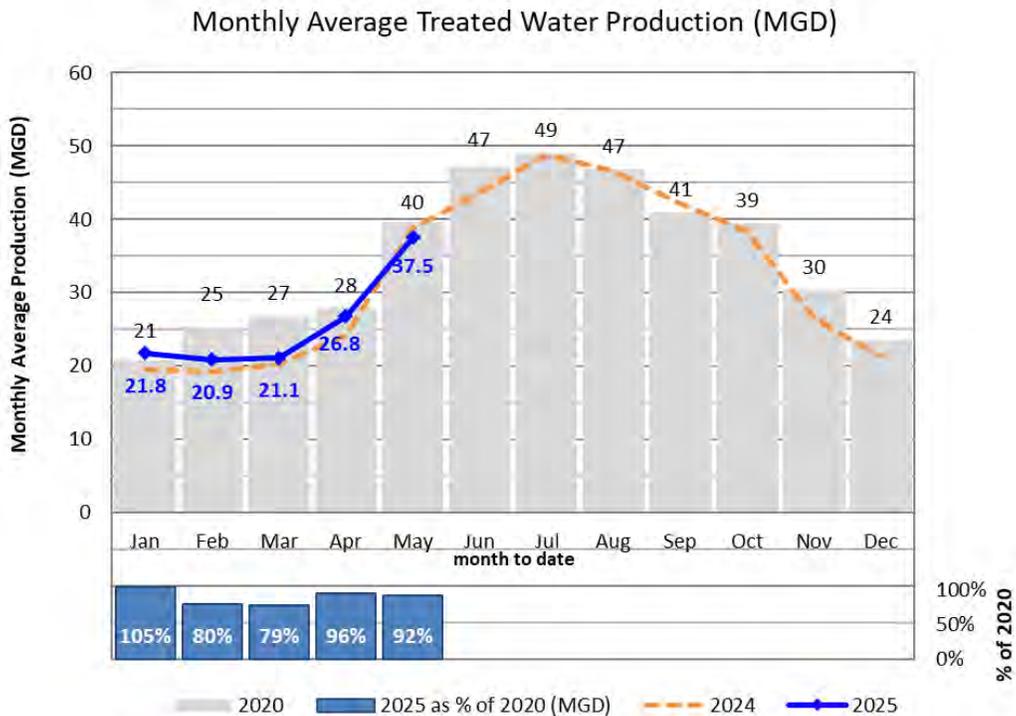
<sup>4</sup> Local precipitation reported in Table 3 for 2025YTD is reported on a calendar year basis.

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

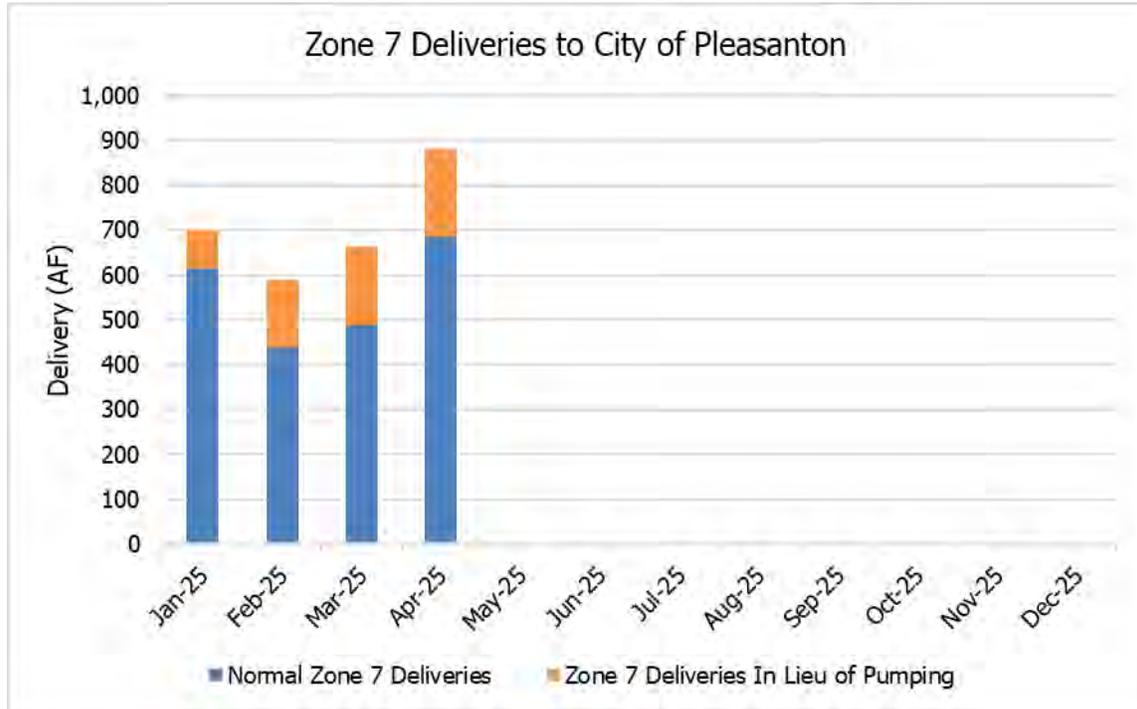
**Figure 1: Monthly Treated Water Production in Acre-Feet (AF)**



**Figure 2: Monthly Treated Water Production in Average Million Gallons Per Day (MGD)**

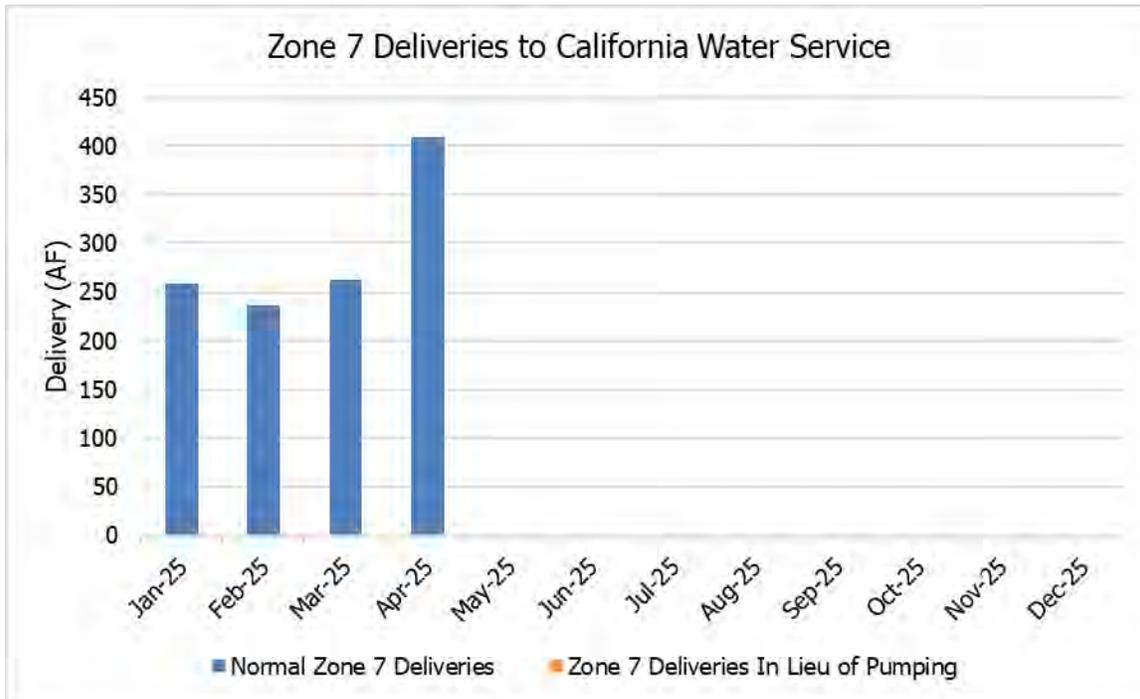


**Figure 3: Pleasanton Estimated In-Lieu Demand  
(Based on 2018-2021 Pumping)**



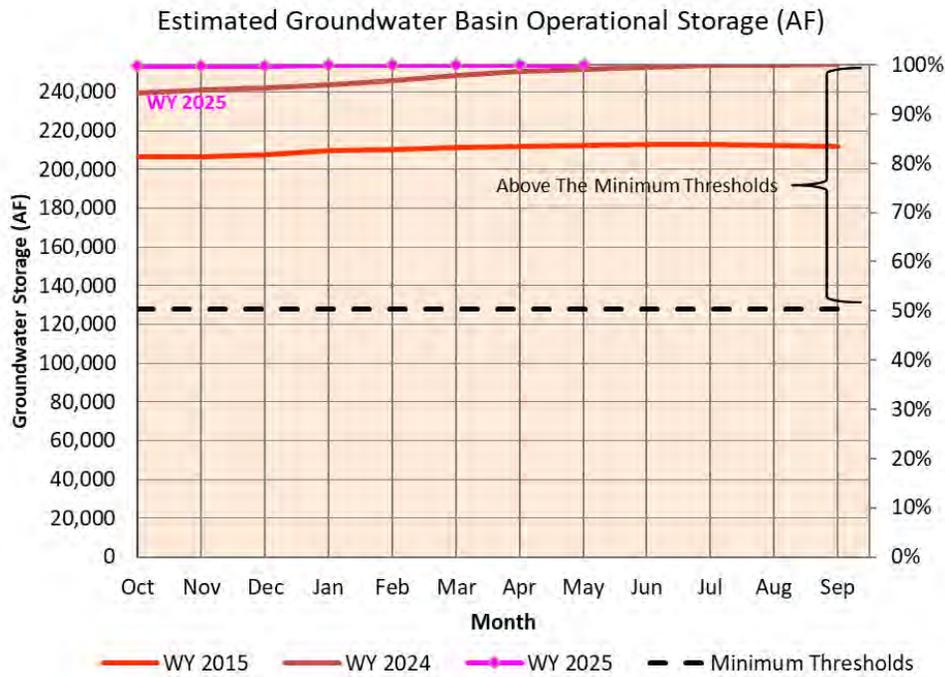
*\*Pleasanton's pumping data for May is not yet available and will be reflected in future inventories.*

**Figure 4: California Water Service Estimated In-Lieu Demand  
(Based on 2018-2021 Pumping)**



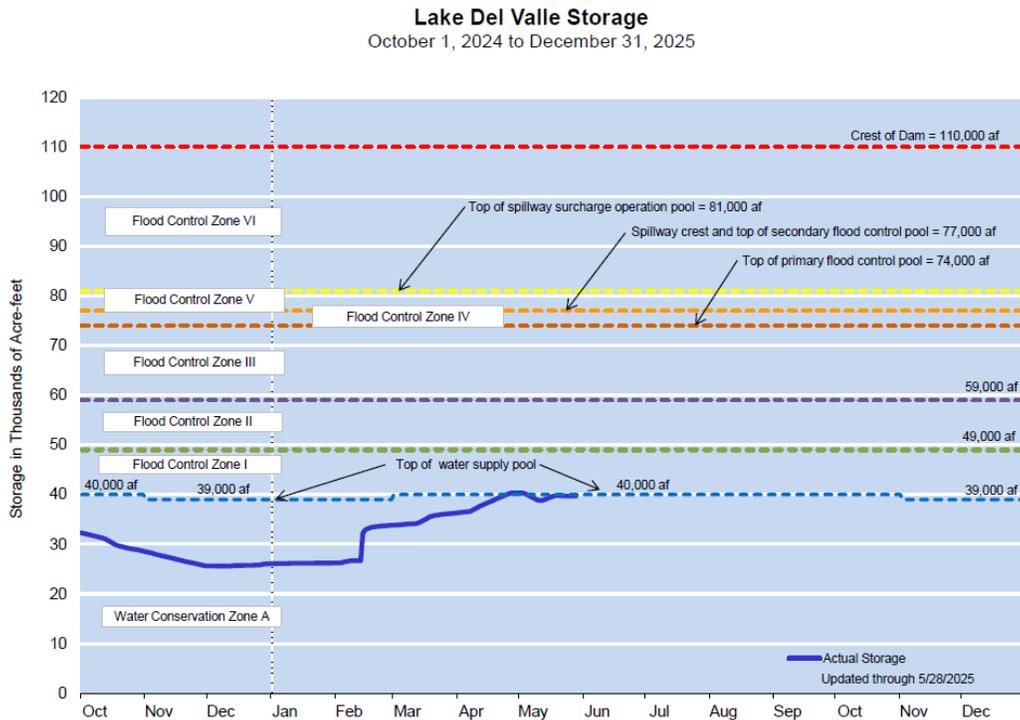
*\*Cal Water's pumping data for May is not yet available and will be reflected in future inventories.*

**Figure 5: Livermore Valley Groundwater Basin Storage\***



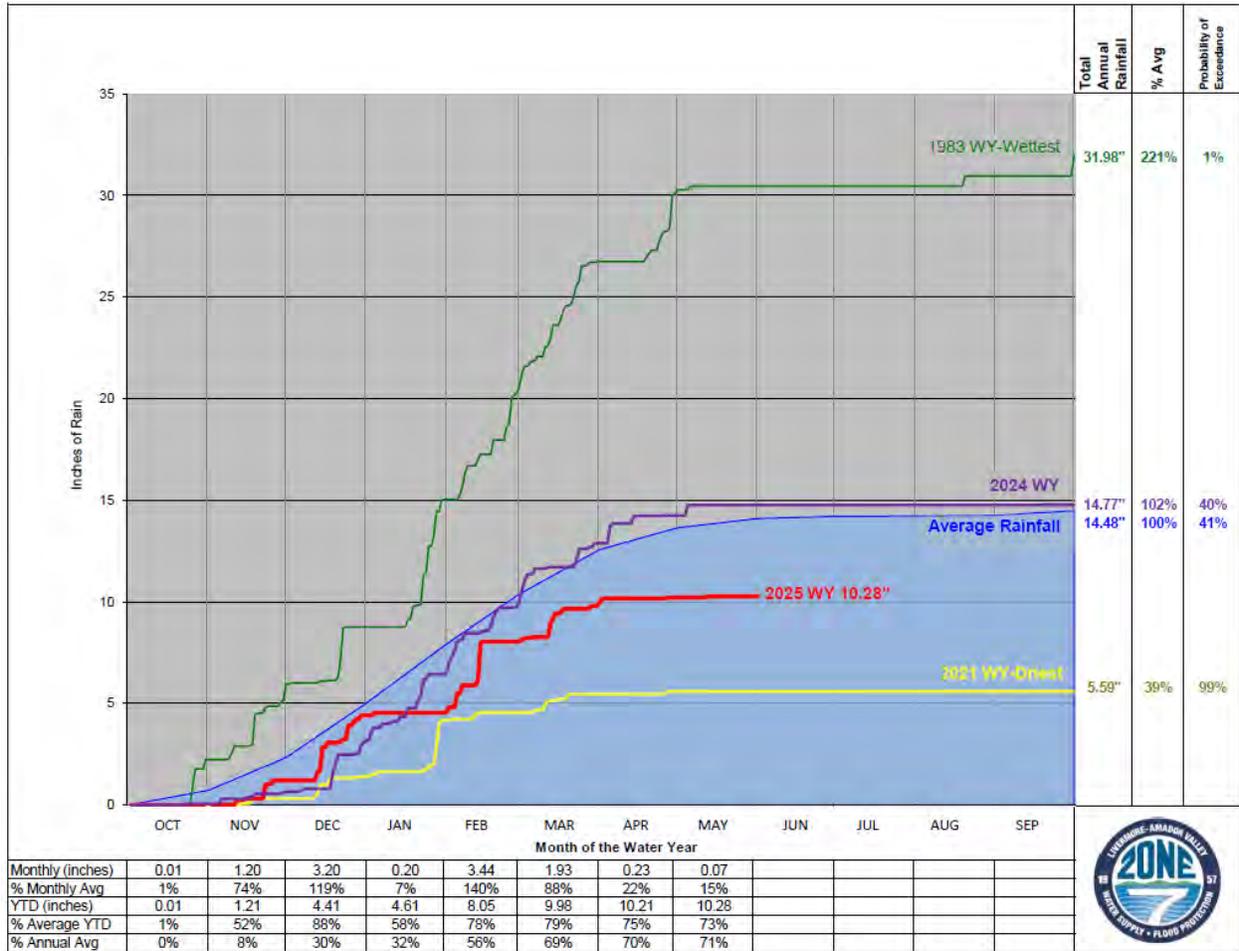
\*The estimated groundwater basin storage represents the combined total storage from all four subbasins.

**Figure 6: Lake Del Valle Storage**

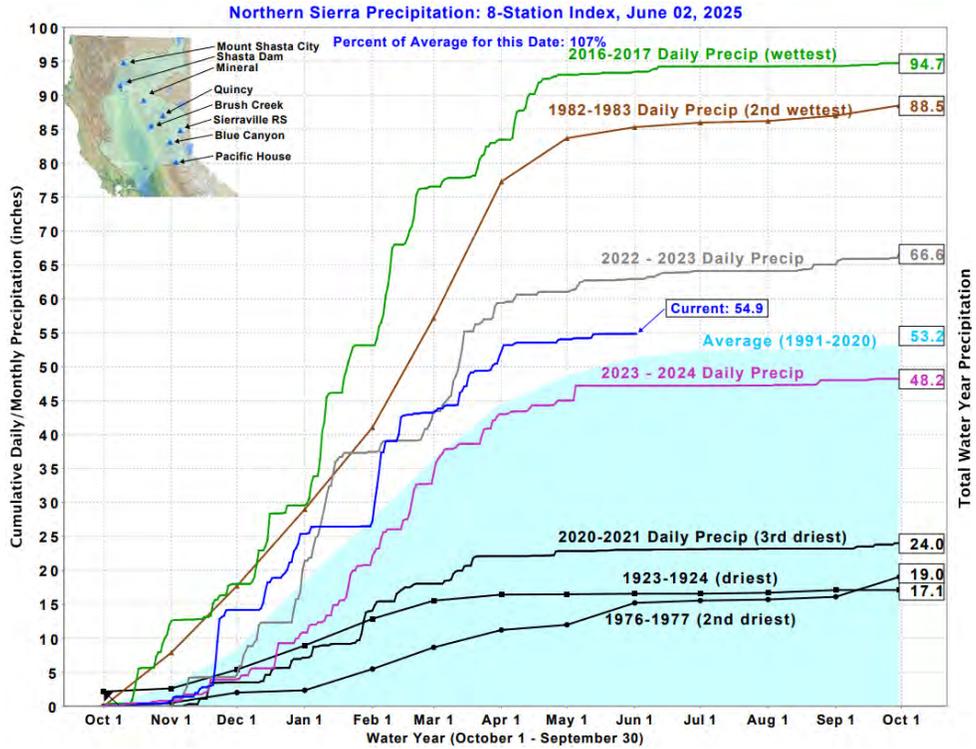


Source : <https://water.ca.gov/-/media/DWR-Website/>

### Figure 7: Local Precipitation



**Figure 8: Cumulative Precipitation in the North Sierra**



**Figure 9: Sierra Snowpack**

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



NORTH	
Data as of May 30, 2025	
Number of Stations Reporting	27
Average snow water equivalent (Inches)	2.0
Percent of April 1 Average (%)	8
Percent of normal for this date (%)	31

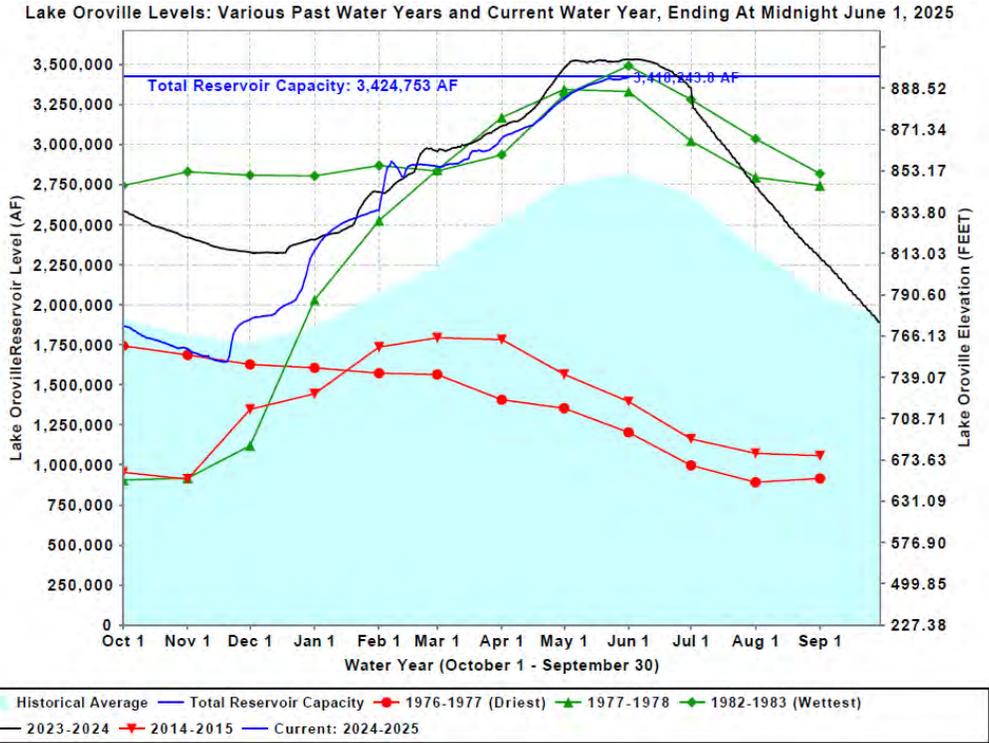
CENTRAL	
Data as of May 30, 2025	
Number of Stations Reporting	53
Average snow water equivalent (Inches)	2.0
Percent of April 1 Average (%)	7
Percent of normal for this date (%)	21

SOUTH	
Data as of May 30, 2025	
Number of Stations Reporting	23
Average snow water equivalent (Inches)	0.7
Percent of April 1 Average (%)	3
Percent of normal for this date (%)	11

STATE	
Data as of May 30, 2025	
Number of Stations Reporting	103
Average snow water equivalent (Inches)	1.7
Percent of April 1 Average (%)	7
Percent of normal for this date (%)	23

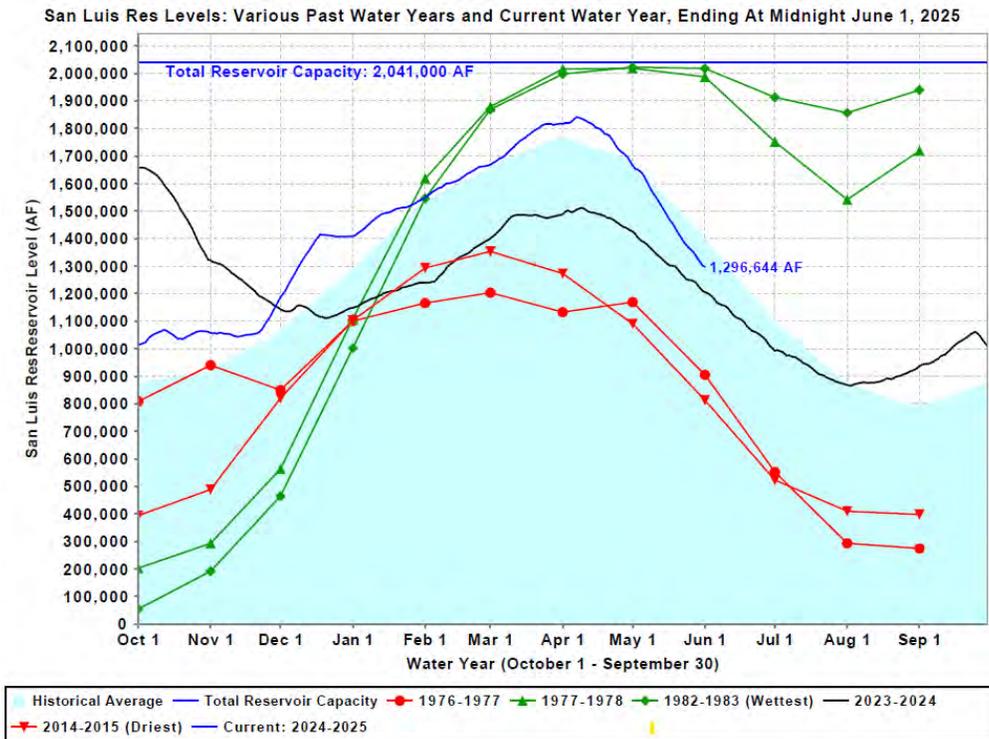
Source : <https://cdec.water.ca.gov/reportapp/javareports?name=swccond.pdf>

**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>

ORIGINATING SECTION: Office of the General Manager  
CONTACT: Carol Mahoney/Valerie Pryor

AGENDA DATE: June 18, 2025

SUBJECT: Legislative Update

SUMMARY:

Zone 7 staff, with the support of Agency consultants, monitors legislation that is being considered in Sacramento, as well as other political activities of interest. This item supports Strategic Plan, Goal G – Stakeholder Engagement, engage our stakeholders to foster understanding of their needs, the Agency, and its function. **California’s Assembly, Senate, and Committees** began the first year of their two-year legislative cycle on January 6, 2025.

The last day for bills to be passed out of their house of origin (Assembly or Senate) was June 6, 2025. Bills that passed this milestone will now be heard either in committee or move directly to floor consideration of the respective house. Because this is the first year of the two-year cycle, several bills have been identified as **“two-year” bills**, with the option for reconsideration in the 2026 legislative session.

The attached is a summary of bills of potential interest to Zone 7 monitored by SKV Advocacy. If other membership organizations have taken a position on a tracked bill, that will be indicated in the notes, if known. Note that the software used for creating this report does not have all the possible positions to be taken by various agencies and as such, does not have the **option to identify a position of “Favor.” In cases where there are such limitations, staff have noted the Zone 7-specific position in the notes.**

**The Federal legislative calendar differs from the State’s process and both U.S. House bills** shown in the following table continue to be considered in committee. Since the **State’s** legislative session has progressed to the mid-point, the latest status on bills for which Zone 7 took positions is now indicated in the table.

Zone 7, based on the Legislative Platform, Board actions on a topic, and/or Legislative Committee involvement has taken the following actions:

Position	Bill	Zone 7 Action	Bill Status
Favor	AB 514 - Emergency water supplies	Coalition letter	2-Year
Not Favor	AB 942 - Net energy metering: eligible customer-generators: tariffs	Coalition letter	Moved to Senate
Support	SB 72 - Water Plan Update - long-term water supply targets	Coalition letter	Moved to Assembly
Support	SB 454 State funding for PFAS remediation	Zone 7 letter	Moved to Assembly
Support	H.R.1267 - Water Systems PFAS Liability Protection Act	Zone 7 letter	House Water Resources and Environment
Favor	H.R.1871 – federal mirroring of state tax relief on water conservation rebates	Coalition letter	House Ways and Means

FUNDING:

N/A

RECOMMENDED ACTION:

Information only.

ATTACHMENT:

Zone 7 – Bill Tracker/Status Report

**AB 93** (Papan, D) Water resources: demands: data centers.

**Current Text:** 05/05/2025 - Amended [HTML](#) [PDF](#)

**Last Amended:** 05/05/2025

**Status:** 05/29/2025 - Read third time. Passed. Ordered to the Senate. (Ayes 51. Noes 14.) In Senate. Read first time. To Com. on RLS. for assignment.



**Location:** 05/29/2025 - Senate Rules

**Summary:** Would require the Department of Water Resources and the State Energy Resources Conservation and Development Commission to develop guidelines and best practices, as specified, to maximize the use of natural resources to address the developing and emerging needs of technology in California that are consistent with urban water use objectives, as provided, and specified federal law. (Based on 05/05/2025 text)

**Position:** Watch

**AB 259** (Rubio, Blanca, D) Open meetings: local agencies: teleconferences.

**Current Text:** 04/21/2025 - Amended [HTML](#) [PDF](#)

**Last Amended:** 04/21/2025

**Status:** 05/14/2025 - Referred to Coms. on L. GOV. and JUD.



**Location:** 05/14/2025 - Senate Local Government

**Summary:** The Ralph M. Brown Act, requires, with specified exceptions, that all meetings of a legislative body, as defined, of a local agency be open and public and that all persons be permitted to attend and participate. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction, and the legislative body complies with prescribed requirements. Current law requires a member to satisfy specified requirements to participate in a meeting remotely pursuant to these alternative teleconferencing provisions, including that specified circumstances apply. Current law establishes limits on the number of meetings a member may participate in solely by teleconference from a remote location pursuant to these alternative teleconferencing provisions, including prohibiting such participation for more than 2 meetings per year if the legislative body regularly meets once per month or less. This bill would extend the alternative teleconferencing procedures until January 1, 2030. (Based on 04/21/2025 text)

**Position:** Watch

**Notes:**

CSDA = Sponsor

**AB 295** (Macedo, R) California Environmental Quality Act: environmental leadership development projects: water storage, water conveyance, and groundwater recharge projects: streamlined review.

**Current Text:** 01/23/2025 - Introduced [HTML](#) [PDF](#)

**Status:** 05/01/2025 - Failed Deadline pursuant to Rule 61(a)(2). (Last location was NAT. RES. on 2/10/2025)(May be acted upon Jan 2026)



**Location:** 05/01/2025 - Assembly 2 YEAR

**Summary:** The Jobs and Economic Improvement Through Environmental Leadership Act of 2021 authorizes the Governor, until January 1, 2032, to certify environmental leadership development projects that meet specified requirements for certain streamlining benefits related to the California Environmental Quality Act (CEQA). The act, among other things, requires a lead agency to prepare the record of proceedings for an environmental leadership development project, as provided, and to provide a specified notice within 10 days of the Governor certifying the project. The act is repealed by its own term on January 1, 2034. This bill would extend the application of the act to water storage projects, water conveyance projects, and groundwater recharge projects that provide public benefits and drought preparedness. Because a lead agency would be required to prepare the record of proceedings for water storage projects, water conveyance projects, and groundwater recharge projects pursuant to the act, this bill would impose a state-mandated local program. (Based on 01/23/2025 text)

**Position:** Watch  
**Notes:**  
SWC are supporting

**AB 362** **(Ramos, D) Water policy: California tribal communities.**

**Current Text:** 04/21/2025 - Amended [HTML](#) [PDF](#)

**Last Amended:** 04/21/2025

**Status:** 05/23/2025 - Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/14/2025)(May be acted upon Jan 2026)



**Location:** 05/23/2025 - Assembly 2 YEAR

**Summary:** The Porter-Cologne Water Quality Control Act establishes a statewide program for the control of the quality of all the waters in the state and makes certain legislative findings and declarations. Current law defines the term “beneficial uses” for the purposes of water quality as certain waters of the state that may be protected against quality degradation, to include, among others, domestic, municipal, agricultural, and industrial supplies. This bill would add findings and declarations related to California tribal communities, as defined, and the importance of protecting tribal water use. The bill would add tribal water uses as waters of the state that may be protected against quality degradation for purposes of the defined term “beneficial uses.” (Based on 04/21/2025 text)

**Position:** Watch

**Notes:**

ACWA = Oppose Unless Amended

SWC = Oppose Unless Amended

**AB 497** **(Wilson, D) San Francisco Bay/Sacramento-San Joaquin Delta Estuary Water Quality Control Plan.**

**Current Text:** 02/10/2025 - Introduced [HTML](#) [PDF](#)

**Status:** 05/08/2025 - Failed Deadline pursuant to Rule 61(a)(3). (Last location was PRINT on 2/10/2025)(May be acted upon Jan 2026)



**Location:** 05/08/2025 - Assembly 2 YEAR

**Summary:** Current law makes available to the Natural Resources Agency bond funds for, among other things, implementing an updated State Water Resources Control Board’s San Francisco Bay/Sacramento-San Joaquin Delta Estuary Water Quality Control Plan (Bay-Delta Water Quality Control Plan), which establishes water quality control measures and flow requirements needed to provide reasonable protection of beneficial uses in the watershed. This bill would state the intent of the Legislature to enact future legislation relating to the Bay-Delta Water Quality Control Plan. (Based on 02/10/2025 text)

**Position:** Watch

**AB 514** **(Petrie-Norris, D) Water: emergency water supplies.**

**Current Text:** 05/01/2025 - Amended [HTML](#) [PDF](#)

**Last Amended:** 05/01/2025

**Status:** 05/23/2025 - Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/14/2025)(May be acted upon Jan 2026)



**Location:** 05/23/2025 - Assembly 2 YEAR

**Summary:** Would declare that it is the established policy of the state to encourage, but not mandate, the development of emergency water supplies by both local and regional water suppliers, as defined, and to support their use during times of drought or unplanned service or supply disruption, as provided. (Based on 05/01/2025 text)

**Position:** Support

**Notes:**

Per Framework, Zone 7's position is "favor"

**AB 794** **(Gabriel, D) California Safe Drinking Water Act: emergency regulations.**

**Current Text:** 04/10/2025 - Amended [HTML](#) [PDF](#)

**Last Amended:** 04/10/2025

**Status:** 05/27/2025 - Read second time. Ordered to third reading.



**Location:** 05/27/2025 - Assembly THIRD READING

**Summary:** The California Safe Drinking Water Act (state act) requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. The state board's duties include, but are not limited to, enforcing the federal Safe Drinking Water Act (federal act) and adopting and enforcing regulations. Current law authorizes the state board to adopt as an emergency regulation, a regulation that is not more stringent than, and is not materially different in substance and effect than, the requirements of a regulation promulgated under the federal act, with a specified exception. This bill would provide that the authority of the state board to adopt an emergency regulation pursuant to these provisions includes the authority to adopt requirements of a specified federal regulation that was in effect on January 19, 2025, regardless of whether the requirements were repealed or amended to be less stringent. The bill would prohibit an emergency regulation adopted pursuant to these provisions from implementing less stringent drinking water standards, as provided, and would authorize the regulation to include monitoring requirements that are more stringent than the requirements of the federal regulation. The bill would prohibit maximum contaminant levels and compliance dates for maximum contaminant levels adopted as part of an emergency regulation from being more stringent than the maximum contaminant levels and compliance dates of a regulation promulgated pursuant to the federal act. (Based on 04/10/2025 text)

**Position:** Monitor +

**Notes:**

CMUA = Opposed

ACWA Task Force = Oppose Unless Amended

## **AB 942**

**(Calderon, D) Net energy metering: eligible customer-generators: tariffs.**

**Current Text:** 06/02/2025 - Amended [HTML](#) [PDF](#)

**Last Amended:** 06/02/2025

**Status:** 06/04/2025 - In Senate. Read first time. To Com. on RLS. for assignment.



**Location:** 06/04/2025 - Senate Rules

**Summary:** Current law requires each electrical utility, including each electrical corporation, local publicly owned electric utility, electrical cooperative, or other entity that offers electrical service, except as specified, to develop a standard contract or tariff that provides for net energy metering (NEM), which, among other things, compensates each eligible customer-generator, as defined, for the electricity it generated during a preceding 12-month period that exceeds the electricity supplied by the electrical utility through the electrical grid to the eligible customer-generator during that same period, as provided. Current law requires each electrical utility to make the contract or tariff available to eligible customer-generators, upon request, on a first-come-first-served basis until the time that the total rated generating capacity used by those eligible customer-generators exceeds 5% of the electrical utility's aggregate customer peak demand, except as specified. This contract or tariff is known as NEM 1.0. Current law requires the commission to develop an additional standard contract or tariff, which may include NEM, for eligible customer-generators that are customers of large electrical corporations, as defined. Current law requires each large electrical corporation to offer this standard contract or tariff to its eligible customer-generators beginning July 1, 2017, or before that date if ordered to do so by the commission because it has reached the above-mentioned 5% NEM 1.0 program limit, and prohibits limiting the amount of generating capacity or the number of new eligible customer-generators entitled to receive service pursuant to this standard contract or tariff, as specified. This contract or tariff is known as NEM 2.0. Current law authorizes the commission to revise the standard contract or tariff as appropriate to achieve specified objectives. Pursuant to its authority, the commission adopted Decision 22-12-056 (December 19, 2022), commonly known as the net billing tariff, that creates a successor tariff to the NEM 1.0 and 2.0 tariffs and includes specified elements, including, among other things, retail export compensation rates based on hourly avoided cost calculator values averaged across days in a month, as specified, and an avoided cost calculator plus adder, based on cents per kilowatt-hour exported, available during the first 5 years of the successor tariff, as specified, known as the avoided cost calculator plus glide path. This bill would, on and after January 1, 2026, for a large electrical corporation customer that becomes a new eligible customer-generator by purchasing real property that contains a renewable electrical generation facility upon which a prior eligible customer-generator took service, require the new eligible customer-generator to take service under the then-current applicable tariff adopted by the commission after December 1, 2022, disqualify the new eligible customer-generator from eligibility for the avoided cost calculator plus glide path, as specified, and require the new eligible customer-generator to pay all nonbypassable charges that are applicable to customers that are not eligible customer-generators. (Based on 06/02/2025 text)

**Position:** Oppose

**Notes:**

Coalition letter -

Official position = not favor

**AB 1373 (Soria, D) Water quality: state certification.**

**Current Text:** 05/23/2025 - Amended [HTML](#) [PDF](#)

**Last Amended:** 05/23/2025

**Status:** 06/04/2025 - In Senate. Read first time. To Com. on RLS. for assignment.



**Location:** 06/04/2025 - Senate Rules

**Summary:** The Porter-Cologne Water Quality Control Act authorizes the State Water Resources Control Board to certify or provide a statement to a federal agency, as required pursuant to federal law, that there is reasonable assurance that an activity of any person subject to the jurisdiction of the state board will not reduce water quality below applicable standards. The federal act provides that if a state fails or refuses to act on a request for this certification within a reasonable period of time, which shall not exceed one year after receipt of the request, then the state certification requirements are waived with respect to the federal application. This bill would require the state board, if requested by the applicant within 14 days of an initial draft certification being issued, to hold a public hearing at least 21 days before taking action on an application for certification for a license to operate a hydroelectric facility. The bill would, if a public hearing is requested on the draft certification, prohibit the authority to issue a certification for a license to operate a hydroelectric facility from being delegated. The bill would authorize the state board to include in its fee schedule for hydroelectric facility applicants an amount up to the reasonable costs incurred by the state board in implementing these provisions. (Based on 05/23/2025 text)

**Position:** Watch

**SB 72 (Caballero, D) The California Water Plan: long-term supply targets.**

**Current Text:** 04/10/2025 - Amended [HTML](#) [PDF](#)

**Last Amended:** 04/10/2025

**Status:** 06/04/2025 - In Assembly. Read first time. Held at Desk.



**Location:** 06/03/2025 - Assembly DESK

**Summary:** Current law requires the Department of Water Resources to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources of the state, which is known as “The California Water Plan.” Current law requires the department to include a discussion of various strategies in the plan update, including, but not limited to, strategies relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, and water transfers, that may be pursued in order to meet the future needs of the state. Current law requires the department to establish an advisory committee to assist the department in updating the plan. This bill would revise and recast certain provisions regarding The California Water Plan to, among other things, require the department to expand the membership of the advisory committee to include, among others, tribes, labor, and environmental justice interests. The bill would require the department, as part of the 2033 update to the plan, to update the interim planning target for 2050, as provided. The bill would require the target to consider the identified and future water needs for all beneficial uses, including, but not limited to, urban uses, agricultural uses, tribal uses, and the environment, and ensure safe drinking water for all Californians, among other things. The bill would require the plan to include specified components, including a discussion of the estimated costs, benefits, and impacts of any project type or action that is recommended by the department within the plan that could help achieve the water supply targets. (Based on 04/10/2025 text)

**Position:** Support

**Notes:**

ACWA = Support and Amend

CMUA/CSAC = Sponsor

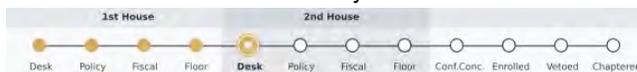
SWC = Support

**SB 224 (Hurtado, D) Department of Water Resources: water supply forecasting.**

**Current Text:** 05/23/2025 - Amended [HTML](#) [PDF](#)

**Last Amended:** 05/23/2025

**Status:** 06/05/2025 - In Assembly. Read first time. Held at Desk.



**Location:** 06/04/2025 - Assembly DESK

**Summary:** Current law requires the Department of Water Resources to gather and correlate information and data pertinent to an annual forecast of seasonal water crop. Current law also requires the department to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources

of the state, which is known as “The California Water Plan.” This bill would require the department, on or before January 1, 2027, to adopt a new water supply forecasting model and procedures that better address the effects of climate change and implement a formal policy and procedures for documenting the department’s operational plans and the department’s rationale for its operating procedures, including the department’s rationale for water releases from reservoirs. The bill would also require the department to establish, and publish on the department’s internet website, the specific criteria that it will employ to determine when its updated water supply forecasting model has demonstrated sufficient predictive capability to be ready for use in each of the watersheds. The bill would require the department, on or before January 1, 2028, and annually thereafter, to prepare and submit to the Legislature a report on its progress toward implementing the new forecasting model and to post the report on the department’s internet website. The bill would also require the department, on or before January 1, 2028, and annually thereafter, to prepare and submit to the Legislature a report that explains the rationale for the department’s operating procedures specific to the previous water year. (Based on 05/23/2025 text)

**Position:** Watch

**Notes:**

SWC = watch

**SB 454**

**(McNerney, D) State Water Resources Control Board: PFAS Mitigation Program.**

**Current Text:** 05/23/2025 - Amended [HTML](#) [PDF](#)

**Last Amended:** 05/23/2025

**Status:** 06/05/2025 - Referred to Com. on E.S & T.M.



**Location:** 06/05/2025 - Assembly Environmental Safety and Toxic Materials

**Summary:** Existing law designates the State Water Resources Control Board as the agency responsible for administering specific programs related to drinking water, including, among others, the California Safe Drinking Water Act and the Emerging Contaminants for Small or Disadvantaged Communities Funding Program. This bill, which would become operative upon an appropriation by the Legislature, would enact a PFAS mitigation program. As part of that program, the bill would create the PFAS Mitigation Fund in the State Treasury and would authorize certain moneys in the fund to be expended by the state board, upon appropriation by the Legislature, for specified purposes. The bill would authorize the state board to seek out and deposit nonstate, federal, and private funds, require those funds to be deposited into the PFAS Mitigation Fund, and continuously appropriate the nonstate, federal, and private funds in the fund to the state board for specified purposes. The bill would authorize the state board to establish accounts within the PFAS Mitigation Fund. The bill would authorize the state board to expend moneys from the fund in the form of a grant, loan, or contract, or to provide assistance services to water suppliers and sewer system providers, as those terms are defined, for multiple purposes, including, among other things, to cover or reduce the costs for water suppliers associated with treating drinking water to meet the applicable state and federal maximum perfluoroalkyl and polyfluoroalkyl substances (PFAS) contaminant levels. The bill would require a water supplier or sewer system provider to include a clear and definite purpose for how the funds will be used to provide public benefits to their community related to safe drinking water, recycled water, or treated wastewater in order to be eligible to receive funds. The bill would require the state board to adopt guidelines to implement these provisions, as provided. (Based on 05/23/2025 text)

**Position:** Support

**Notes:**

CMUA = Favor

**SB 496**

**(Hurtado, D) Advanced Clean Fleets Regulation: appeals advisory committee: exemptions.**

**Current Text:** 04/07/2025 - Amended [HTML](#) [PDF](#)

**Last Amended:** 04/07/2025

**Status:** 05/23/2025 - Failed Deadline pursuant to Rule 61(a)(5). (Last location was APPR. SUSPENSE FILE on 5/5/2025)(May be acted upon Jan 2026)



**Location:** 05/23/2025 - Senate 2 YEAR

**Summary:** The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases and requires the state board to adopt rules and regulations to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions from those sources. Pursuant to its authority, the state board has adopted the Advanced Clean Fleets Regulation, which imposes various requirements for transitioning local, state, and federal government fleets of medium- and heavy-duty trucks, other high-priority fleets of medium- and heavy-duty trucks, and drayage trucks to zero-emission vehicles. The Advanced Clean Fleets Regulation authorizes entities subject to the regulation to apply for exemptions from its requirements under certain circumstances. This bill would require the state board to establish the Advanced Clean Fleets Regulation Appeals Advisory Committee by an unspecified date for purposes of reviewing

appeals of denied requests for exemptions from the requirements of the Advanced Clean Fleets Regulation. The bill would require the committee to include representatives of specified governmental and nongovernmental entities. The bill would require the committee to meet monthly and would require recordings of its meetings to be made publicly available on the state board's internet website. The bill would require the committee to consider, and make a recommendation on, an appeal of an exemption request denial no later than 60 days after the appeal is made. The bill would require specified information relating to the committee's consideration of an appeal to be made publicly available on the state board's internet website. (Based on 04/07/2025 text)

**Position:** Watch

**Notes:**

The bill is sponsored by CSAC, CSDA, and Cal Cities.

## **SB 601**

**(Allen, D) Water: waste discharge.**

**Current Text:** 05/23/2025 - Amended [HTML](#) [PDF](#)

**Last Amended:** 05/23/2025

**Status:** 06/05/2025 - In Assembly. Read first time. Held at Desk.



**Location:** 06/04/2025 - Assembly DESK

**Summary:** (1)Under existing law, the State Water Resources Control Board and the 9 California regional water quality control boards regulate water quality and prescribe waste discharge requirements in accordance with the Porter-Cologne Water Quality Control Act (act) and the National Pollutant Discharge Elimination System (NPDES) permit program. Under the act, the State Water Resources Control Board is authorized to adopt water quality control plans for waters for which quality standards are required by the federal Clean Water Act, as specified, and that in the event of a conflict, those plans supersede regional water quality control plans for the same waters. This bill would delete the limitation on the state board's authorization, and instead would authorize the state board to adopt water quality control plans for any waters of the state, which would include nexus waters, which the bill would define as all waters of the state that are not also navigable, except as specified. The bill would require any water quality standard applicable to nexus waters, which was submitted to, and approved by, or is awaiting approval by, the United States Environmental Protection Agency or the state board as of January 19, 2025, to remain in effect, except where the state board, regional board, or United States Environmental Protection Agency adopts a more stringent standard. The bill would require the state board and regional boards to include nexus waters in all processes pursuant to the federal Clean Water Act, including, but not limited to, the California Integrated Report and the establishment of total maximum daily loads, as specified. (Based on 05/23/2025 text)

**Position:** Watch

**Notes:**

CMUA = Opposed

## **SB 682**

**(Allen, D) Environmental health: product safety: perfluoroalkyl and polyfluoroalkyl substances.**

**Current Text:** 05/23/2025 - Amended [HTML](#) [PDF](#)

**Last Amended:** 05/23/2025

**Status:** 06/04/2025 - In Assembly. Read first time. Held at Desk.



**Location:** 06/03/2025 - Assembly DESK

**Summary:** (1)Existing law requires the Department of Toxic Substances Control, on or before January 1, 2029, to adopt regulations to enforce specified covered perfluoroalkyl and polyfluoroalkyl substances (PFAS) restrictions, which include prohibitions on the distribution, sale, or offering for sale of certain products that contain specified levels of PFAS. Existing law requires the department, on and after July 1, 2030, to enforce and ensure compliance with those provisions and regulations, as provided. Existing law requires manufacturers of these products, on or before July 1, 2029, to register with the department, to pay a registration fee to the department, and to provide a statement of compliance certifying compliance with the applicable prohibitions on the use of PFAS to the department, as specified. Existing law authorizes the department to test products and to rely on third-party testing to determine compliance with prohibitions on the use of PFAS, as specified. Existing law requires the department to issue a notice of violation for a product in violation of the prohibitions on the use of PFAS, as provided. Existing law authorizes the department to assess an administrative penalty for a violation of these prohibitions and authorizes the department to seek an injunction to restrain a person or entity from violating these prohibitions, as specified. This bill would, on and after January 1, 2027, prohibit a person from distributing, selling, or offering for sale a cleaning product, cookware, dental floss, juvenile product, food packaging, or ski wax, as provided, that contains intentionally added PFAS, as defined, except for previously used products and as otherwise preempted by federal law. (Based on 05/23/2025 text)

**Position:** Watch

ORIGINATING SECTION: Administration

CONTACT: Osborn Solitei

AGENDA DATE: June 18, 2025

SUBJECT: FY 2024-25 Unaudited Third Quarter Revenue and Expenditure Report

SUMMARY:

The proposed action is in support of Strategic Plan Goal H – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner, and Strategic Plan Initiative No. 21 – 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, fiscal year-end projections, and explanations of any major variances through the third quarter of fiscal year (FY) 2024-25 (July 1, 2024 – March 31, 2025) 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)

This report was presented to the Finance Committee on May 28, 2025. The Committee unanimously recommended the report be submitted to the next Regular Board meeting.

Highlights of this report include:

- › Los Vaqueros Reservoir Expansion Project –
  - › March 16, 2025 - Agency received \$1.59M in refunds from the Los Vaqueros Reservoir Expansion project. The distribution of remaining funds to member agencies was a necessary step to dissolve the Joint Powers Authority (JPA). The refund was allocated to Funds 100 – Water Enterprise Operations (80%) and Fund 130 – Water Enterprise Capital Expansion (20%).
  - › April 9, 2025 - JPA Board voted to formally dissolve the JPA.
- › Reserve Policy – At the April 9, 2025, Finance Committee meeting, staff was directed to amend the Reserve Policy to include a Water Reliability Reserve Fund in Fund 100. This reserve is proposed to address and proactively prepare for water supply and reliability investments and is proposed to have no assigned minimum, target, or maximum funding levels. If approved by the Board, the Water Reliability Reserve Fund balance will be reflected in the fourth quarter revenue and expenditure report.

- › Integrated Regional Water Management (IRWM) Grant – On April 22, 2025, DWR formally awarded **Zone 7’s Wells and Mocho Groundwater Demineralization Plant Electrical Modernization Project** with a grant of \$1.23M for the project.
- › 2025 State Water Project Allocation – On April 29, 2025, the Department of Water Resources (DWR) increased the 2025 State Water Project (SWP) allocation to 50% due **to California’s snowpack beginning to melt and flow into the state’s** watersheds and further filling up the reservoirs.

ANALYSIS:

The Agency maintains several funds that are grouped into two categories – Unrestricted Fund Balances and Restricted Fund Balances.

UNRESTRICTED FUNDS

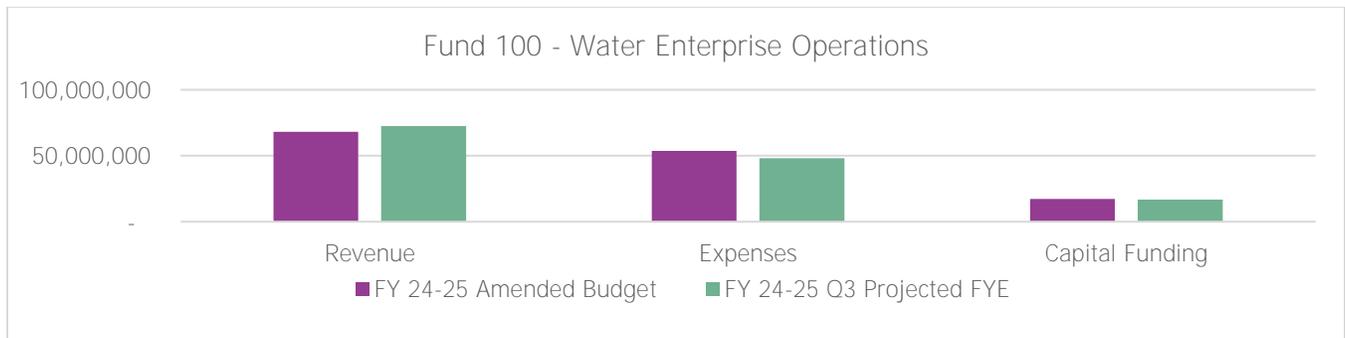
Unrestricted Fund Balance: This describes the portion of fund balance which is not restricted to use. To facilitate the discussion of reserve funds, this report will categorize the **various funds as “Unrestricted Reserves” and “Restricted Reserves.”** In general, Board policy can most affect Unrestricted 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 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 the FY 2024-25 Amended Budget and third quarter (Q3) projected fiscal year-end (FYE) revenues, expenditures, and capital funding.



## Details of Revenue and Expenses for Fund 100

Fund 100 - Water Enterprise Operations	FY 24-25 Amended Budget	FY 24-25 Q3 YTD Actual	FY 24-25 Q3 Projected FYE	Year-End Over / (Under) Budget
Audited Beg. Fund Balance	\$32,050,000	\$32,031,810	\$32,032,000	(\$18,000)
<b>Revenue</b>				
Water Sales <sup>1</sup>	67,393,000	50,400,324	68,831,000	1,438,000
Investment Earnings <sup>2</sup>	479,000	660,211	900,000	421,000
Other Revenue <sup>3</sup>	313,000	2,022,759	2,723,000	2,410,000
<b>Total Revenue</b>	<b>\$68,185,000</b>	<b>\$53,083,294</b>	<b>\$72,454,000</b>	<b>4,269,000</b>
<b>Expenses</b>				
Labor <sup>4</sup>	20,801,000	16,276,170	20,616,000	(185,000)
Professional Services <sup>5</sup>	4,909,000	1,823,907	3,201,000	(1,708,000)
Legal Services	455,000	205,213	455,000	-
County Services	1,133,000	834,633	1,133,000	-
Insurance Services	850,000	819,839	875,000	25,000
Water <sup>6</sup>	9,268,000	4,406,432	5,370,000	(3,898,000)
Chemicals <sup>6</sup>	4,000,000	3,008,269	4,208,000	208,000
Utilities <sup>6</sup>	2,308,000	1,714,985	2,856,000	548,000
Repairs and Maintenance	2,478,000	1,816,605	2,478,000	-
Rental Services	119,000	80,938	119,000	-
General/Other Supplies	1,913,000	1,320,001	1,760,000	(153,000)
Other Services	455,000	298,308	325,000	(130,000)
Debt Service	4,976,000	4,975,088	4,976,000	-
<b>Total Operating Expenses</b>	<b>\$53,665,000</b>	<b>\$37,580,388</b>	<b>\$48,372,000</b>	<b>(\$5,293,000)</b>
Capital Funding <sup>7</sup>	17,118,000	12,475,379	16,647,000	(471,000)
<b>Total Expenses</b>	<b>\$70,783,000</b>	<b>\$50,055,767</b>	<b>\$65,019,000</b>	<b>(\$5,764,000)</b>
Estimated Revenue over Expenses	(2,598,000)	3,027,527	7,435,000	10,032,000
Estimated Carryovers			(825,000)	(825,000)
<b>Ending Fund Balance</b>	<b>\$29,452,000</b>	<b>\$35,059,337</b>	<b>\$38,642,000</b>	<b>\$9,189,000</b>

Note: Values are rounded to the thousands.

### Revenue

1. Water Sales: Year-to-date (YTD) water sales revenue reflects water sales through March 31, 2025. Water sales revenue is up approximately 11% from this time last year due to the Board adopted rate revenue increase (5.5% for CY 2025) and a 4% increase in treated water deliveries as compared to the third quarter of FY 2023-24. The projected year-end water sales revenue is based on trends.
2. Investment Earnings: Projected year-end investment earnings exceed budget and reflect current favorable market conditions.
3. Other revenue: Includes a one-time reimbursement of \$1.59M from the Los Vaqueros Reservoir Expansion project. Fund 100 received 80% (~\$1.27M) of the reimbursement. The remaining 20% (~\$318K) was allocated to Fund 130. The year-end projection includes other revenues such as DWR refunds.

## Expenditures

4. Labor: YTD labor includes payroll through March 31, 2025. A 4% cost of living adjustment took effect July 1, 2024, and three positions were added to the budget via Resolution No. 24-95, dated November 20, 2024. As of March 31, 2025, the Agency had a 17% vacancy rate. The year-end projection reflects YTD trends.
  
5. Professional Services: Includes professional services related to water enterprise operations. The year-end projection is less than the budget because of the following multi-year services. These efforts will continue into FY 2025-26.
  - › Water supply model (~\$113K)
  - › ADV Water Rights CEQA Compliance (~\$175K)
  - › Demand Study and Urban Water Management Plan (~\$150K)
  - › Legislative Advocacy Services (~\$60K)
  - › Engineering Support for Water Quality Studies (~\$125K)
  - › Groundwater model update (~\$190K)
  - › Water Infrastructure Act Risk and Resiliency (~\$70K)

The projection is also less than budget due to as-needed services (~\$395K), and budgeted contingency (~\$250K).
  
6. Water production costs: Includes Water, Chemicals, and Utilities.

*Water:* The SWP allocation for CY 2024 was 40% and the current allocation for CY 2025 is 50%. YTD expenses are primarily made up of the SWP conveyance costs and six months of the Delta Conveyance Project (DCP) participation costs (CY 2024 funding). The following table summarizes the primary drivers for the year-end projection.

	2024-25 Adopted Budget	Q3 Year-end Projection	Difference	Reason for Projected Variance
SWP Conveyance Costs	\$3,000,000	\$3,424,000	\$424,000	Budget planned for dry conditions for CY 2025. SWP allocation is higher than expected at 50% for CY 2025.
Delta Conveyance Project Funding	\$3,300,000	\$1,187,000	(\$2,113,000)	Per Resolution No. 24-28, dated October 16, 2024 – Agency approved funding for pre-construction for CYs 2026 and 2027. No funding is required for CY 2025.
Water Transfers	\$1,000,000	\$52,000	(\$948,000)	No water transfers anticipated this FY according to the current water operations plan. Actual expenses represent administrative costs from the Sutter Extension Water District Agreement.
Water Banking Program	\$1,778,000	\$559,000	(\$1,219,000)	The current water operations plan indicates no planned recovery/storage will occur before the end of the FY. The actuals represent the annual fixed charge to Semitropic.

*Chemicals and Utilities:* The YTD chemical expenditures are up 14% from this time last year due to continued inflationary cost increases. YTD utility costs are trending closely to last **year's costs**. The year-end projection is based on current unit cost estimates and trends.

7. Capital Funding: The projected capital funding is less than budget as the budget assumes a 3% annual adjustment, and the actual Engineering News Record Construction Cost Index (ENRCCI) adjustment from June 2023 to June 2024 was 0.001%.

### Reserves

Per Initiative No. 21 of the **Agency's** Strategic Plan, the Agency shall maintain target levels of reserves. As of March 31, 2025, Fund 100 reserves are fully funded at the target level. The FYE unallocated fund balance is projected to be approximately \$10M. The table below compares Minimum, Target, and Maximum reserves to projected FYE reserves.

Fund 100 Reserves	Minimum	Target	Maximum	FY 24-25 Q3 Projected FYE	Above/(Below) Target
Operating Reserves <sup>1</sup>	\$8,601,000	\$12,902,000	\$17,202,000	\$12,902,000	-
Emergency Reserves <sup>2</sup>	6,803,000	8,503,000	10,204,000	8,503,000	-
Reserve for Economic Uncertainties <sup>3</sup>	3,532,000	5,298,000	7,065,000	5,298,000	-
<i>Subtotal</i>	<i>\$18,936,000</i>	<i>\$26,703,000</i>	<i>\$34,471,000</i>	<i>\$26,703,000</i>	-
Pension Trust Fund				1,920,000	-
Unallocated Balance				10,019,000	10,019,000
<b>Total Reserves</b>	<b>\$18,936,000</b>	<b>\$26,703,000</b>	<b>\$34,471,000</b>	<b>\$38,642,000</b>	<b>\$10,019,000</b>

Note: Values rounded to the thousands.

<sup>1</sup>The FY 24-25 Q3 projected FYE Operating Reserve is funded at the target level of 90 days of operating expenses.

<sup>2</sup>The FY 24-25 Q3 projected FYE Emergency Reserve is funded at the target level of 2.5% of Water Enterprise assets.

<sup>3</sup>The FY 24-25 Q3 projected FYE Reserve for Economic Uncertainties is funded at 15% of FY 24-25 budgeted volume-based water sales revenue.

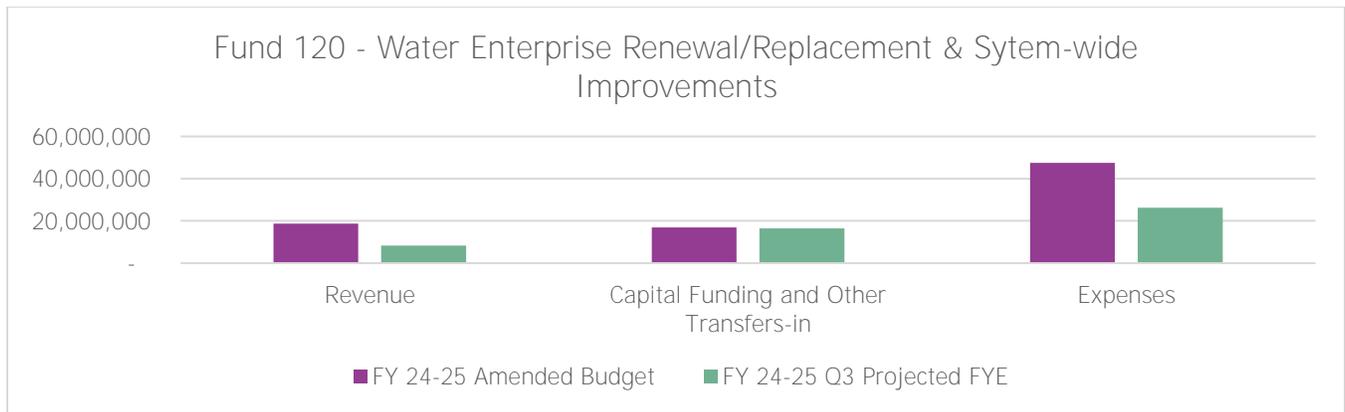
### Fund 120 – Water Renewal/Replacement & System-Wide Improvements

*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 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 the FY 2024-25 Amended Budget and Q3 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 24-25 Amended Budget	FY 24-25 Q3 YTD Actual	FY 24-25 Q3 Projected FYE	Year-End Over/(Under) Budget
Audited Beginning Fund Balance	\$70,914,000	\$81,633,309	\$81,633,000*	\$10,719,000
<b>Revenue</b>				
Investment Earnings <sup>1</sup>	1,378,000	2,090,317	2,600,000	1,222,000
Other Revenue <sup>2</sup>	452,000	8,537	234,000	(218,000)
DWR Grant <sup>3</sup>	16,958,000	-	5,460,000	(11,498,000)
<b>Total Revenue</b>	<b>\$18,788,000</b>	<b>\$2,098,854</b>	<b>\$8,294,000</b>	<b>(\$10,494,000)</b>
<b>Other Financing Sources</b>				
Capital Funding <sup>4</sup>	16,912,000	12,330,546	16,441,000	(471,000)
<b>Total Other Financing Sources</b>	<b>\$16,912,000</b>	<b>\$12,330,546</b>	<b>\$16,441,000</b>	<b>(\$471,000)</b>
<b>Expenses</b>				
Labor <sup>5</sup>	2,118,000	1,176,848	1,569,000	(549,000)
Capital Projects <sup>6</sup>	45,296,000	15,999,290	24,053,000	(21,243,000)
<b>Total Expenses</b>	<b>\$47,414,000</b>	<b>\$17,176,138</b>	<b>\$25,622,000</b>	<b>(\$21,792,000)</b>
Estimated Revenue/Other Financing Sources over Expenses	(11,714,000)	(2,746,738)	(887,000)	10,827,000
Estimated Carryovers			(16,157,000)	(16,157,000)
<b>Ending Fund Balance</b>	<b>\$59,200,000</b>	<b>\$78,886,571</b>	<b>\$64,589,000</b>	<b>\$5,389,000</b>

Note: Values are rounded to the thousands.

\* The audited beginning fund balance is approximately \$10.7M higher than budget due to the partial receipt of the Stoneridge PFAS Treatment Facility grant in FY 2023-24.

### Revenue

1. Investment Earnings: Projected investment earnings exceed budget and reflect current favorable market conditions.

2. Other Revenue: The year-end projections includes partial receipt of the City of **Pleasanton's** 50% cost share of the Regional Groundwater Project. The project is underway and will continue into FY 2025-26.
3. DWR Grant: The Agency was formally awarded \$16M for the Stoneridge PFAS Treatment Facility project in September 2023. The year-end projection is less than budget as the Agency received approximately \$11.5M in FY 2023-24 and anticipates receiving the remaining grant funds this year.
4. Capital Funding: The projected capital funding is less than budget as the budget assumes a 3% annual adjustment, and the actual Engineering News Record Construction Cost Index (ENRCCI) adjustment from June 2023 to June 2024 was 0.001%.

Expenses

5. Labor costs: YTD labor includes payroll through March 31, 2025. The year-end projection is based on trends.
6. Capital Projects: The year-end projection is less than budget because of multi-year projects currently in the planning/construction phases or nearing completion/close-out. These projects will continue into FY 2025-26.
  - Stoneridge PFAS Treatment Facility – switching to PWRPA power (~\$2.2M)
  - Mocho Wellfield PFAS Treatment Facility and Well & MGDP Electrical Upgrades/Replacement (~ \$3.7M)
  - Chain of Lakes PFAS Treatment Facility (~\$3M)
  - Chain of Lakes Conveyance System (~\$500K)
  - Patterson Pass Improvements and Replacements (~\$2.3M)
  - DVWTP Booster Pump Station VFDs and Sludge Bed Underdrain Pump Station Replacement (~\$1.5M)

Reserves

The table below compares the FY 2024-25 Amended Budget ending reserve balances to the Q3 projected ending reserve balances.

Fund 120 Reserves	FY 24-25 Amended Budget FYE	FY 24-25 Q3 Projected FYE
Debt Service Rate Stabilization Reserve	\$6,300,000	\$6,300,000
Pension Trust	57,000	50,000
Designated for Capital Projects Reserve <sup>1</sup>	52,843,000	58,239,000
<b>Total Reserve</b>	<b>\$59,200,000</b>	<b>\$64,589,000</b>

<sup>1</sup>Reserve is designated for capital projects to fund the Fund 120 CIP projects the Agency has committed to over the next five years. The Zone 7 Board adopted the Five-Year Water System CIP on June 21, 2023 (Resolution No. 17-81).

The following table summarizes the Agency's major projects in progress. For more information on capital projects, see the Capital Projects Status Report in the May 21, 2025, Board meeting agenda packet.

Project	Total Estimated Cost	Fund 120 Share	Fund 120 Cash Financed	Fund 120 Bond Financing	Status	In-Service
Asset Management Program and Ten-Year CIP Update	\$1.16M	\$902K	\$902K	\$-	Planning	Late Fall 2025
Pipeline Inspection Study	\$250K	\$250K	\$250K	\$-	In-process	Fall 2025
MGDP Concentrate Conditioning	\$7.8M	\$7.8M	\$7.8M	\$-	Functional completion May 2025	Spring 2025
Chain of Lakes PFAS Treatment Facility Project	\$24.4M	\$24.4M	\$2.4M	\$22M	Functional completion May 2025	Spring 2025
Stoneridge Well PFAS Project	\$16.3M	\$16.3M	\$16.3M	\$-	Functional completion September 2023	Winter 2025 (PWRPA Switch)
Wells & MGDP Electrical Upgrades/ Replacement Project	\$7.3M	\$7.3M	\$7.3M	\$-	Functional completion Feb 2025	Oct 2025 – Feb 2026 (Switch)
Electric Vehicle Chargers	\$651K	\$651K	\$651K	\$-	Pre-construction	Fall 2025
DVWTP Booster Pump Station VFD and Underdrain Pump Station Replacement	\$1.91M	1.91M	\$1.91M	\$-	Construction	Spring 2026
Mocho PFAS Treatment Plant*	\$35.5M	\$35.5M	TBD	TBD	Planning / Design	Spring 2028
Risk and Resilience Assessment and Emergency Response Plan	\$200K	\$200K	\$200K	\$-	On-going	Fall 2025
Joint Regional Groundwater Development Project	\$2.7M	\$1.35M	\$1.35M	\$-	In-process	Fall 2025
<b>Total</b>	<b>\$98.2M</b>	<b>\$96.6M</b>	<b>\$39.1M</b>	<b>\$22.0M</b>		

\* The total project cost for the Mocho PFAS Treatment Plant is estimated to range between \$35.5M and \$52M and is anticipated to be partially funded by external funding sources.

## RESTRICTED FUNDS ANALYSIS

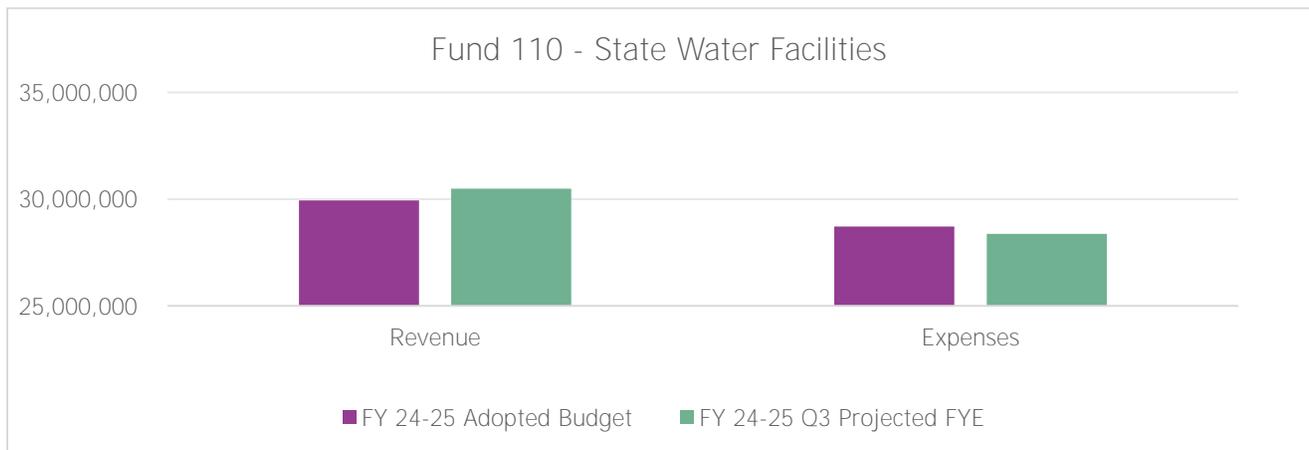
**Restricted Fund Balance:** Includes the portion of the fund balance that can only be spent for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. The restricted fund balance 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 primarily include property taxes, connection and developer fees received for 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. The property tax override is exempt from the ad valorem property tax levy limitations of Article XIII A of the Constitution of the State of California as the indebtedness was approved prior to July 1, 1978.*

Fund 110 funds the fixed cost payment to DWR to import water to the Agency which includes repayment of voter-approved, State-incurred, long-term debt.

The following graph shows the FY 2024-25 Adopted Budget and Q3 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 24-25 Adopted Budget	FY 24-25 Q3 YTD Actual	FY 24-25 Q3 Projected FYE	Year-End Over / (Under) Budget
Audited Beg. Fund Balance	\$51,731,000	\$52,340,307	\$52,340,000	\$609,000
<b>Revenue</b>				
Dougherty Valley Surcharge	2,773,000	-	2,773,000	-
Property Taxes <sup>1</sup>	22,201,000	13,418,191	22,201,000	-
DWR Refunds	3,675,000	3,216,296	4,200,000	525,000
Investment Earnings <sup>2</sup>	1,292,000	1,179,129	1,450,000	158,000
<b>Total Revenue</b>	<b>\$29,941,000</b>	<b>\$17,813,616</b>	<b>\$30,624,000</b>	<b>\$683,000</b>
<b>Expenses<sup>3</sup></b>	<b>\$28,712,000</b>	<b>\$26,586,390</b>	<b>\$28,371,000</b>	<b>(\$341,000)</b>
Estimated Revenue over Expenses	1,229,000	(8,772,774)	2,253,000	1,024,000
<b>Ending Fund Balance</b>	<b>\$52,960,000</b>	<b>\$43,567,533</b>	<b>\$54,593,000</b>	<b>\$1,633,000</b>

Note: Projection 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.

1. Property Taxes: YTD revenue includes the first installment of property tax. The second installment is due in April and will be reflected in the fourth quarter report. The year-end revenue projection reflects budget.
2. Investment Earnings: Projected investment earnings exceed budget and reflect current favorable market conditions.

### Expenses

3. Expenditures: Include DWR fixed charges that 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. The year-end projected expenses reflect anticipated payments through June 2025 based on the 2025 Statement of Charges.

### Reserves

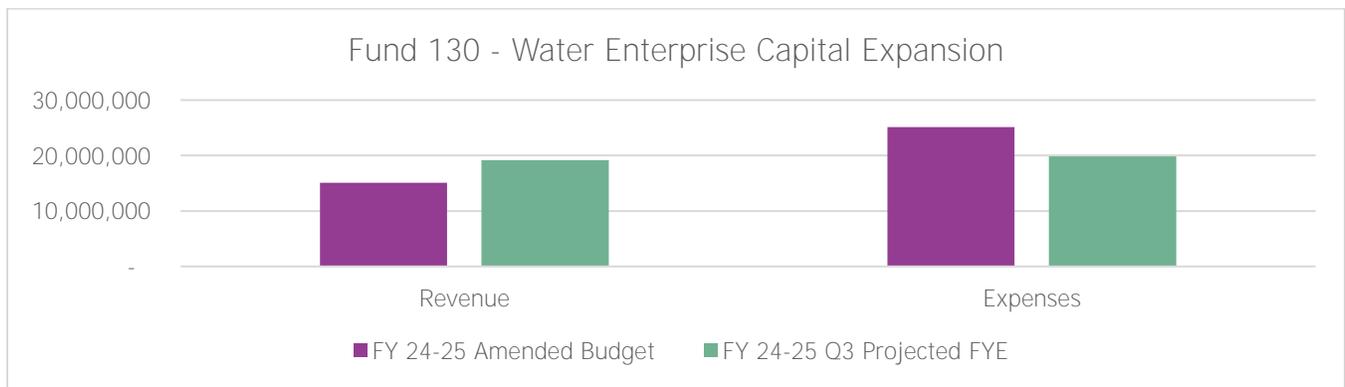
The following table compares the FY 2024-25 Adopted Budget ending reserve balance to the Q3 projected ending reserve balance. In December 2024, the Board formally adopted the amended Reserve Policy, via Resolution No. 24-106, removing the maximum level from the State Water Facilities Reserve. The reserve will accumulate funds to offset future volatile increases in State Water Project capital costs.

Fund 110 Reserves	FY 24-25 Adopted Budget FYE	FY 24-25 Q3 Projected FYE
Operating Reserve	\$52,960,000	\$54,593,000
<b>Total Reserve</b>	<b>\$52,960,000</b>	<b>\$54,593,000</b>

Fund 130 – Water Enterprise Capital Expansion  
*Primary Funding Source: Water Connection Fees.*

The purpose of this fund is to ensure the Agency can meet the 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 the FY 2024-25 Amended Budget and Q3 projected FYE revenue and expenditures.



Details of Revenue and Expenses for Fund 130

Fund 130 - Water Enterprise Capital Expansion	FY 24-25 Amended Budget	FY 24-25 Q3 YTD Actual	FY 24-25 Q3 Projected FYE	Year-End Over/(Under) Budget
Audited Beg. Fund Balance	\$69,651,000	\$68,034,191	\$68,034,000	(\$1,617,000)
<b>Revenue</b>				
Connection Fees <sup>1</sup>	10,000,000	10,275,313	13,700,000	3,700,000
Investment Earnings <sup>2</sup>	1,669,000	1,641,611	1,900,000	231,000
DWR Refunds	3,000,000	1,628,480	3,000,000	-
Other Revenue <sup>3</sup>	450,000	318,001	573,000	123,000
<b>Total Revenue</b>	<b>\$15,119,000</b>	<b>\$13,863,405</b>	<b>\$19,173,000</b>	<b>\$4,054,000</b>
<b>Expenses</b>				
Labor <sup>4</sup>	379,000	172,997	231,000	(148,000)
Water <sup>5</sup>	16,790,000	15,844,406	16,594,000	(196,000)
Capital Projects <sup>6</sup>	6,850,000	1,336,800	1,925,000	(4,925,000)
Debt Service	1,092,000	789,152	1,092,000	-
<b>Total Expenses</b>	<b>\$25,111,000</b>	<b>\$18,143,355</b>	<b>\$19,842,000</b>	<b>(\$5,269,000)</b>
Estimated Revenue over Expenses	(9,992,000)	(4,279,950)	(669,000)	9,323,000
Estimated Carryovers			(757,000)	(757,000)
<b>Ending Fund Balance</b>	<b>\$59,659,000</b>	<b>\$63,754,241</b>	<b>\$66,608,000</b>	<b>\$6,949,000</b>

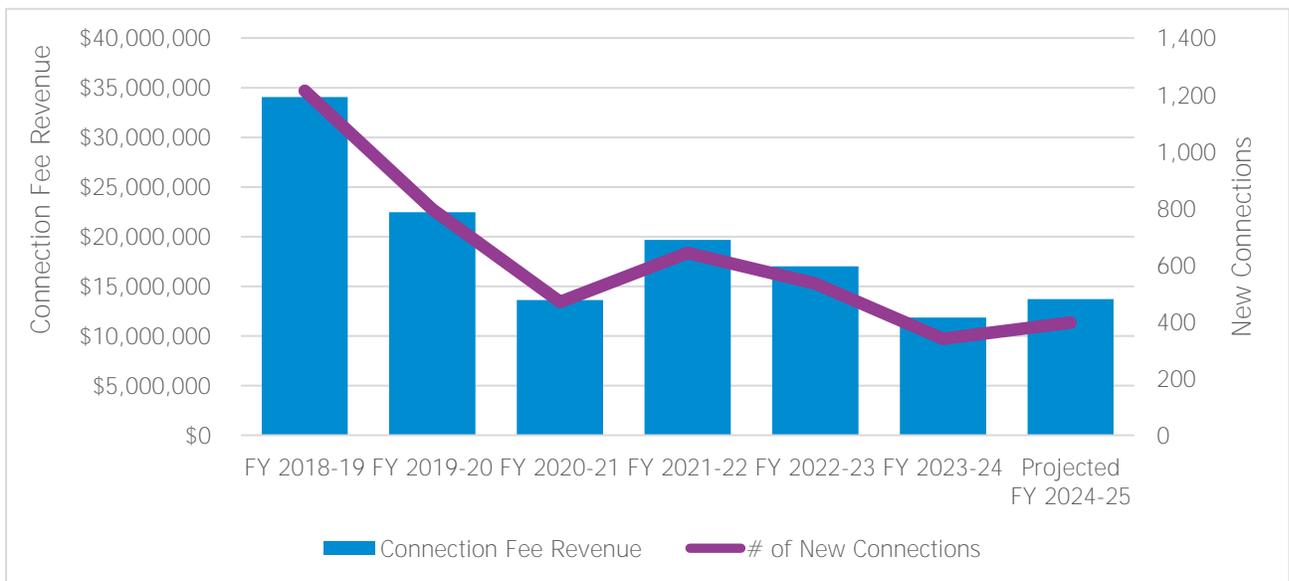
Note: Values are rounded to the thousands.

## Revenue

The primary source of revenue is connection fees.

1. Connection Fees: YTD revenue is comprised of connection fees from approximately 298 connections primarily from the Dublin San Ramon Services District service area and the City of Livermore. At the October 16, 2024, Board Meeting, the Board approved the normal inflationary adjustment to the CY 2025 water connection fees. The adjusted fees went into effect January 1, 2025. The year-end projection plans for more connection fees from the City of Livermore due to the on-going development along North Canyons Parkway.

Connection fee revenue has continued to decline since 2019. The on-going connection fee study will inform staff of future development in the service area. The following graph illustrates the declining trend from FY 2018-19.



	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Projected FY 2024-25
Connection Fee Revenue	\$34,068,092	\$22,461,926	\$13,609,527	\$19,669,510	\$17,023,627	\$11,860,411	\$13,700,000
# of New Connections	1,214	796	470	643	535	340	397

2. Investment Earnings: Projected investment earnings exceed budget and reflect current favorable market conditions.
3. Other Revenue: Includes a one-time reimbursement from the Los Vaqueros Reservoir Expansion project (\$1.59M). Fund 100 received 80% (~\$1.27M) of the reimbursement. The remaining 20% (~\$318K) was allocated to Fund 130. Other revenue also includes part of **the City of Pleasanton's 50% cost share of the Regional Groundwater Project**. The project is underway and will continue into FY 2025-26.

## Expenses

4. Labor: **Includes this fund's share of** payroll through March 31, 2025, for capital expansion projects. The projected year-end amount is based on trends.
5. Water: YTD expenses are made up of the first installment of the South Bay Aqueduct debt service payment, due annually in September. The projected year-end reflects the first and second installment payments.
6. Capital Projects: The year-end projection includes the FY 2024-25 Sites Reservoir participation payment, continued work on the Regional Groundwater project and connection fee study, and progress on the 10-year capital improvement plan update.

## Reserves

The table below compares the FY 2024-25 Amended Budget ending reserve balances to the Q3 projected ending reserve balances.

Fund 130 Reserves	FY 24-25 Amended Budget FYE	FY 24-25 Q3 Projected FYE
Sinking Funds <sup>1</sup>	\$29,170,000	\$29,170,000
Debt Service Rate Stabilization Reserve	2,300,000	2,300,000
Designated for Capital Projects Reserve <sup>2</sup>	28,170,000	35,123,000
Pension Trust Fund	19,000	15,000
<b>Total Reserves</b>	<b>\$59,659,000</b>	<b>\$66,608,000</b>

<sup>1</sup>Reserve established by the Board to fund SBA debt service payments that continue after service is built out.

<sup>2</sup>Reserve designated for capital projects to fund expansion CIP projects the Agency has committed to over the next ten years.

Below is a summary of the **Agency's** major projects in progress or recently completed.

Project	Total Cost	Fund 130 Share	Status	In-Service/Completion
Asset Management Program and Ten-Year CIP Update	\$1.15M	\$250K	In-process	Fall 2025
Non-discretionary obligations	~\$20M annually	~\$20M	n/a	ongoing
Joint Regional Groundwater Development Project	\$2.7M	\$1.35M	In-process	Fall 2025

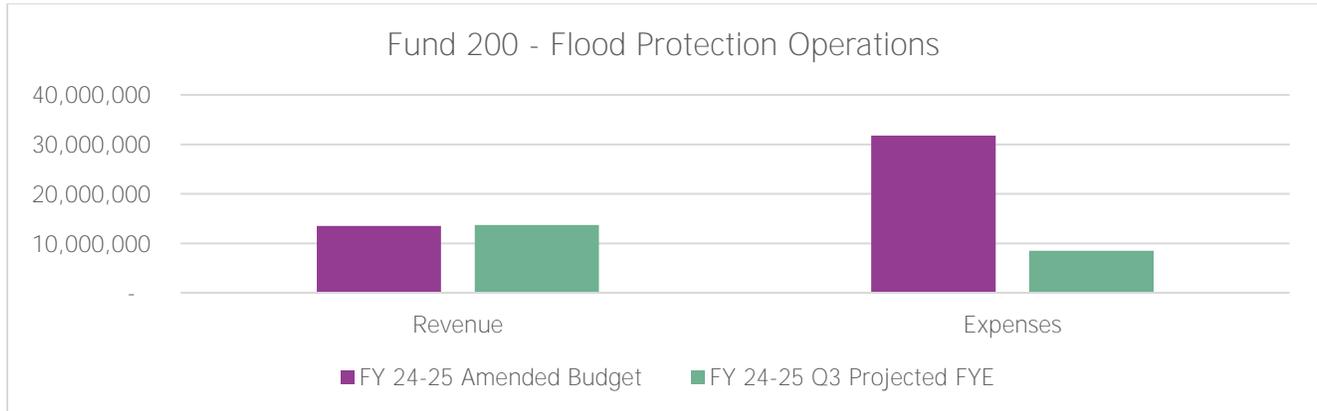
## Fund 200 – Flood Protection Operations

*Primary Funding Source: Property Taxes. Ad valorem property taxes equal to one percent (1%) of the full cash value, of which Zone 7 of the Alameda County Flood and Water Conservation District receives a proportionate share.*

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 for renewal/replacement and improvement projects for the existing flood protection system.

The following graph shows FY 2024-25 Amended Budget and Q3 projected FYE revenue and expenditures.



#### Details of Revenue and Expenses for Fund 200

Fund 200 - Flood Protection Operations	FY 24-25 Amended Budget	FY 24-25 Q3 YTD Actual	FY 24-25 Q3 Projected FYE	Year-End Over/(Under) Budget
Audited Beg. Fund Balance	\$27,790,000	\$27,800,556	\$27,801,000	\$11,000
<b>Revenue</b>				
Property Taxes <sup>1</sup>	12,573,000	8,040,462	12,171,000	(402,000)
Investment Earnings <sup>2</sup>	595,000	643,250	1,000,000	405,000
Grants <sup>3</sup>	94,000	64,130	65,000	(29,000)
Other Revenue	236,000	451,668	452,000	216,000
<b>Total Revenue</b>	<b>\$13,498,000</b>	<b>9,199,510</b>	<b>\$13,688,000</b>	<b>\$190,000</b>
<b>Expenses</b>				
Labor <sup>4</sup>	3,133,000	2,033,266	2,711,000	(422,000)
Professional Services <sup>5</sup>	6,319,000	1,812,968	2,106,000	(4,213,000)
Repairs and Maintenance <sup>6</sup>	21,277,000	1,581,562	2,500,000	(18,777,000)
Other Services/Supplies	1,041,000	456,150	608,000	(433,000)
<b>Total Expenses</b>	<b>\$31,770,000</b>	<b>\$5,883,946</b>	<b>\$7,925,000</b>	<b>(\$23,845,000)</b>
Estimated Revenue over Expenses	(18,272,000)	3,315,564	5,763,000	24,035,000
Estimated Carryovers			(14,569,000)	(14,569,000)
<b>Ending Fund Balance</b>	<b>\$9,518,000</b>	<b>\$31,116,120</b>	<b>\$18,995,000</b>	<b>\$9,477,000</b>

Note: Values are rounded to the thousands.

## Revenue

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

1. **Property Tax:** The YTD revenue is comprised of the first installment of property tax as well as revenue received to-date through unsecured property taxes. The year-end revenue projection is based on the property tax estimate provided by the County.
2. **Investment Earnings:** Projected investment earnings exceed budget and reflect current favorable market conditions.
3. **Grants:** The YTD actual reflects a \$43K federal grant received from Cal OES for prior expenses incurred from the high-priority maintenance work from the 2023 storms and a \$21K State grant for prior expenses incurred on the Arroyo Mocho Floodplain and Riparian Forest Restoration Project. The year-end projection conservatively reflects the YTD actual as grant reimbursement timing is challenging to predict.

## Expenses

4. **Labor:** **Includes this fund's share of payroll through** March 31, 2025. The year-end projection is based on trends.
5. **Professional Services:** Includes professional services for Flood operations and ongoing services related to the Flood Management Plan. The year-end projection reflects ongoing design and permitting efforts for the Phase 1 and high priority flood sites and on-going efforts for the Flood Management Plan. These efforts will continue into FY 2025-26.
6. **Repairs and Maintenance:** The Amended Budget includes ongoing routine flood engineering repair services and repairs related to the Phase 1, USACE sites, and high priority projects resulting from damage caused by the 2023 storms. The year-end projection is less than the budget as the projects that will address storm damage are currently anticipated for construction this summer pending approval of environmental permits.

## Reserves

The table below compares the FY 2024-25 Amended Budget ending reserve balance to the Q3 projected ending reserve balance.

Fund 200 Reserves	FY 24-25 Amended Budget	FY 24-25 Q3 Projected FYE
Operating Reserves <sup>1</sup>	\$9,312,000	\$11,854,000
Designated for Capital Projects Reserve <sup>2</sup>	-	6,933,000
Section 115 Pension Trust	206,000	208,000
<b>Total Reserves</b>	<b>\$9,518,000</b>	<b>\$18,995,000</b>

<sup>1</sup> This fund may be routinely utilized by staff to cover temporary cash flow deficiencies caused by timing differences between revenue and expenses and/or shifts in the allocation of property taxes to Zone 7. For example, the 2023 Storm Damage Repair project expenses will be incurred in advance of grant reimbursement.

<sup>2</sup> Per the **Agency's Reserve Policy**, there is no minimum or maximum level required for the Flood capital projects reserve.

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. Flood Management Plan Phase 2A professional and project management services were approved at the February 15, 2023 Board meeting.

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

Project	Total Cost	Fund 200 Share	Status	Approx. Completion
Alamo Creek Bank Stabilization Pilot Project <sup>1</sup>	\$6.1M	\$6.1M	Permitting	Winter 2025
2022-23 Storm Damage High Priority Repairs	\$4.47M	\$4.47M	Permitting	2026
2023 Storm Damage Repairs – Phase 1	\$28.7M	\$28.7M	Design/Permitting	2027
2023 Storm Damage Sites by USACE	\$27M	\$6.15M	Permitting	2026

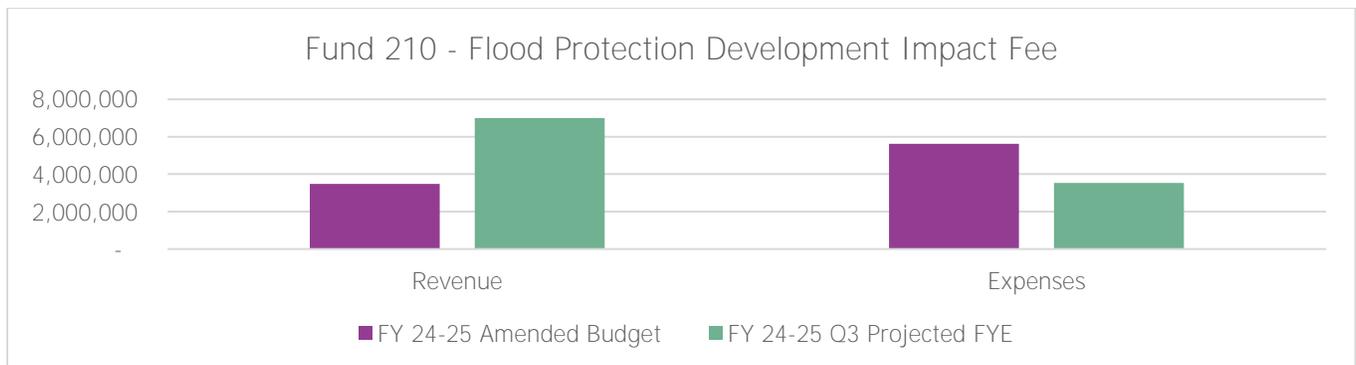
<sup>1</sup>DWR awarded the Agency up to \$4.6M in grants through the Floodplain Management, Protection, and Risk Awareness (FMPRA) Grant program. Proceeds of this grant are not reflected in the projected ending fund balance.

### Fund 210 – Flood Protection Development Impact Fee Fund

*Primary Funding Source: Development Impact Fees.*

The purpose of this fund is to ensure 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 the FY 2024-25 Amended Budget and Q3 projected fiscal year-end revenue and expenditures.



## Details of Revenue and Expenses for Fund 210

Fund 210 - Flood Protection DIF Fund	FY 24-25 Amended Budget	FY 24-25 Q3 YTD Actual	FY 24-25 Q3 Projected FYE	Year-End Over/(Under) Budget
Audited Beg. Fund Balance	\$78,092,000	\$79,773,869	\$79,774,000	\$1,682,000
<b>Revenue</b>				
Development Fees <sup>1</sup>	1,500,000	2,829,706	3,750,000	2,250,000
Investment Earnings <sup>2</sup>	1,952,000	1,753,431	3,000,000	1,048,000
Other Revenue	25,000	249,605	250,000	225,000
<b>Total Revenue</b>	<b>\$3,477,000</b>	<b>\$4,832,741</b>	<b>\$7,000,000</b>	<b>\$3,523,000</b>
<b>Expenses</b>				
Labor <sup>3</sup>	147,000	21,897	29,000	(118,000)
Capital Projects <sup>4</sup>	5,470,000	100,688	3,508,000	(1,962,000)
<b>Total Expenses</b>	<b>\$5,617,000</b>	<b>\$122,586</b>	<b>3,537,000</b>	<b>(\$2,080,000)</b>
Revenue over Expenses	(2,140,000)	4,710,156	3,463,000	5,603,000
Estimated Carryovers			(902,000)	(902,000)
<b>Estimated Ending Fund Balance</b>	<b>\$75,952,000</b>	<b>\$84,484,024</b>	<b>\$82,335,000</b>	<b>\$6,383,000</b>

Note: Values are rounded to the thousands.

### Revenue

1. Development Impact Fees: Includes fees collected from a development project within **Zone 7's service area equal to the number of square feet of impervious surface created**, meaning, any surface or parcel that reduces the rate of natural infiltration of storm water into the soil. The fee is \$1.00 per square foot. The year-end projection is based on trends.
2. Investment Earnings: Projected investment earnings exceed budget and reflect current favorable market conditions.

### Expenses

3. Labor: Includes staff labor through March 31, 2025. The year-end projection is based on trends.
4. Capital Projects: The year-end projection includes as-needed professional services, professional services related to the ongoing Flood Management Plan effort, and the Board approved \$3.03M reimbursement to Dublin Crossing, LLC for construction and easements required for the Camp Park Detention Basin (Resolution No. 24-89).

Reserves

The following table and chart compare the FY 2024-25 Amended Budget ending reserve balance to the Q3 projected ending reserve balance.

Fund 210 Reserves	FY 24-25 Amended Budget FYE	FY 24-25 Q3 Projected FYE
Capital Projects Reserve	\$75,952,000	\$82,335,000
Total Reserves	\$75,952,000	\$82,335,000

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.** Flood Management Plan Phase 2A professional and project management services were approved at the Board meeting on February 15, 2023.



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

March 31, 2025

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

**Subject: Investment Report as of March 31, 2025 (Unaudited)**

Dear Board Members,

Pursuant to Resolution No. 24-45, dated June 11, 2024, 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 March 31, 2025. Enclosed with this report is a detailed composition of investments held in Zone 7’s name by securities category as of March 31, 2025. 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	\$ 83,205,000	\$ 81,507,829	\$ 82,765,301	53.15%	No Limit	Yes	3.40%
Corporate Bonds (Medium Term Notes)	27,770,000	27,743,766	27,804,776	18.09%	30%	Yes	4.30%
Federal Agency Commercial Mortgage-Backed Security	30,119,946	30,461,099	30,209,128	19.86%	No Limit	Yes	4.79%
Negotiable Certificate of Deposit (CD)	1,350,000	1,372,236	1,364,097	0.89%	30%	Yes	5.08%
Asset-Backed Securities	6,860,000	6,910,955	6,877,872	4.51%	20%	Yes	4.89%
Money Market (1)	5,356,724	5,356,724	5,356,724	3.49%	20%	Yes	4.23%
<b>Total Investments</b>	<b>\$ 154,661,671</b>	<b>\$ 153,352,610</b>	<b>\$ 154,377,898</b>	100.00%			<b>3.94%</b>
US Bank	2,974,085	2,974,085	2,974,085				
<b>Total Cash &amp; Investments</b>	<b>\$ 157,635,756</b>	<b>\$ 156,326,695</b>	<b>\$ 157,351,983</b>				<b>3.94%</b>

(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 March 31, 2025, the County Treasurer held approximately \$179,963,966 (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/reports/>

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, 2024.

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,

*Osborn Solitei*

---

Osborn Solitei, Treasurer

Attachment:

Zone 7 Investment Performance Review for the Quarter Ended March 31, 2025

c: Valerie Pryor, General Manager



# ZONE 7 WATER AGENCY

## Investment Performance Review For the Quarter Ended March 31, 2025

### Client Management Team

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

**PFM Asset Management**  
A division of U.S. Bancorp Asset Management, Inc

1 California Street Ste. 1000  
San Francisco, CA 94111-5411  
415-393-7270

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

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# Market Update

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## Current Market Themes



- ▶ U.S. economy is clouded by tariff and policy uncertainty
  - ▶ Labor market continues to serve as backbone
  - ▶ Goods inflation weighs on progress towards Fed's 2% inflation target
  - ▶ Fiscal policy uncertainty and volatile tariff rollouts weigh on consumer sentiment



- ▶ Fed takes a pause from easing but looks to continue cutting later this year
  - ▶ The Fed kept the federal funds target rate unchanged at 4.25% - 4.50%
  - ▶ The Fed's March "dot plot" implies another 50 bps of cuts in 2025
  - ▶ Fed Chair Powell stated the administration's "significant policy changes" relating to trade, immigration, fiscal policy, and regulation is creating "considerable uncertainty"



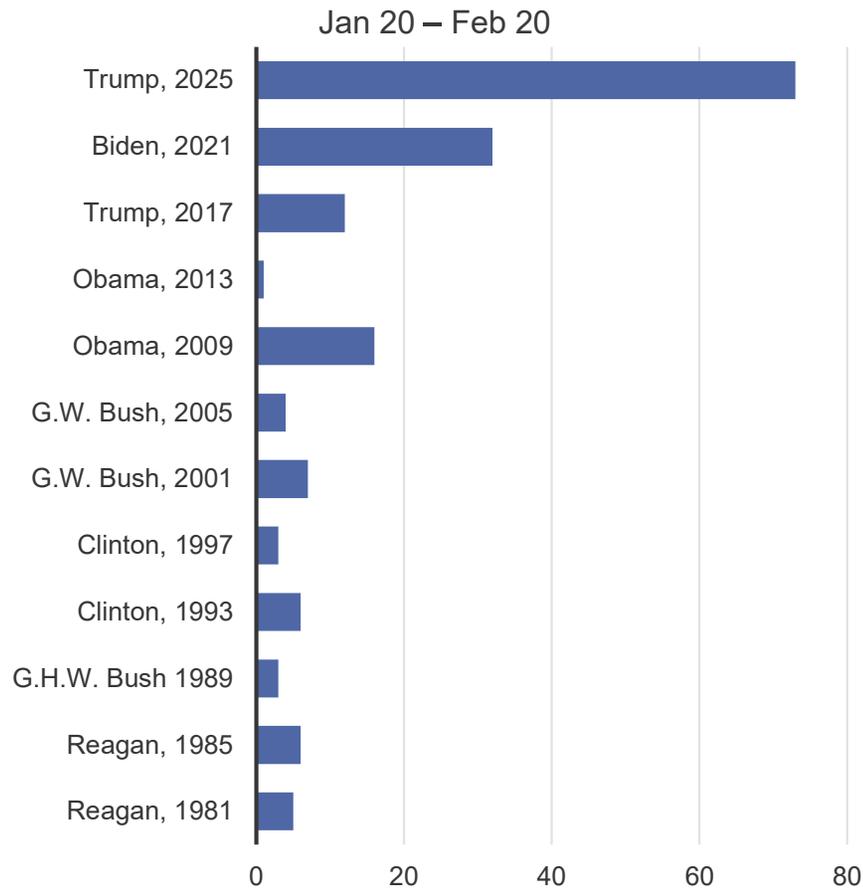
- ▶ Treasury yields fall on growing uncertainty
  - ▶ Yields on maturities between 2 years and 10 years fell 35-43 bps during the 1<sup>st</sup> quarter
  - ▶ The yield curve reinverted on the front end while the steepness of the curve between 2 years and 10 years was unchanged
  - ▶ Yield spreads widened off their historically low levels given growing economic concerns but still remain tight

Source: Details on market themes and economic indicators provided throughout the body of the presentation. Bloomberg Finance L.P., as of March 31, 2025.

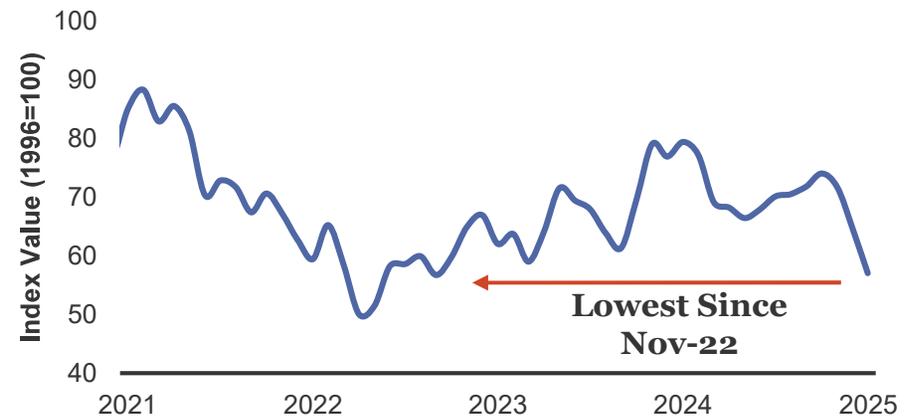
## Policy Changes Increase Consumer Uncertainty

*Fed Chair Powell: "We understand that sentiment is quite negative at this time, and that probably has to do with ... turmoil at the beginning of an administration..."*

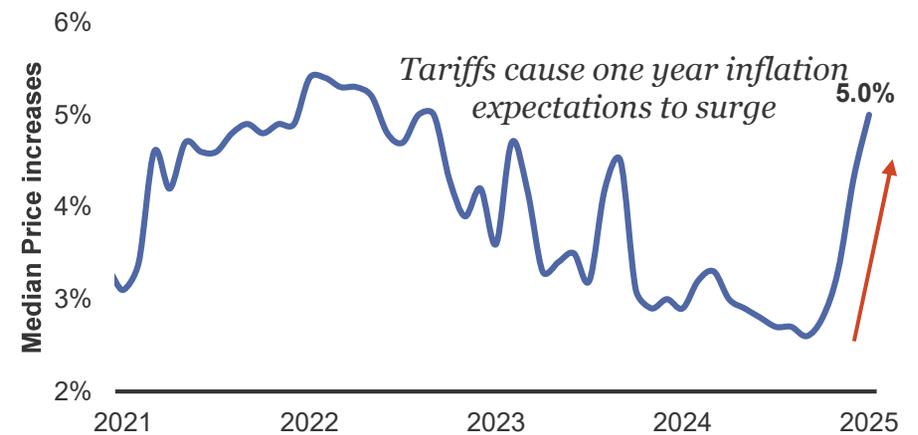
### Number of Executive Orders Signed In First Month of Term



### Consumer Sentiment Index



### Expected Change in Prices During Next Year



Source: FOMC Chair Jerome Powell Press Conference, March 19, 2025. Bloomberg Finance L.P. and [Federal Register :: Executive Orders](#), as of March 2025 (left). University of Michigan Consumer, as of March 2025 (right).

## Tariffs Have Broad Economic Implications

### Tariff Implications



#### Inflation

Fed staff research<sup>1</sup> suggests each 10% increase in the effective tariff rate leads to a 0.8% increase in inflation



#### Economic Impact

Fed staff research<sup>1</sup> suggests each 10% increase in the effective tariff rate leads to a 1.4% decrease in GDP



#### Tariff Revenues

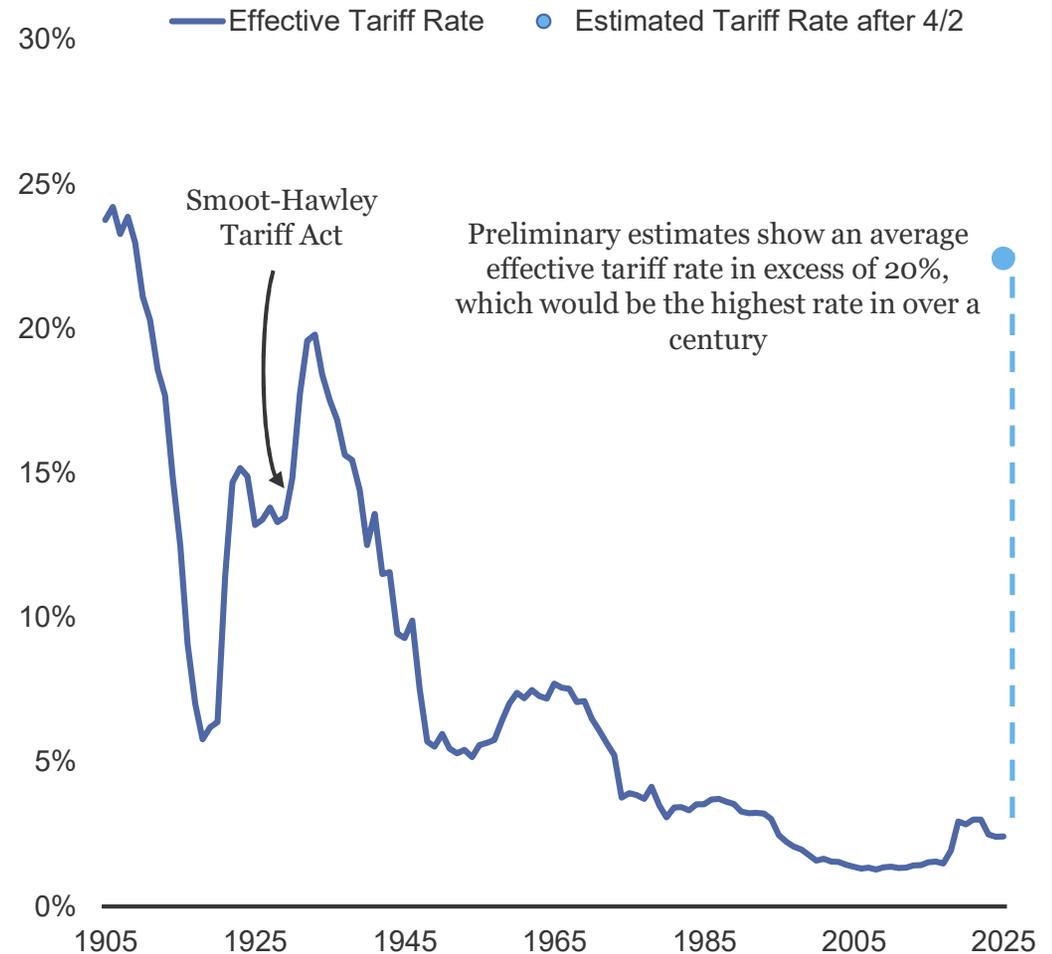
Each \$100 billion of tariffs paid by the consumer is approximately equal to a 0.4% increase in income taxes



#### Consumer Spending

Price increases and uncertainty could directly impact consumer confidence and spending habits

### Effective Tariff Rate



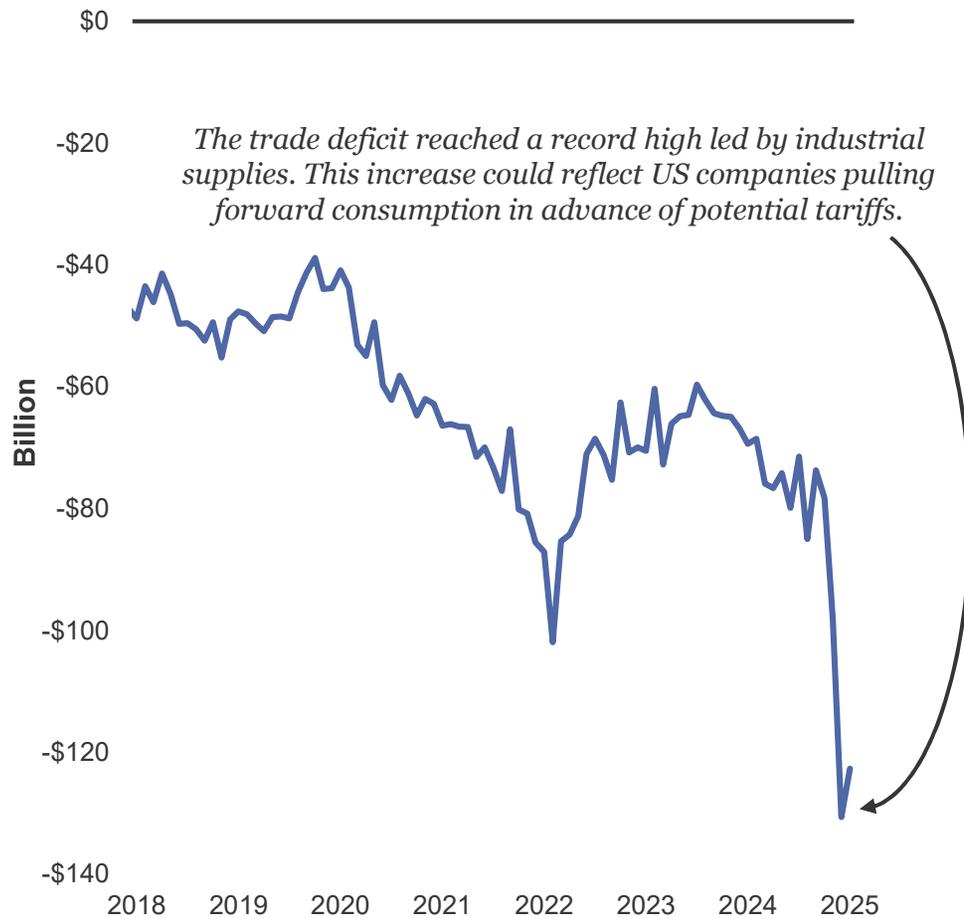
Source: PFMAM calculations, Bloomberg Finance L.P., Bureau of Economic Analysis. As of April 2025.

<sup>1</sup>Federal Reserve: [Tealbook A, September 2018](#).

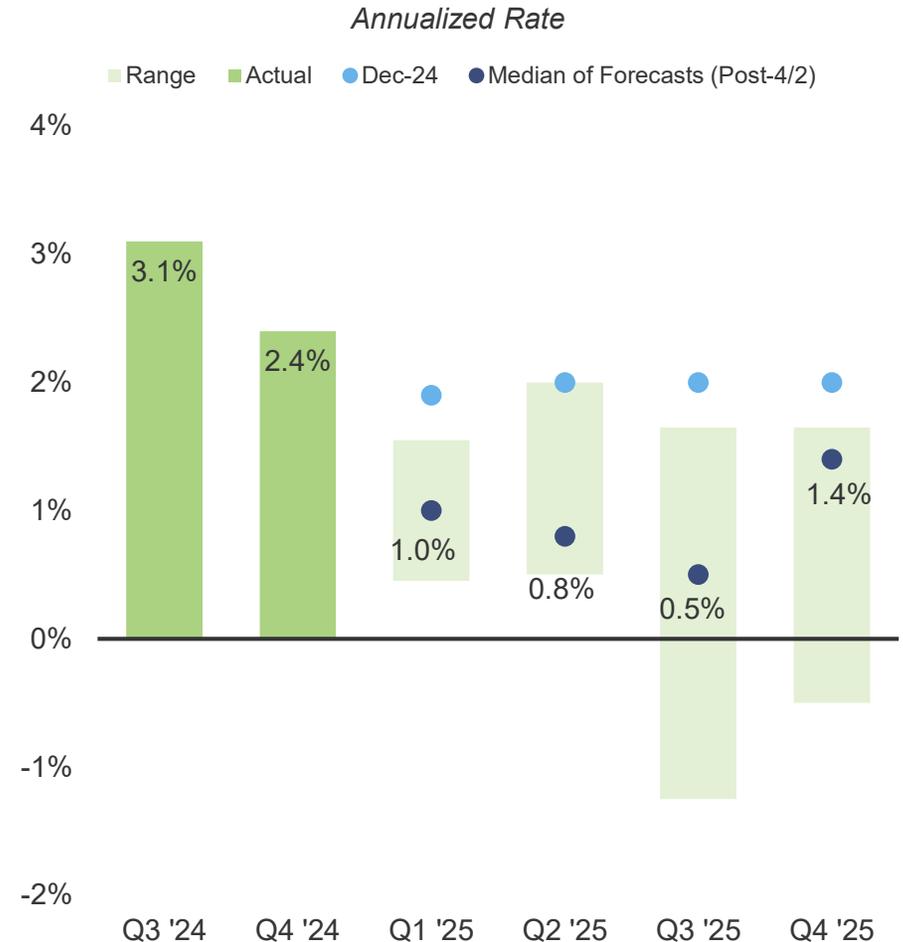
## Tariffs Drive Growth Expectations Lower

*Fed Chair Powell: "But we kind of know there are going to be tariffs and they tend to bring growth down."*

### U.S. Trade Balance



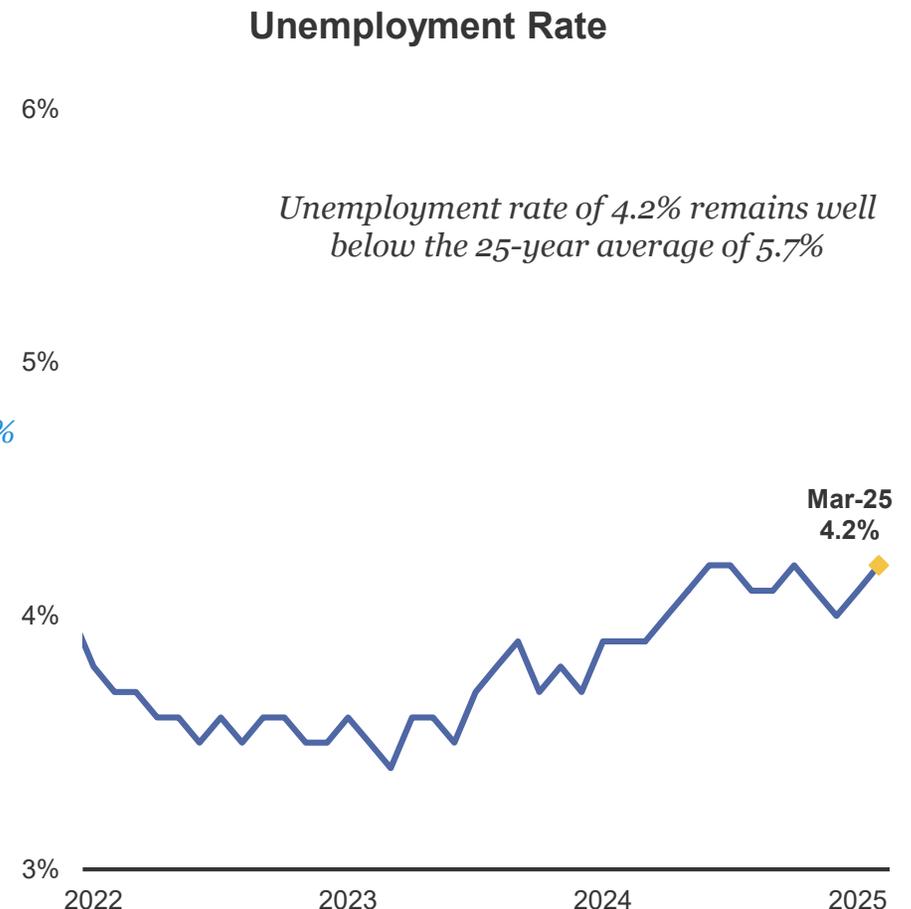
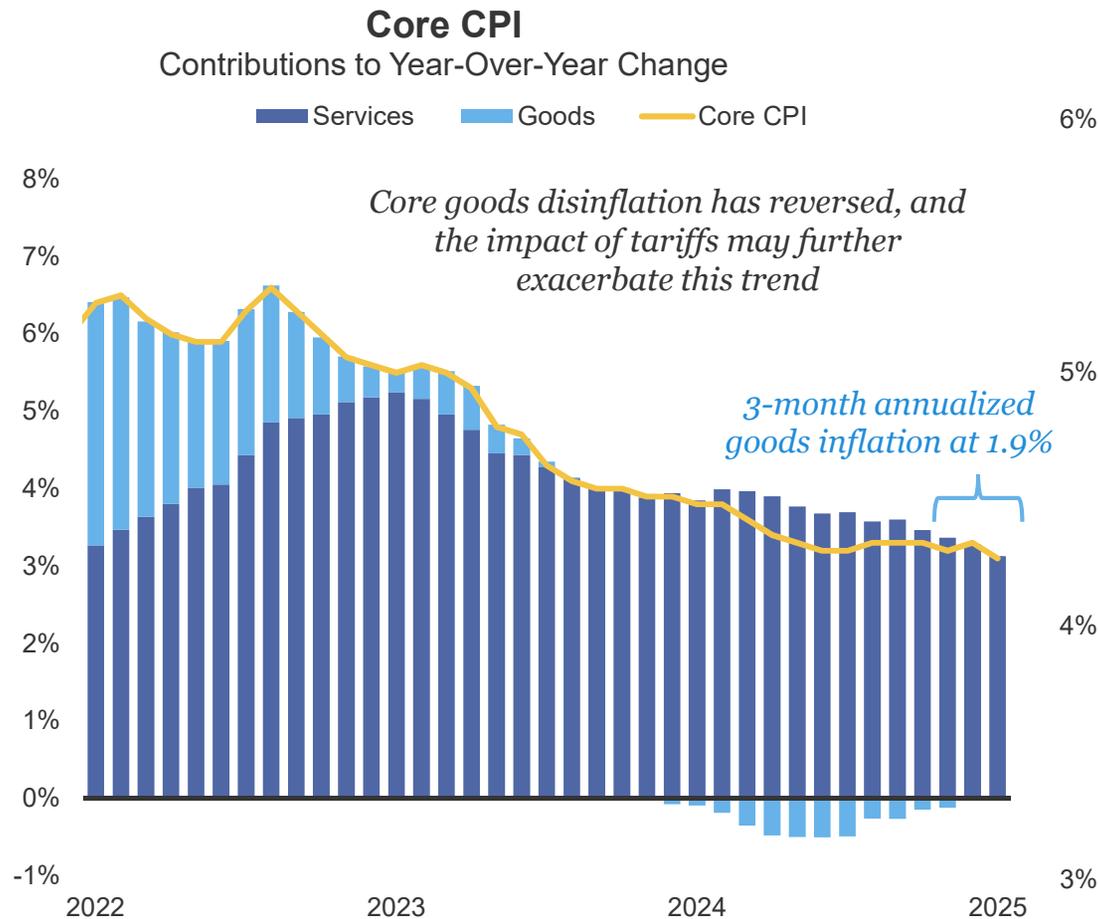
### U.S. GDP Forecasts



Source: FOMC Chair Jerome Powell Press Conference, March 19, 2025; Bloomberg Finance L.P. and the U.S. Census Bureau as of February 2025 (left). Bureau of Economic Analysis and Bloomberg Finance L.P., as of April 2025. Survey responses after April 2, 2025 included in median and forecast range (right).

## The Fed's Dual Mandate Gets More Complicated

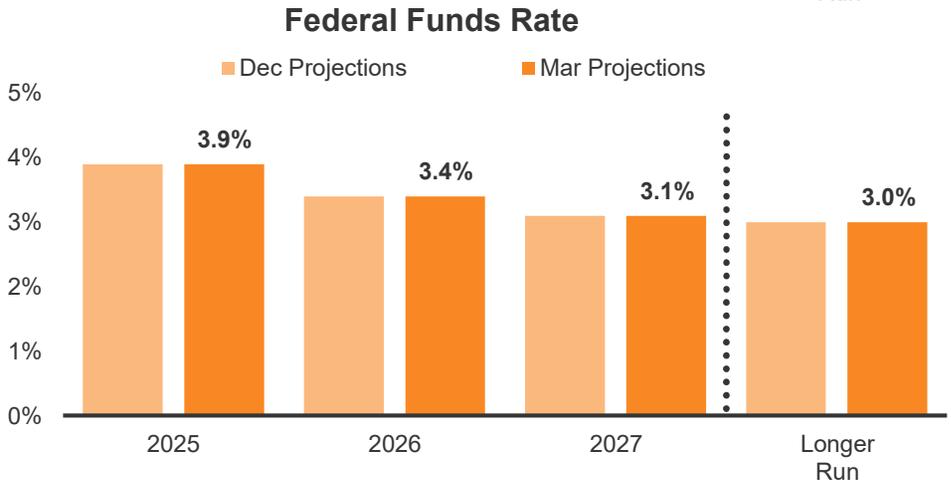
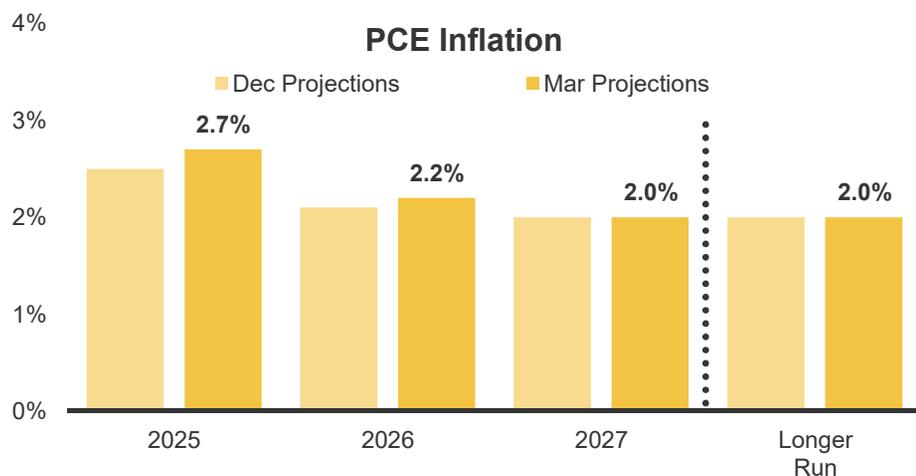
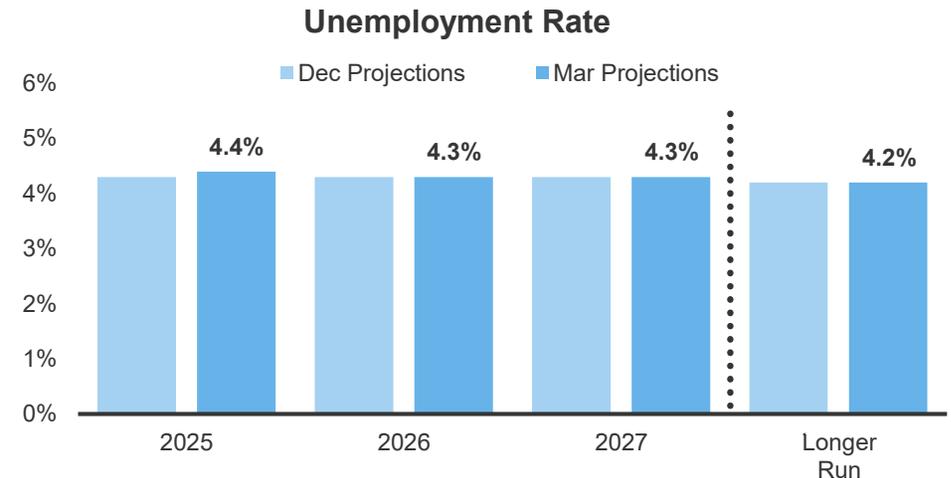
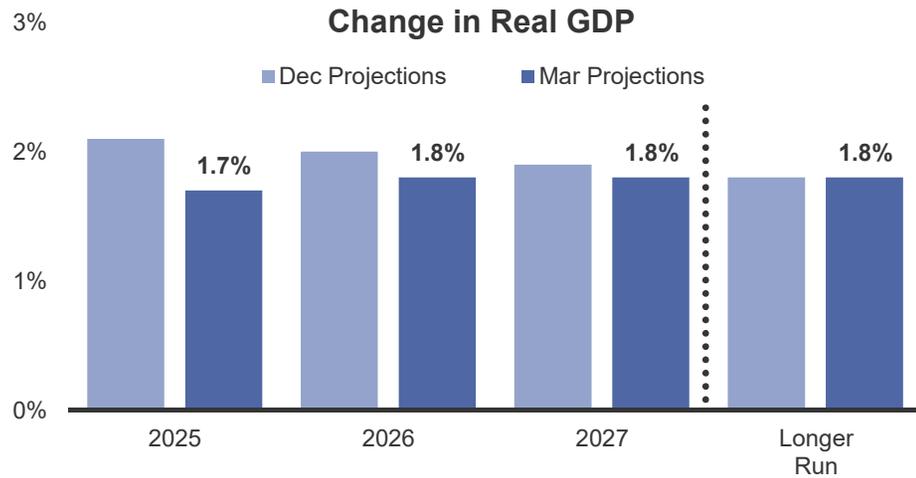
*Fed Chair Powell : "...ultimately, though, it's too soon to be seeing significant effects [from tariffs] in economic data..."*



Source: FOMC Chair Jerome Powell Press Conference, March 19, 2025. Bureau of Labor Statistics, and Bloomberg Finance L.P., as of February 2025 (left). Bureau of Labor Statistics, and Bloomberg Finance L.P., as of March 2025 (right). Data is seasonally adjusted. Historical average unemployment rate calculated from March 2000 – March 2025.

## Fed's Updated Summary of Economic Projections

*Fed Chair Powell: "... you see weaker growth but higher inflation—they kind of offset—and also, frankly, a little bit of inertia. When it comes to changing something in this highly uncertain environment, you know, I think there is a level of inertia where you just say, maybe I'll stay where I am.*

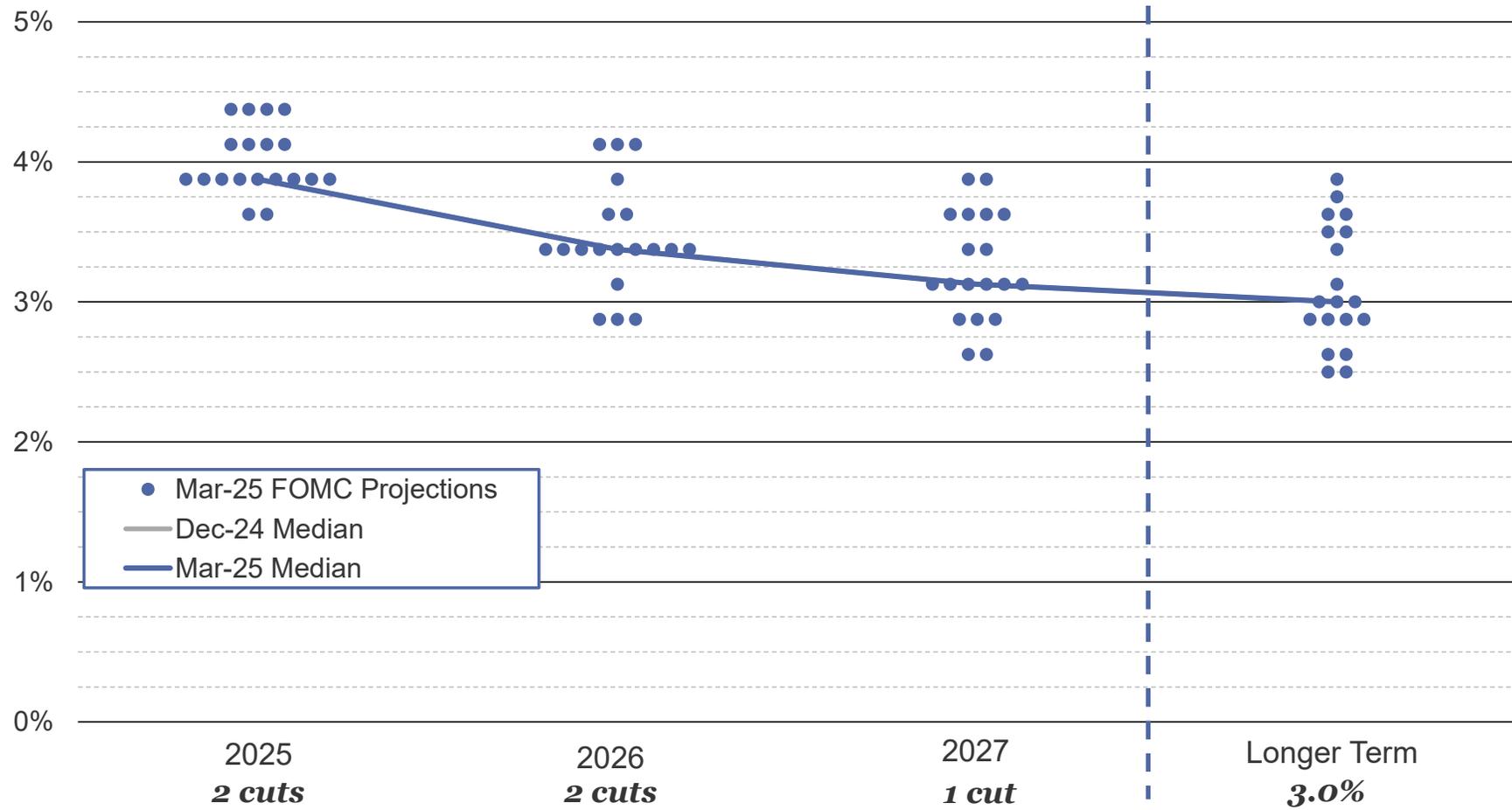


Source: FOMC Chair Jerome Powell Press Conference, March 19, 2025. Federal Reserve, latest economic projections as of March 2025.

## Fed's Latest "Dot Plot" Shows No Change to Median Projection

*Fed Chair Powell: "What would you write down? It's really hard to know how this is going to work out. And, again, we think our policy is in a good place ... where we can move in the direction where we need to."*

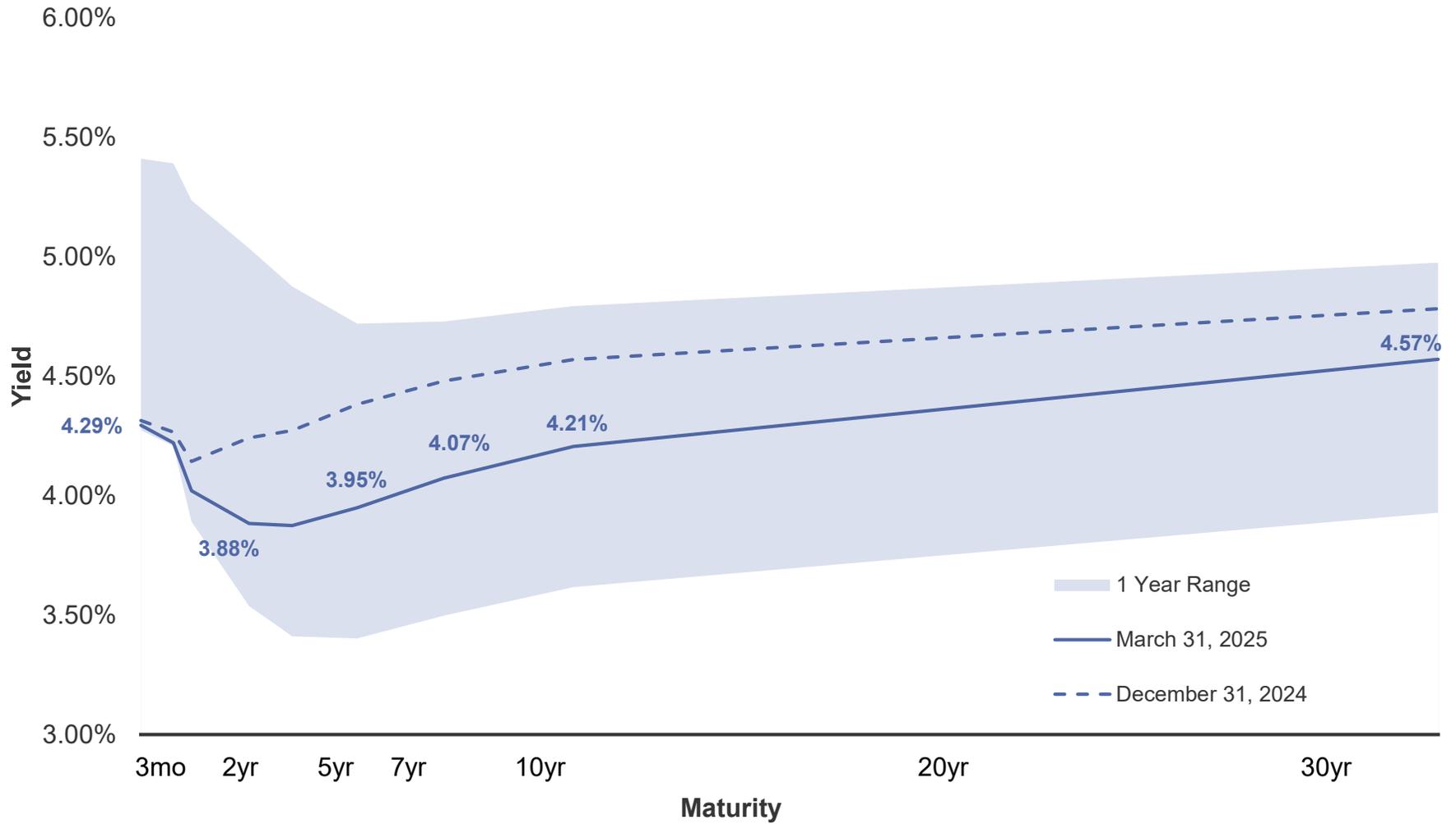
### Fed Participants' Assessments of 'Appropriate' Monetary Policy



Source: FOMC Chair Jerome Powell Press Conference, March 19, 2025. Federal Reserve; Bloomberg Finance L.P.. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. As of March 2025.

### Treasury Yields Lower Across the Curve

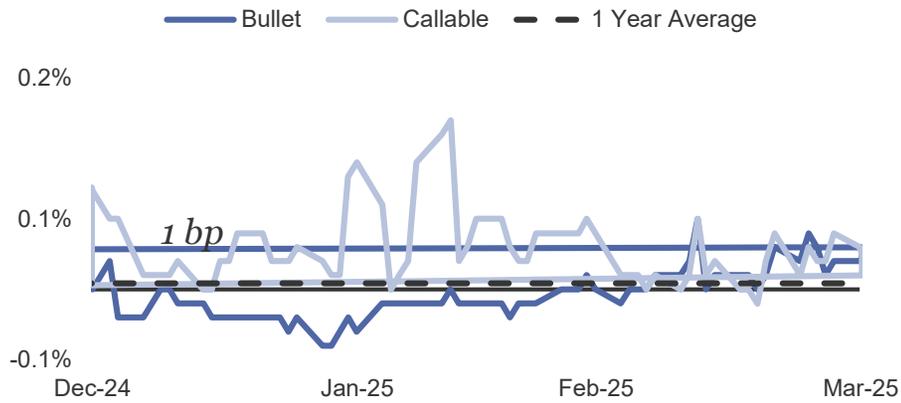
#### U.S. Treasury Yield Curve



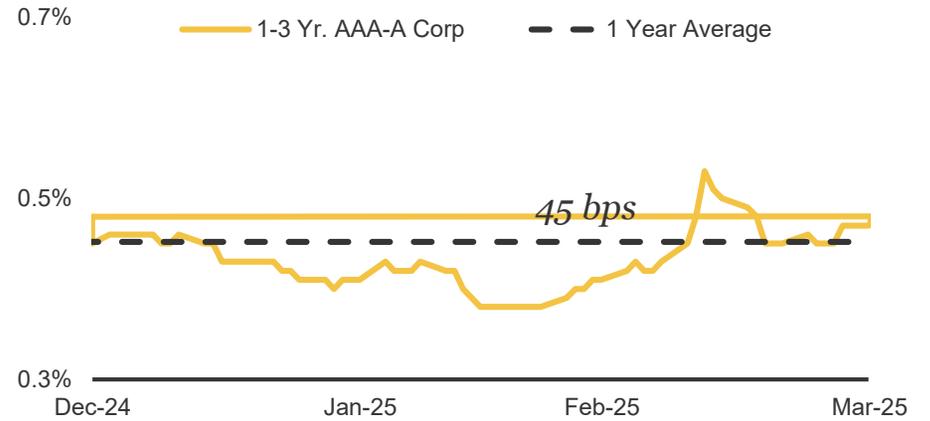
Source: Bloomberg Finance L.P., as of March 31, 2025.

### Sector Yield Spreads

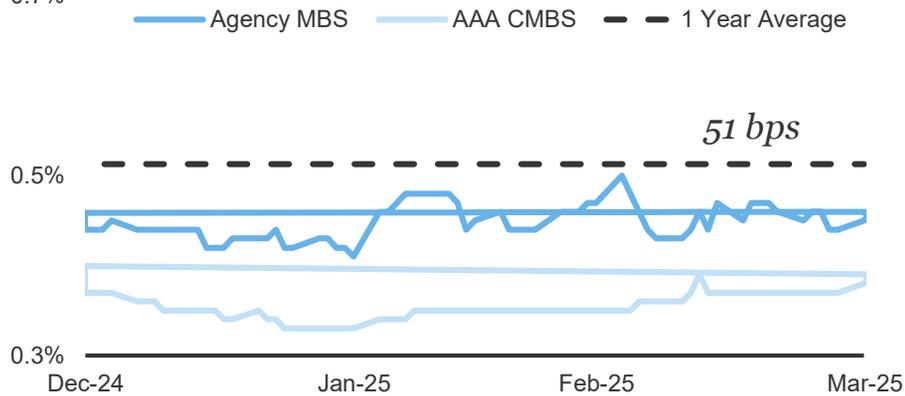
**Federal Agency Yield Spreads**



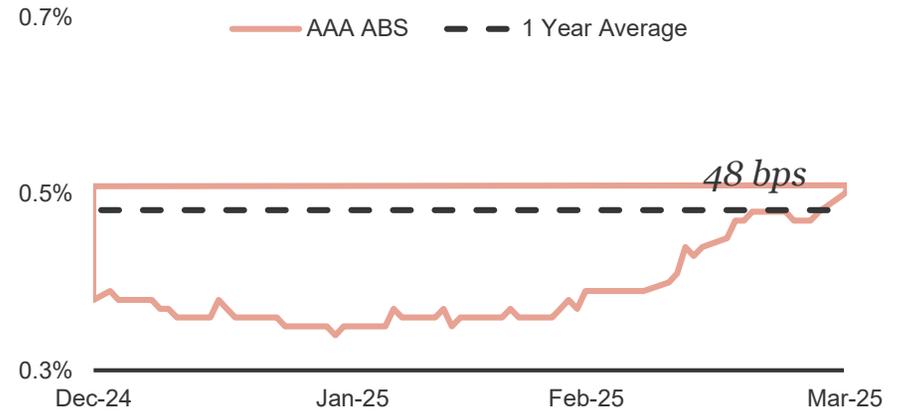
**Corporate Notes A-AAA Yield Spreads**



**Mortgage-Backed Securities Yield Spreads**

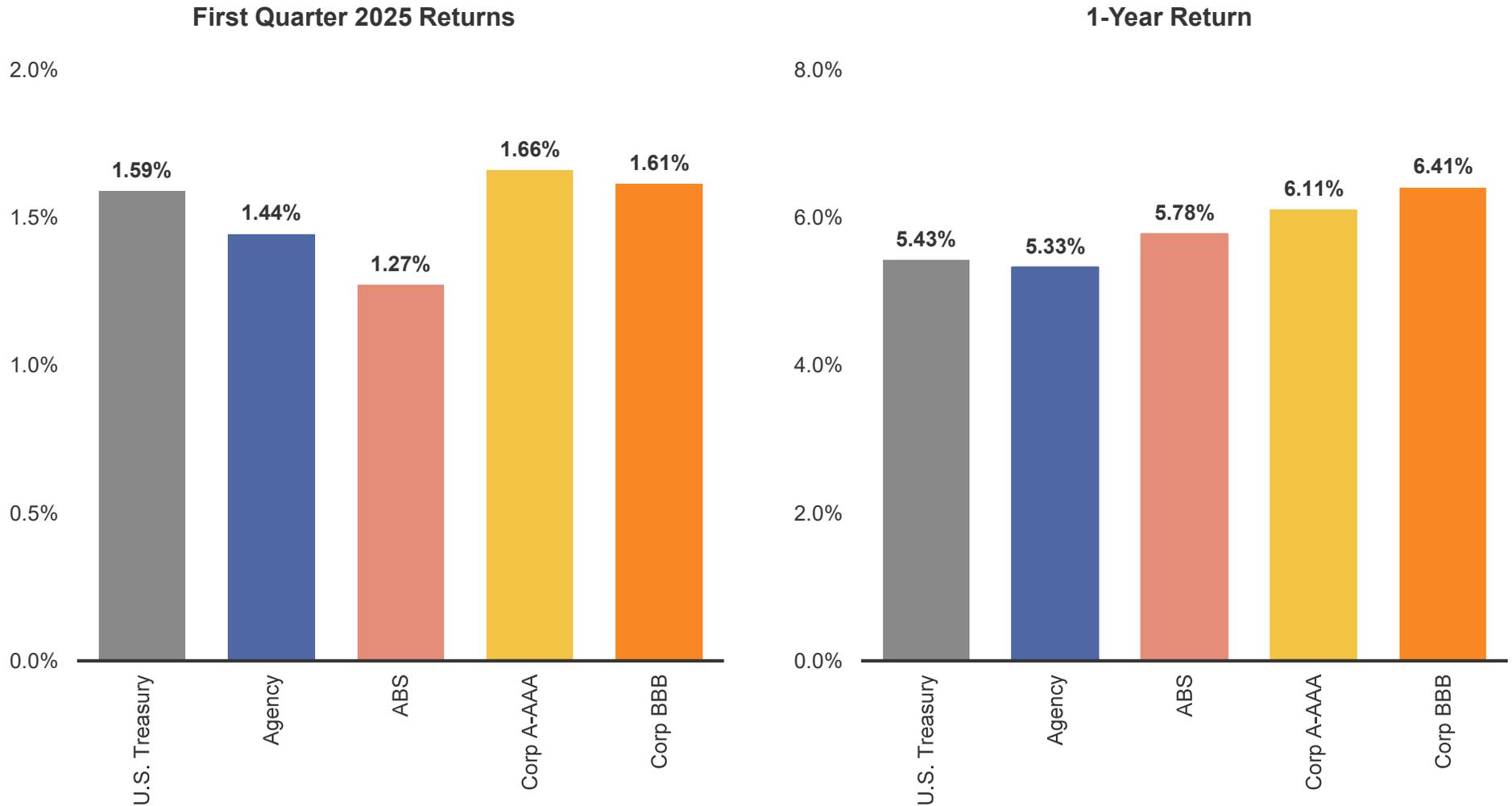


**Asset-Backed Securities AAA Yield Spreads**



Source: ICE BofA 1-3 year Indices via Bloomberg, MarketAxess and PFMAM as of March 31, 2025. Spreads on ABS and MBS are option-adjusted spreads of 0-3 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities and represented by the ICE BofA Agency CMBS Index

## Fixed-Income Index Total Returns in 1Q 2025 1-3 Year Indices



Source: ICE BofA Indices. ABS indices are 0-3 year, based on weighted average life. As of March 31, 2025.

## Fixed-Income Sector Commentary – 1Q 2025

- ▶ The **Federal Open Market Committee (FOMC)** opted to maintain the target range for the federal funds rate at 4.25-4.5% during both meetings in Q1, citing sticky inflation, a stable unemployment rate, and ‘solid’ labor market conditions.
- ▶ **U.S. Treasury** yields moved lower over the quarter as the 2-year Treasury yield fell 34 bps and 10-year Treasuries fell 37 bps. The change in yields reflected ongoing market sensitivity to domestic policy uncertainty, with a continued focus on the potential impacts of taxes, tariffs, immigration, and deregulation. As a result of the Treasury rally, total returns were strong for the period.
- ▶ **Federal Agency & supranational** spreads remained low and rangebound throughout Q1. Federal agencies produced modestly negative excess returns while supranationals were slightly positive. Issuance remained quite light and the incremental income from the sectors is near zero.
- ▶ **Investment-Grade (IG) corporate bonds** posted strong relative returns yet again as increased issuance levels were met with robust investor demand. Much of the spread widening seen during the second half of the quarter was offset by higher incremental income. From an excess return perspective, higher-quality and shorter-duration issuers outperformed in general in Q1. Financials and banking issuers continued to lead most other industries across the yield curve during the quarter.
- ▶ **Asset-Backed Securities** spreads widened modestly from the impact of heavy new issuance levels and a modest deterioration of credit fundamentals. ABS spreads widened more than corporate spreads, resulting in worse performance over the quarter but better relative value going forward.
- ▶ **Mortgage-Backed Securities** performance was mixed across structure and coupon during Q1 as heightened rate volatility persisted. In contrast, **Agency-backed commercial MBS (CMBS)** performed better for the quarter and saw positive excess returns across collateral and coupon structures.
- ▶ **Short-term credit** (commercial paper and negotiable bank CDs) yields on the front end fell in response to downward pressure from a paydown in the supply of U.S. Treasury Bills. Yield spreads tightened over the quarter in response to moderated issuance and strong demand.

*The views expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (03/31/2025) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management cannot guarantee its accuracy, completeness, or suitability.*

## Fixed-Income Sector Outlook – 2Q 2025

- ▶ **U.S. Treasury** volatility is expected to continue given both fiscal and monetary policy uncertainty. The potential impact of further policy changes on economic growth, inflation, and the labor market are unknown. We expect to see an ongoing steepening of the yield curve given the expectation for future Fed rate cuts.
- ▶ **Federal Agency & Supranational** spreads are likely to remain at tight levels. Government-heavy accounts may find occasional value on an issue-by-issue basis, particularly in supranationals as issuance increases in early Q2.
- ▶ **Taxable Municipals** continue to see little activity due to an ongoing lack of supply and strong demand which continues to suppress yields in both the new issue and secondary markets. We expect few opportunities in the near term.
- ▶ **Investment-Grade Corporate** bond fundamentals remain favorable while technicals have weakened on the margins. A protracted trade war and resulting hit to growth could weaken credit fundamentals and technicals. Valuations have repriced from narrow levels to reflect this uncertainty. We will selectively evaluate opportunities with a focus on industry and credit quality with an eye towards tactically reducing allocations in the sector to make room for future opportunities.
- ▶ **Asset-Backed Securities** fundamentals remain intact and credit metrics have normalized. Consumer credit trends will depend on the labor market and the consumer's response to monetary policy easing, which tends to work on a lag. We expect spreads to remain choppy heading into Q2 despite the stability in underlying technicals and view this as an opportunity to add allocations at more attractive levels.
- ▶ **Mortgage-Backed Securities** are expected to produce muted excess returns in Q2 as policy uncertainty may increase volatility. We may use any meaningful spread widening to add at more attractive levels.
- ▶ **Short-term credit** (commercial paper and negotiable bank CDs) spreads in Q2 will likely depend on changes to debt ceiling dynamics or the Fed's decision to slow the pace of quantitative tightening. Given the positively sloped shape of the money market yield curve, we favor a mix of floating rate in the front end with fixed rate in longer maturities.

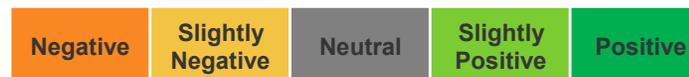
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### Fixed-Income Sector Outlook – 2Q 2025

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

● *Current outlook*

○ *Outlook one quarter ago*



## Factors to Consider for 6-12 Months

### Monetary Policy (Global):



- The Fed paused its easing cycle in the first quarter given sticky inflation and the solid labor market. While the FOMC’s “dot plot” continues to suggest 50 bps in rate cuts by the end of 2025, Fed Chair Powell indicated there is heightened risk and uncertainty due to the new administration’s policies.
- Other major central banks (excluding the Bank of Japan) continued to cut rates. However, inflation remains a risk to this trend continuing, particularly in light of tariff uncertainty.

### Economic Growth (Global):



- U.S. economic growth remained steady in 2024, but worsening consumer sentiment may weigh on spending going forward.
- Pro-growth fiscal policies proposed on the campaign trail have yet to be realized, leaving rapidly changing tariff policy to weigh on growth prospects.
- Escalating trade tensions create the potential for slowing global growth.

### Inflation (U.S.):



- Progress towards the Fed’s 2% target remains stalled with goods inflation moving higher even before tariff policies were enacted.
- Consumer expectations for inflation over the next 12 months have now reached their highest levels since early 2023 on tariff concerns.
- Fed Chair Powell said the data are not yet reflecting tariffs and reiterated it will be difficult to directly measure the impact of these policies on prices.

### Financial Conditions (U.S.):



- Financial conditions remained supportive in the first half of the quarter but tightened as ongoing tariff risks weighed on equity prices and credit spreads. While credit spreads widened modestly during the first quarter they remain below historic averages.
- The evolving fiscal landscape and growing uncertainty may lead to tightening financial conditions over the next 6-12 months.

### Consumer Spending (U.S.):



- Sentiment has meaningfully deteriorated as consumers expect higher prices and weaker labor market conditions as tariffs weigh on the pace of economic growth.
- A material deterioration of labor market conditions remains the biggest risk factor to consumer spending. Other headwinds may include slower real wage growth and reduced willingness to spend as prices move higher due to tariffs.

### Labor Markets:



- The labor market remains surprisingly resilient with both initial jobless claims and the unemployment rate at historically low levels. Monthly job gains continue to keep pace with labor force growth.
- With hiring and quits rates low, any acceleration in layoffs may result in job seekers remaining unemployed for longer.
- Federal job cuts and funding freezes could impact the hiring plans of sectors such as healthcare and higher education which rely on government funding. The impact of immigration policy remains unknown.

● Current outlook

○ Outlook one quarter ago

Stance Unfavorable to Risk Assets

Negative

Slightly Negative

Neutral

Slightly Positive

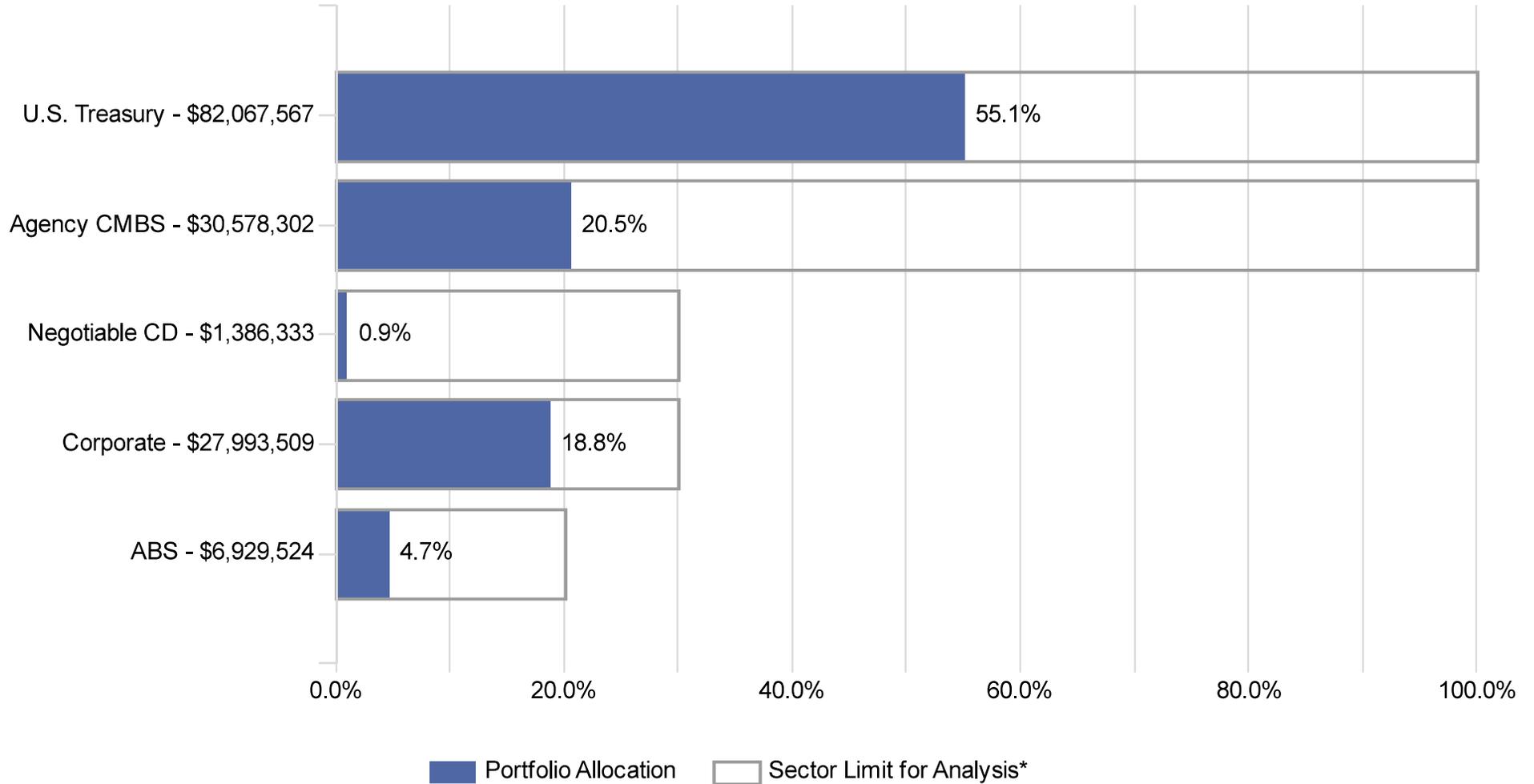
Positive

Stance Favorable to Risk Assets

Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg and FactSet. The views expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (3/31/2025) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management cannot guarantee its accuracy, completeness, or suitability.

# Account Summary

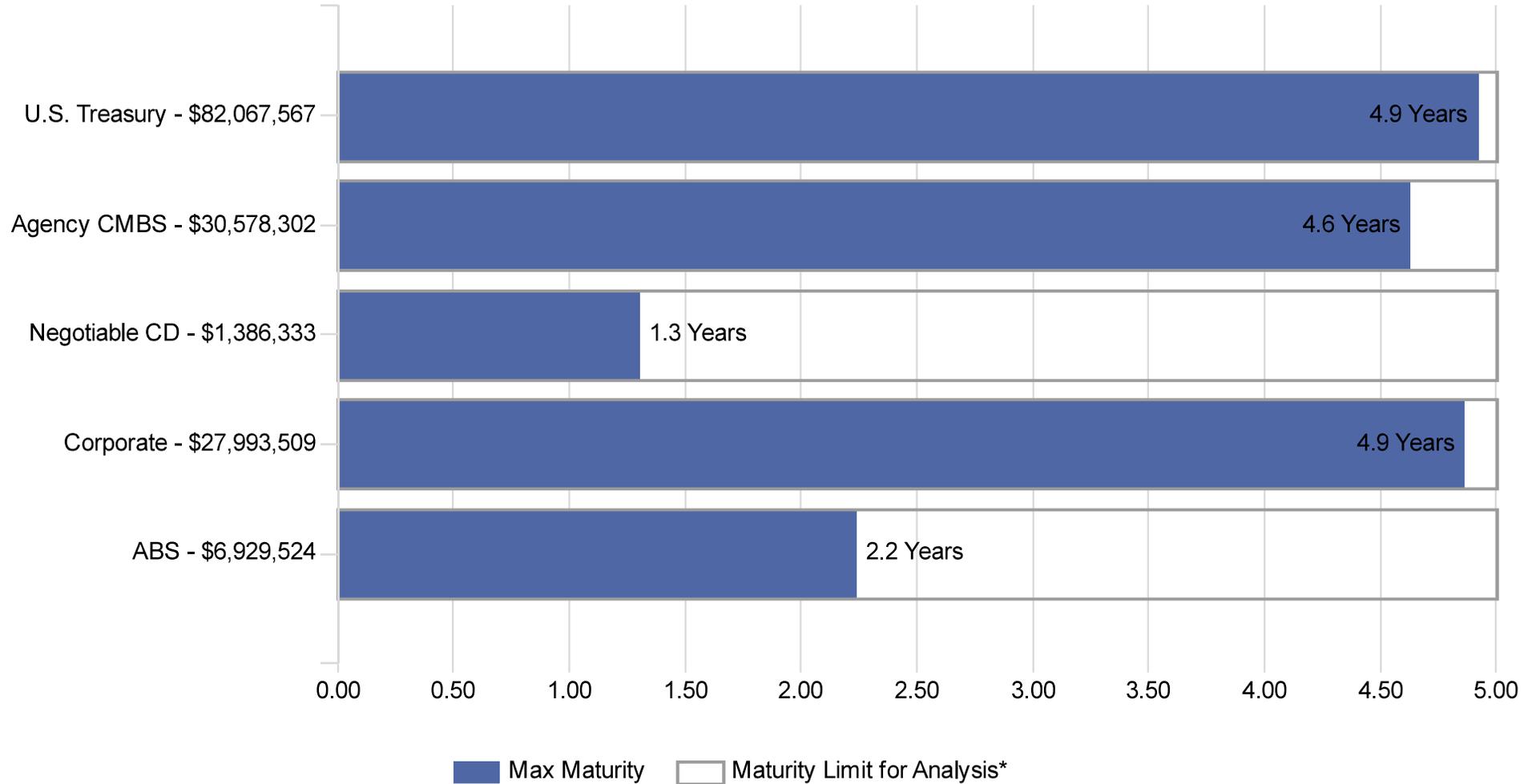
### Sector Allocation Analytics



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 March 31, 2025, 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, a division of U.S. Bancorp Asset Management, Inc.*

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

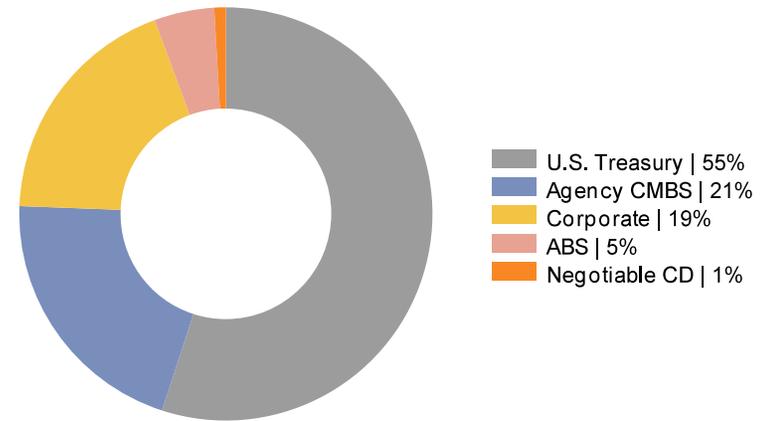
# Portfolio Review: ZONE 7 WATER AGENCY

## Portfolio Snapshot - ZONE 7 WATER AGENCY<sup>1</sup>

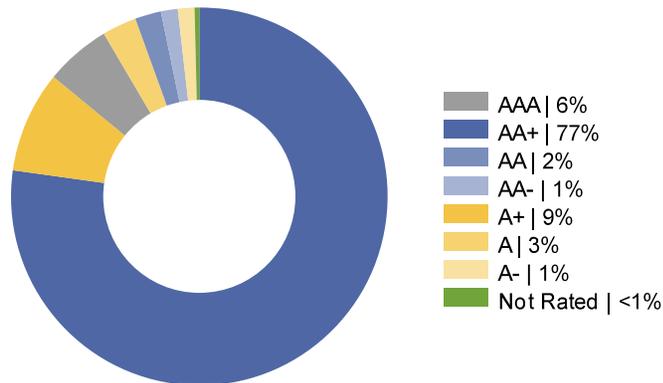
### Portfolio Statistics

<b>Total Market Value</b>	\$154,311,958.13
<i>Securities Sub-Total</i>	\$147,995,885.65
<i>Accrued Interest</i>	\$959,348.37
<i>Cash</i>	\$5,356,724.11
<b>Portfolio Effective Duration</b>	2.49 years
<b>Benchmark Effective Duration</b>	2.48 years
<b>Yield At Cost</b>	3.94%
<b>Yield At Market</b>	4.14%
<b>Portfolio Credit Quality</b>	AA

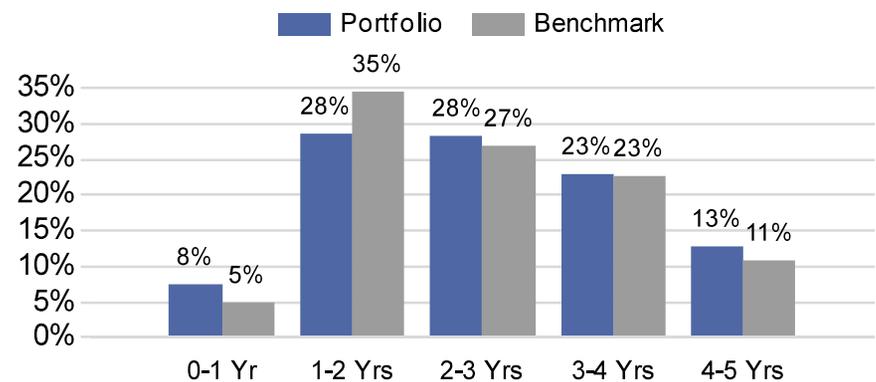
### Sector Allocation



### Credit Quality - S&P



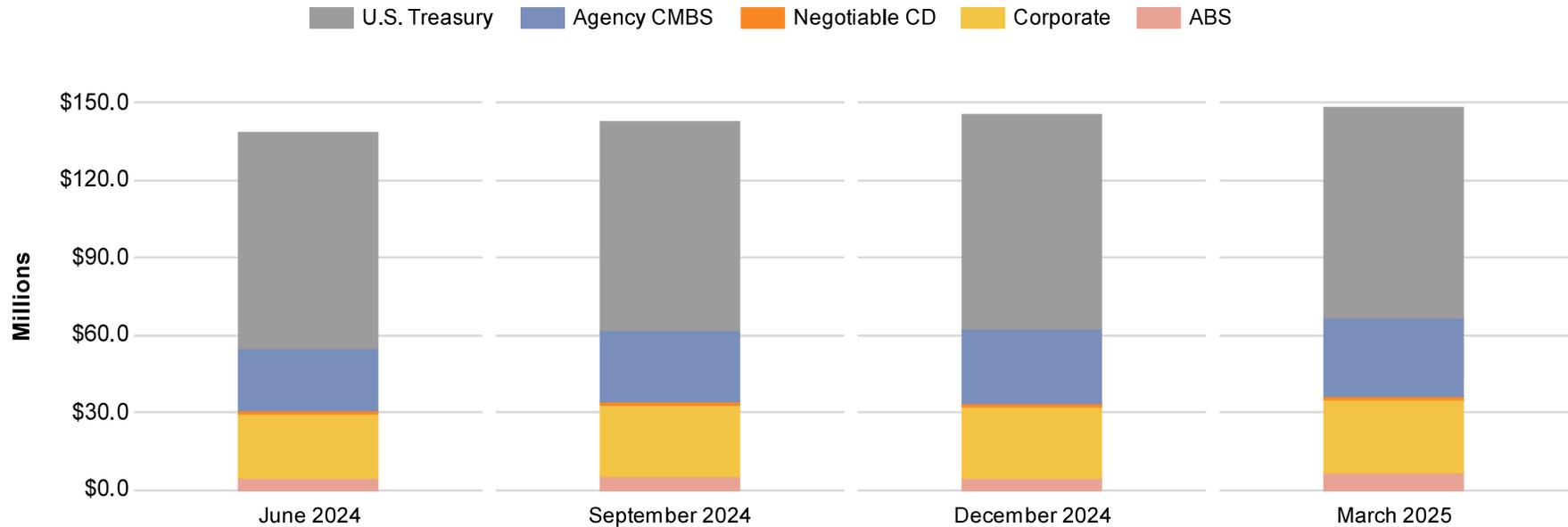
### Duration Distribution



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 BofA 1-5 Year U.S. Treasury Index. Source: Bloomberg Financial LP. 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	Jun-24	% of Total	Sep-24	% of Total	Dec-24	% of Total	Mar-25	% of Total
U.S. Treasury	\$83.7	60.4%	\$81.1	56.7%	\$82.6	56.8%	\$81.5	55.0%
Agency CMBS	\$24.0	17.4%	\$27.6	19.4%	\$29.3	20.1%	\$30.5	20.6%
Negotiable CD	\$1.3	1.0%	\$1.4	1.0%	\$1.4	1.0%	\$1.4	0.9%
Corporate	\$24.4	17.7%	\$27.6	19.4%	\$27.2	18.7%	\$27.7	18.8%
ABS	\$4.8	3.5%	\$4.9	3.5%	\$4.9	3.4%	\$6.9	4.7%
<b>Total</b>	<b>\$138.2</b>	<b>100.0%</b>	<b>\$142.6</b>	<b>100.0%</b>	<b>\$145.3</b>	<b>100.0%</b>	<b>\$148.0</b>	<b>100.0%</b>

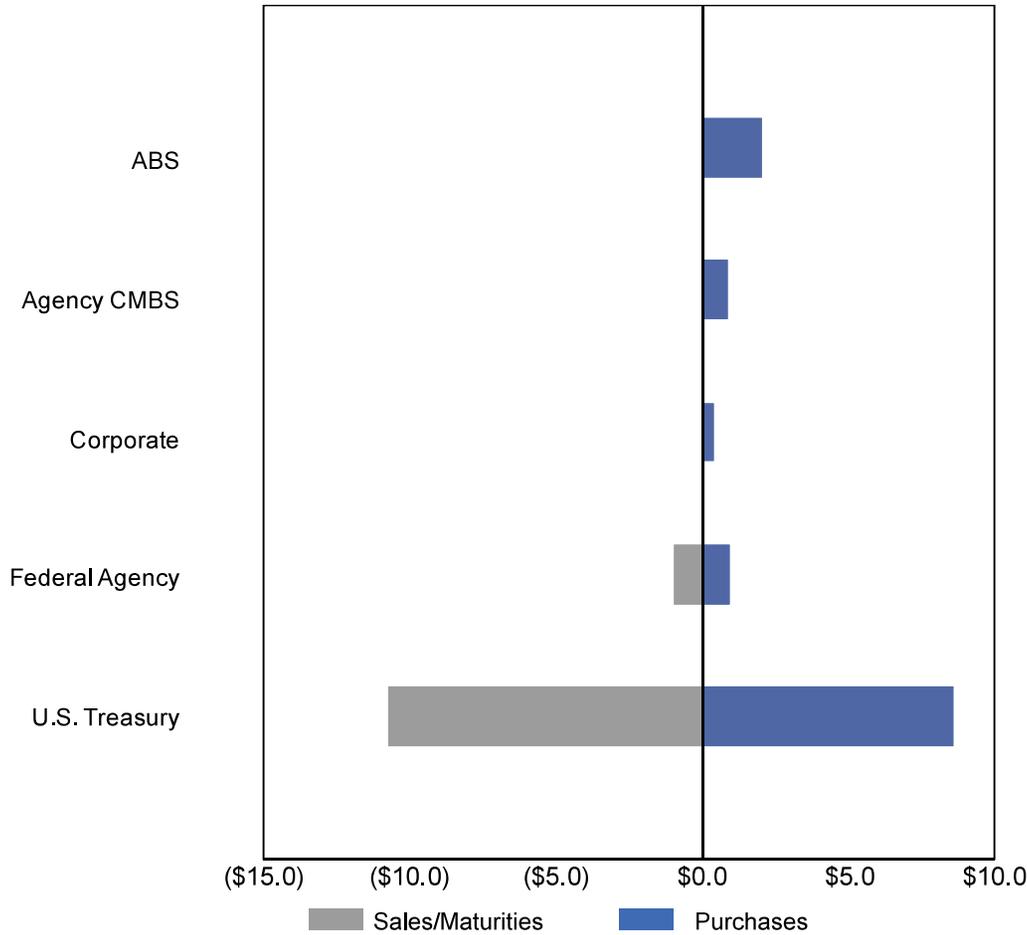


Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

ZONE 7 WATER AGENCY

### Portfolio Activity - ZONE 7 WATER AGENCY

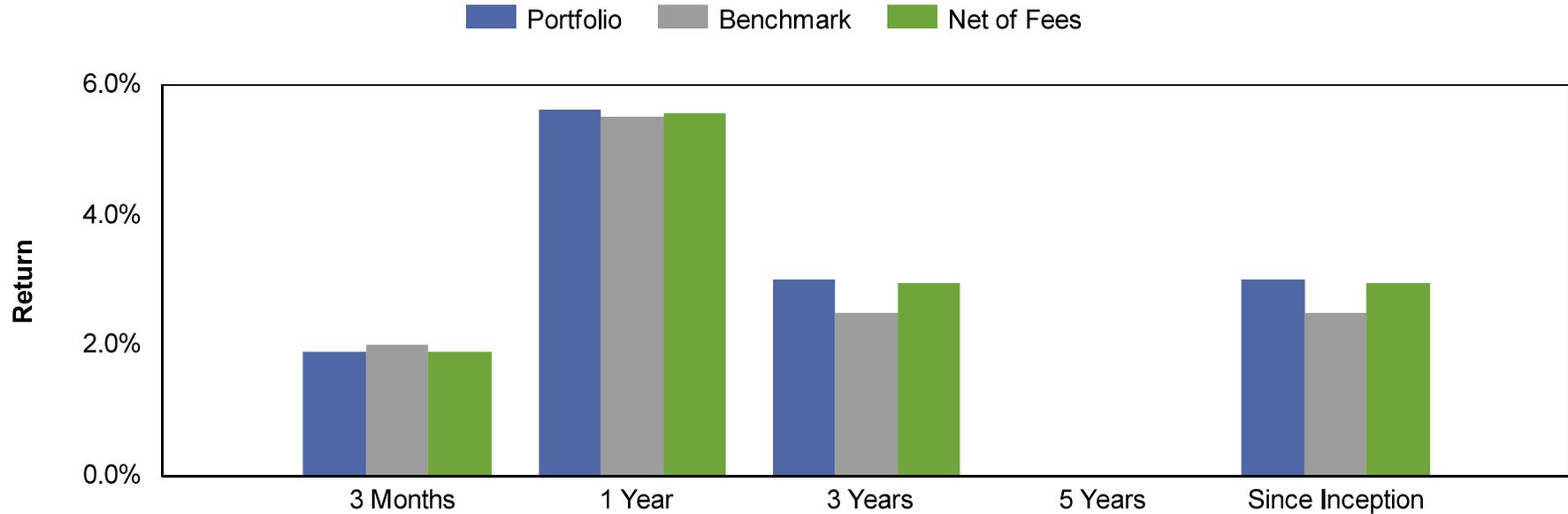
**Net Activity by Sector**  
(\$ millions)



Sector	Net Activity
ABS	\$2,004,829
Agency CMBS	\$841,944
Corporate	\$329,446
Federal Agency	(\$647)
U.S. Treasury	(\$2,155,197)
<b>Total Net Activity</b>	<b>\$1,020,374</b>

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	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$1,264,798	\$4,576,053	\$9,461,005	-	\$9,461,005
Change in Market Value	\$1,621,398	\$3,543,270	\$3,360,678	-	\$3,360,678
<b>Total Dollar Return</b>	<b>\$2,886,196</b>	<b>\$8,119,323</b>	<b>\$12,821,683</b>	-	<b>\$12,821,683</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	1.91%	5.63%	3.02%	-	3.02%
Benchmark <sup>4</sup>	2.00%	5.50%	2.49%	-	2.49%
<b>Basis Point Fee</b>	<b>0.02%</b>	<b>0.07%</b>	<b>0.07%</b>	-	<b>0.07%</b>
<b>Net of Fee Return</b>	<b>1.89%</b>	<b>5.56%</b>	<b>2.95%</b>	-	<b>2.95%</b>

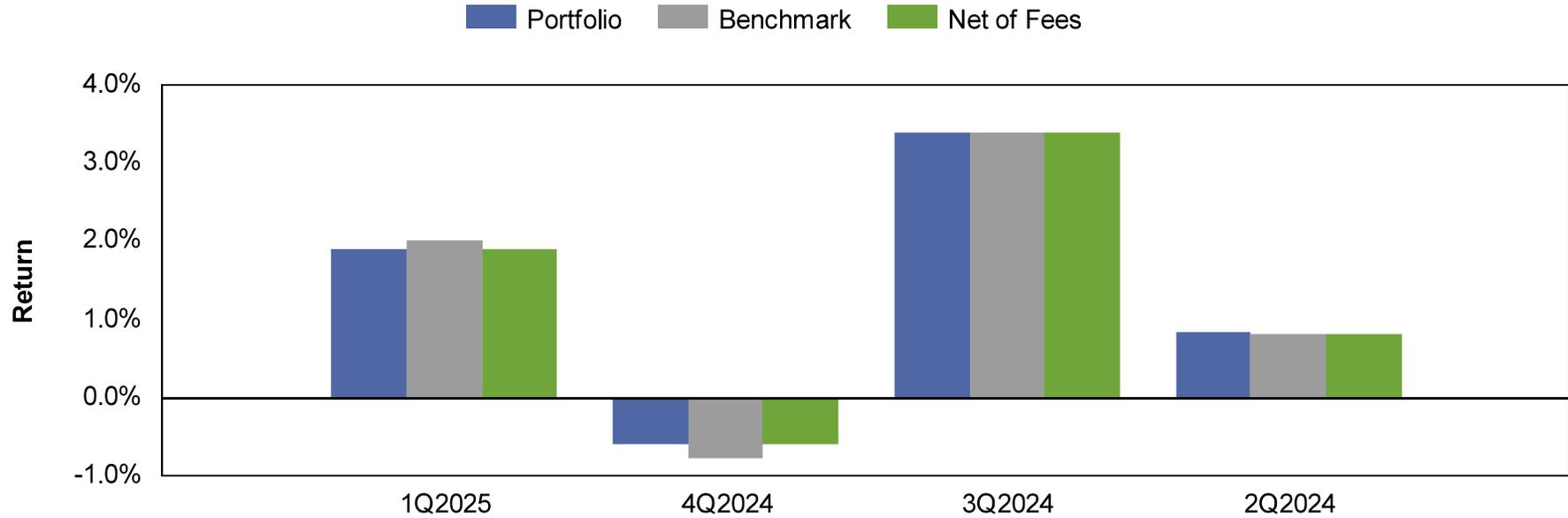
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2022.

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

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofA 1-5 Year U.S. Treasury Index. Source: Bloomberg Financial LP.

### Portfolio Performance



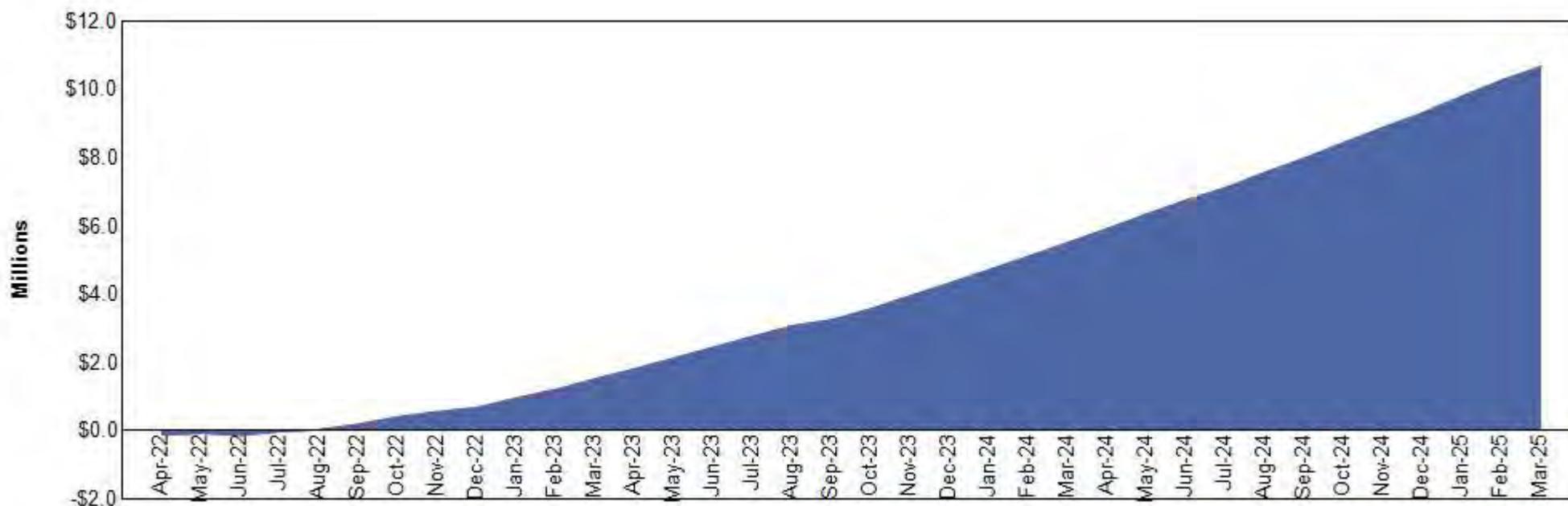
Market Value Basis Earnings	1Q2025	4Q2024	3Q2024	2Q2024
Interest Earned <sup>1</sup>	\$1,264,798	\$1,179,794	\$1,116,399	\$1,015,062
Change in Market Value	\$1,621,398	(\$2,048,149)	\$3,774,402	\$195,620
<b>Total Dollar Return</b>	<b>\$2,886,196</b>	<b>(\$868,355)</b>	<b>\$4,890,801</b>	<b>\$1,210,682</b>
<b>Total Return<sup>2</sup></b>				
Portfolio	1.91%	-0.59%	3.40%	0.84%
Benchmark <sup>3</sup>	2.00%	-0.77%	3.39%	0.82%
<b>Basis Point Fee</b>	<b>0.02%</b>	<b>0.02%</b>	<b>0.02%</b>	<b>0.02%</b>
<b>Net of Fee Return</b>	<b>1.89%</b>	<b>-0.60%</b>	<b>3.38%</b>	<b>0.82%</b>

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 BofA 1-5 Year U.S. Treasury Index. Source: Bloomberg Financial LP.

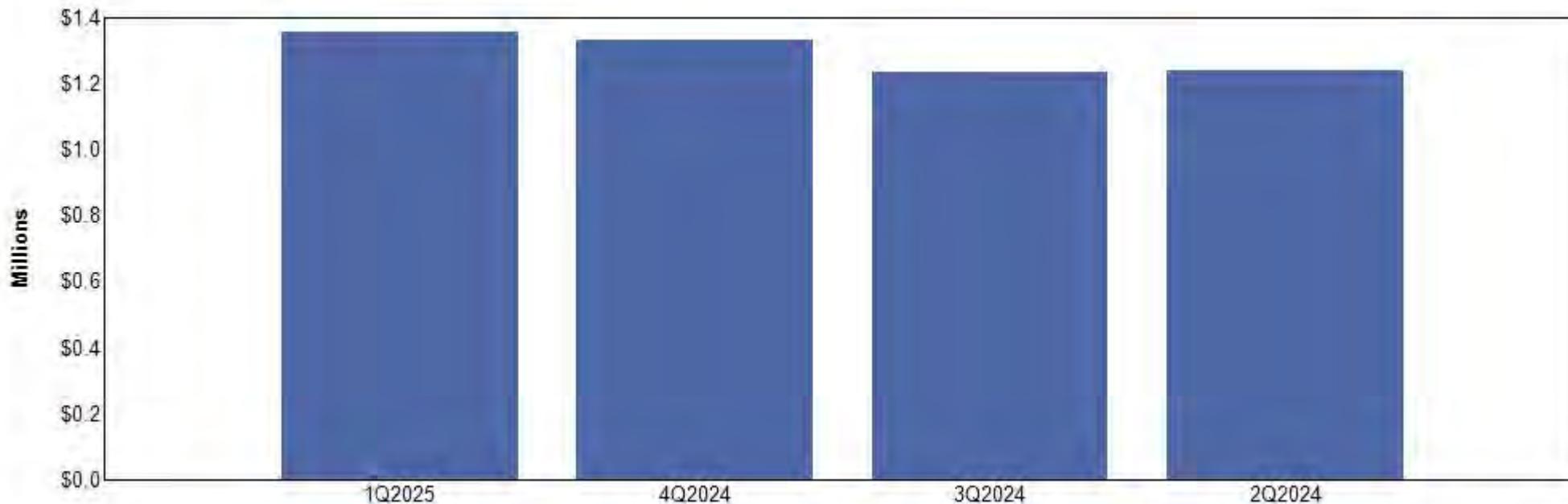
### Accrual Basis Earnings - ZONE 7 WATER AGENCY



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$1,264,798	\$4,576,053	\$9,461,005	-	\$9,461,005
Realized Gains / (Losses) <sup>3</sup>	(\$118,612)	(\$415,727)	(\$1,720,475)	-	(\$1,720,475)
Change in Amortized Cost	\$208,737	\$999,821	\$2,948,163	-	\$2,948,163
<b>Total Earnings</b>	<b>\$1,354,923</b>	<b>\$5,160,147</b>	<b>\$10,688,692</b>	-	<b>\$10,688,692</b>

1. The lesser of 10 years or since inception is shown. Performance inception date is March 31, 2022.  
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.  
 3. Realized gains / (losses) are shown on an amortized cost basis.

### Accrual Basis Earnings - ZONE 7 WATER AGENCY



Accrual Basis Earnings	1Q2025	4Q2024	3Q2024	2Q2024
Interest Earned <sup>1</sup>	\$1,264,798	\$1,179,794	\$1,116,399	\$1,015,062
Realized Gains / (Losses) <sup>2</sup>	(\$118,612)	(\$93,804)	(\$143,247)	(\$60,064)
Change in Amortized Cost	\$208,737	\$244,213	\$260,606	\$286,265
<b>Total Earnings</b>	<b>\$1,354,923</b>	<b>\$1,330,203</b>	<b>\$1,233,757</b>	<b>\$1,241,263</b>

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
<b>U.S. Treasury</b>	<b>55.1%</b>	
United States Treasury	55.1%	AA / Aaa / AA
<b>Agency CMBS</b>	<b>20.5%</b>	
Federal Home Loan Mortgage Corp	19.6%	AA / Aaa / AA
Federal National Mortgage Association	0.9%	AA / Aaa / AA
<b>Negotiable CD</b>	<b>0.9%</b>	
Cooperatieve Rabobank UA	0.9%	A / Aa / AA
<b>Corporate</b>	<b>18.8%</b>	
Adobe Inc	0.7%	A / A / NR
Amazon.com Inc	1.4%	AA / A / AA
Apple Inc	1.6%	AA / Aaa / NR
Bank of America Corp	1.4%	A / A / AA
BlackRock Inc	0.1%	AA / Aa / NR
Citigroup Inc	1.4%	A / Aa / A
Deere & Co	0.7%	A / A / A
Eli Lilly & Co	0.7%	A / Aa / NR
Home Depot Inc	0.9%	A / A / A
JPMorgan Chase & Co	1.4%	AA / Aa / AA
Mastercard Inc	0.6%	A / Aa / NR
Microsoft Corp	1.4%	AAA / Aaa / NR
Morgan Stanley	0.9%	A / Aa / AA
PACCAR Inc	0.7%	A / A / NR
PepsiCo Inc	0.7%	A / A / NR
State Street Corp	0.5%	A / Aa / AA
Target Corp	0.9%	A / A / A
Toyota Motor Corp	0.7%	A / A / A
Walmart Inc	0.9%	AA / Aa / AA

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>Corporate</b>	<b>18.8%</b>	
Wells Fargo & Co	1.3%	A / Aa / AA
<b>ABS</b>	<b>4.7%</b>	
American Express Co	0.7%	AAA / NR / AAA
BA Credit Card Trust	0.3%	NR / Aaa / AAA
Citigroup Inc	0.2%	AAA / Aaa / AAA
GM Financial Consumer Automobile Receiv	0.1%	NR / Aaa / AAA
Honda Auto Receivables Owner Trust	0.7%	AAA / NR / AAA
Hyundai Auto Receivables Trust	0.9%	AAA / NR / AAA
JPMorgan Chase & Co	1.5%	AAA / NR / AAA
Toyota Auto Receivables Owner Trust	0.2%	AAA / NR / AAA
<b>Total</b>	<b>100.0%</b>	

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 March 31, 2025

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	81,507,829	55.06 %
FEDERAL HOME LOAN MORTGAGE CORP	29,156,262	19.70 %
JPMORGAN CHASE & CO	4,263,463	2.88 %
CITIGROUP INC	2,352,158	1.59 %
APPLE INC	2,297,143	1.55 %
BANK OF AMERICA CORP	2,110,770	1.43 %
MICROSOFT CORP	2,047,635	1.38 %
AMAZON.COM INC	1,988,949	1.34 %
WELLS FARGO & CO	1,971,298	1.33 %
MORGAN STANLEY	1,374,377	0.93 %
COOPERATIEVE RABOBANK UA	1,372,236	0.93 %
HOME DEPOT INC	1,342,878	0.91 %
HYUNDAI AUTO RECEIVABLES TRUST	1,333,658	0.90 %
TARGET CORP	1,323,061	0.89 %
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1,304,837	0.88 %
WALMART INC	1,296,733	0.88 %
ELI LILLY & CO	1,092,741	0.74 %
AMERICAN EXPRESS CO	1,082,916	0.73 %
HONDA AUTO RECEIVABLES OWNER TRUST	1,075,046	0.73 %
PEPSICO INC	1,058,528	0.72 %
DEERE & CO	1,014,312	0.69 %
ADOBE INC	1,005,098	0.68 %
PACCAR INC	992,602	0.67 %
TOYOTA MOTOR CORP	986,305	0.67 %

*ZONE 7 WATER AGENCY*

*Portfolio Composition*

<b>Issuer</b>	<b>Market Value (\$)</b>	<b>% of Portfolio</b>
MASTERCARD INC	948,356	0.64 %
STATE STREET CORP	684,942	0.46 %
BA CREDIT CARD TRUST	485,259	0.33 %
TOYOTA AUTO RECEIVABLES OWNER TRUST	268,974	0.18 %
GM FINANCIAL CONSUMER AUTOMOBILE RECEIV	130,728	0.09 %
BLACKROCK INC	126,791	0.09 %
<b>Grand Total</b>	<b>147,995,886</b>	<b>100.00 %</b>

ZONE 7 WATER AGENCY

### 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
<b>U.S. Treasury</b>											
US TREASURY N/B 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	69.77	3,333,989.30	3,295,566.71
US TREASURY N/B DTD 03/31/2021 0.750% 03/31/2026	91282CBT7	2,255,000.00	AA+	Aaa	4/1/2022	4/4/2022	2,094,771.68	2.64	46.21	2,214,970.41	2,182,526.56
US TREASURY N/B 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	3,857.73	1,210,896.78	1,182,526.80
US TREASURY N/B DTD 06/01/2021 0.750% 05/31/2026	91282CCF6	1,665,000.00	AA+	Aaa	3/8/2022	3/9/2022	1,592,546.48	1.82	4,185.37	1,645,056.51	1,603,213.52
US TREASURY N/B DTD 06/01/2021 0.750% 05/31/2026	91282CCF6	6,760,000.00	AA+	Aaa	6/6/2022	6/8/2022	6,195,434.38	2.99	16,992.86	6,594,865.53	6,509,143.16
US TREASURY N/B 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	81.76	3,318,874.01	3,267,303.84
US TREASURY N/B 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	48,820.44	6,351,838.53	6,252,468.75
US TREASURY N/B 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	14,823.90	5,244,250.32	5,139,346.40
US TREASURY N/B 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	12,124.31	5,505,643.35	5,383,385.70
US TREASURY N/B 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	55,906.98	6,110,953.68	6,024,169.52
US TREASURY N/B 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	3,456.49	2,607,779.46	2,549,874.25
US TREASURY N/B 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	7,188.19	2,505,952.90	2,473,825.46
US TREASURY N/B DTD 09/30/2022 4.125% 09/30/2027	91282CFM8	875,000.00	AA+	Aaa	11/1/2022	11/3/2022	869,291.99	4.27	98.62	872,095.03	879,579.75
US TREASURY N/B 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	102,017.40	5,958,425.13	5,919,909.42
US TREASURY N/B DTD 11/17/1997 6.125% 11/15/2027	912810FB9	1,560,000.00	AA+	Aaa	1/26/2023	1/30/2023	1,730,685.94	3.62	36,161.19	1,653,438.36	1,645,860.84

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
<b>U.S. Treasury</b>											
US TREASURY N/B DTD 02/28/2023 4.000% 02/29/2028	91282CGP0	600,000.00	AA+	Aaa	2/14/2024	2/15/2024	593,203.12	4.31	2,086.96	595,097.03	601,359.60
US TREASURY N/B DTD 03/31/2023 3.625% 03/31/2028	91282CGT2	850,000.00	AA+	Aaa	5/31/2023	5/31/2023	842,263.67	3.83	84.19	845,203.12	843,193.20
US TREASURY N/B DTD 05/01/2023 3.500% 04/30/2028	91282CHA2	865,000.00	AA+	Aaa	5/1/2023	5/1/2023	860,877.73	3.61	12,712.15	862,460.27	854,389.91
US TREASURY N/B DTD 04/30/2024 4.625% 04/30/2029	91282CKP5	475,000.00	AA+	Aaa	5/2/2024	5/3/2024	476,076.17	4.57	9,224.45	475,897.51	486,875.00
US TREASURY N/B DTD 04/30/2024 4.625% 04/30/2029	91282CKP5	1,530,000.00	AA+	Aaa	5/30/2024	5/31/2024	1,532,211.33	4.59	29,712.43	1,531,870.20	1,568,250.00
US TREASURY N/B DTD 07/01/2024 4.250% 06/30/2029	91282CKX8	4,740,000.00	AA+	Aaa	7/2/2024	7/3/2024	4,713,152.34	4.38	50,640.75	4,716,806.70	4,792,770.42
US TREASURY N/B DTD 07/31/2024 4.000% 07/31/2029	91282CLC3	230,000.00	AA+	Aaa	8/1/2024	8/2/2024	231,608.20	3.84	1,524.86	231,413.27	230,341.32
US TREASURY N/B DTD 09/03/2024 3.625% 08/31/2029	91282CLK5	3,420,000.00	AA+	Aaa	9/4/2024	9/5/2024	3,427,080.47	3.58	10,780.43	3,426,341.06	3,373,241.76
US TREASURY N/B DTD 10/31/2024 4.125% 10/31/2029	91282CLR0	445,000.00	AA+	Aaa	10/30/2024	10/31/2024	444,634.96	4.14	7,707.60	444,663.47	447,746.54
US TREASURY N/B DTD 12/02/2024 4.125% 11/30/2029	91282CMA6	7,280,000.00	AA+	Aaa	12/5/2024	12/6/2024	7,293,081.25	4.08	100,650.00	7,292,344.26	7,327,487.44
US TREASURY N/B DTD 01/31/2025 4.250% 01/31/2030	91282CMG3	1,585,000.00	AA+	Aaa	2/4/2025	2/5/2025	1,579,118.16	4.33	11,165.06	1,579,284.45	1,603,327.36
US TREASURY N/B DTD 02/28/2023 4.000% 02/28/2030	91282CGQ8	5,065,000.00	AA+	Aaa	3/4/2025	3/5/2025	5,075,288.28	3.95	17,617.39	5,075,153.21	5,070,146.04
<b>Security Type Sub-Total</b>		<b>83,205,000.00</b>					<b>80,339,599.01</b>	<b>3.40</b>	<b>559,737.49</b>	<b>82,205,563.85</b>	<b>81,507,829.27</b>
<b>Negotiable CD</b>											
COOPERAT RABOBANK UA/NY DTD 07/20/2023 5.080% 07/17/2026	21684LGS5	1,350,000.00	A+	Aa2	7/17/2023	7/20/2023	1,350,000.00	5.08	14,097.00	1,350,000.00	1,372,235.85
<b>Security Type Sub-Total</b>		<b>1,350,000.00</b>					<b>1,350,000.00</b>	<b>5.08</b>	<b>14,097.00</b>	<b>1,350,000.00</b>	<b>1,372,235.85</b>

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
<b>Corporate</b>											
AMAZON.COM INC 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	27,860.00	1,989,964.84	1,988,949.28
WALMART INC (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	12,178.47	1,301,567.13	1,296,733.10
WELLS FARGO BANK NA (CALLABLE) DTD 08/09/2023 5.450% 08/07/2026	94988J6D4	1,945,000.00	A+	Aa2	8/18/2023	8/22/2023	1,942,335.35	5.50	15,900.38	1,943,784.02	1,971,298.34
JP MORGAN CHASE BANK NA (CALLABLE) DTD 12/08/2023 5.110% 12/08/2026	48125LRU8	2,000,000.00	AA-	Aa2	12/5/2023	12/8/2023	2,000,000.00	5.11	32,079.44	2,000,000.00	2,025,406.00
TARGET CORP (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	5,660.42	1,372,068.28	1,323,060.75
MICROSOFT CORP (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	10,461.46	2,048,504.55	2,047,634.90
BANK OF AMERICA CORP (CALLABLE) DTD 03/11/2021 1.658% 03/11/2027	06051GJQ3	2,170,000.00	A-	A1	4/13/2022	4/18/2022	2,000,761.70	3.40	1,998.81	2,102,803.85	2,110,769.85
HOME DEPOT INC (CALLABLE) DTD 09/14/2017 2.800% 09/14/2027	437076BT8	1,390,000.00	A	A2	1/26/2023	1/30/2023	1,311,326.00	4.16	1,837.89	1,348,251.72	1,342,877.61
TOYOTA MOTOR CREDIT CORP DTD 01/12/2023 4.625% 01/12/2028	89236TKQ7	980,000.00	A+	A1	8/14/2023	8/16/2023	967,946.00	4.94	9,946.32	972,392.15	986,305.32
APPLE INC (CALLABLE) DTD 05/10/2023 4.000% 05/10/2028	037833ET3	2,300,000.00	AA+	Aaa	5/10/2023	5/11/2023	2,302,001.00	3.98	36,033.33	2,301,231.82	2,297,143.40
MORGAN STANLEY BANK NA (CALLABLE) DTD 05/30/2024 5.504% 05/26/2028	61690U8B9	890,000.00	A+	Aa3	5/30/2024	5/31/2024	891,877.90	5.45	17,008.89	891,286.50	906,070.73
MORGAN STANLEY BANK NA (CALLABLE) DTD 05/30/2024 5.504% 05/26/2028	61690U8B9	460,000.00	A+	Aa3	5/28/2024	5/30/2024	460,000.00	5.50	8,791.11	460,000.00	468,306.22
JOHN DEERE CAPITAL CORP DTD 07/14/2023 4.950% 07/14/2028	24422EXB0	345,000.00	A	A1	7/14/2023	7/18/2023	348,381.00	4.73	3,652.69	347,227.02	351,696.11
JOHN DEERE CAPITAL CORP DTD 07/14/2023 4.950% 07/14/2028	24422EXB0	455,000.00	A	A1	7/11/2023	7/14/2023	454,322.05	4.98	4,817.31	454,554.44	463,831.10
JOHN DEERE CAPITAL CORP DTD 07/14/2023 4.950% 07/14/2028	24422EXB0	195,000.00	A	A1	7/13/2023	7/14/2023	197,652.00	4.64	2,064.56	196,742.95	198,784.76

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
<b>Corporate</b>											
PACCAR FINANCIAL CORP DTD 08/10/2023 4.950% 08/10/2028	69371RS64	975,000.00	A+	A1	8/17/2023	8/21/2023	970,407.75	5.06	6,837.19	971,896.57	992,601.68
CITIBANK NA (CALLABLE) DTD 09/29/2023 5.803% 09/29/2028	17325FBB3	1,975,000.00	A+	Aa3	9/26/2023	9/29/2023	1,975,000.00	5.80	636.72	1,975,000.00	2,055,840.70
STATE STREET CORP (CALLABLE) DTD 08/20/2024 4.530% 02/20/2029	857477CN1	685,000.00	A	Aa3	8/14/2024	8/20/2024	685,000.00	4.53	3,534.03	685,000.00	684,941.78
BLACKROCK FUNDING INC (CALLABLE) DTD 03/14/2024 4.700% 03/14/2029	09290DAA9	125,000.00	AA-	Aa3	3/5/2024	3/14/2024	124,773.75	4.74	277.43	124,817.25	126,791.13
ADOBE INC (CALLABLE) DTD 04/04/2024 4.800% 04/04/2029	00724PAF6	445,000.00	A+	A1	4/2/2024	4/4/2024	444,256.85	4.84	10,502.00	444,390.53	451,786.69
ADOBE INC (CALLABLE) DTD 04/04/2024 4.800% 04/04/2029	00724PAF6	545,000.00	A+	A1	4/1/2024	4/4/2024	544,187.95	4.83	12,862.00	544,334.05	553,311.79
MASTERCARD INC (CALLABLE) DTD 05/31/2019 2.950% 06/01/2029	57636QAM6	1,000,000.00	A+	Aa3	6/26/2024	6/27/2024	918,740.00	4.82	9,833.33	930,092.76	948,356.00
PEPSICO INC (CALLABLE) DTD 07/17/2024 4.500% 07/17/2029	713448FX1	720,000.00	A+	A1	7/15/2024	7/17/2024	718,884.00	4.53	6,660.00	719,029.68	726,057.36
ELI LILLY & CO (CALLABLE) DTD 08/14/2024 4.200% 08/14/2029	532457CQ9	855,000.00	A+	Aa3	8/13/2024	8/14/2024	856,248.30	4.17	4,688.25	856,106.16	849,357.86
ELI LILLY & CO (CALLABLE) DTD 08/14/2024 4.200% 08/14/2029	532457CQ9	245,000.00	A+	Aa3	8/12/2024	8/14/2024	244,463.45	4.25	1,343.42	244,525.93	243,383.25
PEPSICO INC (CALLABLE) DTD 02/07/2025 4.600% 02/07/2030	713448GB8	330,000.00	A+	A1	2/5/2025	2/7/2025	329,445.60	4.64	2,277.00	329,461.03	332,470.38
<b>Security Type Sub-Total</b>		<b>27,770,000.00</b>					<b>27,429,922.80</b>	<b>4.30</b>	<b>249,742.45</b>	<b>27,555,033.23</b>	<b>27,743,766.09</b>
<b>Agency CMBS</b>											
FHMS K061 A2 DTD 01/01/2017 3.347% 11/01/2026	3137BTUM1	934,954.64	AA+	Aaa	5/19/2023	5/24/2023	906,175.58	4.29	2,607.74	921,398.13	918,765.90
FHMS K064 A2 DTD 05/01/2017 3.224% 03/01/2027	3137BXQY1	1,320,000.00	AA+	Aaa	8/16/2023	8/18/2023	1,245,131.25	4.94	3,546.40	1,278,784.67	1,294,786.68
FHMS K066 A2 DTD 08/01/2017 3.117% 06/01/2027	3137F2LJ3	1,165,000.00	AA+	Aaa	8/17/2023	8/22/2023	1,089,457.03	4.97	3,026.09	1,121,083.48	1,138,058.21

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
<b>Agency CMBS</b>											
FHMS K506 A1 DTD 09/01/2023 4.650% 05/01/2028	3137HAMG8	640,086.58	AA+	Aaa	9/7/2023	9/14/2023	630,514.10	5.01	2,480.34	633,411.48	645,620.13
FHMS KJ46 A1 DTD 07/01/2023 4.777% 06/01/2028	3137HAD45	1,070,900.85	AA+	Aaa	7/19/2023	7/27/2023	1,070,874.07	4.78	4,263.08	1,070,883.22	1,077,402.29
FHMS K505 A2 DTD 07/01/2023 4.819% 06/01/2028	3137HACX2	1,350,000.00	AA+	Aaa	7/13/2023	7/20/2023	1,363,483.80	4.59	5,421.38	1,358,842.33	1,368,200.70
FNA 2023-M6 A2 DTD 07/01/2023 4.190% 07/01/2028	3136BQDE6	1,313,407.21	AA+	Aaa	7/18/2023	7/31/2023	1,291,140.85	4.58	4,585.98	1,298,587.79	1,304,837.23
FHMS K508 A2 DTD 10/01/2023 4.740% 08/01/2028	3137HAQ74	1,325,000.00	AA+	Aaa	10/11/2023	10/19/2023	1,295,934.80	5.25	5,233.75	1,303,836.53	1,340,691.97
FHMS K506 A2 DTD 09/01/2023 4.650% 08/01/2028	3137HAMH6	1,300,000.00	AA+	Aaa	9/7/2023	9/14/2023	1,280,769.10	4.99	5,037.50	1,286,263.53	1,311,763.70
FHMS KJ47 A1 DTD 09/01/2023 5.272% 08/01/2028	3137HAMN3	685,597.21	AA+	Aaa	9/19/2023	9/28/2023	685,593.77	5.27	3,012.06	685,595.07	698,250.59
FHMS K507 A2 DTD 09/01/2023 4.800% 09/01/2028	3137HAMS2	1,300,000.00	AA+	Aaa	9/20/2023	9/28/2023	1,284,461.10	5.07	5,200.00	1,288,566.17	1,317,940.00
FHMS K509 A2 DTD 10/01/2023 4.850% 09/01/2028	3137HAST4	1,015,000.00	AA+	Aaa	10/25/2023	10/31/2023	982,638.76	5.60	4,102.29	990,712.77	1,030,455.41
FHMS K511 A2 DTD 12/01/2023 4.860% 10/01/2028	3137HB3G7	750,000.00	AA+	Aaa	11/28/2023	12/7/2023	747,845.25	4.93	3,037.50	748,374.57	761,637.00
FHMS K510 A2 DTD 11/01/2023 5.069% 10/01/2028	3137HB3D4	515,000.00	AA+	Aaa	11/14/2023	11/21/2023	513,511.14	5.14	2,175.45	513,884.63	526,295.49
FHMS K512 A2 DTD 12/01/2023 5.000% 11/01/2028	3137HBCF9	680,000.00	AA+	Aaa	12/11/2023	12/21/2023	686,349.84	4.79	2,833.33	684,850.51	693,655.76
FHMS K514 A2 DTD 02/01/2024 4.572% 12/01/2028	3137HBLV4	780,000.00	AA+	Aaa	2/1/2024	2/8/2024	787,799.22	4.34	2,971.80	786,119.55	785,082.48
FHMS K513 A2 DTD 01/01/2024 4.724% 12/01/2028	3137HBFY5	770,000.00	AA+	Aaa	1/10/2024	1/18/2024	777,691.53	4.50	3,031.23	775,978.78	778,926.61
FHMS K515 A2 DTD 02/01/2024 5.400% 01/01/2029	3137HBPD0	1,350,000.00	AA+	Aaa	2/14/2024	2/22/2024	1,386,369.00	4.79	6,075.00	1,378,944.10	1,394,254.35
FHMS K518 A2 DTD 03/01/2024 5.400% 01/01/2029	3137HC2L5	975,000.00	AA+	Aaa	3/19/2024	3/28/2024	998,541.38	4.83	4,387.50	994,377.88	1,008,750.60
FHMS K516 A2 DTD 03/01/2024 5.477% 01/01/2029	3137HBPM0	1,350,000.00	AA+	Aaa	2/29/2024	3/7/2024	1,390,495.95	4.79	6,161.63	1,382,472.86	1,398,270.60

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
<b>Agency CMBS</b>											
FHMS K517 A2 DTD 03/01/2024 5.355% 01/01/2029	3137HC2C5	1,210,000.00	AA+	Aaa	3/5/2024	3/14/2024	1,246,283.06	4.67	5,399.63	1,239,181.20	1,248,905.13
FHMS K520 A2 DTD 04/01/2024 5.180% 03/01/2029	3137HCKV3	765,000.00	AA+	Aaa	4/23/2024	4/30/2024	768,105.14	5.09	3,302.25	767,622.64	786,393.99
FHMS K524 A2 DTD 07/01/2024 4.720% 05/01/2029	3137HDV56	1,145,000.00	AA+	Aaa	7/16/2024	7/25/2024	1,152,031.44	4.58	4,503.67	1,151,230.93	1,159,321.66
FHMS K522 A2 DTD 06/01/2024 4.803% 05/01/2029	3137HDJJ0	1,400,000.00	AA+	Aaa	6/5/2024	6/13/2024	1,399,995.80	4.80	5,603.50	1,400,000.00	1,421,312.20
FHMS K528 A2 DTD 09/01/2024 4.508% 07/01/2029	3137HFNZ4	510,000.00	AA+	Aaa	9/4/2024	9/12/2024	520,189.80	4.06	1,915.90	519,136.25	512,423.01
FHMS K526 A2 DTD 08/01/2024 4.543% 07/01/2029	3137HDXL9	1,300,000.00	AA+	Aaa	8/7/2024	8/15/2024	1,312,160.20	4.33	4,921.58	1,310,762.93	1,307,911.80
FHMS K530 A2 DTD 11/01/2024 4.792% 09/01/2029	3137HHJL6	1,465,000.00	AA+	Aaa	11/19/2024	11/27/2024	1,472,628.26	4.67	5,850.23	1,472,253.21	1,488,467.84
FHMS K529 A2 DTD 10/01/2024 4.791% 09/01/2029	3137HH6C0	855,000.00	AA+	Aaa	10/8/2024	10/16/2024	872,088.89	4.34	3,413.59	870,659.62	868,622.72
FHMS K533 A2 DTD 01/01/2025 4.230% 12/01/2029	3137HHW23	880,000.00	AA+	Aaa	1/7/2025	1/16/2025	857,259.92	4.82	3,102.00	858,110.85	874,095.20
<b>Security Type Sub-Total</b>		<b>30,119,946.49</b>					<b>30,015,520.03</b>	<b>4.79</b>	<b>117,202.40</b>	<b>30,091,925.68</b>	<b>30,461,099.25</b>
<b>ABS</b>											
CCCIT 2023-A1 A1 DTD 12/11/2023 5.230% 12/08/2027	17305EGW9	295,000.00	AAA	Aaa	12/4/2023	12/11/2023	294,963.01	5.23	4,842.83	294,974.45	296,316.88
TAOT 2023-D A3 DTD 11/14/2023 5.540% 08/15/2028	89239FAD4	265,000.00	AAA	NR	11/7/2023	11/14/2023	264,971.43	5.54	652.49	264,979.67	268,973.94
AMXCA 2023-3 A DTD 09/19/2023 5.230% 09/15/2028	02582JKD1	1,070,000.00	AAA	NR	9/12/2023	9/19/2023	1,069,952.17	5.23	2,487.16	1,069,966.24	1,082,915.97
CHAIT 2023-A1 A DTD 09/15/2023 5.160% 09/15/2028	161571HT4	1,045,000.00	AAA	NR	9/7/2023	9/15/2023	1,044,710.33	5.17	2,396.53	1,044,792.06	1,056,690.42
HART 2023-C A3 DTD 11/13/2023 5.540% 10/16/2028	44918CAD4	395,000.00	AAA	NR	11/3/2023	11/13/2023	394,948.06	5.54	972.58	394,961.97	400,153.96
BACCT 2023-A2 A2 DTD 12/14/2023 4.980% 11/15/2028	05522RDH8	480,000.00	NR	Aaa	12/7/2023	12/14/2023	479,935.54	4.98	1,062.40	479,952.37	485,259.36

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
<b>ABS</b>											
GMCAR 2024-1 A3 DTD 01/17/2024 4.850% 12/18/2028	36268GAD7	130,000.00	NR	Aaa	1/9/2024	1/17/2024	129,973.86	4.85	262.71	129,979.72	130,728.39
CHAIT 2024-A1 A DTD 01/31/2024 4.600% 01/16/2029	161571HV9	1,175,000.00	AAA	NR	1/24/2024	1/31/2024	1,174,821.05	4.60	2,402.22	1,174,861.25	1,181,366.15
HAROT 2025-1 A3 DTD 02/11/2025 4.570% 09/21/2029	43814VAC1	1,070,000.00	AAA	NR	2/4/2025	2/11/2025	1,069,967.04	4.57	1,358.31	1,069,969.76	1,075,046.12
HART 2025-A A3 DTD 03/12/2025 4.320% 10/15/2029	44935CAD3	935,000.00	AAA	NR	3/4/2025	3/12/2025	934,862.09	4.32	2,131.80	934,865.35	933,504.00
<b>Security Type Sub-Total</b>		<b>6,860,000.00</b>					<b>6,859,104.58</b>	<b>4.89</b>	<b>18,569.03</b>	<b>6,859,302.84</b>	<b>6,910,955.19</b>
<b>Managed Account Sub Total</b>		<b>149,304,946.49</b>					<b>145,994,146.42</b>	<b>3.94</b>	<b>959,348.37</b>	<b>148,061,825.60</b>	<b>147,995,885.65</b>
<b>Securities Sub Total</b>		<b>\$149,304,946.49</b>					<b>\$145,994,146.42</b>	<b>3.94%</b>	<b>\$959,348.37</b>	<b>\$148,061,825.60</b>	<b>\$147,995,885.65</b>
<b>Accrued Interest</b>											<b>\$959,348.37</b>
<b>Total Investments</b>											<b>\$148,955,234.02</b>

### Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>BUY</b>									
1/7/2025	1/16/2025	880,000.00	3137HHW23	FHMS K533 A2	4.23%	12/1/2029	858,810.92	4.82%	
1/9/2025	1/9/2025	460,000.00	912797LY1	TREASURY BILL	0.00%	1/16/2025	459,626.57	4.17%	
2/4/2025	2/5/2025	1,070,000.00	912797NG8	TREASURY BILL	0.00%	2/11/2025	1,069,248.41	4.21%	
2/4/2025	2/5/2025	1,915,000.00	91282CMG3	US TREASURY N/B	4.25%	1/31/2030	1,909,017.69	4.33%	
2/4/2025	2/11/2025	1,070,000.00	43814VAC1	HAROT 2025-1 A3	4.57%	9/21/2029	1,069,967.04	4.57%	
2/5/2025	2/7/2025	330,000.00	713448GB8	PEPSICO INC (CALLABLE)	4.60%	2/7/2030	329,445.60	4.64%	
3/4/2025	3/5/2025	5,065,000.00	91282CGQ8	US TREASURY N/B	4.00%	2/28/2030	5,078,041.00	3.95%	
3/4/2025	3/12/2025	935,000.00	44935CAD3	HART 2025-A A3	4.32%	10/15/2029	934,862.09	4.32%	
3/5/2025	3/6/2025	935,000.00	313385CY0	FED HOME LN DISCOUNT NT	0.00%	3/12/2025	934,353.29	4.15%	
<b>Total BUY</b>		<b>12,660,000.00</b>					<b>12,643,372.61</b>		<b>0.00</b>
<b>INTEREST</b>									
1/1/2025	1/25/2025		3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	6,075.00		
1/1/2025	1/25/2025		3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	3,037.32		
1/1/2025	1/25/2025		3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,624.33		
1/1/2025	1/25/2025		3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
1/1/2025	1/25/2025		3137HHJL6	FHMS K530 A2	4.79%	9/1/2029	5,850.23		
1/1/2025	1/25/2025		3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		

### Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
1/1/2025	1/25/2025		3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
1/1/2025	1/25/2025		3137HCKV3	FHMS K520 A2	5.18%	3/1/2029	3,302.25		
1/1/2025	1/25/2025		3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,833.33		
1/1/2025	1/25/2025		3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.38		
1/1/2025	1/25/2025		3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	4,387.50		
1/1/2025	1/25/2025		3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,487.29		
1/1/2025	1/25/2025		3137HDXL9	FHMS K526 A2	4.54%	7/1/2029	4,921.58		
1/1/2025	1/25/2025		3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
1/1/2025	1/25/2025		3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,577.92		
1/1/2025	1/25/2025		3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	3,026.09		
1/1/2025	1/25/2025		3137HFNZ4	FHMS K528 A2	4.50%	7/1/2029	1,915.90		
1/1/2025	1/25/2025		3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,274.68		
1/1/2025	1/25/2025		3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	5,399.63		
1/1/2025	1/25/2025		3137HH6C0	FHMS K529 A2	4.79%	9/1/2029	3,413.59		
1/1/2025	1/25/2025		3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
1/1/2025	1/25/2025		3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
1/1/2025	1/25/2025		3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	5,603.50		

### Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
1/1/2025	1/25/2025		3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
1/1/2025	1/25/2025		3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
1/1/2025	1/25/2025		3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	6,161.63		
1/1/2025	1/25/2025		3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
1/1/2025	1/25/2025		3137HDV56	FHMS K524 A2	4.72%	5/1/2029	4,503.67		
1/2/2025	1/2/2025		MONEY0002	MONEY MARKET FUND	0.00%		21,489.48		
1/12/2025	1/12/2025		89236TKQ7	TOYOTA MOTOR CREDIT CORP	4.62%	1/12/2028	22,662.50		
1/14/2025	1/14/2025		24422EXB0	JOHN DEERE CAPITAL CORP	4.95%	7/14/2028	24,626.25		
1/15/2025	1/15/2025		44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,823.58		
1/15/2025	1/15/2025		161571HV9	CHAIT 2024-A1 A	4.60%	1/16/2029	4,504.17		
1/15/2025	1/15/2025		161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
1/15/2025	1/15/2025		89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,223.42		
1/15/2025	1/15/2025		05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
1/15/2025	1/15/2025		87612EBM7	TARGET CORP (CALLABLE)	1.95%	1/15/2027	13,406.25		
1/15/2025	1/15/2025		02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
1/16/2025	1/16/2025		36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	525.42		
1/17/2025	1/17/2025		713448FX1	PEPSICO INC (CALLABLE)	4.50%	7/17/2029	16,200.00		

### Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
1/17/2025	1/17/2025		21684LGS5	COOPERAT RABOBANK UA/NY	5.08%	7/17/2026	34,290.00		
1/31/2025	1/31/2025		91282CLC3	US TREASURY N/B	4.00%	7/31/2029	4,600.00		
1/31/2025	1/31/2025		91282CBH3	US TREASURY N/B	0.37%	1/31/2026	5,925.00		
2/1/2025	2/25/2025		3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.38		
2/1/2025	2/25/2025		3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,619.13		
2/1/2025	2/25/2025		3137HCKV3	FHMS K520 A2	5.18%	3/1/2029	3,302.25		
2/1/2025	2/25/2025		3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,833.33		
2/1/2025	2/25/2025		3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
2/1/2025	2/25/2025		3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
2/1/2025	2/25/2025		3137HDXL9	FHMS K526 A2	4.54%	7/1/2029	4,921.58		
2/1/2025	2/25/2025		3137HFNZ4	FHMS K528 A2	4.50%	7/1/2029	1,915.90		
2/1/2025	2/25/2025		3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	5,603.50		
2/1/2025	2/25/2025		3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
2/1/2025	2/25/2025		3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,271.71		
2/1/2025	2/25/2025		3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
2/1/2025	2/25/2025		3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	3,026.09		
2/1/2025	2/25/2025		3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,576.78		

### Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
2/1/2025	2/25/2025		3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
2/1/2025	2/25/2025		3137HH6C0	FHMS K529 A2	4.79%	9/1/2029	3,413.59		
2/1/2025	2/25/2025		3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
2/1/2025	2/25/2025		3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
2/1/2025	2/25/2025		3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	3,030.81		
2/1/2025	2/25/2025		3137HDV56	FHMS K524 A2	4.72%	5/1/2029	4,503.67		
2/1/2025	2/25/2025		3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	4,387.50		
2/1/2025	2/25/2025		3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,485.27		
2/1/2025	2/25/2025		3137HHW23	FHMS K533 A2	4.23%	12/1/2029	3,102.00		
2/1/2025	2/25/2025		3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
2/1/2025	2/25/2025		3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	5,399.63		
2/1/2025	2/25/2025		3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
2/1/2025	2/25/2025		3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	6,161.63		
2/1/2025	2/25/2025		3137HHJL6	FHMS K530 A2	4.79%	9/1/2029	5,850.23		
2/1/2025	2/25/2025		3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	6,075.00		
2/3/2025	2/3/2025		MONEY0002	MONEY MARKET FUND	0.00%		19,019.97		
2/6/2025	2/6/2025		594918BY9	MICROSOFT CORP (CALLABLE)	3.30%	2/6/2027	34,237.50		

### Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
2/7/2025	2/7/2025		94988J6D4	WELLS FARGO BANK NA (CALLABLE)	5.45%	8/7/2026	53,001.25		
2/10/2025	2/10/2025		69371RS64	PACCAR FINANCIAL CORP	4.95%	8/10/2028	24,131.25		
2/14/2025	2/14/2025		532457CQ9	ELI LILLY & CO (CALLABLE)	4.20%	8/14/2029	23,100.00		
2/15/2025	2/15/2025		9128282R0	US TREASURY N/B	2.25%	8/15/2027	28,912.50		
2/15/2025	2/15/2025		89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,223.42		
2/15/2025	2/15/2025		912828V98	US TREASURY N/B	2.25%	2/15/2027	59,625.00		
2/15/2025	2/15/2025		44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,823.58		
2/15/2025	2/15/2025		05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
2/15/2025	2/15/2025		161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
2/15/2025	2/15/2025		161571HV9	CHAIT 2024-A1 A	4.60%	1/16/2029	4,504.17		
2/15/2025	2/15/2025		02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
2/16/2025	2/16/2025		36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	525.42		
2/20/2025	2/20/2025		857477CN1	STATE STREET CORP (CALLABLE)	4.53%	2/20/2029	15,515.25		
2/28/2025	2/28/2025		91282CGP0	US TREASURY N/B	4.00%	2/29/2028	12,000.00		
2/28/2025	2/28/2025		91282CLK5	US TREASURY N/B	3.62%	8/31/2029	61,987.50		
3/1/2025	3/25/2025		3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,833.33		
3/1/2025	3/25/2025		3137HCKV3	FHMS K520 A2	5.18%	3/1/2029	3,302.25		

### Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
3/1/2025	3/25/2025		3137HHJL6	FHMS K530 A2	4.79%	9/1/2029	5,850.23		
3/1/2025	3/25/2025		3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
3/1/2025	3/25/2025		3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
3/1/2025	3/25/2025		3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
3/1/2025	3/25/2025		3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
3/1/2025	3/25/2025		3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	5,603.50		
3/1/2025	3/25/2025		3137HDV56	FHMS K524 A2	4.72%	5/1/2029	4,503.67		
3/1/2025	3/25/2025		3137HDXL9	FHMS K526 A2	4.54%	7/1/2029	4,921.58		
3/1/2025	3/25/2025		3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,268.43		
3/1/2025	3/25/2025		3137HFNZ4	FHMS K528 A2	4.50%	7/1/2029	1,915.90		
3/1/2025	3/25/2025		3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,613.92		
3/1/2025	3/25/2025		3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
3/1/2025	3/25/2025		3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	6,075.00		
3/1/2025	3/25/2025		3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,576.79		
3/1/2025	3/25/2025		3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	5,399.63		
3/1/2025	3/25/2025		3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	3,026.09		
3/1/2025	3/25/2025		3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,483.24		

### Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
3/1/2025	3/25/2025		3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
3/1/2025	3/25/2025		3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
3/1/2025	3/25/2025		3137HHW23	FHMS K533 A2	4.23%	12/1/2029	3,102.00		
3/1/2025	3/25/2025		3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
3/1/2025	3/25/2025		3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	3,024.25		
3/1/2025	3/25/2025		3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
3/1/2025	3/25/2025		3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.38		
3/1/2025	3/25/2025		3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	6,161.63		
3/1/2025	3/25/2025		3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	4,387.50		
3/1/2025	3/25/2025		3137HH6C0	FHMS K529 A2	4.79%	9/1/2029	3,413.59		
3/3/2025	3/3/2025		MONEY0002	MONEY MARKET FUND	0.00%		17,062.13		
3/11/2025	3/11/2025		06051GJQ3	BANK OF AMERICA CORP (CALLABLE)	1.65%	3/11/2027	17,989.30		
3/14/2025	3/14/2025		437076BT8	HOME DEPOT INC (CALLABLE)	2.80%	9/14/2027	19,460.00		
3/14/2025	3/14/2025		09290DAA9	BLACKROCK FUNDING INC (CALLABLE)	4.70%	3/14/2029	2,937.50		
3/15/2025	3/15/2025		161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
3/15/2025	3/15/2025		89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,223.42		
3/15/2025	3/15/2025		161571HV9	CHAIT 2024-A1 A	4.60%	1/16/2029	4,504.17		

### Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
3/15/2025	3/15/2025		44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,823.58		
3/15/2025	3/15/2025		02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
3/15/2025	3/15/2025		05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
3/16/2025	3/16/2025		36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	525.42		
3/21/2025	3/21/2025		43814VAC1	HAROT 2025-1 A3	4.57%	9/21/2029	5,433.22		
3/29/2025	3/29/2025		17325FBB3	CITIBANK NA (CALLABLE)	5.80%	9/29/2028	57,304.63		
3/31/2025	3/31/2025		91282CBT7	US TREASURY N/B	0.75%	3/31/2026	21,225.00		
3/31/2025	3/31/2025		91282CCZ2	US TREASURY N/B	0.87%	9/30/2026	14,962.50		
3/31/2025	3/31/2025		91282CGT2	US TREASURY N/B	3.62%	3/31/2028	15,406.25		
3/31/2025	3/31/2025		91282CFM8	US TREASURY N/B	4.12%	9/30/2027	18,046.88		
<b>Total INTEREST</b>		<b>0.00</b>					<b>1,070,843.11</b>		<b>0.00</b>
<b>MATURITY</b>									
1/16/2025	1/16/2025	460,000.00	912797LY1	TREASURY BILL	0.00%	1/16/2025	460,000.00		
2/11/2025	2/11/2025	1,070,000.00	912797NG8	TREASURY BILL	0.00%	2/11/2025	1,070,000.00		
3/12/2025	3/12/2025	935,000.00	313385CY0	FED HOME LN DISCOUNT NT	0.00%	3/12/2025	935,000.00		
<b>Total MATURITY</b>		<b>2,465,000.00</b>					<b>2,465,000.00</b>		<b>0.00</b>

### Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>PAYDOWNS</b>									
1/1/2025	1/25/2025	521.36	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	521.36		5.83
1/1/2025	1/25/2025	1,482.21	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,482.21		
1/1/2025	1/25/2025	744.03	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	744.03		0.02
1/1/2025	1/25/2025	1,864.08	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	1,864.08		31.13
1/1/2025	1/25/2025	443.84	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	443.84		5.38
2/1/2025	2/25/2025	1,870.33	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	1,870.33		29.86
2/1/2025	2/25/2025	825.28	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	825.28		0.01
2/1/2025	2/25/2025	523.81	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	523.81		5.73
2/1/2025	2/25/2025	6.86	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	6.86		0.08
2/1/2025	2/25/2025	1,491.01	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,491.01		0.01
3/1/2025	3/25/2025	1,344.23	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	1,344.23		0.02
3/1/2025	3/25/2025	2,213.47	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,213.47		33.72
3/1/2025	3/25/2025	2,776.42	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	2,776.42		0.01
3/1/2025	3/25/2025	750.65	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	750.65		8.02
3/1/2025	3/25/2025	9.46	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	9.46		0.11
<b>Total PAYDOWNS</b>		<b>16,867.04</b>					<b>16,867.04</b>		<b>119.93</b>

### Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>SELL</b>									
1/8/2025	1/9/2025	475,000.00	91282CAM3	US TREASURY N/B	0.25%	9/30/2025	461,895.91		-4,628.21
2/4/2025	2/5/2025	1,760,000.00	91282CAM3	US TREASURY N/B	0.25%	9/30/2025	1,716,241.00		-16,016.76
2/4/2025	2/5/2025	1,065,000.00	91282CFM8	US TREASURY N/B	4.12%	9/30/2027	1,077,785.85		1,086.49
2/5/2025	2/7/2025	330,000.00	91282CMG3	US TREASURY N/B	4.25%	1/31/2030	330,335.65		1,287.00
3/4/2025	3/5/2025	1,600,000.00	91282CAZ4	US TREASURY N/B	0.37%	11/30/2025	1,558,065.93		-18,417.27
3/4/2025	3/5/2025	3,160,000.00	91282CBH3	US TREASURY N/B	0.37%	1/31/2026	3,056,899.00		-67,261.46
3/5/2025	3/6/2025	970,000.00	91282CBT7	US TREASURY N/B	0.75%	3/31/2026	939,907.76		-14,781.22
<b>Total SELL</b>		<b>9,360,000.00</b>					<b>9,141,131.10</b>		<b>-118,731.43</b>

### 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	1/7/2025	1/16/2025	880,000.00	3137HHW23	FHMS K533 A2	4.23%	12/1/2029	858,810.92	4.82%	
BUY	1/9/2025	1/9/2025	460,000.00	912797LY1	TREASURY BILL	0.00%	1/16/2025	459,626.57	4.17%	
BUY	2/4/2025	2/5/2025	1,070,000.00	912797NG8	TREASURY BILL	0.00%	2/11/2025	1,069,248.41	4.21%	
BUY	2/4/2025	2/5/2025	1,915,000.00	91282CMG3	US TREASURY N/B	4.25%	1/31/2030	1,909,017.69	4.33%	
BUY	2/4/2025	2/11/2025	1,070,000.00	43814VAC1	HAROT 2025-1 A3	4.57%	9/21/2029	1,069,967.04	4.57%	
BUY	2/5/2025	2/7/2025	330,000.00	713448GB8	PEPSICO INC (CALLABLE)	4.60%	2/7/2030	329,445.60	4.64%	
BUY	3/4/2025	3/5/2025	5,065,000.00	91282CGQ8	US TREASURY N/B	4.00%	2/28/2030	5,078,041.00	3.95%	
BUY	3/4/2025	3/12/2025	935,000.00	44935CAD3	HART 2025-A A3	4.32%	10/15/2029	934,862.09	4.32%	
BUY	3/5/2025	3/6/2025	935,000.00	313385CY0	FED HOME LN DISCOUNT NT	0.00%	3/12/2025	934,353.29	4.15%	
INTEREST	1/1/2025	1/25/2025		3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	6,075.00		
INTEREST	1/1/2025	1/25/2025		3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	3,037.32		
INTEREST	1/1/2025	1/25/2025		3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,624.33		
INTEREST	1/1/2025	1/25/2025		3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
INTEREST	1/1/2025	1/25/2025		3137HHJL6	FHMS K530 A2	4.79%	9/1/2029	5,850.23		
INTEREST	1/1/2025	1/25/2025		3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
INTEREST	1/1/2025	1/25/2025		3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
INTEREST	1/1/2025	1/25/2025		3137HCKV3	FHMS K520 A2	5.18%	3/1/2029	3,302.25		
INTEREST	1/1/2025	1/25/2025		3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,833.33		

### 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	1/1/2025	1/25/2025		3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.38		
INTEREST	1/1/2025	1/25/2025		3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	4,387.50		
INTEREST	1/1/2025	1/25/2025		3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,487.29		
INTEREST	1/1/2025	1/25/2025		3137HDXL9	FHMS K526 A2	4.54%	7/1/2029	4,921.58		
INTEREST	1/1/2025	1/25/2025		3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
INTEREST	1/1/2025	1/25/2025		3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,577.92		
INTEREST	1/1/2025	1/25/2025		3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	3,026.09		
INTEREST	1/1/2025	1/25/2025		3137HFNZ4	FHMS K528 A2	4.50%	7/1/2029	1,915.90		
INTEREST	1/1/2025	1/25/2025		3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,274.68		
INTEREST	1/1/2025	1/25/2025		3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	5,399.63		
INTEREST	1/1/2025	1/25/2025		3137HH6C0	FHMS K529 A2	4.79%	9/1/2029	3,413.59		
INTEREST	1/1/2025	1/25/2025		3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
INTEREST	1/1/2025	1/25/2025		3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
INTEREST	1/1/2025	1/25/2025		3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	5,603.50		
INTEREST	1/1/2025	1/25/2025		3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
INTEREST	1/1/2025	1/25/2025		3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
INTEREST	1/1/2025	1/25/2025		3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	6,161.63		
INTEREST	1/1/2025	1/25/2025		3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		

### 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	1/1/2025	1/25/2025		3137HDV56	FHMS K524 A2	4.72%	5/1/2029	4,503.67		
INTEREST	1/2/2025	1/2/2025		MONEY0002	MONEY MARKET FUND	0.00%		21,489.48		
INTEREST	1/12/2025	1/12/2025		89236TKQ7	TOYOTA MOTOR CREDIT CORP	4.62%	1/12/2028	22,662.50		
INTEREST	1/14/2025	1/14/2025		24422EXB0	JOHN DEERE CAPITAL CORP	4.95%	7/14/2028	24,626.25		
INTEREST	1/15/2025	1/15/2025		44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,823.58		
INTEREST	1/15/2025	1/15/2025		161571HV9	CHAIT 2024-A1 A	4.60%	1/16/2029	4,504.17		
INTEREST	1/15/2025	1/15/2025		161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
INTEREST	1/15/2025	1/15/2025		89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,223.42		
INTEREST	1/15/2025	1/15/2025		05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
INTEREST	1/15/2025	1/15/2025		87612EBM7	TARGET CORP (CALLABLE)	1.95%	1/15/2027	13,406.25		
INTEREST	1/15/2025	1/15/2025		02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
INTEREST	1/16/2025	1/16/2025		36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	525.42		
INTEREST	1/17/2025	1/17/2025		713448FX1	PEPSICO INC (CALLABLE)	4.50%	7/17/2029	16,200.00		
INTEREST	1/17/2025	1/17/2025		21684LGS5	COOPERAT RABOBANK UA/NY	5.08%	7/17/2026	34,290.00		
INTEREST	1/31/2025	1/31/2025		91282CLC3	US TREASURY N/B	4.00%	7/31/2029	4,600.00		
INTEREST	1/31/2025	1/31/2025		91282CBH3	US TREASURY N/B	0.37%	1/31/2026	5,925.00		
INTEREST	2/1/2025	2/25/2025		3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.38		
INTEREST	2/1/2025	2/25/2025		3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,619.13		

### 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	2/1/2025	2/25/2025		3137HCKV3	FHMS K520 A2	5.18%	3/1/2029	3,302.25		
INTEREST	2/1/2025	2/25/2025		3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,833.33		
INTEREST	2/1/2025	2/25/2025		3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
INTEREST	2/1/2025	2/25/2025		3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
INTEREST	2/1/2025	2/25/2025		3137HDXL9	FHMS K526 A2	4.54%	7/1/2029	4,921.58		
INTEREST	2/1/2025	2/25/2025		3137HFNZ4	FHMS K528 A2	4.50%	7/1/2029	1,915.90		
INTEREST	2/1/2025	2/25/2025		3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	5,603.50		
INTEREST	2/1/2025	2/25/2025		3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
INTEREST	2/1/2025	2/25/2025		3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,271.71		
INTEREST	2/1/2025	2/25/2025		3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
INTEREST	2/1/2025	2/25/2025		3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	3,026.09		
INTEREST	2/1/2025	2/25/2025		3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,576.78		
INTEREST	2/1/2025	2/25/2025		3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
INTEREST	2/1/2025	2/25/2025		3137HH6C0	FHMS K529 A2	4.79%	9/1/2029	3,413.59		
INTEREST	2/1/2025	2/25/2025		3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
INTEREST	2/1/2025	2/25/2025		3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
INTEREST	2/1/2025	2/25/2025		3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	3,030.81		
INTEREST	2/1/2025	2/25/2025		3137HDV56	FHMS K524 A2	4.72%	5/1/2029	4,503.67		

### 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	2/1/2025	2/25/2025		3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	4,387.50		
INTEREST	2/1/2025	2/25/2025		3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,485.27		
INTEREST	2/1/2025	2/25/2025		3137HHW23	FHMS K533 A2	4.23%	12/1/2029	3,102.00		
INTEREST	2/1/2025	2/25/2025		3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
INTEREST	2/1/2025	2/25/2025		3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	5,399.63		
INTEREST	2/1/2025	2/25/2025		3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
INTEREST	2/1/2025	2/25/2025		3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	6,161.63		
INTEREST	2/1/2025	2/25/2025		3137HHJL6	FHMS K530 A2	4.79%	9/1/2029	5,850.23		
INTEREST	2/1/2025	2/25/2025		3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	6,075.00		
INTEREST	2/3/2025	2/3/2025		MONEY0002	MONEY MARKET FUND	0.00%		19,019.97		
INTEREST	2/6/2025	2/6/2025		594918BY9	MICROSOFT CORP (CALLABLE)	3.30%	2/6/2027	34,237.50		
INTEREST	2/7/2025	2/7/2025		94988J6D4	WELLS FARGO BANK NA (CALLABLE)	5.45%	8/7/2026	53,001.25		
INTEREST	2/10/2025	2/10/2025		69371RS64	PACCAR FINANCIAL CORP	4.95%	8/10/2028	24,131.25		
INTEREST	2/14/2025	2/14/2025		532457CQ9	ELI LILLY & CO (CALLABLE)	4.20%	8/14/2029	23,100.00		
INTEREST	2/15/2025	2/15/2025		9128282R0	US TREASURY N/B	2.25%	8/15/2027	28,912.50		
INTEREST	2/15/2025	2/15/2025		89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,223.42		
INTEREST	2/15/2025	2/15/2025		912828V98	US TREASURY N/B	2.25%	2/15/2027	59,625.00		
INTEREST	2/15/2025	2/15/2025		44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,823.58		

### 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	2/15/2025	2/15/2025		05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
INTEREST	2/15/2025	2/15/2025		161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
INTEREST	2/15/2025	2/15/2025		161571HV9	CHAIT 2024-A1 A	4.60%	1/16/2029	4,504.17		
INTEREST	2/15/2025	2/15/2025		02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
INTEREST	2/16/2025	2/16/2025		36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	525.42		
INTEREST	2/20/2025	2/20/2025		857477CN1	STATE STREET CORP (CALLABLE)	4.53%	2/20/2029	15,515.25		
INTEREST	2/28/2025	2/28/2025		91282CGP0	US TREASURY N/B	4.00%	2/29/2028	12,000.00		
INTEREST	2/28/2025	2/28/2025		91282CLK5	US TREASURY N/B	3.62%	8/31/2029	61,987.50		
INTEREST	3/1/2025	3/25/2025		3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,833.33		
INTEREST	3/1/2025	3/25/2025		3137HCKV3	FHMS K520 A2	5.18%	3/1/2029	3,302.25		
INTEREST	3/1/2025	3/25/2025		3137HHJL6	FHMS K530 A2	4.79%	9/1/2029	5,850.23		
INTEREST	3/1/2025	3/25/2025		3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
INTEREST	3/1/2025	3/25/2025		3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
INTEREST	3/1/2025	3/25/2025		3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
INTEREST	3/1/2025	3/25/2025		3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
INTEREST	3/1/2025	3/25/2025		3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	5,603.50		
INTEREST	3/1/2025	3/25/2025		3137HDV56	FHMS K524 A2	4.72%	5/1/2029	4,503.67		
INTEREST	3/1/2025	3/25/2025		3137HDXL9	FHMS K526 A2	4.54%	7/1/2029	4,921.58		

### 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	3/1/2025	3/25/2025		3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,268.43		
INTEREST	3/1/2025	3/25/2025		3137HFNZ4	FHMS K528 A2	4.50%	7/1/2029	1,915.90		
INTEREST	3/1/2025	3/25/2025		3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,613.92		
INTEREST	3/1/2025	3/25/2025		3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
INTEREST	3/1/2025	3/25/2025		3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	6,075.00		
INTEREST	3/1/2025	3/25/2025		3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,576.79		
INTEREST	3/1/2025	3/25/2025		3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	5,399.63		
INTEREST	3/1/2025	3/25/2025		3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	3,026.09		
INTEREST	3/1/2025	3/25/2025		3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,483.24		
INTEREST	3/1/2025	3/25/2025		3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
INTEREST	3/1/2025	3/25/2025		3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
INTEREST	3/1/2025	3/25/2025		3137HHW23	FHMS K533 A2	4.23%	12/1/2029	3,102.00		
INTEREST	3/1/2025	3/25/2025		3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
INTEREST	3/1/2025	3/25/2025		3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	3,024.25		
INTEREST	3/1/2025	3/25/2025		3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
INTEREST	3/1/2025	3/25/2025		3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.38		
INTEREST	3/1/2025	3/25/2025		3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	6,161.63		
INTEREST	3/1/2025	3/25/2025		3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	4,387.50		

### 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	3/1/2025	3/25/2025		3137HH6C0	FHMS K529 A2	4.79%	9/1/2029	3,413.59		
INTEREST	3/3/2025	3/3/2025		MONEY0002	MONEY MARKET FUND	0.00%		17,062.13		
INTEREST	3/11/2025	3/11/2025		06051GJQ3	BANK OF AMERICA CORP (CALLABLE)	1.65%	3/11/2027	17,989.30		
INTEREST	3/14/2025	3/14/2025		437076BT8	HOME DEPOT INC (CALLABLE)	2.80%	9/14/2027	19,460.00		
INTEREST	3/14/2025	3/14/2025		09290DAA9	BLACKROCK FUNDING INC	4.70%	3/14/2029	2,937.50		
INTEREST	3/15/2025	3/15/2025		161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
INTEREST	3/15/2025	3/15/2025		89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,223.42		
INTEREST	3/15/2025	3/15/2025		161571HV9	CHAIT 2024-A1 A	4.60%	1/16/2029	4,504.17		
INTEREST	3/15/2025	3/15/2025		44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,823.58		
INTEREST	3/15/2025	3/15/2025		02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
INTEREST	3/15/2025	3/15/2025		05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
INTEREST	3/16/2025	3/16/2025		36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	525.42		
INTEREST	3/21/2025	3/21/2025		43814VAC1	HAROT 2025-1 A3	4.57%	9/21/2029	5,433.22		
INTEREST	3/29/2025	3/29/2025		17325FBB3	CITIBANK NA (CALLABLE)	5.80%	9/29/2028	57,304.63		
INTEREST	3/31/2025	3/31/2025		91282CBT7	US TREASURY N/B	0.75%	3/31/2026	21,225.00		
INTEREST	3/31/2025	3/31/2025		91282CCZ2	US TREASURY N/B	0.87%	9/30/2026	14,962.50		
INTEREST	3/31/2025	3/31/2025		91282CGT2	US TREASURY N/B	3.62%	3/31/2028	15,406.25		
INTEREST	3/31/2025	3/31/2025		91282CFM8	US TREASURY N/B	4.12%	9/30/2027	18,046.88		

### 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)
MATURITY	1/16/2025	1/16/2025	460,000.00	912797LY1	TREASURY BILL	0.00%	1/16/2025	460,000.00		
MATURITY	2/11/2025	2/11/2025	1,070,000.00	912797NG8	TREASURY BILL	0.00%	2/11/2025	1,070,000.00		
MATURITY	3/12/2025	3/12/2025	935,000.00	313385CY0	FED HOME LN DISCOUNT NT	0.00%	3/12/2025	935,000.00		
PAYDOWN	1/1/2025	1/25/2025	521.36	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	521.36		5.83
PAYDOWN	1/1/2025	1/25/2025	1,482.21	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,482.21		
PAYDOWN	1/1/2025	1/25/2025	744.03	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	744.03		0.02
PAYDOWN	1/1/2025	1/25/2025	1,864.08	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	1,864.08		31.13
PAYDOWN	1/1/2025	1/25/2025	443.84	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	443.84		5.38
PAYDOWN	2/1/2025	2/25/2025	1,870.33	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	1,870.33		29.86
PAYDOWN	2/1/2025	2/25/2025	825.28	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	825.28		0.01
PAYDOWN	2/1/2025	2/25/2025	523.81	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	523.81		5.73
PAYDOWN	2/1/2025	2/25/2025	6.86	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	6.86		0.08
PAYDOWN	2/1/2025	2/25/2025	1,491.01	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,491.01		0.01
PAYDOWN	3/1/2025	3/25/2025	1,344.23	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	1,344.23		0.02
PAYDOWN	3/1/2025	3/25/2025	2,213.47	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,213.47		33.72
PAYDOWN	3/1/2025	3/25/2025	2,776.42	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	2,776.42		0.01
PAYDOWN	3/1/2025	3/25/2025	750.65	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	750.65		8.02
PAYDOWN	3/1/2025	3/25/2025	9.46	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	9.46		0.11

### 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)
SELL	1/8/2025	1/9/2025	475,000.00	91282CAM3	US TREASURY N/B	0.25%	9/30/2025	461,895.91		-4,628.21
SELL	2/4/2025	2/5/2025	1,760,000.00	91282CAM3	US TREASURY N/B	0.25%	9/30/2025	1,716,241.00		-16,016.76
SELL	2/4/2025	2/5/2025	1,065,000.00	91282CFM8	US TREASURY N/B	4.12%	9/30/2027	1,077,785.85		1,086.49
SELL	2/5/2025	2/7/2025	330,000.00	91282CMG3	US TREASURY N/B	4.25%	1/31/2030	330,335.65		1,287.00
SELL	3/4/2025	3/5/2025	1,600,000.00	91282CAZ4	US TREASURY N/B	0.37%	11/30/2025	1,558,065.93		-18,417.27
SELL	3/4/2025	3/5/2025	3,160,000.00	91282CBH3	US TREASURY N/B	0.37%	1/31/2026	3,056,899.00		-67,261.46
SELL	3/5/2025	3/6/2025	970,000.00	91282CBT7	US TREASURY N/B	0.75%	3/31/2026	939,907.76		-14,781.22
<b>TOTALS</b>			<b>24,501,867.04</b>					<b>25,337,213.86</b>		<b>-118,611.50</b>

## 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.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. **Past performance is not indicative of future returns.**
- ICE Bank of America Indices provided by Bloomberg Financial Markets.
- 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.

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## 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.