

NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS

DATE: Wednesday, June 17, 2026

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

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 a member of the public wishes to provide comment before the meeting, please email publiccomment@zone7water.com by 5:00 p.m. on the day before the Board meeting.

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 Real Property Negotiators: Property: APNs 904-1-7-29, 904-9-5, 904-9-6, 904-9-1-3
Agency Negotiators: Valerie Pryor/Rebecca Smith
Under negotiation: Terms
 - b. Conference with Legal Counsel – Anticipated Litigation: Significant Exposure to Litigation Pursuant to Government Code § 54956.9(d)(2): (1 potential case)
 - c. Conference with Real Property Negotiators: Property: APNs 99-525-2, 99-550-2-3, 99-550-3-2, 99A-2700-2-5, 99A-2700-6-6, 99A-2700-9- 8, 99A-2700-10, 99A-2700-11-3, 99A-2700-12-6, 99A-2700-12-7, 99A-2420-4-13, 96-420-2, 96-420-3, 96-429-6, 99A-2701-1, 99A-2701-2, 99A-2701-3.
Agency Negotiators: Valerie Pryor/Rebecca Smith
Under negotiation: Price and terms
 - d. 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
 - e. Conference with Legal Counsel – Existing litigation pursuant to Government 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) Tulare Lake Basin Water Storage District v. California Department of Water Resources, Sacramento County Superior Court Case No. 24WM000006 and related cases.
 - f. Conference with Legal Counsel (Anticipated Litigation) – Initiation of litigation pursuant to § 54956.9(c) (one case)
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. Special Board Meeting Minutes of May 12, 2026
 - b. Regular Board Meeting Minutes of May 20, 2026
8. Consent Calendar
 - a. Annual Review of the Investment Policy
 - b. Adopt the 2025 Urban Water Management Plan and the 2025 Water Shortage Contingency Plan
 - c. Authorize an Agreement for the Chain of Lakes Chromium-6 Removal Study
 - d. Authorize an Amendment to the Contract for Safety Program Training
 - e. Authorization for the Removal of Equipment from the Fixed Asset Inventory
 - f. Personnel Action: Lead Electrical/Instrumentation Technician, Zone 7
 - g. Authorize the General Manager to Negotiate an Agreement with the Alameda County Resource Conservation District to Continue the Living Arroyos Program
 - h. Authorize an Agreement with Natural Resources Group, Inc. to Purchase Mitigation Credits at the Doolan Canyon Conservation Bank
 - i. Request by Director Palmer for Authorization to Attend the 2026 California H₂O Women Conference
 - j. Personnel Action: A Resolution of the Zone 7 Board of Directors Approving Special Salary Adjustments for Certain Classifications

Recommended Action: Adopt Resolutions

9. Commendation for Director Dawn Benson

Recommended Action: Adopt Resolution

10. Commendation for Director Catherine Brown

Recommended Action: Adopt Resolution

11. Commendation for Director Dennis Gambs

Recommended Action: Adopt Resolution

12. Authorization to Apply for the Bureau of Reclamation's WaterSMART Applied Science Grant Along With Lawrence Livermore National Laboratory as Lead Applicant

Recommended Action: Adopt Resolution

13. Public Hearing for the Recruitment and Retention: AB 2561

Recommended Action: Presentation only

14. Proposed Two-Year Budget for Fiscal Years 2026-27 and 2027-28

Recommended Action: Adopt Resolution

15. Authorize the Long-Term Water Transfer Agreement with Westside 5 Water District

Recommended Action: Adopt Resolution

16. A Resolution Authorizing Water Transfers for Water Year 2026 and Delegating Authority for Future Annual Water Transfers

Recommended Action: Adopt Resolution

17. Adopt Updates to the Wastewater Management Plan for the Alameda Creek Watershed and the Nutrient Management Plan for the Livermore Valley Groundwater Basin

Recommended Action: Adopt Resolution

18. Committees

- a. Finance Committee Meeting Notes of May 13, 2026
- b. Legislative Committee Meeting Notes of May 14, 2026

19. Reports – Directors

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

20. Items for Future Agenda – Directors

21. Staff Reports

- a. General Manager's Report
- b. May Outreach Activities
- c. Legislative Update
- d. Monthly Water Inventory and Water Budget Update
- e. Investment Report as of March 31, 2026
- f. FY 2025-26 Unaudited Third Quarter Revenue and Expenditure Report

22. Adjournment

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

- a. Regular Board Meeting: July 15, 2026, 7:00 p.m.
- b. Special Board Meeting: August 12, 2026, 6:00 p.m.

MINUTES OF THE BOARD OF DIRECTORS
ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

SPECIAL MEETING

May 12, 2026

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

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/Board Secretary
Shelisa Jackson, Human Resources Manager
Ken Minn, Water Resources Manager

Item 1 – Call Meeting to Order

The meeting was called to order by President Narum at 6:02 p.m.

Item 2 – Pledge of Allegiance

Director Palmer led the Pledge of Allegiance.

Item 3 – Roll Call of Directors

All Directors were present.

Item 4 – Public Comment

There was no public comment.

Item 5 – Proposed Two-Year Operating and Capital Budget for Fiscal Years 2026-27 and 2027-28

Osborn Solitei, Treasurer/Assistant General Manager–Finance, Lizzie Foss, and JaVia Green, Financial Analysts, presented the proposed two-year operating and capital budget for fiscal years 2026-27 and 2027-28. Mr. Solitei provided an overview of the budget development process and explained that the proposed budget supports all goals and initiatives contained in the Agency’s 2025–2029 Strategic Plan. He stated that the budget is intended to maintain the Agency’s strong financial position, preserve compliance with reserve policies, maintain the Agency’s AAA credit ratings from Fitch and S&P, and support future water reliability investments.

Mr. Solitei highlighted accomplishments completed during the current budget cycle, including implementation of the employee-led initiative program, completion of the Chain of Lakes PFAS Treatment Plant, implementation of the CMMS system, issuance of more than 700 rebates, implementation of the stream tracking portal, and installation of groundwater telemetry equipment that significantly reduced staff time needed to collect well data. He also noted that the Agency secured approximately \$26.7 million in federal assistance for storm repair projects and has maintained its AAA credit rating.

Mr. Solitei reviewed several budget assumptions, including projected treated water rate increases of 4.5% for each of the next two fiscal years, projected grant revenue for PFAS and flood projects, a conservative 2.5% investment earnings assumption, and inflationary increases for utilities and chemical costs. Mr. Solitei also discussed the anticipated increase in workers’ compensation costs and noted that staff continues to work with Alameda County to further evaluate the projected increase.

Ms. Foss reviewed the budget development process and summarized the Agency’s six budgeted funds. She highlighted key investments included in the proposed budget, including workforce retention and compensation, PFAS treatment projects, Chain of Lakes Conveyance System planning, Delta Conveyance Project participation costs, storm repair projects, and community outreach and educational programs. She also noted that the Agency would celebrate its 70th anniversary in June 2027.

Ms. Foss reviewed agency-wide revenue and expenditure projections and explained that projected revenues increase from approximately \$174 million in fiscal year 2026-27 to \$184 million in fiscal year 2027-28, primarily due to grant funding and water rate increases. Projected expenditures increase from approximately \$190 million to \$216 million, largely due to major capital projects, including the Mocho PFAS Treatment Plant and Regional Groundwater Project.

Ms. Foss then reviewed Fund 100 – Water Enterprise Operations, including projected water demand assumptions, reserve levels, Delta Conveyance Project participation costs, PFAS treatment expenses, and projected water production costs associated with anticipated drier conditions. She also presented a sensitivity analysis showing the impacts of reduced treated water demand on water sales revenue.

Director Palmer asked about the Agency's fixed-rate structure and whether staff anticipated increasing the fixed portion of water rates beyond the current 45%. Mr. Solitei explained that staff intends to evaluate the issue during the upcoming rate study process but currently anticipates maintaining the 45% fixed and 55% variable structure in order to balance revenue stability with affordability for customers.

Director Gambs requested additional information regarding the Agency's conservative investment earnings assumptions and the legal restrictions governing Agency investments. Mr. Solitei explained that the Agency follows California Government Code investment requirements and maintains a conservative investment strategy. Director Gambs also asked about other major budget sensitivities beyond water sales revenue, and staff explained that water sales revenue remains the most significant revenue sensitivity within Fund 100.

Director Green asked several questions regarding the proposed 4.5% water rate increase assumptions and future funding associated with the Sites Reservoir Project. Staff explained that Sites Reservoir expenditures are not included in the proposed two-year budget because anticipated expenditures would occur beginning in fiscal year 2028-29. Valerie Pryor, General Manager, noted that additional information regarding Sites Reservoir costs and participation levels is expected later in 2026 and would be incorporated into future rate discussions and Board deliberations.

Director Green also requested additional information regarding the Water Reliability Reserve and potential future uses of those funds. Staff explained that the reserve was established primarily to help offset future water reliability investments, including potential Sites Reservoir participation costs, in order to minimize future rate impacts.

Director Brown requested clarification regarding the 2.5% investment earnings assumption and the projected increase in water sales revenue between fiscal years 2026-27 and 2027-28. Staff explained that the increase is primarily attributable to the projected 4.5% annual water rate increases.

President Narum confirmed that nothing contained within the proposed budget would negatively impact the Agency's AAA credit rating. Mr. Solitei stated that staff's assumptions and financial planning are intended to maintain the Agency's current ratings. President Narum also inquired about potential future refunding opportunities associated with callable bonds, and Mr. Solitei stated that staff would continue monitoring market conditions and may return to the Board with refunding options in the future.

President Narum also commented favorably on the overall budget and stated that she appreciated the Agency's conservative financial planning and commitment to maintaining the AAA credit rating.

JaVia Green reviewed Fund 200 – Flood Protection Operations, including projected property tax revenues, grant funding assumptions, proposed staffing additions, and the budgeted \$32.2 million for 2023 storm repair projects involving up to 99 repair sites. Ms. Green highlighted several flood repair and mitigation projects currently underway or planned, including Arroyo de Laguna, Alamo Canal, Arroyo Mocho, and Alamo Creek repair projects.

Director Gambs asked how projects became eligible for U.S. Army Corps of Engineers participation. Chris Hentz, Assistant General Manager – Engineering, explained that the Agency submitted repair sites for federal evaluation and that qualifying projects were approved for federal participation and construction assistance.

President Narum asked about assumptions associated with projected property tax revenues, and staff explained that the Agency relies on valuation information received from the Alameda County Assessor's Office.

During discussion of Fund 110 – State Water Facilities, Director Green requested clarification that the \$22 million property tax override represents a fixed dollar amount rather than a percentage. Ms. Green confirmed that the amount has remained unchanged since fiscal year 2021-22.

Director Palmer suggested that future budget presentation materials more clearly identify which fund is being discussed throughout the presentation to make the packet easier to follow electronically.

Ms. Green reviewed Fund 120 – Water System Renewal/Replacement and System-Wide Improvements and Fund 130 – Water System Capital Expansion, including funding assumptions associated with PFAS treatment projects, the Regional Wells Project, the Chain of Lakes Conveyance System, and future connection fee revenues. Staff also discussed the Agency's application for a \$25 million forgivable loan associated with the Mocho PFAS Treatment Plant and noted that staff would return to the Board with alternative funding options if the loan is not awarded.

Director Gambs asked additional questions regarding how future Sites Reservoir costs would be allocated among Agency funds. Staff explained that prior financial analyses assumed a cost allocation split between Fund 130 and water rates; however, no Sites Reservoir expenditures are included in the current two-year budget cycle.

Ms. Green concluded with a review of Fund 210 – Flood Protection Development Impact Fees, including projected impact fee revenues, professional services expenses, and future capital planning associated with the Flood Management Plan.

Director Gambs asked about reserve policies associated with Fund 210, and Ms. Pryor stated that reserve policies may be refined further once the Flood Management Plan is completed.

Director Palmer requested clarification regarding which Agency funds contain reserve minimums, targets, and maximums. Staff reviewed the Agency's various reserve policies for each fund.

President Narum commented positively on staff's continued pursuit of grants and forgivable loans and requested that future budget documents more clearly highlight grant funding assumptions and external funding opportunities secured by the Agency. She also expressed

appreciation for the sensitivity analysis included in the presentation and stated that she was supportive of moving the budget forward.

Following discussion, the Board concurred with forwarding the proposed two-year operating and capital budget to the June Board meeting for formal adoption.

Item 6 – Adjournment

President Narum adjourned the meeting at 7:40 p.m.

MINUTES OF THE BOARD OF DIRECTORS
ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

REGULAR MEETING

May 20, 2026

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
Neeta Bijoor, Principal Water Resources Planner
Colleen Winey, Acting Senior Geologist
Donna Fabian, Executive Assistant/Board Secretary

General Counsel: Rebecca Smith, Downey Brand

Item 1 – Call Zone 7 Water Agency Meeting to Order

The Zone 7 Water Agency meeting was called to order by President Narum at 7:00 p.m.

Item 2 – Closed Session

The Board entered Closed Session at 6:00 p.m., and the Board adjourned at 6:26 p.m.

Item 3 – Open Session and Report Out of Closed Session

There was nothing to report out of Closed Session.

Item 4 – Pledge of Allegiance

Director Gambs led the Pledge of Allegiance.

Item 5 – Roll Call of Directors

All Directors were present.

Item 6 – Public Comment

Public comment was received by Andrew Turnbull, a resident of Sunol.

Item 7 – Minutes

Director Palmer requested a correction to clarify that the Chain of Lakes Conveyance System project would convey water through the turnout from the South Bay Aqueduct to the Del Valle Water Treatment Plant. Director Palmer made a motion to approve the minutes as amended. The motion was seconded by Director Benson and approved by a voice vote of 7–0.

Director Benson moved to approve the minutes of the regular Board meeting held on April 15, 2026. The motion was seconded by Director Green and approved by a voice vote of 7–0.

Item 8 – Consent Calendar

Director Palmer moved to approve Items 8b and 8c, seconded by Director Gambs. The motion was approved by a roll-call vote of 7–0.

Public comment was received from Chad Weetman, Brian Quan, and Margie Barry, residents of Pleasanton, regarding Item 8a.

Director Palmer moved to approve Item 8a, seconded by Director Green. The motion was approved by a roll-call vote of 7–0.

Item 9 – Public Hearing for the 2025 Urban Water Management Plan and 2025 Water Shortage Contingency Plan

Neeta Bijoor, Principal Water Resources Planner, presented the Draft 2025 Urban Water Management Plan (UWMP) and Water Shortage Contingency Plan (WSCP). She explained that the UWMP is required by the California Water Code to be updated every five years and serves as a long-range planning document evaluating water supplies and demands through 2045, with optional planning through 2050. Ms. Bijoor reviewed the extensive coordination effort undertaken with Zone 7's retailers and stakeholders during development of the plan and outlined future water supply projects anticipated to support long-term reliability, including Sites Reservoir, the Chain of Lakes Conveyance System, and the Delta Conveyance Project. She also discussed exploratory concepts such as potable reuse and desalination.

Ms. Bijoor explained that the plan demonstrates reduced reliance on Delta supplies through conservation efforts, conjunctive use of groundwater storage, and future local and regional supply projects. She reviewed the methodology used to forecast future water demands and supplies and reported that projected supplies are expected to meet demands under normal-year and single dry-year conditions throughout the planning horizon if planned projects are

implemented. Under a five-year drought scenario at the end of the planning horizon, a limited shortage could occur by the fifth year but could be addressed through conservation measures, water transfers, and additional supply projects. Ms. Bijoor also reviewed the Water Shortage Contingency Plan, including the process used to evaluate water shortages and the five shortage stages, along with the associated voluntary and mandatory conservation actions.

Director Figuers asked how long a shortage condition would need to exist before triggering a shortage stage. Ms. Bijoor explained that the determination is adaptive and depends on the nature of the shortage event. Director Benson asked about the highest shortage stage previously experienced by Zone 7, and Valerie Pryor, General Manager, responded that the Agency had generally reached Stage 2 conditions during past droughts.

Director Green asked questions regarding coordination with retailers, drought surcharges, emergency operations procedures, future supply reliability, and assumptions related to Sites Reservoir and the Delta Conveyance Project. Staff explained that Zone 7 works closely with retailers to coordinate drought response measures, described the purpose of drought surcharges and the Agency's emergency operations structure, and discussed long-term supply planning assumptions. Director Green also requested consideration of revised wording in the draft plan regarding future water supply assumptions and asked questions regarding the methodology used by retailers to develop demand projections. Staff explained that the projections were based on land-use planning assumptions and retailer-provided demand forecasts.

Director Gambs asked whether the shortage stages and associated actions were prescribed by the State and whether water transfers were incorporated into the plan. Ms. Bijoor confirmed that the State requires agencies to organize their plans using specified shortage stages and explained that water transfers are included as a supply augmentation measure. Director Palmer asked for clarification regarding reductions in Delta reliance and the treatment of Sites Reservoir supplies within the analysis. President Narum asked about the methodology used to establish drought surcharges, and Osborn Solitei, Treasurer/Assistant General – Finance, explained that guidance is provided through the Agency's rate study and Water Shortage Contingency Plan.

Public comment was received from Andrew Turnbull, a resident of Sunol.

Director Green reiterated her concerns regarding long-term water supply reliability and future water supply planning. Director Gambs commented on Zone 7's history of reliable water supplies and highlighted the benefits of the Agency's groundwater storage programs and planned infrastructure projects. President Narum noted the significant improvements in water supply reliability since the 2014–2015 drought and commended staff, the Board, and the retailers for their efforts to diversify water supplies and improve system reliability. Director Palmer commented on the importance of developing additional regional interties to improve emergency water supply resiliency and allow agencies to assist one another during emergencies.

Staff indicated that the final plans would be presented to the Board for consideration and adoption at the June 17, 2026, Board meeting.

Item 10 – Renewal of Municipal and Industrial Water Supply Contracts

Valerie Pryor presented the proposed renewal of Zone 7's Municipal and Industrial Water Supply Contracts with the Agency's retailers. She explained that Zone 7 has maintained long-term water supply contracts with its retailers since 1962 and reviewed the history of the current contractual framework, which was established through contract renewals in the 1990s. Ms. Pryor acknowledged the significant contributions of Water Resources Manager Ken Minn, Associate Planner Kevin Padway, and General Counsel Rebecca Smith in developing the new agreements. She reported that staff initiated the contract renewal process in 2023 and worked collaboratively with the retailers through numerous group and individual meetings, as well as a technical work group, to negotiate updated agreements that would extend water supply service through December 31, 2055.

Ms. Pryor explained that the proposed contracts preserve the key principles and substantive provisions of the existing agreements while updating language to reflect current laws, regulations, and operational practices. She reviewed several key provisions, including Zone 7's role as the exclusive water supplier, water availability limitations, conservation requirements, flow regulation authority, groundwater production quotas, and Zone 7's role as the exclusive groundwater sustainability agency. She also noted that special provisions were included for Dublin San Ramon Services District (DSRSD) and the City of Pleasanton related to groundwater production quotas and other existing operational arrangements. In the case of DSRSD, several prior agreements associated with the Mocho PFAS Treatment Plant site were incorporated into the proposed contract.

Director Gambs asked whether the provision addressing DSRSD's groundwater production quota applied only to the cost calculation for the quota or also specified the source of the water delivered. Ms. Pryor explained that the provision establishes how the groundwater production quota rate is calculated but does not specify the source of the water. Director Gambs also asked about the operational coordination provision included in the Pleasanton contract. Ms. Pryor explained that the provision formalizes Zone 7's commitment to make good-faith efforts to coordinate with Pleasanton regarding its preferred blend of groundwater and surface water supplies, while recognizing that Zone 7 must continue managing the overall water supply portfolio for all retailers.

Director Gambs further asked whether the Pleasanton contract would require amendment if future agreements related to groundwater production facilities were executed. Ms. Pryor responded that staff believes the language in the proposed contract is sufficiently broad to accommodate the operational arrangements currently under discussion and does not anticipate that an amendment would be necessary.

Director Palmer moved to approve the Renewal of Municipal and Industrial Water Supply Contracts, seconded by Director Green. The motion passed by a roll-call vote of 7-0.

Item 11 – Authorize the General Manager to Negotiate and Execute a Cooperating Agreement with the City of Pleasanton to Develop the Regional Groundwater Facilities Improvement Project – Phase II and Phase III

Colleen Winey, Acting Senior Geologist, presented an update on the Regional Groundwater Facilities Improvement Project and requested authorization for the General Manager to negotiate and execute a cooperating agreement with the City of Pleasanton for Phase II and Phase III of the project. Ms. Winey reviewed the work completed to date, including yield testing, water quality analysis, groundwater modeling, the feasibility study, basis of design report, and cost estimate. She explained that the preferred project consists of two new production wells at Tennis Community Park and Hansen Park, approximately 4,000 linear feet of pipeline connecting the wells to the existing Hopyard Chloramination Facility, and improvements to the chloramination facility.

Ms. Winey reported that the Pleasanton City Council approved moving forward with the project at their April 2026 meeting and that retailers expressed support for the project during a May 2026 meeting. She explained that the proposed cost-sharing arrangement is based on the estimated production capacity of the new wells. Of the estimated 9,700 acre-feet per year of production, 3,500 acre-feet would be allocated to Pleasanton's groundwater pumping quota and 6,200 acre-feet would be available to Zone 7. Based on this allocation, Pleasanton would be responsible for approximately 36 percent of the capital costs and Zone 7 approximately 64 percent. The total project cost is estimated at \$42 million, with approximately \$15 million attributable to Pleasanton and \$27 million attributable to Zone 7.

Ms. Winey explained that under the proposed Phase III operating arrangement, the new wells would be integrated into Zone 7's transmission system, with Zone 7 owning, operating, and maintaining the facilities. Zone 7 would continue to sustainably manage the groundwater basin and would produce Pleasanton's groundwater pumping quota in a manner similar to the existing arrangement with Dublin San Ramon Services District.

Director Gambs asked how the proposed agreement relates to the Municipal and Industrial Water Supply Contract approved under the previous agenda item and whether the arrangements should be incorporated into a single agreement. Ms. Pryor explained that the proposed groundwater facilities agreement is a separate arrangement that has not yet been finalized and that it is referenced in the special provisions of the water supply contract. Director Gambs also asked questions regarding future agreement administration and groundwater pumping quota provisions.

Director Green asked why the cost allocation for the chloramination facility improvements differed from the overall project cost allocation. Ms. Winey explained that the facility currently serves existing Zone 7 wells and therefore the allocation is based on the total capacity of all wells utilizing the facility rather than only the new wells. Director Green also asked about potential future PFAS treatment requirements. Ms. Pryor explained that, under the proposed agreement, Zone 7 would be responsible for future treatment improvements and associated operational costs, with Pleasanton paying its share through wholesale water rates. Ms. Winey added that treatment, if ever needed, would occur at the Hopyard facility rather than at the individual well sites.

President Narum asked questions regarding the allocation of engineering, legal, administrative, and contingency costs and whether funding for Zone 7's share of the project had been identified. Ms. Winey explained that project costs would be allocated according to the agreed-upon cost-sharing percentages, and Mr. Solitei confirmed that Zone 7's share is included in the Agency's Expansion Fund. President Narum also expressed support for the agreement and encouraged staff to explore opportunities to accelerate the project schedule.

Director Palmer emphasized the importance of communicating that any future treatment facilities would be located at the Hopyard facility rather than at the park well sites. She also asked about construction of the pipeline, and staff explained that the pipeline would be installed using conventional trenching methods. Director Gambs noted the value of bringing additional wells online to improve operational reliability and resilience.

Director Palmer moved to approve the item, seconded by Director Green. The motion passed by a roll-call vote of 7-0.

Item 12 – Consider Amending the Board of Directors Compensation and Expense Reimbursement Policy

Osborn Solitei presented proposed amendments to the Board of Directors Compensation and Expense Reimbursement Policy. He explained that the policy was last updated in June 2021 and was reviewed as part of the Agency's periodic policy review process. Mr. Solitei reported that staff determined the policy continues to function effectively by providing guidance regarding director compensation and reimbursement for attendance at Zone 7 meetings, approved conferences, seminars, training programs, webinars, and other activities that support the Agency's mission. He noted that the proposed revisions were primarily administrative in nature and included the removal of outdated language related to the now-defunct Los Vaqueros Reservoir Committee. Mr. Solitei stated that the Administrative Committee reviewed the policy on April 30, 2026, and unanimously recommended forwarding it to the Board for consideration.

President Narum confirmed that the Administrative Committee voted 3-0 to recommend approval of the policy update. Director Green asked whether training opportunities related to PFAS and other emerging water quality topics could be added to the list of reimbursable educational activities. Director Benson noted that the policy was intended to be comprehensive and that the Board has historically approved additional training opportunities on a case-by-case basis. President Narum suggested that extraordinary educational opportunities could be considered separately by the Board rather than being specifically listed in the policy.

Director Green noted that some educational opportunities arise on short notice and may not align with the Board's meeting schedule. Mr. Solitei pointed out that the policy includes a provision allowing reimbursement requests to be considered after attendance when advance Board approval is not practical. Director Palmer also referenced the policy's exception process and noted that it would accommodate the type of training opportunities described by Director Green. Director Green thanked staff and indicated she may utilize the exception process in the future.

Director Palmer moved to adopt the Resolution approving the updated Board of Directors Compensation and Expense Reimbursement Policy, seconded by Director Green. The motion passed by a roll-call vote of 7–0.

Item 13 – Committees

There were no Board comments on the Water Resources Committee or the Administrative Committee meeting notes.

Item 14 – Reports – Directors

Director Green reported on her attendance at the ACWA Spring Conference, where she participated both as a Zone 7 representative and in her role with the JPIA. She noted discussions regarding rising healthcare costs, including the impacts of new weight-loss medications, as well as a presentation on cybersecurity that highlighted lessons learned from a recent security breach. Director Green stated that she found the conference informative and planned to provide additional notes at a future meeting.

Director Palmer referenced information included in her written report and highlighted discussions regarding emergency response planning. She noted concerns that water agencies are not consistently recognized as primary responders during emergencies despite the critical role of water service in supporting hospitals and other essential services. Director Palmer stated that ACWA is exploring the issue and expressed support for further consideration of the topic.

Item 15 – Items for Future Agenda – Directors

Director Figuers inquired about a future agenda item related to Sunol. President Narum suggested that Director Figuers meet informally with Mr. Turnbull first, and Director Figuers agreed.

Item 16 – Staff Reports

Valerie Pryor reminded the Board that the Agency will begin the treated water rate-setting process for rates effective January 1, 2027. She noted that a special Board workshop has been scheduled for August 12, 2026, to review the proposed rates and obtain Board input. Ms. Pryor stated that adoption of the proposed rates is currently scheduled for the October Board meeting, allowing sufficient time for the retailers to complete the Proposition 218 notification process.

Item 17 – Adjournment

President Narum adjourned the meeting at 9:13 p.m.

ORIGINATING SECTION: Administration
CONTACT: Osborn Solitei

AGENDA DATE: June 17, 2026

SUBJECT: Annual Review of the Investment Policy

SUMMARY:

- The Agency’s Investment Policy (“Policy”) establishes guidelines to ensure that the Agency’s funds are invested in compliance with State law and in a prudent manner consistent with fiduciary standards.
- The proposed action supports the Agency’s Strategic Plan Goal H – Fiscal Responsibility, which promotes operating the Agency in a fiscally responsible manner, and Strategic Plan Initiative No. 21 – Continue to effectively manage financial resources. In furtherance of these objectives, and in alignment with best practices and sound financial management, staff submits the Investment Policy to the Board for annual review and approval.
- The Policy is reviewed annually by the Finance Committee prior to consideration by the Board of Directors. The most recent update to the Policy was approved by the Board through Resolution No. 25-48 on June 18, 2025.
- The California Debt and Investment Advisory Commission annually updates its Local Agency Investment Guidelines to reflect statutory changes affecting local agency investments. Effective January 1, 2026, amendments to the California Government Code Section 53601 were enacted through Senate Bill 595 and Senate Bill 858, resulting in the following key updates:
 - › **Commercial Paper Maturity Extension**
The maximum allowable maturity for eligible commercial paper has been extended from 270 days to 397 days.
 - › **Increased Commercial Paper Allocation (Temporary)**
Local agencies with at least \$100 million in investment assets may invest up to 40% of their portfolio in commercial paper. This provision remains in effect until January 1, 2031, after which the limit reverts to 25%.
 - › **Extension of Zero-Interest Accrual Securities Authority**
The authorization for local agencies to invest in U.S. government securities that may result in zero-interest accrual if held to maturity has been extended to January 1, 2031.

- These updates have been incorporated into the Agency's Investment Policy to ensure continued compliance with State law and alignment with current best practices.
- The Policy was discussed at the Finance Committee meeting on May 13, 2026. The Committee unanimously agreed to forward the Policy to the full Board for adoption.

FUNDING:

N/A

RECOMMENDED ACTION:

Adopt the attached Resolution approving the Investment Policy.

ATTACHMENTS:

1. Resolution
2. Proposed Investment Policy (redlined)

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

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 annually, 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 accordance with Section 36 of the District Act, the Zone 7 Board of Directors appointed an Agency Treasurer to be responsible for the investment and 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, pursuant to California Government Code Section 53600, *et. seq.*, finds that public funds should be prudently invested or deposited consistent with applicable laws and Board policy to safeguard principal, maintain liquidity, and produce a reasonable rate of return; and

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

WHEREAS, for the safekeeping of investments, it is in the best interest of the Agency that bonds, securities, and other investment instruments purchased on behalf of the Agency be held by Agency-approved financial institutions and custodians; and

WHEREAS, as a matter of sound financial management and best practice, the Agency annually submits its Investment Policy to the Board for review and adoption; and

WHEREAS, pursuant to Resolution No. 25-48, dated June 18, 2025, the Board adopted the Agency’s Investment Policy and delegated authority to invest and deposit Agency funds to the Treasurer in accordance with California Government Code Sections 53607 and 53608; and

WHEREAS, a proposed Agency Investment Policy effective July 1, 2026, 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, pursuant to California Government Code Sections 53607 and 53608, the Treasurer appointed by the Agency is hereby authorized to invest, reinvest, and deposit for safekeeping, as appropriate, all monies belonging to or in the custody of the Agency in accordance with applicable provisions of the California Government Code and the policies adopted by the Board of Directors; and

BE IT FURTHER RESOLVED that the Treasurer and/or designee is hereby authorized to invest Agency funds not required for immediate operational needs in legally permissible investments, or to deposit such funds in interest-bearing accounts with authorized financial institutions, in accordance with the Agency's Investment Policy and applicable law; and

BE IT FURTHER RESOLVED that this Resolution is effective July 1, 2026, 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 17, 2026.

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, 20252026

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~~2031. After January 1, ~~2026~~2031, Twenty-five percent (25%) of the portfolio
- Maximum Maturity: ~~Two hundred seventy~~Three hundred ninety-seven (~~270~~397) 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.

Securities backed by the United States government that could result in a zero- or negative-interest accrual if held to maturity are permitted, in the event of, and for the duration of, a period of negative market interest rates. This provision will sunset on January 1, 2031.

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	25-48

**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 <u>2031</u> ; 25% after 1/1/ 2026 <u>2031</u> <u>1</u>	5% limitation to single issuer	270-397 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.

ORIGINATING SECTION: Integrated Planning
CONTACT: Neeta Bijoor/Jennifer Heller

AGENDA DATE: June 17, 2026

SUBJECT: Adopt the 2025 Urban Water Management Plan and the 2025 Water Shortage Contingency Plan

SUMMARY:

- To support the mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, Zone 7 Water Agency prepared a 2025 Urban Water Management Plan (UWMP) and the 2025 Water Shortage Contingency Plan (WSCP). This effort supports Strategic Initiative #5 – Develop a diversified water supply plan and implement supported projects and programs.
- The 2025 UWMP and WSCP were prepared in accordance with the California Urban Water Management Planning Act; they are required to be updated and adopted every five years. The Draft UWMP was developed in coordination with Zone 7's retailers and was made available for public review on April 15, 2026.
- Zone 7 accepted public comments on the 2025 UWMP and WSCP from April 15, 2026, through May 20, 2026. On May 20, 2026, a public hearing was held at the Zone 7 Board Meeting to present information and receive additional comments on the 2025 UWMP and WSCP.
- Comments from the public and the Zone 7 Board are attached, along with Zone 7 responses; these comments resulted in minor revisions to the 2025 UWMP and WSCP.
- The 2025 UWMP and WSCP are available on the Zone 7 website: <https://www.zone7waterca.gov/reports-planning-documents>, under Water Supply/Reliability.
- Following adoption, the 2025 UWMP and WSCP will be submitted to the Department of Water Resources for verification of completeness within 30 days and by July 1, 2026, as required by law.

FUNDING:

Not applicable.

RECOMMENDED ACTION:

Adopt the Zone 7 Water Agency 2025 Urban Water Management Plan and 2025 Water Shortage Contingency Plan.

ATTACHMENTS:

1. Zone 7 Board Resolution
2. Response to Comments on the 2025 Urban Water Management Plan and 2025 Water Shortage Contingency Plan
3. Comment Letter from Dublin San Ramon Services District

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

**Adoption of the 2025 Urban Water Management Plan and
2025 Water Shortage Contingency Plan**

WHEREAS, to support the mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, Zone 7 Water Agency (Zone 7) prepared a 2025 Urban Water Management Plan (UWMP) and the 2025 Water Shortage Contingency Plan (WSCP), and this effort supports Strategic Initiative #5 – Develop a diversified water supply plan and implement supported projects and programs.

WHEREAS, the Urban Water Management Planning Act (Water Code Division 6, Part 2.6, Sections 10610 through 10657), requires all urban water suppliers serving more than 3,000 customers either directly or indirectly, or more than 3,000 acre-feet of water annually, to prepare and submit an Urban Water Management Plan (UWMP), or plan update, once every five years; and

WHEREAS, Zone 7 prepared the 2025 UWMP, which includes the 2025 Water Shortage Contingency Plan, in accordance with DWR's 2025 UWMP Guidebook to support long-term planning and ensure adequate water supplies for current and future needs; and

WHEREAS, the California Water Code was updated between 2020 and 2025; however, those updates did not change the UWMP requirements; and

WHEREAS, Zone 7 Water Agency is the wholesale water management agency for the Livermore-Amador Valley, including the Cities of Dublin, Livermore, and Pleasanton in Alameda County, and a portion of San Ramon in Contra Costa County; and

WHEREAS, Zone 7 Water Agency issued notices of preparation at least 60 days in advance of the public hearing to the cities and counties that it serves; and coordinated with the Livermore-Amador Valley water suppliers, including Cal Water-Livermore District, the Cities of Livermore and Pleasanton, and Dublin San Ramon Services District, and other agencies and the community, on the preparation of the Draft 2025 UWMP and Draft Water Shortage Contingency Plan; and

WHEREAS, Zone 7 Water Agency circulated the Draft 2025 UWMP, including the Draft Water Shortage Contingency Plan, for more than the required 14-day period; and

WHEREAS, a public hearing regarding the Draft 2025 UWMP and Draft Water Shortage Contingency Plan was properly noticed and held to receive comments, and the comments received have been addressed.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District hereby authorizes the General Manager to make non-substantive changes if necessary and finalize the Draft 2025 UWMP and Draft Water Shortage Contingency Plan; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District hereby approves the 2025 UWMP and the 2025 Water Shortage Contingency Plan and adopts it for the Zone 7 Water Agency; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District reaffirms its commitment to maintain the long-term reliability of its water supply; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District directs the 2025 UWMP and Water Shortage Contingency Plan be filed with the California Department of Water Resources.

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 17, 2026.

By: _____
President, Board of Directors

**Response to Comments on the 2025 Urban Water Management Plan and
2025 Water Shortage Contingency Plan**

Method Received	Commentor Name	Comment	Applicable Areas in UWMP	Comment Response
Letter (Attachment 3)	DSRSD	Commentor submitted three comments: (1) commentor was pleased to see Zone 7's support for a diverse portfolio of projects, (2) commentor notes Zone 7's support for Tri-Valley's recycled water programs and encourages Zone 7 to continue to support expanding recycled water use, and (3) commentor states that they would like Zone 7 to acknowledge the investment they have made in recycled water and the challenges they face in decreasing outdoor potable water use during droughts.	(1) 6.2.8 Future Water Projects, (2) 6.2.6 Wastewater and Recycled Water, (3) WSCP Section 4.2	Zone 7 noted the first two comments and responded to comment 3. Zone 7 has edited Section 4.2 of the WSCP to state that: "Zone 7's demand reduction goals are overall targets for its service area; the ability and approach to achieve certain levels of reduction may vary by retailer." Zone 7 has added additional sentences following this to specifically address recycled water: "Zone 7 promotes recycled water use by retailers. The use of recycled water helps reduce potable demand during droughts; however, in areas where recycled water is already widely used, opportunities for additional reductions in potable water use may be limited."
Public Hearing	Director Laurene Green	Commentor states that they would prefer if Zone 7 can change the word "likely" for the 31,000 AF of Sites Reservoir storage because the Board has not yet determined the final storage amount.	6.2.8.1.2 Sites Reservoir	The word "likely" was replaced with "potential" to reflect that the Zone 7 Board's decision is pending on the exact buy-in storage amount to participate in Sites Reservoir.

Method Received	Commentor Name	Comment	Applicable Areas in UWMP	Comment Response
Public Hearing	Director Sarah Palmer	Commentor states that they would like to see mention on regional interties.	6.2.9 Water Supply Projects in Exploratory Planning	Zone 7 has added a sentence in 6.2.9 on Water Supply Projects in Exploratory Planning to mention future interties for emergency measures: "In the future, Zone 7 may explore interties with neighboring agencies for emergency use if a viable option becomes available."
Public Hearing	Andrew Turnbull	Commentor states that they remember previous water shortages and having to reduce water use. Commentor provided a compliment that the presentation was readily understandable. The commentor wants to know what the assumptions are for projects when they come online. The commentor also mentioned how political changes also affect supplies and demands.	Entire UWMP	The information on the UWMP analyses, including assumptions, is included in chapters 4 (demands) and 6-7 (supplies). Details on when water supply projects are expected to come online are discussed in section 6.2.8 and shown in table 6-7. The remaining comments have been noted.
Retailer Coordination Meeting	Retailers	Commentators state that they would like Zone 7's water shortage stages to match those of the retailers and DWR's recommendation.	WSCP, Tables 2, 3, and 4	Zone 7 has modified its water shortage stages in the WSCP to include six stages in increments of shortages to align with the stages from the retailers, which are recommended by DWR.

May 13, 2026

SENT VIA EMAIL

Ms. Jennifer Heller, Assistant Water Resources Planner
Zone 7 Water Agency
100 North Canyons Parkway
Livermore, CA 94551
jheller@zone7water.com

Subject: Comments on Zone 7 Water Agency Draft 2025 Urban Water Management Plan and Water Shortage Contingency Plan

Dear Ms. Heller,

The Dublin San Ramon Services District (DSRSD) appreciates the opportunity to comment on Zone 7 Water Agency's (Zone 7) Draft 2025 Urban Water Management Plan (UWMP) and Water Shortage Contingency Plan (WSCP). DSRSD provides drinking water and recycled water service to approximately 101,300 residents and businesses within the City of Dublin and Dougherty Valley portion of the City of San Ramon. Approximately 20-25% of DSRSD's total water use is met with recycled water. The balance is met with purchased potable water from Zone 7 Water Agency.

On August 5, 2025, the DSRSD Board adopted a revised Water Resiliency Policy to guide the District's efforts to work collaboratively with local and regional partners and ensure long-term water resiliency for DSRSD customers. In adopting the Water Resiliency Policy, the DSRSD Board highlighted the need for a diversified water portfolio to manage against future droughts and other supply uncertainties. Consistent with DSRSD's Water Resiliency Policy, DSRSD offers the following comments for Zone 7's consideration:

- Diversified Water Plan. DSRSD strongly supports Zone 7's efforts to continue pursuing a broad array of water supply, storage, and conveyance projects to ensure long-term water resiliency for the Tri-Valley. We are pleased to see that the Draft 2025 UWMP describes Zone 7's need to implement projects, such as the Chain of Lakes Conveyance System Project, that address both water supply shortages and vulnerabilities with importing the majority of the Tri-Valley's water supplies through the State Water Project and Delta. The lessons learned from the 2014-2016 and 2020-2022 droughts reinforce the need for local and sustainable water supplies and alternative conveyance projects.
- Expansion of Recycled Water Programs. The Draft 2025 UWMP details Zone 7's support for current recycled water programs in the Tri-Valley. Recycled water is a locally available and sustainable water supply that preserves limited drinking water by utilizing a valuable resource that would otherwise be discharged to San Francisco Bay. DSRSD encourages Zone 7 to continue working with the retailers to facilitate expanding recycled water use within the Tri-Valley, further reducing reliance on imported water supplies.
- Water Shortage Actions. DSRSD operates one of the most successful recycled water programs in the San Francisco Bay Area, recycling up to 80% of wastewater influent during the dry season. Recycled water comprises 20-25% of DSRSD's total water demand, and two-thirds of its irrigation demand, directly reducing demand for potable water from Zone 7 each year. However,

Subject:Comments on Zone 7 Water Agency Draft 2025 Urban Water Management Plan and Water Shortage Contingency Plan

May 13, 2026

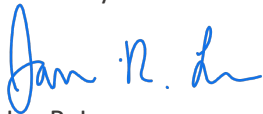
Page 2 of 2

as seen during the 2020-2022 drought, restrictions on outdoor irrigation during declared water shortage emergencies have limited impact on reducing DSRSD's potable water use because so much irrigation demand is already met with recycled water. DSRSD requests that Zone 7's UWMP and WSCP acknowledge both the significant investments made by DSRSD customers in recycled water and the challenges DSRSD faces in achieving significant cutbacks in potable water use during droughts due to its robust recycled water program.

Thank you again for the opportunity to comment on Zone 7's Draft 2025 UWMP and WSCP. We look forward to continuing our collaboration with Zone 7 and the retailers on efforts to improve long-term water resiliency for the Tri-Valley.

If you have any questions, please contact Irene Suroso, Senior Engineer, at (925) 875-2253 or suroso@dsrsd.com.

Sincerely



Jan R. Lee
General Manager

cc: Steve Delight, Engineering Services Director

ORIGINATING SECTION: Water Supply Engineering
CONTACT: Edward Yeh/Mona Olmsted

AGENDA DATE: June 17, 2026

SUBJECT: Authorize an Agreement for the Chain of Lakes Chromium-6 Removal Study

SUMMARY:

- The proposed action supports Strategic Plan Goal B – Reliable Water Supply and Infrastructure, Initiative 6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan, and Strategic Plan Goal C – Safe Water, Initiative 7 – Meet or surpass all drinking water health and safety requirements.
- The Chain of Lakes (COL) wellfield consists of three wells with a combined production capacity of up to 10 million gallons per day. Supply from this wellfield is treated at the Chain of Lakes Treatment Plant (COLTP) to remove per- and polyfluoroalkyl substances (PFAS).
- In October 2024, the California State Water Resources Control Board adopted a new maximum contaminant level (MCL) for hexavalent chromium (Cr6) of 10 micrograms per liter, with compliance required by October 1, 2026. Cr6 is naturally present in groundwater from the COL wellfield. Concentrations of Cr6 in COL well No. 5 (COL5) currently exceed the MCL. When operating COL5, water is blended with production from COL1 and COL2 to meet the drinking water standard.
- Existing treatment at COLTP has demonstrated Cr6 removal. Benchtop analyses were not able to replicate these results. The observed Cr6 removal through the existing system may correlate with reduced flow rates. The reliability of Cr6 removal when operating at wellfield capacity is uncertain, as is the anticipated breakthrough timing. Additional treatment options may be required to reliably operate the wellfield at full capacity, particularly if Cr6 concentrations increase or if multi-well blending is not available.
- The Chain of Lakes Chromium-6 Removal Study, anticipated to be completed by June 2027, will review historical Zone 7 water quality and operations data, complete a literature review, and perform testing to identify the most cost-effective options to reliably remove Cr6 at the full wellfield capacity. The study will evaluate the existing media to better quantify Cr6 removal mechanisms and estimate lifespan and will conduct pilot-scale testing to comparatively assess multiple ion exchange media for their effectiveness at removing both PFAS and Cr6. The findings and recommendations are expected to inform future investments at the COL wellfield, including the timing and selection of replacement media.

- In accordance with Zone 7's Purchasing Policy, a Request for Proposals was solicited for the study. On May 7, 2026, two proposals were received. Staff evaluated the proposals, conducted interviews, and identified Carollo Engineers, Inc. as the highest-ranked firm to provide the services requested.
- Staff recommends that the Board authorize the General Manager to negotiate, execute, and amend, as needed, a professional services agreement with Carollo Engineers, Inc., for engineering services for this project in an amount not-to-exceed \$350,000, which includes a 10% contingency.

FUNDING:

Funding is included in the proposed FY 2026-2028 Two-Year Budget for Fund 120 – Water Enterprise Renewal/Replacement & 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. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Authorize an Agreement for the Chain of Lakes Chromium-6 Removal Study

WHEREAS, this action supports Strategic Plan Initiative 6 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Plan, and Strategic Plan Initiative 7 – Meet or surpass all drinking water health and safety requirements; and

WHEREAS, Zone 7 requires engineering services for the Chain of Lakes Chromium-6 Removal Study; and

WHEREAS, in accordance with Zone 7’s Purchasing Policy, a competitive procurement process was completed to select a firm to provide these services; and

WHEREAS, a Request for Proposals was issued on April 10, 2026, and two proposals were received on May 7, 2026; 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 Carollo Engineers, 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 Carollo Engineers, Inc., for engineering services for the Chain of Lakes Chromium-6 Removal Study, in an amount not-to-exceed \$350,000, 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 17, 2026.

By: _____
President, Board of Directors

ORIGINATING SECTION: Safety
CONTACT: Jon Nicolaus

AGENDA DATE: June 17, 2026

SUBJECT: Authorize an Amendment to the Contract for Safety Program Training

SUMMARY:

- This action supports Strategic Plan Initiative 4 – Revamp Safety Program.
- Zone 7 Water Agency competitively procured safety training services and in June 2025 the General Manager authorized Contract A25-110-NAT with NATEC International, Inc. for a three-year agreement not-to-exceed \$43,000. The agreement provides limited in-person safety trainings primarily focused on hazards associated with specific operation and maintenance activities.
- In 2025 Zone 7 completed a safety program assessment that included review of the safety training program and interviews with staff and recommended reducing reliance on computerized training and increasing the number of in-person safety training classes offered over a wider variety of activities. In-person training enables discussion of site- and job-specific hazards, increases staff engagement, and responds to staff requests.
- Amending the safety training contract to increase the number of in-person trainings continues Zone 7's efforts to modify practices to ensure safety of staff and the public.
- Staff recommend that the Board authorize the General Manager to amend the contract with NATEC International, Inc., for a total amount not to exceed \$125,000 and modify the annual fiscal year totals as needed to provide flexibility for evolving training needs while maintaining the overall contract not-to-exceed amount.

FUNDING:

Funding is included in the Fiscal Year 2026-27 budget for Fund 100 – Water Enterprise Operations and Fund 200 – Flood Protection 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. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Amend Safety Program Training Contract

WHEREAS, this action supports Strategic Plan Initiative 4 – Revamp Safety Program; and

WHEREAS, on June 18, 2025, the General Manager approved Contract A25-110-NAT with NATEC International, Inc., for Safety Program Training Services for a three-year term in an amount not-to-exceed \$43,000, which was within the General Manager’s contracting authority; and

WHEREAS, an additional \$82,000 is required to provide additional safety training services through the remainder of the contract term, increasing the total contract authority from \$43,000 to a revised not-to-exceed amount of \$125,000; and

WHEREAS, removing the annual fiscal year spending limits provides flexibility to allocate training services and expenditures across fiscal years while maintaining the overall contract not-to-exceed amount; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate, execute, and amend Contract A25-110-NAT with NATEC International, Inc., for Safety Program Training Services by increasing the contract amount by \$82,000, for a revised three-year not-to-exceed contract total of \$125,000 and to amend Appendix B – Fee Schedule to remove the annual fiscal year limits.

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 17, 2026.

By: _____
President, Board of Directors



ORIGINATING SECTION: Maintenance
CONTACT: John Palfin/Jon Nicolaus

AGENDA DATE: June 17, 2026

SUBJECT: Authorization for the Removal of Equipment from the Fixed Asset Inventory

SUMMARY:

- The proposed action supports Strategic Plan Goal H – Fiscal Responsibility, Initiative 21 - Continue to effectively manage financial resources.
- Periodically, Zone 7 Water Agency (Zone 7) has the need to dispose of assets deemed as obsolete. In fiscal year 2025, fixed assets 10285, 10119, and 10202 were disposed of; however, they were inadvertently omitted from the County's Property & Salvage Request Form.

Asset No.	Asset Description	Date Booked	Original Value	Net Book Value
10285	HORIZON SPE-DEX Extractor System 3 Units (Lab 233)	2013-07-01	\$40,107.15	\$0.00
10119	Reliance RT System Map Tool RTK GPS Survey Unit	2001-05-15	\$8,121.70	\$0.00
10202	SPENCER Blower	2011-12-28	\$8,197.61	\$0.00

- Staff recommends that the Board authorize the General Manager to remove the equipment listed above from the fixed asset inventory.

FUNDING:

N/A

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Authorization for the Removal of Equipment from Fixed Asset Inventory

WHEREAS, the proposed action supports Strategic Plan Initiative 21 - Continue to effectively manage financial resources; and

WHEREAS, in fiscal year 2025, fixed assets 10285, 10119, and 10202 were inadvertently omitted from the County's Property & Salvage Request Form when the salvaged equipment was transferred to Alameda County for disposal; and

WHEREAS, the equipment to be removed from the fixed asset inventory is as follows:

Asset No.	Asset Description	Date Booked	Original Value	Net Book Value
10285	HORIZON SPE-DEX Extractor System 3 Units (Lab 233)	2013-07-01	\$40,107.15	\$0.00
10119	Reliance RT System Map Tool RTK GPS Survey Unit	2001-05-15	\$8,121.70	\$0.00
10202	SPENCER Blower	2011-12-28	\$8,197.61	\$0.00

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 remove the equipment listed above from the fixed asset inventory.

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 17, 2026.

By: _____
President, Board of Directors

ORIGINATING SECTION: Administrative Services
CONTACT: Shelisa Jackson/Osborn Solitei

AGENDA DATE: June 17, 2026

SUBJECT: Personnel Action: Lead Electrical/Instrumentation Technician, Zone 7

SUMMARY:

- The Agency continues to assess staffing needs as we maintain a lean, cost-effective organizational model aligned with our goals. This proposed action is in support of Strategic Plan Goal A, Initiative No. 1 – Maintain a high-quality workforce to meet current and future needs and challenges.
- Based on operational need, the Lead Electrical/Instrumentation Technician, Zone 7 classification will lead, organize, coordinate, and direct the daily work of electrical and instrumentation staff, and independently performing skilled electrical or instrumentation maintenance, repair work on a wide variety of pumps, motors, electrical panels, transformers, control systems, instrumentation systems, and related water treatment and distribution equipment.
- The Lead Electrical/Instrumentation Technician, Zone 7 will work collaboratively with Engineering staff in the design, troubleshooting, installation, and modification of electrical and instrumentation systems supporting water treatment and distribution operations.
- In addition, this position will support the Agency's predictive maintenance program through condition monitoring, establishing baseline performance data for newly installed equipment, and conducting ongoing monitoring and analysis to identify equipment performance trends and proactively address maintenance needs.
- The Lead Electrical/Instrumentation Technician, Zone 7 classification was approved by the Alameda County Civil Service Commission at the April 29, 2026, meeting.
- Funding for this position will be transferred from a currently vacant Plant Mechanic, Zone 7 position.
- The proposed salary structure will be a single step class with the salary based on internal alignment with the Lead Plant Mechanic, Zone 7 classification.

Lead Electrical/Instrumentation Technician, Zone 7					
Effective: July 5, 2026	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Bi-Weekly					\$6,881.60
Hourly					\$86.02

FUNDING:

The cost for the Lead Electrical/Instrumentation Technician, Zone 7 position is approximately \$280,000 per year, including benefits. Funding for this position is available in Fund 100 – Water Enterprise Operations and will be transferred from the currently vacant Plant Mechanic, Zone 7 position.

RECOMMENDED ACTION:

The General Manager recommends that the Board adopt the attached Resolution to (1) approve the addition of one position at the proposed salary schedule; and (2) authorize the General Manager to approve and sign the salary schedule for this position.

ATTACHMENT:

Resolution

ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Personnel Action: Lead Electrical/Instrumentation Technician, Zone 7

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, Zone 7 continues to assess the staffing needs of the Agency as we maintain a lean, cost-effective organizational model aligned with our goals and Strategic Plan Goal A, Initiative No. 1 – Maintain a high-quality workforce to meet current and future needs and challenges.

WHEREAS, funding for the proposed classification will be transferred from the currently vacant Plant Mechanic, Zone 7 position, resulting in no additional staffing allocation.

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 personnel action:

New classification and salary schedule for Lead Electrical/Instrumentation Technician, Zone 7, effective July 5, 2026:

Lead Electrical/Instrumentation Technician, Zone 7					
Effective: July 5, 2026	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Bi-Weekly					\$6,881.60
Hourly					\$86.02

; and

BE IT FURTHER RESOLVED that the General Manager of Zone 7 is hereby authorized and directed to approve and sign the salary schedule for this position; and

BE IT FURTHER RESOLVED that the Auditor Controller of Alameda County is authorized and directed to draw the necessary payroll warrants from Zone 7 funds in accordance with the adopted schedule.

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 17, 2026.

By: _____
President, Board of Directors

ORIGINATING SECTION: Integrated Planning
CONTACT: Elke Rank/Neeta Bijoor

AGENDA DATE: June 17, 2026

SUBJECT: Authorize the General Manager to Negotiate and Execute an Agreement with the Alameda County Resource Conservation District to Continue the Living Arroyos Program

SUMMARY:

- To support the mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, Zone 7 Water Agency has been participating in the Living Arroyos Program (Program) since 2013. This action aligns with Strategic Goal E – Effective Flood Protection and Goal F – Effective Operations and is to implement Initiative #13 – Continue to repair and maintain the flood protection facilities, Initiative #19 – Communications Program, and Initiative #20 pursue opportunities for interagency cooperation.
- The Program was established in 2013 and has been implemented by leveraging resources and shared expertise to coordinate long-term flood protection improvements and maintenance. It has also resulted in riparian enhancements, channel restoration, and community education and engagement through stream management and stewardship.
- The Alameda County Resource Conservation District (ACRCD) has implemented the program on behalf of participating agencies. ACRCD’s mission is to provide leadership in the County and region on natural resources conservation, wildlife, and agricultural enhancement through partnerships, education, outreach, resource services, technical assistance, and funding. The Living Arroyos implementation team consists of ACRCD staff – both permanent staff and program interns. ACRCD is willing to continue in its role as the Implementing Partner if the current agreement, which expires on June 30, 2026, is renewed.
- Zone 7, City of Livermore, City of Pleasanton, and City of Dublin (collectively “Program Partners”) have reaffirmed their desire to continue to work together to leverage resources and maximize effectiveness in achieving the goals of the Program.
- Each Program Partner has varying goals and needs from the Program, and therefore, the cost share is proportional to the work requested to be completed. Overall program operations costs are proportionally shared by the four Program Partners. Each partner will independently budget for their individual projects’ costs. ACRCD will track and invoice the shared and unique costs separately.

- Zone 7 will continue to act as the Fiscal Agent for the Program. As the Fiscal Agent, Zone 7 budgets the full amount to run the Program, with agreed-upon reimbursements of approximately 40% from the Program Partners. The reimbursement is based on a proportionate basis to the work done for each Partner. This may change slightly year by year depending on each Partners' unique needs.
- The proposed Program budget (Year 1, FY2027) is estimated at \$265,000, and Zone 7's share of the program is currently estimated at approximately 60% (\$160,000), with the rest to be reimbursed by the other Program Partners. Cost shares may be adjusted by mutual agreement of all the Program Partners to reflect the proportion of work completed by each Program Partner. Annual cost increases are identified for Years 2 and 3 to accommodate anticipated increases in ACRCO labor and materials costs.
- Staff recommends the Board adopt the attached Resolution, which authorizes the General Manager to negotiate and execute task order(s) under the Tri-Valley Intergovernmental Reciprocal Services Master Agreement with the Alameda County Resource Conservation District and Program Partners for the Living Arroyos Program in an amount not-to-exceed \$300,000 per year for three fiscal years (July 1, 2026 through June 30, 2029).

FUNDING:

Funding is included in the Proposed Two-Year Budget for FY 2026-28 in Fund 200 – Flood Protection Operations. Supplemental funding for subsequent years will be requested in future 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. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Authorize the General Manager to Negotiate and Execute an Agreement with the Alameda County Resource Conservation District to Continue the Living Arroyos Program

WHEREAS, the Living Arroyos program was established in 2013 and has been implemented by leveraging resources and shared expertise to coordinate long-term flood protection improvements and maintenance, and it has also provided riparian enhancements, channel restoration, and community education and engagement through involvement in stream management and stewardship;

WHEREAS, the Alameda County Resource Conservation District (ACRCD) desires to continue as the Implementing Partner upon the expiration of the existing agreement on June 30, 2026;

WHEREAS, Zone 7 Water Agency, City of Livermore, City of Pleasanton, and City of Dublin (collectively "Program Partners") reaffirmed their desire to continue to work together to leverage resources and maximize effectiveness in achieving the goals of the program;

WHEREAS, Livermore, Pleasanton and Dublin will reimburse Zone 7 for their proportional share, currently estimated at 40% of the total Program cost; and

BE IT RESOLVED that the Zone 7 Board of Directors of the Alameda County Flood Control and Water Conservation District does hereby authorize the General Manager to negotiate, execute, and amend task order(s) under the Tri-Valley Intergovernmental Reciprocal Services Master Agreement with Alameda County Resource Conservation District on behalf of the Program Partners for the Living Arroyos Program for a total not-to-exceed task order amount of \$300,000 annually.

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 17, 2026.

By: _____
President, Board of Directors

ORIGINATING SECTION: Integrated Planning
CONTACT: Elke Rank/Neeta Bijoor

AGENDA DATE: June 17, 2026

SUBJECT: Authorize an Agreement with Natural Resources Group, Inc. to Purchase Mitigation Credits at the Doolan Canyon Conservation Bank

SUMMARY:

- To support the mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, Zone 7 Water Agency (Zone 7) implements projects to maintain its flood protection systems. This action supports Strategic Goal E – Effective Flood Protection and is to implement Strategic Plan Initiative 13 – Continue to repair and maintain the flood protection facilities.
- Storms in winter 2023 caused significant damage to Zone 7’s flood protection channels in 177 locations. Environmental permits from state and federal regulatory agencies are required to perform repairs in these regulated waterways; the environmental impacts of in-channel maintenance and repairs often require mitigation.
- Zone 7 received a permit authorization from the US Army Corps of Engineers to repair 50 of 177 sites. This permit requires Zone 7 to purchase 0.30 acres of mitigation credits from an authorized conservation bank to offset impacts to the California red-legged frog habitats.
- The Doolan Canyon Conservation Bank is an authorized conservation bank that provides habitat for threatened and endangered species, including the California red-legged frog, and is formally authorized by CDFW and USFWS to sell mitigation credits for a variety of species' habitats, including red-legged frog.
- Staff recommend that the Board authorize the General Manager to negotiate, execute, and amend, as needed, a contract with Natural Resources Group, Inc. to purchase mitigation credits at the Doolan Canyon Conservation Bank in accordance with the environmental regulatory authorizations in an amount not-to-exceed \$65,000.

FUNDING: Funding is included in the Proposed Two-Year Budget for FY 2026-28 in 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. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Authorize an Agreement with Natural Resources Group, Inc. to Purchase Mitigation Credits at the Doolan Canyon Conservation Bank to Meet Zone 7's 2023 Storm Damage Repairs Phase One Project's Environmental Mitigation Requirements

WHEREAS, to support the mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, Zone 7 Water Agency implements projects to maintain its flood protection systems, and this action supports Strategic Goal E – Effective Flood Protection and is to implement Strategic Plan Initiative 13 – Continue to repair and maintain the flood protection facilities;

WHEREAS, storms in winter 2023 caused significant damage to Zone 7's flood protection channels in 177 locations;

WHEREAS, environmental permits from state and federal regulatory agencies are required to perform repairs in these regulated waterways, and the environmental impacts of in-channel maintenance and repairs often require mitigation;

WHEREAS, Zone 7 received authorization from the US Army Corps of Engineers for a batch of 50 repairs, and a requirement of this permit is to purchase 0.30 acres of mitigation credits from an approved conservation bank to offset impacts to California red-legged frog habitat; and

BE IT RESOLVED that the Board of Directors of the Alameda County Flood Control and Water Conservation District, Zone 7, does hereby authorize the General Manager to negotiate, execute, and amend, as needed, a contract with Natural Resources Group, Inc. to purchase mitigation credits at the Doolan Canyon Conservation Bank in accordance with the permit authorization in an amount not to exceed \$65,000.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on June 17, 2026.

By: _____
President, Board of Directors

ORIGINATING SECTION: Office of the General Manager
CONTACT: Valerie Pryor

AGENDA DATE: June 17, 2026

SUBJECT: Request by Director Palmer for Authorization to Attend the 2026 California H₂O Women Conference

SUMMARY:

- Director Sarah Palmer has expressed an interest in attending the two-day conference entitled, "2026 California H₂O Women Conference," to be held in Santa Barbara, California, on November 5–6, 2026.
- This conference is organized by Brownstein Hyatt Farber Schreck LLP.
- This invitation-only event is a professional conference and networking retreat designed to showcase leading women professionals and their contributions to the water industry.
- The proposed action is in support of Goal F, Effective Operations – Provide the Agency with effective leadership, administration, and governance.
- Pursuant to the Board of Directors Compensation and Expense Reimbursement Policy, Section E, compensation for meetings, events and activities must be approved by the Board in advance of the meeting to be considered services rendered at the request of the Board. Compensation and reimbursement of related expenses must be specifically authorized by the Board.

FUNDING:

Registration cost for the conference is estimated at \$750. Additional expenses for airfare, lodging, meals, and related travel costs are estimated at additional \$1,500. Funds are available from Fund 100 – Water Enterprise.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

**Authorizing Director Sarah Palmer to Attend the
2026 California H₂O Women Conference**

WHEREAS, Director Sarah Palmer has expressed an interest in attending the "2026 California H₂O Women Conference," to be held in Santa Barbara, California, on November 5-6, 2026; and

WHEREAS, the proposed action is in support of Goal F, Effective Operations – Provide the Agency with effective leadership, administration, and governance; and

WHEREAS, pursuant to the Board of Directors Compensation and Expense Reimbursement Policy, Section E, compensation for meetings, events and activities must be approved by the Board in advance of the meeting to be considered services rendered at the request of the Board; and

WHEREAS, compensation and reimbursement of related expenses must be specifically authorized by the Board; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control & Water Conservation District does hereby authorize Director Sarah Palmer's attendance at said conference; and

BE IT FURTHER RESOLVED that Director Palmer be reimbursed for actual and necessary expenses associated with her attendance at this event.

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 17, 2026.

By: _____
President, Board of Directors

ORIGINATING SECTION: Administration

CONTACT: Valerie Pryor

AGENDA DATE: June 17, 2026

SUBJECT: Personnel Action: Approval of Special Salary Adjustments for Certain Classifications

SUMMARY:

- The proposed action supports the Agency's Strategic Plan, Initiative No. 1 – Maintain a high-quality workforce to meet current and future needs and challenges. To support this initiative, the Agency periodically reviews classification structures and compensation levels to ensure organizational effectiveness, maintain competitive compensation practices, address succession planning needs, and attract and retain qualified employees.
- Staff, in consultation with CPS HR Consulting, a recognized leader in public-sector classification and compensation services, conducted a comprehensive review of the Financial Analyst, Senior Auditor/Accountant, Accounting Manager, and Human Resources Manager classifications. The review included an evaluation of classification specifications, organizational structure, reporting relationships, scope of responsibility, market compensation data, and internal salary alignment. The review identified salary compaction and market competitiveness concerns that may affect the Agency's ability to recruit and retain qualified employees in these critical classifications.
- The review further determined that these classifications perform highly specialized professional and managerial functions with significant agency-wide impact and require substantial independent judgment, technical expertise, and accountability. These positions are responsible for critical functions including financial planning and analysis, accounting and financial reporting, human resources administration, labor relations, regulatory compliance, organizational development, and strategic support to executive management and the Board of Directors.
- Based on the findings of the review, staff recommends special salary adjustments ranging from approximately 7.4 percent to 12.4 percent for the affected classifications. The proposed adjustments will improve internal alignment, address salary compaction, enhance recruitment and retention efforts, and position the classifications modestly above the market median, consistent with the Agency's compensation philosophy and the critical nature of the services performed.

- The proposed adjustments will help ensure that the Agency remains competitive in attracting and retaining highly qualified professionals and managers in an increasingly competitive public-sector labor market while maintaining organizational stability, succession planning, and continuity of operations.
- It is further recommended for organizational structure equity and internal alignment, that the salary range for Assistant General Manager – Finance be aligned with the salary range for Assistant General Manager – Engineering.
- The table below summarizes the current and proposed salary ranges for the affected classifications as of June 21, 2026:

Zone 7 Classification	Current Annual			Proposed Annual		
	Max	Max Effective 6/21/2026	Total Compensation Effective 6/21/2026*	Minimum	Max	Total Compensation Effective 6/21/2026*
Financial Analyst**	\$174,241.60	\$182,956.80	\$285,000.00	\$169,208.00	\$205,649.60	\$321,000.00
Senior Auditor/Accountant	\$174,241.60	\$182,956.80	\$285,000.00	\$169,208.00	\$205,649.60	\$321,000.00
Accounting Manager	\$222,372.80	\$233,500.80	\$364,000.00	\$206,315.20	\$250,827.20	\$391,000.00
Human Resources Manager	\$222,372.80	\$233,500.80	\$364,000.00	\$206,315.20	\$250,827.20	\$391,000.00
Assistant General Manager – Finance	\$307,361.60	\$322,732.80	\$503,000.00	\$278,782.40	\$338,811.20	\$529,000.00

* Total Compensation includes estimated salaries + benefits

** The Agency currently has two Financial Analyst positions

- Consistent with Strategic Plan Initiative No. 1, staff will continue to evaluate classifications, compensation structures, and organizational needs to ensure the Agency maintains a competitive and sustainable workforce capable of meeting current and future operational demands.

FUNDING:

First-year funding is approximately \$188,000. Funding is available in the Fiscal Year 2025-26 Budget and will be included in future-year budget requests to cover the costs resulting from the recommended action.

RECOMMENDED ACTION: Adopt the attached Resolution

ATTACHMENT: Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Personnel Action: A Resolution of the Zone 7 Board of Directors approving Special Salary Adjustments for Certain Classifications

WHEREAS, the proposed action supports the Agency's Strategic Plan, Initiative No. 1 – Maintain a high-quality workforce to meet current and future needs and challenges; and

WHEREAS, the Agency periodically reviews classification structures and compensation levels to ensure organizational effectiveness, maintain competitive compensation practices, address succession planning needs, and attract and retain qualified employees; and

WHEREAS, staff, in consultation with CPS HR Consulting, a recognized leader in public-sector classification and compensation services, conducted a comprehensive review of the Financial Analyst, Senior Auditor/Accountant, Accounting Manager, and Human Resources Manager classifications; and

WHEREAS, the review included an evaluation of classification specifications, organizational structure, reporting relationships, scope of responsibility, market compensation data, and internal salary alignment; and

WHEREAS, the review identified salary compaction, market competitiveness concerns, and internal alignment issues that may impact the Agency's ability to recruit and retain qualified employees in these critical classifications; and

WHEREAS, the review further determined that these classifications perform highly specialized professional and managerial functions requiring significant independent judgment, technical expertise, and accountability, and provide critical agency-wide support in the areas of financial planning and analysis, accounting and financial reporting, human resources administration, labor relations, regulatory compliance, organizational development, and strategic support to executive management and the Board of Directors; and

WHEREAS, staff concluded that salary adjustments are necessary to address market competitiveness, salary compaction, recruitment and retention challenges, and internal equity considerations; and

WHEREAS, the proposed salary adjustments will improve internal alignment, enhance the Agency's ability to recruit and retain qualified employees, and position the affected

classifications modestly above the market median, consistent with the Agency’s compensation philosophy and the critical nature of the services performed; and

WHEREAS, for organizational structure equity and internal alignment, it is recommended that the salary range for Accounting Manager and Human Resources Manager classifications be aligned with the salary range for Maintenance Manager and Operations Manager classifications; and

WHEREAS, it is further recommended for organizational structure equity and internal alignment, that the salary range for Assistant General Manager – Finance be aligned with the salary range for Assistant General Manager – Engineering; and

WHEREAS, the Agency periodically reviews classification structures, compensation levels, and organizational alignment to ensure competitive compensation, support employee retention and recruitment efforts, maintain internal equity, and meet the Agency’s operational needs.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District hereby approves special salary adjustments for the following classifications:

- Financial Analyst, Zone 7 (~12.4% increase)
- Senior Auditor/Accountant, Zone 7 (~12.4% increase)
- Accounting Manager, Zone 7 (~7.4% increase)
- Human Resources Manager, Zone 7 (~7.4% increase)
- Assistant General Manager – Finance, Zone 7 (~5% increase)

as reflected in the salary schedule attached hereto and incorporated herein by reference; and

Financial Analyst, Zone 7	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Bi-Weekly	\$6,508.80				\$7,909.60
Hourly	\$81.36				\$98.87
Senior Auditor/ Accountant, Zone 7	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Bi-Weekly	\$6,508.80				\$7,909.60
Hourly	\$81.36				\$98.87
Accounting Manager, Zone 7	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Bi-Weekly	\$7,935.20				\$9,647.20
Hourly	\$99.19				\$120.59
Human Resources Manager, Zone 7	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Bi-Weekly	\$7,935.20				\$9,647.20
Hourly	\$99.19				\$120.59
Assistant General Manager – Finance, Zone 7	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Bi-Weekly	\$10,722.40				\$13,031.20
Hourly	\$134.03				\$162.89

BE IT FURTHER RESOLVED that the salary adjustments approved herein shall become effective on June 21, 2026; and

BE IT FURTHER RESOLVED that the General Manager, or designee, is authorized to take all actions necessary to implement this Resolution, including updating salary schedules (including administrative adjustments), payroll records, and related personnel documents; and

BE IT FURTHER RESOLVED that the Board finds these salary adjustments are in the best interest of the Agency and are necessary to maintain a competitive compensation program, support recruitment and retention efforts, promote internal equity, and ensure the continued delivery of high-quality public services.

BE IT FURTHER RESOLVED that the Auditor Controller of Alameda County is authorized and directed to draw the necessary payroll warrants from Zone 7 funds in accordance with the adopted schedule.

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 17, 2026.

By: _____
President, Board of Directors

ORIGINATING SECTION: Office of the General Manager
CONTACT: Carol Mahoney/Valerie Pryor

AGENDA DATE: June 17, 2026

SUBJECT: Commendation for Director Dawn Benson

SUMMARY:

- Zone 7 would like to recognize and commend Director Dawn Benson for her service and dedication in fulfilling the mission to “deliver safe, reliable, efficient and sustainable water and flood protection services.”
- Ms. Benson, who has served on the Zone 7 Board of Directors since 2022, has contributed to the strategic planning goals of the agency, particularly in her service on agency committees – Administration, Liaison, Legislative and Finance.
- Ms. Benson served as Vice President in two terms, 2024-2025 and 2025-2026. During her tenure as chair of the Finance Committee, Ms. Benson oversaw a time when Zone 7 achieved the highest financial rating from bonding agencies and received awards for financial management and budgeting.
- Ms. Benson was a tireless promoter of all things Zone 7, touted and promoted Zone 7’s outreach and engagement efforts and always complimented the presentation of Zone 7’s reports and studies.
- Ms. Benson has served the residents of the Tri-Valley with distinction on the Zone 7 Board of Directors and upon the conclusion of her term, it is the desire of Zone 7 to recognize her accomplishments and wish her best in her future endeavors.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Commendation For Director Dawn Benson

WHEREAS, Director Dawn Benson has served on the Board of Directors of Zone 7 Water Agency since 2022; and

WHEREAS, during her tenure, Ms. Benson provided governance and oversight in support of the Agency's water supply reliability, flood protection, and financial stewardship responsibilities; and

WHEREAS, Ms. Benson specifically served on the Agency's Legislative Committee and Finance Committee (Chair), contributing to policy discussions, legislative advocacy efforts, and the review of financial planning and fiscal oversight matters – in fact, overseeing a time when Zone 7 achieved the highest financial bond rating and receiving awards in financial management and budgeting; and

WHEREAS, in addition to her faithful participation on committees, Ms. Benson served as the Vice President in two terms, 2024-2025 and 2025-2026 – never missing an opportunity to encourage public engagement and outreach; and

WHEREAS, Ms. Benson will conclude her term of service to the Agency and the community in June 2026.

BE IT RESOLVED that the Board of Directors of Zone 7 Water Agency hereby expresses its sincere appreciation to Director Dawn Benson for her service and contributions to the Agency and the community; and

BE IT FURTHER RESOLVED that the Board extends its best wishes to Ms. Benson in her future endeavors.

Adopted by Unanimous Vote on June 17, 2026.

Kathy Narum, President
Board of Directors

ORIGINATING SECTION: Office of the General Manager
CONTACT: Carol Mahoney/Valerie Pryor

AGENDA DATE: June 17, 2026

SUBJECT: Commendation for Director Catherine Brown

SUMMARY:

- Zone 7 would like to recognize and commend Director Catherine Brown for her service and dedication in fulfilling the mission to “deliver safe, reliable, efficient and sustainable water and flood protection services.”
- Ms. Brown, who has served on the Zone 7 Board of Directors since 2024, has contributed to the strategic planning goals of the agency, particularly in her service on agency committees related to fiscal responsibility and legislation.
- While on the Board, Ms. Brown sought to further water supply reliability and was a proponent of storage projects such as Sites Reservoir and Los Vaqueros Reservoir Expansion.
- Her participation in the Finance Committee furthered the fiscal health of the agency through discussions of rate setting, reserve policies, and audit reviews that helped Zone 7 achieve the highest financial rating from bonding agencies.
- Ms. Brown has served the residents of the Tri-Valley with distinction on the Zone 7 Board of Directors and upon the conclusion of her term, it is the desire of Zone 7 to recognize her accomplishments and wish her best in her future endeavors.

RECOMMENDED ACTION:

Adopt the attached Resolution

ATTACHMENT

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Commendation for Director Catherine Brown

WHEREAS, Director Catherine Brown has served on the Board of Directors of Zone 7 Water Agency since 2024; and

WHEREAS, during her tenure, Ms. Brown provided governance and oversight in support of the Agency's water supply reliability, flood protection, and financial stewardship responsibilities; and

WHEREAS, Ms. Brown served on the Agency's Legislative Committee and Finance Committee, contributing to policy discussions, legislative advocacy efforts, and the review of financial planning and fiscal oversight matters; and

WHEREAS, through her participation in Board meetings and committee assignments, Ms. Brown demonstrated dedication to public service and a commitment to transparency and public outreach by helping to promote greater awareness of water education efforts throughout the region; and

WHEREAS, Ms. Brown has decided not to seek re-election, concluding her term of service to the Agency and the community;

BE IT RESOLVED that the Board of Directors of Zone 7 Water Agency hereby expresses its sincere appreciation to Director Catherine Brown for her service and contributions to the Agency and the community; and

BE IT FURTHER RESOLVED that the Board extends its best wishes to Ms. Brown in her future endeavors.

Adopted by Unanimous Vote on June 17, 2026.

Kathy Narum, President
Board of Directors

ORIGINATING SECTION: Office of the General Manager
CONTACT: Carol Mahoney/Valerie Pryor

AGENDA DATE: June 17, 2026

SUBJECT: Commendation for Director Dennis Gambs

SUMMARY:

- Zone 7 would like to recognize and commend Director Dennis Gambs for his service and dedication in fulfilling the mission to “deliver safe, reliable, efficient and sustainable water and flood protection services.”
- Mr. Gambs, who has served on the Zone 7 Board of Directors since 2018, has contributed to the strategic planning goals of the agency, particularly in his service on all of the agency’s committees – Administration, Liaison, Water Resources, Legislative and Finance.
- Mr. Gambs “hit the ground running” due to his 34 years as a Zone 7 employee. His experience gave him valuable insights into Zone 7 programs and operations.
- Mr. Gambs chaired the Liaison committee and served as the Vice President in 2023-2024 and President in 2024-2025 – overseeing the Board during a time when Zone 7 achieved the highest financial rating from bonding agencies and receiving awards for financial management and budgeting.
- Mr. Gambs has been a fierce champion of the Chain of Lakes Conveyance System projects which provide local storage and enhanced water supply reliability to the residents of the Tri-Valley and has been instrumental in the progress of this project to date.
- Mr. Gambs has served the residents of the Tri-Valley with distinction on the Zone 7 Board of Directors and upon the conclusion of his term, it is the desire of Zone 7 to recognize his accomplishments and wish him the best in his future endeavors.

RECOMMENDED ACTION:

Adopt the attached resolution.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Commendation For Director Dennis Gambs

WHEREAS, Director Dennis Gambs served the citizens of the Zone 7 Service Area with distinction first as an employee of the Agency for 34 years, and since his election to the Zone 7 Board of Directors in 2018; and

WHEREAS, during his tenure, Mr. Gambs lent his many years of technical expertise in support of the Agency's administration, governance, water supply reliability, flood protection, legislative policies and financial stewardship responsibilities through his service on the Administrative, Liaison, Water Resources, Legislative and Finance committee; and

WHEREAS, in addition to his faithful participation as a director, Mr. Gambs chaired the Liaison committee and served as the Vice President in the 2023-2024 and President in 2024-2025 terms - a time financial achievements and awards for the Agency; and

WHEREAS, Mr. Gambs has been instrumental in championing water supply reliability for the residents of the Tri-Valley through local storage in the Chain of Lakes, and

WHEREAS, Mr. Gambs will conclude his term of service to the Agency and the community in June 2026.

BE IT RESOLVED that the Board of Directors of Zone 7 Water Agency hereby expresses its sincere appreciation to Mr. Dennis Gambs for his many years of service and contributions to the Agency and the community; and

BE IT FURTHER RESOLVED that the Board extends its best wishes to Mr. Gambs in his future endeavors.

Adopted by Unanimous Vote on June 17, 2026.

Kathy Narum, President
Board of Directors

ORIGINATING SECTION: Water Resources

CONTACT: Neeta Bijoor/Jenny Heller

AGENDA DATE: June 17, 2026

SUBJECT: Authorization to Apply for the Bureau of Reclamation's WaterSMART Applied Science Grant Along With Lawrence Livermore National Laboratory as Lead Applicant

SUMMARY:

- This action aligns with Strategic Plan Goal C – Safe Water and helps implement Strategic Initiative #9 – Implement the PFAS Management Strategy, and with Strategic Plan Goal H – Fiscal Responsibility and helps implement Strategic Initiative #22 – Track state and federal funding opportunities.
- Between 2017 and 2026, the U.S. Bureau of Reclamation, through WaterSMART, has helped fund over 2,400 projects, contributing over \$3 billion in improvements for western states.
- The WaterSMART Applied Science Grants (R25AS00280) provide financial assistance for projects to develop hydrologic information and water management tools for use by water managers. Applicants can request up to \$400,000 for projects to be completed within two years with a non-Federal cost share of 50% or more of the total project cost. Applications with a non-Federal cost share of at least 55% receive extra points in the review process.
- Staff have been in discussions with Lawrence Livermore National Laboratory (LLNL) staff, the lead applicant, to develop a scope of work that can help with Zone 7's sustainable groundwater management and find the grant program to be a good opportunity to develop new analyses and tools necessary to inform Zone 7's groundwater management decisions, such as assessing the risk of contaminant mobilization to well fields and better understanding groundwater recharge mechanism. In addition, the scope will allow Zone 7 to integrate new data into the groundwater fate and transport model and add a PFAS module to the existing Decision Support Tool web portal.
- Technical activities will be coordinated between Zone 7 and the lead applicant, LLNL, as well as another project participant (EKI Environment & Water, Inc.).

- If awarded, the Bureau of Reclamation will provide 45% of the project costs, and Zone 7 will be responsible for the remaining 55% as local cost share, as shown in the table below. The project would start in July 2027 and be completed in two years.

Category	Cost
Zone 7 FY 2026-27 Funds	\$125,000
Zone 7 In-kind Contribution	\$260,000
Existing Zone 7 Contract with EKI (A26-59-EKI)	\$75,000
Total Zone 7 Contribution (55% of total project cost)	\$460,000

- For this application, the General Manager would need to provide a Letter of Participation for WaterSMART’s Applied Science Grants in partnership with LLNL, and any other ancillary documents necessary in consideration and acceptance of a grant, if awarded.

FUNDING:

Partial funding (\$125K) is included in the Proposed Two-Year Budget for FY 2026-28 in Fund 100 – Water Enterprise Operations. Additional funds (\$75K) are available under the existing EKI agreement (A26-59-EKI). Funding for the remaining contribution (\$260K) will be requested in the mid-cycle budget amendment for FY 2027-28.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

Authorization to Apply for the Bureau of Reclamation’s WaterSMART Applied Science Grant Along With Lawrence Livermore National Laboratory as Lead Applicant

WHEREAS, this action aligns with Strategic Plan Goal C – Safe Water and helps implement Strategic Initiative #9 – Implement the PFAS Management Strategy, and with Strategic Plan Goal H – Fiscal Responsibility and helps implement Strategic Initiative #22 – Track state and federal funding opportunities; and

WHEREAS, the U.S. Bureau of Reclamation’s WaterSMART Program announced a funding opportunity for the Applied Science Grants (R25AS00280) on March 5, 2026; and

WHEREAS, eligible projects for this funding opportunity include the development of hydrologic information and water management tools for use by water managers; and

WHEREAS, staff have reviewed the funding opportunity and found it a good opportunity, in partnership with Lawrence Livermore National Laboratory as the Lead Applicant, to develop new analyses and tools necessary to inform groundwater management decisions, including updating Zone 7’s groundwater fate and transport model and adding a PFAS module to its Decision Support Tool web portal.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Alameda County Flood Control and Water Conservation District, Zone 7, authorizes the General Manager to submit a Letter of Participation for the U.S. Bureau of Reclamation WaterSMART Applied Science Grants Program in partnership with Lawrence Livermore National Laboratory, and to execute any ancillary agreements, or other documents necessary in consideration and acceptance of a grant if awarded, all at their discretion.

BE IT FURTHER RESOLVED, the General Manager, or their designee, is designated to represent the Alameda County Flood Control and Water Conservation District, Zone 7, in carrying out responsibilities under the grant agreement, including compliance with applicable state and federal laws.

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 17, 2026.

By: _____
President, Board of Directors

ORIGINATING SECTION: Administrative Services
CONTACT: Shelisa Jackson/Osborn Solitei

AGENDA DATE: June 17, 2026

SUBJECT: Public Hearing for the Recruitment and Retention: AB 2561

SUMMARY:

- 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 June 1, 2026 (for positions filled through June 21, 2026) are as follows:

- Alameda County Management Employees Association (ACMEA) – 14.29 percent
- Building Trades Council of Alameda County (BTC) – 19.05 percent
- International Federation of Professional and Technical Engineers (Local 21) – 11.6 percent
- Service Employees Internation Union 1021 (SEIU) – 7.5 percent
- Unrepresented Management – 25 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 hearing and receive the report on job vacancy rates for the Alameda County Management Employees Association (ACMEA), Building Trades Council of Alameda County (BTC), International Federation of Professional and Technical Engineers (Local 21), and Service Employees Internation Union 1021 (SEIU) as required by California Assembly Bill 2561 (AB 2561): Local Public Employees: Vacant Positions.

ORIGINATING SECTION: Administrative Services
CONTACT: Osborn Solitei

AGENDA DATE: June 17, 2026

SUBJECT: Proposed Two-Year Operating and Capital Budget for Fiscal Years 2026-27 and 2027-28

SUMMARY:

- The proposed budget is aligned with 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 propose a biennial budget for the Board’s review and approval. The proposed budget covers fiscal years (FY) 2026-27 and 2027-28 with a mid-cycle budget review planned for FY 2027-28.
- The proposed budget was developed through a collaborative process involving executive management and Agency staff across all departments. This process ensures the proposed budget captures the planned day-to-day operational needs of the water and flood protection systems, strategic priorities, capital improvements, and water reliability investments.
- The proposed budget reflects a balanced and forward-looking approach, aligning the Agency’s financial resources with the Agency’s strategic priorities over the next two years. It maintains the Agency’s strong financial position while supporting long-term sustainability and reliability of water supply and flood protection systems. Some of the key investments reflected in the proposed budget over the next two years include:
 - Commitment to maintaining a high-quality workforce
 - Continued investment in long-term water supply reliability
 - Continued efforts to proactively address and treat per- and polyfluoroalkyl substances (PFAS)
 - Continued progress of storm damage repair projects
- The proposed budget was presented to the Board at the May 12, 2026, special Board meeting. After discussion, the Board recommended no changes and directed staff to bring the proposed budget to the June 17, 2026, regular Board meeting for approval and adoption.

- The proposed budget has been updated to reflect a reduced worker's compensation amount. Workers' compensation has been reduced to \$790K, down from \$1.1M, as presented at the special Board meeting.
- The following assumptions have been incorporated into the proposed budget:
 - › **Water Rates:** For budgeting purposes, 4.5% water rate adjustments are assumed for calendar years 2027 and 2028. Formal adoption of the four-year wholesale water rates will occur in October 2026, following completion of a wholesale treated water rate study.
 - › **Storm Damage Repairs:** Funding for multiple phases of the 2023 storm repairs project, totaling approximately \$32.2M over two years.
 - › **State Water Project Property Tax Override:** No proposed increase to the State Water Project property tax override for FYs 2026-27 and 2027-28.
 - › **Connection Fee Revenue:** Approximately \$21M in connection fee revenue for FY 2026-27 and FY 2027-28.
 - › **Personnel:** Addition of one full-time equivalent position in Flood Protection, Board-approved annual cost of living adjustments of 5% in FY 2026-27 and 4% in FY 2027-28, and an estimated 10% vacancy rate for both years.
 - › **Section 115 Pension Trust:** Contributions of \$125K to the Pension Trust for FY 2026-27 and FY 2027-28 per the annual contribution criteria set forth in the Agency's Funding of Long-Term Pension Liability Policy.
 - › **Reserves:** All reserves are compliant with Reserve Policy.
 - › *Water Reliability Reserve:* This reserve is designated by the Board to support water supply reliability investments, including projects such as the Sites Reservoir. Under the Sites Authority Plan of Finance, the Agency's financial obligation is expected to begin in FY 2028-29, contingent upon the Board's formal commitment to the project. The proposed budget does not anticipate the need to draw from the Water Reliability Reserve for Sites payments within the two-year budget period.

- The following table summarizes the Agency-wide proposed budget for FYs 2026-27 and 2027-28.

	FY 2025-26 Projected Actual	FY 2026-27 Budgeted	FY 2027-28 Budgeted
Estimated Beginning Fund Balance	\$383,620,000	\$393,839,000¹	\$378,077,000
Revenue	171,192,000	174,198,000	184,453,000
Expenses	142,756,000	189,960,000	215,845,000
Operating Impact (Rev-Exp)	28,436,000	(15,762,000) ²	(31,392,000) ²
Estimated Ending Fund Balance	\$412,055,000¹	\$378,077,000	\$346,685,000

Note: Values are rounded to the nearest thousand.

¹The FY 2025-26 projected ending fund balance is based on the FY 2025-26 unaudited second quarter year-end projections. The FY 2026-27 budgeted beginning fund balance accounts for approximately \$18.2M in budget carryovers from FY 2025-26 to FY 2026-27 for multi-year contracts/projects.

² The proposed operating impact is negative due to planned water system capital projects (i.e. Mocho PFAS Treatment Plant Project, Regional Groundwater Development Project, and Chain of Lakes Conveyance System) and planned storm damage repair projects. When expenses exceed revenue, reserves are expended.

FUNDING:

Not applicable.

RECOMMENDED ACTION:

Adopt the attached Resolution approving the Two-Year Operating and Capital Budget for Fiscal Years 2026-27 and 2027-28.

ATTACHMENTS:

- Resolution
- Attachment A – Zone 7 Water Agency Proposed Two-Year Budget | FY 2026-27 and FY 2027-28
- Attachment B – FY 2026-27 and FY 2027-28 Proposed Budget – Summary by Account Classification
- Attachment C – FY 2026-27 and FY 2027-28 Proposed Capital Projects Listing

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

**Two-Year Operating and Capital Budget for
Fiscal Year 2026-27 and Fiscal Year 2027-28**

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 Two-Year Operating and Capital Budget for Fiscal Years 2026-27 and 2027-28 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.

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, including revenues, expenses, and the use of fund balances for Fiscal Years 2026-27 and 2027-28 (Attachment B):

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 (Attachment C) for Fiscal Years 2026-27 and 2027-28 and authorizes the General Manager to implement such projects; 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 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 2026-27 and \$22,000,000 for Fiscal Year 2027-28 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 of the Alameda County Flood Control and Water Conservation District 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 Zone 7 Budget for Fiscal Years 2026-27 and 2027-28 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 17, 2026.

By: _____
President, Board of Directors



Attachment A
Zone 7 Water Agency
Proposed Two-Year Budget
FY 2026-27 and FY 2027-28





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Executive Summary

This executive summary presents the key elements of the proposed budget, covering Fiscal Years (FY) 2026–2027 and 2027–2028. The proposed budget is a two-year spending plan to ensure the Agency continues to deliver safe, reliable, efficient, and sustainable water and flood protection services to the community it serves.

Agency-wide Financial Overview

The proposed budget reflects a balanced approach between operating needs and capital investments. The table below summarizes the Agency-wide revenues and expenditures as well as beginning and projected ending fund balances for the next two fiscal years. Revenues are projected to increase slightly, primarily supported by steady water sales, property tax, and connection fee revenue. Treated water rate adjustments are included to keep pace with short-term inflation, rising energy costs, debt covenants, evolving regulatory requirements, and to sustain long-term financial stability. Total expenditures are increasing by \$25.9M in FY 2027-28 primarily due to construction of major capital investments, such as the Mocho per- and polyfluoroalkyl substances (PFAS) Treatment Plant Project and the Regional Groundwater Development Project.

	FY 2026-27 Budgeted ¹	FY 2027-28 Budgeted ¹	(\$ Change)
Beginning Fund Balance	\$393,839,000	\$378,077,000	(\$15,762,000)
Total Revenues	\$174,198,000	\$184,453,000	\$10,255,000
Total Expenditures	\$189,960,000	\$215,845,000	\$25,885,000
Total Revenues Less Expenditures ²	(\$15,762,000)	(\$31,392,000)	(\$15,630,000)
Ending Fund Balance	\$378,077,000	\$346,685,000	(\$31,392,000)

¹In this report, fiscal year labels are used interchangeably: FY 2026–27 (FY 2027) and FY 2027–28 (FY 2028).

²The proposed operating impact is negative in FY 2026-27 and 2027-28 due to planned water system capital projects (i.e. Mocho PFAS Treatment Plant Project, Regional Groundwater Development Project, and Chain of Lakes Conveyance System) and planned storm damage repair projects. When expenses exceed revenue, reserves are expended.

Water Enterprise and Flood Protection Operating Budget

Proposed operating expenditures prioritize day-to-day operations, including administration, water treatment and distribution, flood protection services, and maintenance of these systems. Major cost drivers include:

- Personnel expenses — includes Board-approved cost-of-living adjustments through FY 2027-28, one new full-time equivalent (FTE) Construction Maintenance Laborer position in the Flood Protection Operations Fund, and a 10% vacancy assumption.
- Water production — inclusive of water, chemicals, and utilities — includes \$1.8M of funding in FY 2027-28 to remove and replace ion exchange resin (PFAS treatment) at Stoneridge and Chain of



Lakes PFAS Treatment Plants.

- Continued participation in the Delta Conveyance Project — \$5.3M of Board-approved funding for continued participation through December 2027
- Significant funding for the 2023 Storm Repairs Projects — \$23.8M in FY 2026-27 and \$8.5M in FY 2027-28
- Ongoing compliance with state and federal water quality regulations
- Technology upgrades to improve cybersecurity

Water Enterprise Capital Improvement Plan

The proposed budget allocates significant funding toward water system capital projects aimed at improving system reliability, water quality, regulatory compliance, and resilience to drought and climate change. Key investments over the next two years include:

- Improvements to Del Valle and Patterson Pass Water Treatment Plants
- Mocho Groundwater Demineralization Plant Reverse Osmosis Membrane Replacement and Expansion
- Chain of Lakes Conveyance System Planning
- Construction of the Mocho PFAS Treatment Plant
- Design and Construction of the Regional Groundwater Development Project

The proposed budget includes partial receipt of forgivable loan proceeds in FY 2027-28, through the Drinking Water State Revolving Fund, for the Mocho PFAS Treatment Plant. If the forgivable loan is not received, staff will return to the Board to discuss alternative funding.

Reserves

The proposed budget maintains the Agency's prudent reserve levels to address uncertainties such as drought conditions, regulatory changes, and economic fluctuations. All reserves are compliant with the Agency's Reserve Policy in the proposed budget.

Credit Rating

The Agency is rated 'AAA' by both Standard & Poor's Global Ratings and Fitch Ratings, establishing Zone 7 as one of the most financially resilient and well-managed water agencies in California. The proposed budget supports the Agency's strong credit rating.



Grants

The Agency has been proactive and successful in securing grants to partially and fully fund essential projects and continues to pursue grant funding whenever feasible to offset costs to the community. The table below summarizes the grants awarded over the last few years and the grants the Agency is actively pursuing for efforts included in the proposed budget.

Project/Effort	Grant Description	Awarding Agency	Status	Amount Awarded	Amount Actively Pursuing
2023 Storm Repairs	Public Assistance for 2023 Storm Repair	Federal Emergency Management Agency (FEMA)	Under FEMA review	Pending Final Expenditures	\$2,018,000
2023 Storm Repairs	Rehabilitation for Flood Control Work	US Army Corps of Engineers	Cooperation Agreement Executed	\$22,830,000	\$0
Alamo Creek Bank Stabilization and Flood Management Pilot Project	Floodplain Management, Protection, and Risk Awareness Program	CA Department of Water Resources (DWR)	Awarded	\$4,606,890	\$0
Bay Area Regional Conservation Project	2014 Prop 1 IRWM Round 2 Implementation Grant	DWR	Awarded	\$85,283	\$0
Flood Management Plan Decision Support Tools	2014 Prop 1 IRWM Round 2 Implementation Grant	DWR	Awarded	\$827,478	\$0
Mocho PFAS Treatment Plant	Drinking Water State Revolving Fund	State Water Resources Control Board	Application Submitted	\$0	\$25,000,000
PFAS Treatment	Community Grant Program	EPA Community Grant Program	Application Submitted	\$0	\$1,000,000
Stoneridge PFAS Treatment Plant	Prop 68 / SGMA Implementation Grant	DWR	Awarded	\$16,000,000	\$0
Stream Gage Monitoring System	Stream Gage Improvement Program	DWR	Awarded	\$394,960	\$0

Project/Effort	Grant Description	Awarding Agency	Status	Amount Awarded	Amount Actively Pursuing
Tri-Valley Water Conservation and Resilience Project (multi-agency suite of projects)	Drought Relief	DWR	Awarded	\$2,242,500	\$0
Water Supply Risk Model Enhancements Project	2014 Prop 1 IRWM Round 2 Implementation Grant	DWR	Awarded	\$130,000	\$0
Wells and Mocho Groundwater Demineralization Plant Electrical Modernization	2014 Prop 1 IRWM Round 2 Implementation Grant	DWR	Awarded	\$1,226,170	\$0
Total				\$48,343,281	\$28,018,000

Conclusion

This proposed budget aligns with the Agency's 2025-2029 Strategic Plan and mission to deliver safe, reliable, efficient, and sustainable water and flood protection services. The proposed budget addresses short-term needs, day-to-day operations, and investment in vital infrastructure while maintaining the Agency's strong financial position to participate and invest in future water reliability projects. The proposed budget demonstrates the Agency's commitment to:

- Valuing, investing in, and maintaining a high-quality workforce
- Maintaining a safe and reliable water supply
- Sustainable groundwater management
- Effective flood protection services
- Stakeholder engagement
- Fiscal responsibility

Fund 100 - Water Enterprise Operations

Primary Funding Source: Water Rates

The Water Enterprise Operations Fund ensures the delivery of high-quality drinking and irrigation water to the Tri-Valley. This operations and maintenance fund includes water treatment and distribution of potable water, distribution of untreated/agricultural water, and groundwater management. Activities include water treatment, water quality analysis, water resource management, groundwater management, maintenance, and water supply engineering.

Comprehensive Fund Summary

Details of Revenue and Expenses for Fund 100

Category	FY 2026 Projected Actual	FY 2027 Budgeted	FY 2028 Budgeted
Beginning Fund Balance	\$38,704,352	\$43,956,000	\$46,187,000
Revenues			
Water Sales & Service	\$72,427,000	\$73,835,000	\$77,087,000
Other Revenue	\$778,000	\$563,000	\$563,000
Grants	\$15,000	\$0	\$0
Investment Earnings	\$1,191,000	\$1,122,000	\$1,078,000
Total Revenues	\$74,411,000	\$75,520,000	\$78,728,000
Expenditures			
Personnel	\$22,364,000	\$23,485,000	\$24,542,000
Professional Services	\$3,249,000	\$4,055,000	\$3,148,000
County Services	\$1,936,000	\$1,471,000	\$2,384,000
Insurance Services	\$900,000	\$950,000	\$1,000,000
Legal Services	\$322,000	\$405,000	\$405,000
Water	\$4,987,000	\$4,976,000	\$7,951,000
Delta Conveyance Project	\$1,320,000	\$3,300,000	\$1,980,000
Chemicals	\$4,200,000	\$4,939,000	\$6,585,000
Utilities	\$3,775,000	\$2,806,000	\$3,510,000
Telecommunications	\$157,000	\$169,000	\$166,000
Maintenance Services	\$2,427,000	\$2,752,000	\$2,735,000
Rental Services	\$116,000	\$119,000	\$119,000
Office Supplies and Other Services	\$1,050,678	\$1,636,000	\$1,407,000
Organizational Memberships and Support	\$425,752	\$421,000	\$437,000
Training and Travel	\$60,000	\$187,000	\$187,000
Water Conservation Program	\$37,000	\$160,000	\$160,000
Equipment	\$43,000	\$0	\$0
Debt Service	\$4,976,000	\$4,978,000	\$4,981,000
Capital Funding	\$16,573,000	\$16,480,000	\$16,967,000
Total Expenditures	\$68,918,430	\$73,289,000	\$78,664,000
Total Revenues Less Expenditures	\$5,492,570	\$2,231,000	\$64,000
Ending Fund Balance	\$44,196,922	\$46,187,000	\$46,251,000

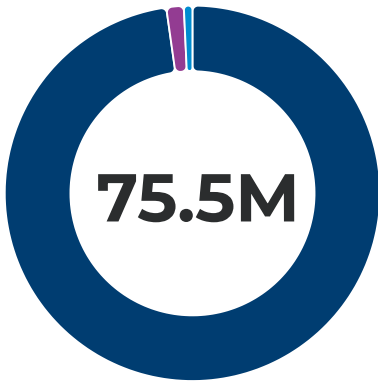


Comprehensive Summary Footnotes

1. Values are rounded to the thousands.
2. The FY 2026 projected ending fund balance is based on the FY 2025–26 unaudited second quarter year-end projections. The FY 2027 Budgeted beginning fund balance accounts for approximately \$241K in budget carryovers from FY 2025-26 to FY 2026-27 for multi-year contracts.

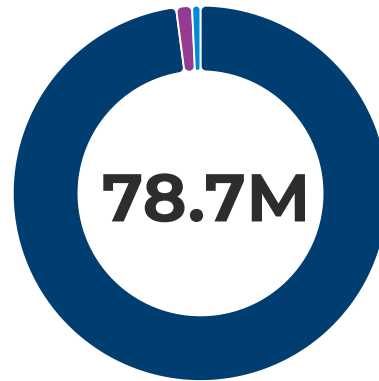
Find 100 - Revenue by Source

FY 2027 Budgeted



● Water Sales & Service	\$73,835,000	97.77%
● Investment Earnings	\$1,122,000	1.49%
● Other Revenue	\$563,000	0.75%

FY 2028 Budgeted



● Water Sales & Service	\$77,087,000	97.92%
● Investment Earnings	\$1,078,000	1.37%
● Other Revenue	\$563,000	0.72%

Revenue

For fiscal years 2026-27 and 2027-28, proposed revenue is \$75.5M and \$78.7M, respectively. Revenue highlights and assumptions are described below.

Water Sales and Service: For budgeting purposes, annual treated water rate adjustments are assumed for calendar years 2027 and 2028 to meet short-term operating needs and regulatory requirements and maintain long-term financial stability in preparation for anticipated future water reliability investments. A summary of these assumptions is provided in the table below. The Agency will conduct a comprehensive wholesale treated water rate study in Fall 2026 to set treated water rates for calendar years 2027-2030.

Water Sales Revenue Assumptions	2027	2028
Treated Water Rate Annual Adjustment	4.5%	4.5%
Treated Water Demand ¹	35,000 Acre-Feet	35,000 Acre-Feet
Untreated Water Demand ¹	5,000 Acre-Feet	5,000 Acre-Feet

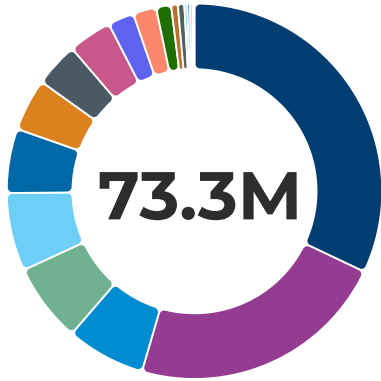
¹Projected demand is based on historical averages.

Investment Earnings: The proposed budget anticipates an investment return of 2.5% for both years.

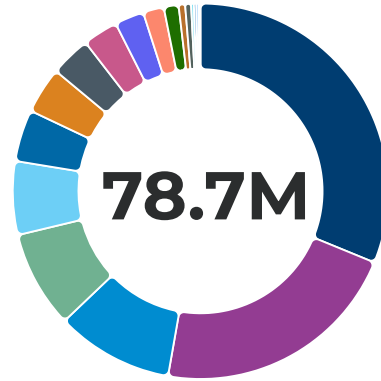
Other Revenue: The proposed budget includes miscellaneous revenue such as permit fees and Department of Water Resources refunds.

Fund 100 - Expenditures by Expense Type

FY 2027 Budgeted



FY 2028 Budgeted



● Personnel	\$23,485,000	32.04%
● Capital Funding	\$16,480,000	22.49%
● Debt Service	\$4,978,000	6.79%
● Water	\$4,976,000	6.79%
● Chemicals	\$4,939,000	6.74%
● Professional Services	\$4,055,000	5.53%
● Delta Conveyance Project	\$3,300,000	4.50%
● Utilities	\$2,806,000	3.83%
● Maintenance Services	\$2,752,000	3.75%
● Office Supplies and Other Services	\$1,636,000	2.23%
● County Services	\$1,471,000	2.01%
● Insurance Services	\$950,000	1.30%
● Organizational Memberships and Support	\$421,000	0.57%
● Legal Services	\$405,000	0.55%
● Training and Travel	\$187,000	0.26%
● Telecommunications	\$169,000	0.23%
● Water Conservation Program	\$160,000	0.22%
● Rental Services	\$119,000	0.16%

● Personnel	\$24,542,000	31.20%
● Capital Funding	\$16,967,000	21.57%
● Water	\$7,951,000	10.11%
● Chemicals	\$6,585,000	8.37%
● Debt Service	\$4,981,000	6.33%
● Utilities	\$3,510,000	4.46%
● Professional Services	\$3,148,000	4.00%
● Maintenance Services	\$2,735,000	3.48%
● County Services	\$2,384,000	3.03%
● Delta Conveyance Project	\$1,980,000	2.52%
● Office Supplies and Other Services	\$1,407,000	1.79%
● Insurance Services	\$1,000,000	1.27%
● Organizational Memberships and Support	\$437,000	0.56%
● Legal Services	\$405,000	0.51%
● Training and Travel	\$187,000	0.24%
● Telecommunications	\$166,000	0.21%
● Water Conservation Program	\$160,000	0.20%
● Rental Services	\$119,000	0.15%

Expenses

For fiscal years 2026-27 and 2027-28, proposed expenditures are \$73.3M and \$78.7M, respectively. Expense highlights and assumptions are described below.

Personnel: No new positions are requested within this fund. The personnel budget includes cost-of-living adjustments of 5% (effective June 21, 2026) and 4% (effective June 20, 2027), approved by the Board on June 18, 2025. The budget assumes a 10% vacancy rate in both years.

Capital Funding: FY 2026-27 reflects the approved asset management program capital funding of \$16.3M set forth in the 2026 Asset Management Program Update adopted by the Board on April 15, 2026 (Board Resolution No. 26-30). The FY 2027-28 proposed capital funding assumes a 3% increase.

Debt Service: The proposed budget includes annual debt service payments for the Agency’s Water Revenue Bonds, 2018 Series A and 2023 Series A of \$4.9M annually.

Water Production: Includes water, chemicals, and utility costs. The proposed budget plans for drier conditions over the next two years, with total water production costs increasing from \$12.7M in FY 2026-27 to \$18.0M in FY 2027-28. The drivers for this increase are described below.

- **Water:** The proposed budget for water costs is \$4.9M in FY 2026-27, increasing to \$8.0M in FY 2027-28. As stated above, the proposed budget plans for drier conditions in 2027 and 2028, which may lead to low State Water Project allocations and a greater reliance on previously stored water or water transfers. The proposed budget for FY 2026-27 is close to the current year's budget due to the Agency’s healthy water supplies heading into summer 2026. The proposed FY 2027-28 water budget increases by approximately \$3M to plan for water purchases through an agreement with Sutter Extension Water District and recovery of water stored in Kern County. A breakdown of the proposed water budget is shown in the table below.

Water Cost Category	Description	FY 2027 Budgeted	FY 2028 Budgeted
Variable Transportation Charges	State Water Project Conveyance Charges	\$3,100,000	\$2,800,000
Water Purchase/Transfer Costs	Yuba Accord, Dry Year Transfer, Other Water Transfers (Sutter Extension Water District)	\$50,000	\$2,850,000
Water Storage Purchases	Kern County Banks (Recovery/Stored Water)	\$1,000,000	\$1,500,000
Water Storage O&M/Exchange	Semitropic Water Storage District Fixed Annual Charge	\$600,000	\$600,000
Other Water Costs	Lake Del Valle Fixed Annual Charge, Municipal Water Quality Program, Quagga Mussel Program at Lake Del Valle	\$226,000	\$201,000
Total		\$4,976,000	\$7,951,000

- **Chemicals:** The proposed budget for water treatment chemicals is \$4.9M in FY 2026-27, increasing to \$6.6M in FY 2027-28. These costs include annual inflationary adjustments ranging from 6%–46% for chemicals used at the Agency's treatment plants. The primary driver for the increase in FY 2027-28 is the addition of approximately \$1.8M for the removal and replacement of ion exchange resin (PFAS treatment) at the Stoneridge and Chain of Lakes PFAS Treatment Facilities. This is the first removal and replacement of ion exchange resin since the PFAS treatment facilities came online.

- **Utilities:** The proposed budget for utilities is \$2.8M in FY 2026-27, increasing to \$3.5M in FY 2027-28. The drivers for the increase include estimated annual inflationary adjustments and increased energy usage from groundwater production due to projected drier conditions.

Professional Services: The proposed professional services are summarized below by Agency department/section.

Professional Services	FY 2027 Budgeted	FY 2028 Budgeted
Office of the General Manager (Legislative Services, IT Services, Contingency)	\$642,000	\$651,000
Communications (Agency Communications, Website)	\$330,000	\$280,000
Communications (Schools and Outreach Program)	\$277,000	\$284,000
Finance (Water Rates Study, Rates Outreach, External Auditor, Municipal Advisory Services)	\$264,000	\$132,000
Human Resources (Labor Relations Consulting, HR Support)	\$92,000	\$94,000
Facilities Engineering (As-Needed Engineering Support, Geotechnical, Surveying)	\$70,000	\$150,000
Groundwater (Groundwater Sustainability Plan, GIS, Water Sampling, Research Studies)	\$724,000	\$361,000
Water Quality (Analytical Services, Backflow Tester/Cross Connection Control Services)	\$271,000	\$228,000
Integrated Planning (Water Supply Evaluation & Model, Grant Support, Environmental Support)	\$730,000	\$520,000
Operations (Security Services, Database Support, SCADA Support)	\$335,000	\$343,000
Maintenance (Safety Training, Security Assessment and Plan, Environmental Health & Safety Consultant)	\$320,000	\$105,000
Total	\$4,055,000	\$3,148,000

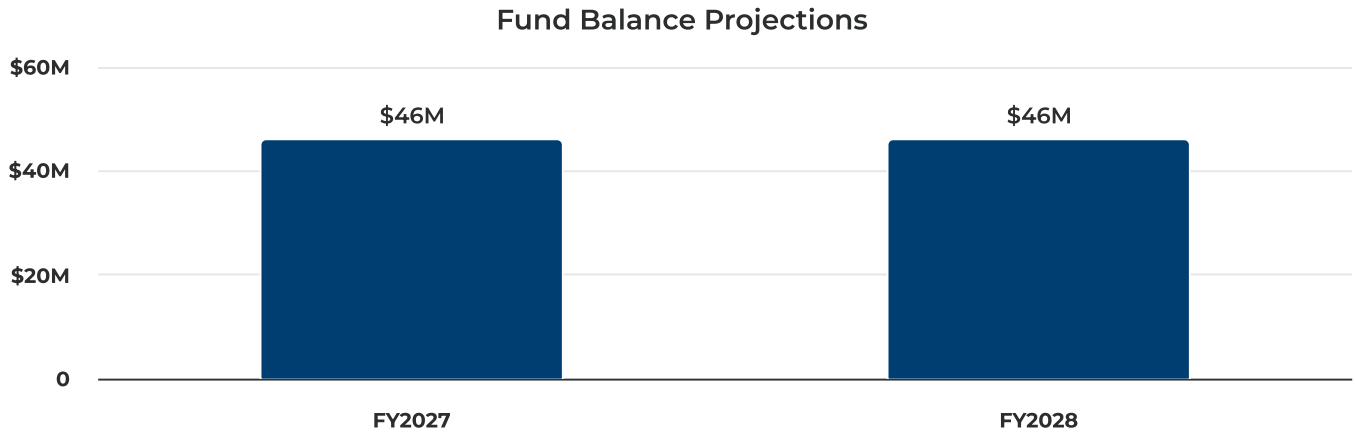
Delta Conveyance Project: In October 2024, the Board adopted Resolution No. 24-28 authorizing \$6.6M for pre-construction activities in calendar years 2026 and 2027. The proposed budget includes \$5.3M for costs incurred during FY 2026-27 and FY 2027-28.

Office Supplies and Other Services: The proposed budget allocates funding for general office and emergency supplies and services, annual software licenses, and state and local fees. The FY 2026-27 proposed budget includes additional one-time expenditures such as a new firewall and storage area network to enhance the Agency's cybersecurity and \$75K in funding for promotional materials to celebrate the Agency's 70th anniversary. The proposed budget also includes the new annual licensing fee for the Computerized Maintenance Management System of \$100K.

Water Conservation Program: The proposed budget allocates \$160K annually for the Agency's rebate program to continue efforts to incentivize the community to convert to water-efficient appliances and drought-resistant landscapes.



Fund 100 - Fund Balance



Reserves

This fund maintains several reserves as defined in the Agency's Reserve Policy (Resolution No. 25-47). Per Strategic Plan Initiative #21, the Agency shall continue to effectively manage financial resources by maintaining target levels of reserves. In the proposed budget, reserves are funded at target levels in both years. The Water Reliability Reserve does not have a defined minimum, target, or maximum level as this reserve was designated by the Board to address future water reliability investments, such as Sites Reservoir. This reserve holds the balance of funds once target levels are achieved. The corresponding target reserve requirements for the proposed budget are shown in the table below.

Fund 100 Reserves	Target Policy	FY 2027 Budgeted	FY 2028 Budgeted
Operating	90 days of the current year's budgeted operating expenses	14,008,000	15,213,000
Emergency	2.5% of the Agency's water system capital assets	8,932,000	9,289,000
Reserve for Economic Uncertainties	15% of the current year's budgeted volume-based water sales	5,774,000	6,037,000
Total Target Reserves		\$28,714,000	\$30,539,000
Section 115 Pension Trust Fund	No minimum, target, or maximum	2,399,000	2,524,000
Water Reliability Reserve	No minimum, target, or maximum	15,074,000	13,188,000
Total Reserves		\$46,187,000	\$46,251,000

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.

The Agency's cost of importing water from the Department of Water Resources is funded through the State Water Facilities Fund. This includes repayment of voter-approved, State-incurred, long-term debt.

Comprehensive Fund Summary

Details of Revenue and Expenses for Fund 110

Category	FY 2026 Projected Actual	FY 2027 Budgeted	FY 2028 Budgeted
Beginning Fund Balance	\$57,911,111	\$59,421,000	\$60,350,000
Revenues			
Water Sales & Service	\$2,696,000	\$2,995,000	\$3,145,000
Property Taxes	\$22,201,000	\$23,051,000	\$23,051,000
Other Revenue	\$3,675,000	\$3,675,000	\$3,675,000
Investment Earnings	\$2,033,000	\$1,497,000	\$1,506,000
Total Revenues	\$30,605,000	\$31,218,000	\$31,377,000
Expenditures			
Professional Services	\$19,000	\$16,000	\$16,000
Water	\$29,076,000	\$30,273,000	\$31,533,000
Total Expenditures	\$29,095,000	\$30,289,000	\$31,549,000
Total Revenues Less Expenditures	\$1,510,000	\$929,000	-\$172,000
Ending Fund Balance	\$59,421,111	\$60,350,000	\$60,178,000

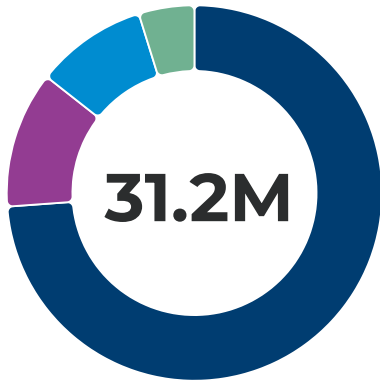
Comprehensive Summary Footnotes

1. Values are rounded to the thousands.
2. The FY 2026 projected ending fund balance is based on the FY 2025-26 unaudited second quarter year-end projections.

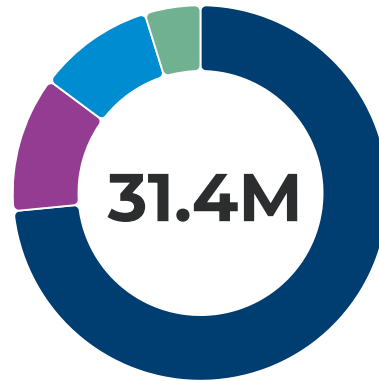


Fund 110 - Revenues by Revenue Type

FY 2027 Budgeted



FY 2028 Budgeted



● Property Taxes	\$23,051,000	73.84%
● Other Revenue	\$3,675,000	11.77%
● Water Sales & Service	\$2,995,000	9.59%
● Investment Earnings	\$1,497,000	4.80%

● Property Taxes	\$23,051,000	73.46%
● Other Revenue	\$3,675,000	11.71%
● Water Sales & Service	\$3,145,000	10.02%
● Investment Earnings	\$1,506,000	4.80%

Revenue

For fiscal years 2026-27 and 2027-28, proposed revenue is \$31.2M and \$31.4M, respectively. Revenue highlights and assumptions are described below.

Property Taxes: The proposed budget assumes no increase in the property tax override; the property tax override will remain at \$22M for both years. The additional \$1M includes miscellaneous property tax revenue, such as prior-year, unsecured, and supplemental property taxes.

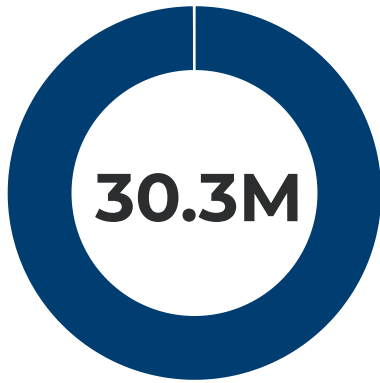
Other Revenue: Other revenue includes miscellaneous revenue, such as Department of Water Resources refunds.

Water Sales and Services: The proposed budget assumes surcharge revenue from Dougherty Valley, which is outside the Agency's taxable service area.

Investment Earnings: The proposed budget anticipates an investment return of 2.5% for both years.

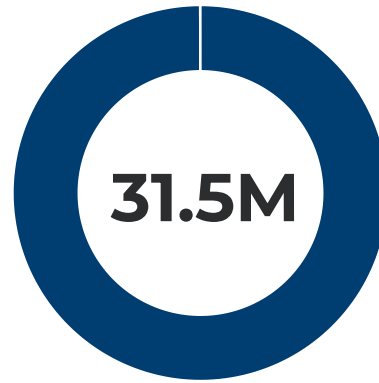
Fund 110 - Expenditures by Expense Type

FY 2027 Budgeted



● Water	\$30,273,000	99.95%
● Professional Services	\$16,000	0.05%

FY 2028 Budgeted



● Water	\$31,533,000	99.95%
● Professional Services	\$16,000	0.05%

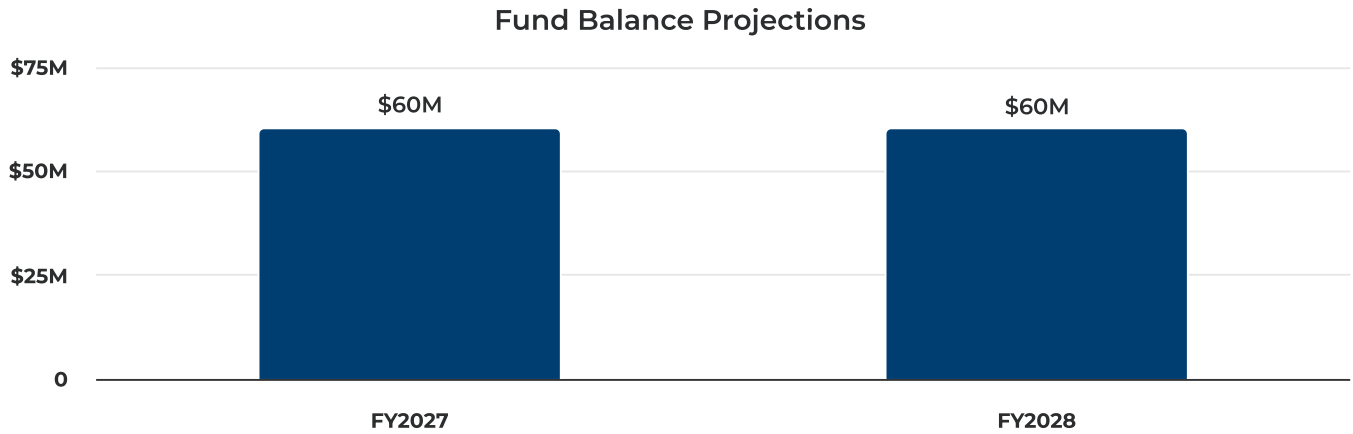
Expenses

The State Water Project fixed costs account for the majority of this fund's expenses. For fiscal years 2026-27 and 2027-28, proposed expenditures are \$30.3M and \$31.5M, respectively. Expense highlights and assumptions are described below.

Professional Services: The proposed budget includes this fund's share of the Agency's investment advisory services, estimated at \$16K per year.

Water: The proposed water budget makes up the majority of this fund's costs and comprises the State Water Project fixed costs. Expenses are projected to increase by 4% each year. This estimate is based on historical cost trends and information from the State Water Project 2026 and 2027 Budget Report. Actual costs for 2027 will be determined by the Department of Water Resources Statement of Charges, issued on July 1, 2026, which is after the budget is adopted. The Agency maintains an operating reserve in this fund to help offset any unexpected increases in expenses.

Fund 110 - Fund Balance



Reserves

Per the Agency's Reserve Policy (Resolution No. 25-47), this fund maintains a minimum operating reserve balance equal to 50% of the following year's operating expenses. This reserve may be used for unanticipated operating expenses, daily cash flow requirements, and emergencies. This reserve has no maximum level due to the unpredictability of future State Water Project costs.

For FY 2026-27 and FY 2027-28, reserves are projected to be \$60.4M and \$60.2M, respectively, which is above the minimum level.

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 receives 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 supports 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 also supports renewal/replacement and improvement projects for the existing flood protection system.

Comprehensive Fund Summary

Details of Revenue and Expenses for Fund 200

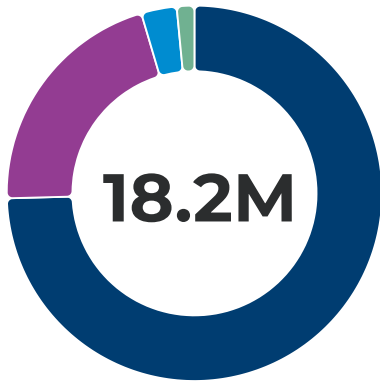
Category	FY 2026 Projected Actual	FY 2027 Budgeted	FY 2028 Budgeted
Beginning Fund Balance	\$33,637,946	\$31,061,000	\$12,843,000
Revenues			
Property Taxes	\$13,077,000	\$13,598,000	\$14,137,000
Other Revenue	\$740,000	\$276,000	\$276,000
Grants	\$0	\$3,801,000	\$2,018,000
Investment Earnings	\$1,037,000	\$557,000	\$314,000
Total Revenues	\$14,854,000	\$18,232,000	\$16,745,000
Expenditures			
Personnel	\$3,008,000	\$3,352,000	\$3,501,000
Professional Services	\$2,506,000	\$2,926,000	\$2,972,000
County Services	\$150,000	\$164,000	\$170,000
Legal Services	\$18,000	\$15,000	\$15,000
Telecommunications	\$10,000	\$10,000	\$10,000
Maintenance Services	\$4,963,000	\$28,917,000	\$11,857,000
Rental Services	\$20,000	\$5,000	\$5,000
Office Supplies and Other Services	\$755,500	\$917,000	\$729,000
Organizational Memberships and Support	\$91,300	\$75,000	\$76,000
Training and Travel	\$15,000	\$29,000	\$29,000
Equipment	\$35,000	\$27,000	\$1,000
Capital Funding	\$16,000	\$13,000	\$13,000
Total Expenditures	\$11,587,800	\$36,450,000	\$19,378,000
Total Revenues Less Expenditures	\$3,266,200	-\$18,218,000	-\$2,633,000
Ending Fund Balance	\$36,904,146	\$12,843,000	\$10,210,000



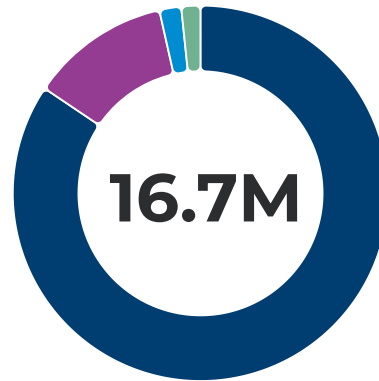
1. Values are rounded to the thousands.
2. The FY 2026 projected ending fund balance is based on the FY 2025–26 unaudited second quarter year-end projections. The FY 2027 Budgeted beginning fund balance accounts for approximately \$5.8M in budget carryovers from FY 2025-26 to FY 2026-27 for multi-year projects.

Fund 200 - Revenues by Source

FY 2027 Budgeted



FY 2028 Budgeted



● Property Taxes	\$13,598,000	74.58%	● Property Taxes	\$14,137,000	84.43%
● Grants	\$3,801,000	20.85%	● Grants	\$2,018,000	12.05%
● Investment Earnings	\$557,000	3.06%	● Investment Earnings	\$314,000	1.88%
● Other Revenue	\$276,000	1.51%	● Other Revenue	\$276,000	1.65%

Revenue

For fiscal years 2026-27 and 2027-28, proposed revenue is \$18.2M and \$16.7M, respectively. Revenue highlights and assumptions are described below.

Property Taxes: The proposed ad valorem property tax revenue assumes a 4% annual increase in assessed valuation for both years.

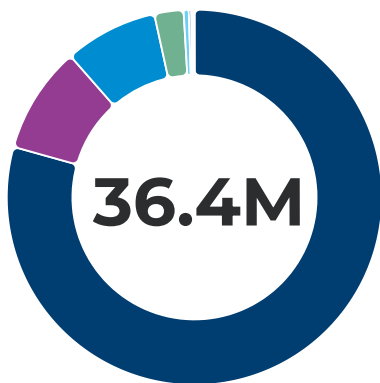
Grants: Grant revenue includes funding from the Department of Water Resources and the Federal Emergency Management Agency. The table below summarizes the anticipated grant funds for FY 2026-27 and FY 2027-28.

Project	Awarding Agency	FY 2027 Budgeted	FY 2028 Budgeted
Alamo Creek Pilot Project	Department of Water Resources	\$3,566,000	-
Stream Gage Improvement Program	Department of Water Resources	\$235,000	-
2023 Storm Repair	Federal Emergency Management Agency (FEMA)	-	\$2,018,000
Total		\$3,801,000	\$2,018,000

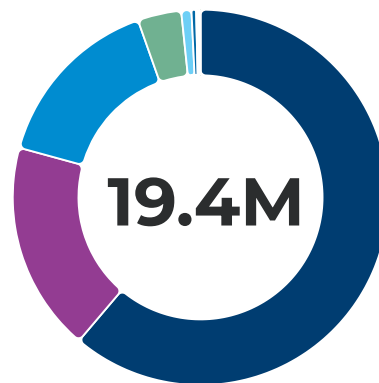
Investment Earnings: The proposed budget anticipates an investment return of 2.5% for both years.

Fund 200 - Expenditures by Expense Type

FY 2027 Budgeted



FY 2028 Budgeted



● Maintenance Services	\$28,917,000	79.33%
● Personnel	\$3,352,000	9.20%
● Professional Services	\$2,926,000	8.03%
● Office Supplies and Other Services	\$917,000	2.52%
● County Services	\$164,000	0.45%
● Organizational Memberships and Support	\$75,000	0.21%
● Training and Travel	\$29,000	0.08%
● Equipment	\$27,000	0.07%
● Legal Services	\$15,000	0.04%
● Capital Funding	\$13,000	0.04%
● Telecommunications	\$10,000	0.03%
● Rental Services	\$5,000	0.01%

● Maintenance Services	\$11,857,000	61.19%
● Personnel	\$3,501,000	18.07%
● Professional Services	\$2,972,000	15.34%
● Office Supplies and Other Services	\$729,000	3.76%
● County Services	\$170,000	0.88%
● Organizational Memberships and Support	\$76,000	0.39%
● Training and Travel	\$29,000	0.15%
● Legal Services	\$15,000	0.08%
● Capital Funding	\$13,000	0.07%
● Telecommunications	\$10,000	0.05%
● Rental Services	\$5,000	0.03%
● Equipment	\$1,000	0.01%

Expenses

For fiscal years 2026-27 and 2027-28, proposed expenditures are \$36.4M and \$19.4M, respectively. Expense highlights and assumptions are described below.

Personnel: The proposed budget includes funding for one new full-time equivalent Construction Maintenance Laborer. Flood maintenance activities have increased due to increased frequency of storm events, sediment accumulation, encampment response, debris removal, and vegetation management. A second Construction Maintenance Laborer position will help meet operational demands, increase maintenance activities, and strengthen emergency response capabilities. The personnel budget also includes cost of living adjustments of 5% (effective June 21, 2026) and 4% (effective June 20, 2027) approved by the Board on June 18, 2025.

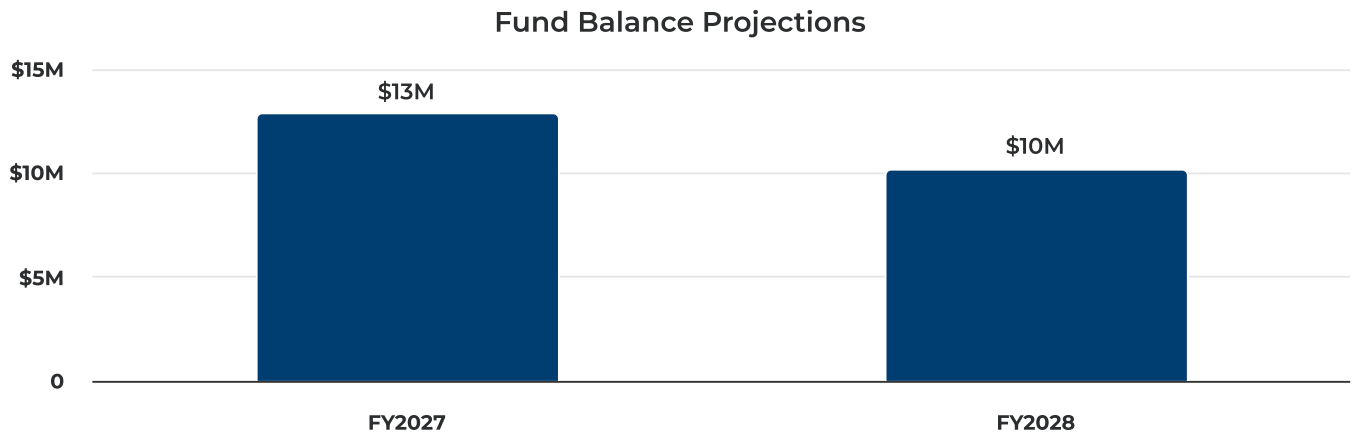
Professional Services: The proposed budget includes \$2.9M each year for engineering support, hydraulic modeling, environmental planning and permitting activities, and the Flood Management Plan Phase 2B.

Maintenance Services: The Agency will address 99 repair sites across Dublin, Pleasanton, and Livermore over the next two years to restore flood protection infrastructure damaged during the 2023 storms. The proposed budget includes funding for routine flood maintenance (mowing, pest control, vegetation spraying, grazing, homeless abatement and removal, etc.) and the 2023 Storm Repairs Project. The proposed budget includes approximately \$28.9M in FY 2026-27 and \$11.9M in FY 2027-28 for the following maintenance activities:

Flood Maintenance Services	FY 2027 Budgeted	FY 2028 Budgeted
High Priority Storm Damage Repairs (3 sites) ¹	\$1,790,000	-
2023 Storm Repair Project — Phase 1A (38 sites)	\$16,500,000	-
2023 Storm Repair Project — Phase 1B (12 sites)	-	\$5,800,000
US Army Corps of Engineers Rehabilitation (41 sites)	\$3,860,000	\$1,688,000
Alamo Creek Bank Repair (3 sites)	\$1,100,000	-
Mitigation of Repaired Sites	\$500,000	\$1,000,000
Routine Maintenance and Other Maintenance Activities (1 site)	\$5,167,000	\$3,369,000
Total	\$28,917,000	\$11,857,000

¹One additional site will be repaired in fiscal year 2028-29.

Fund 200 - Fund Balance



Reserves

Per the Agency's Reserve Policy (Resolution No. 25-47), this fund maintains a minimum operating reserve balance equal to 20% of the current year's operating expenses. This reserve may be used for unanticipated operating expenses, daily cash flow requirements, and emergencies. This reserve has

no target, and its maximum level is equal to 50% of the current year's operating expenses. The proposed budget funds this reserve at the minimum level in both years.

The Flood Protection Capital Projects Reserve holds the balance of funds once the operating reserve is funded. This reserve is used to pay for capital projects as set forth in the annual budget and has no minimum or maximum reserve requirement. The forthcoming Flood Management Plan will direct the Agency's future capital projects.

The Section 115 Pension Trust holds this fund's share of the Agency's Section 115 Pension Trust. The Agency's Funding of Long-Term Pension Liability Policy (Resolution No. 23-20) established a pension trust reserve to pre-fund future pension payments.

For FY 2026-27 and FY 2027-28, reserves are projected to be \$12.8M and \$10.2M, respectively.

Fund 210 - Flood Protection Development Impact Fee

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, land and right of way acquisition, environmental review, permitting, and construction for drainage projects.

Comprehensive Fund Summary

Details of Revenue and Expenses for Fund 210

Category	FY 2026 Projected Actual	FY 2027 Budgeted	FY 2028 Budgeted
Beginning Fund Balance	\$85,092,017	\$88,222,000	\$90,639,000
Revenues			
Connection/Development Fees	\$2,000,000	\$1,500,000	\$1,500,000
Other Revenue	\$25,000	\$25,000	\$25,000
Investment Earnings	\$2,559,000	\$2,236,000	\$2,293,000
Total Revenues	\$4,584,000	\$3,761,000	\$3,818,000
Expenditures			
Personnel	\$62,000	\$184,000	\$197,000
Professional Services	\$965,000	\$660,000	\$914,000
Capital Projects	\$0	\$500,000	\$500,000
Total Expenditures	\$1,027,000	\$1,344,000	\$1,611,000
Total Revenues Less Expenditures	\$3,557,000	\$2,417,000	\$2,207,000
Ending Fund Balance	\$88,649,017	\$90,639,000	\$92,846,000

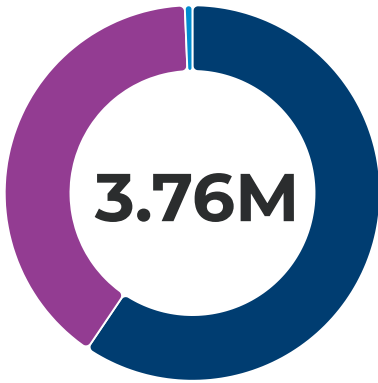
Comprehensive Summary Footnotes

1. Values are rounded to the thousands.
2. The FY 2026 projected ending fund balance is based on the FY 2025-26 unaudited second quarter year-end projections. The FY 2027 Budgeted beginning fund balance accounts for approximately \$427K in budget carryovers from FY 2025-26 to FY 2026-27 for multi-year agreements.



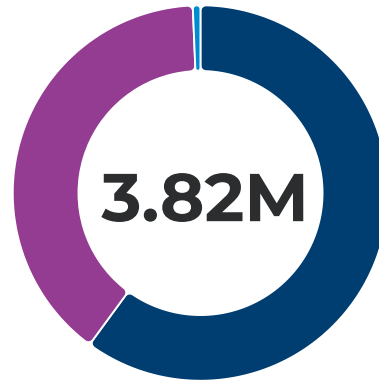
Fund 210 - Revenues by Source

FY 2027 Budgeted



● Investment Earnings	\$2,236,000	59.45%
● Connection/Development Fees	\$1,500,000	39.88%
● Other Revenue	\$25,000	0.66%

FY 2028 Budgeted



● Investment Earnings	\$2,293,000	60.06%
● Connection/Development Fees	\$1,500,000	39.29%
● Other Revenue	\$25,000	0.65%

Revenue

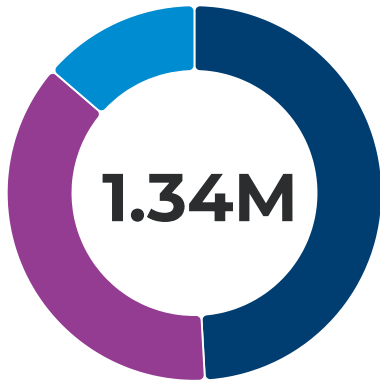
For fiscal years 2026-27 and 2027-28, proposed revenue is \$3.8M and \$3.8M, respectively. Revenue highlights and assumptions are described below.

Investment Earnings: The proposed budget anticipates an investment return of 2.5% for both years.

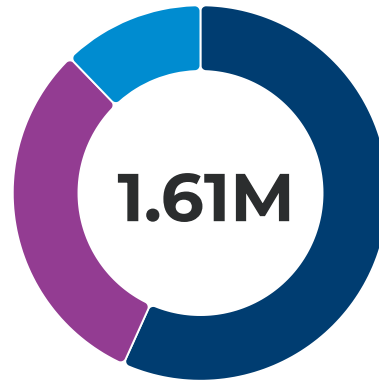
Development Fees: Development impact fees are collected from a development project within Zone 7's service area, equal to the number of square feet of impervious surface created. Development impact fee revenue is estimated at \$1.5M each year based on projected growth within the service area.

Fund 210 - Expenditures by Expense Type

FY 2027 Budgeted



FY 2028 Budgeted



● Professional Services	\$660,000	49.11%	● Professional Services	\$914,000	56.73%
● Capital Projects	\$500,000	37.20%	● Capital Projects	\$500,000	31.04%
● Personnel	\$184,000	13.69%	● Personnel	\$197,000	12.23%

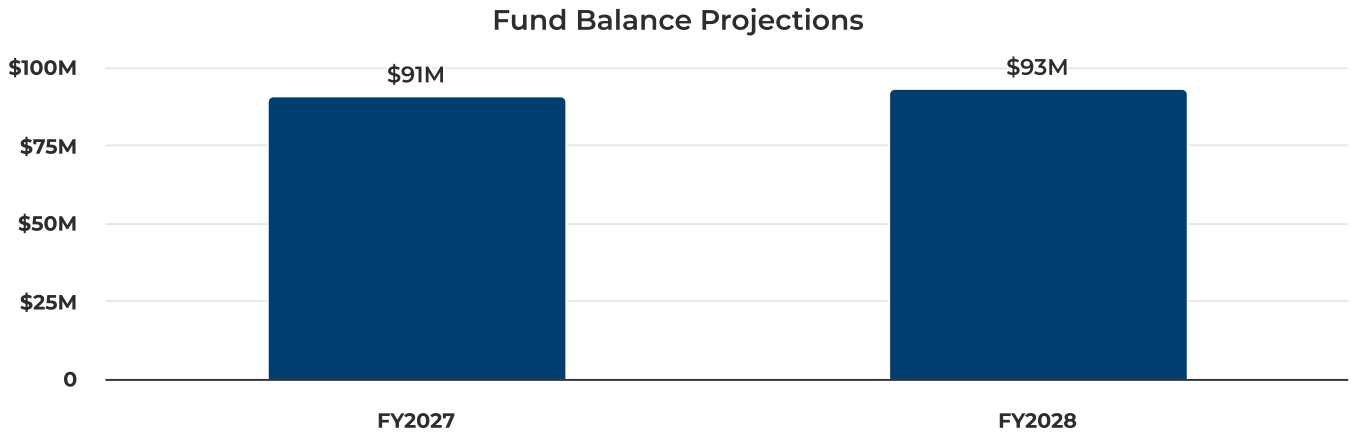
Expenses

For fiscal years 2026-27 and 2027-28, proposed expenditures are \$1.3M and \$1.6M, respectively. Expense highlights and assumptions are described below.

Professional Services: The proposed budget includes funding for services related to flood expansion, including engineering support, hydraulic modeling, environmental planning, and Phase 2B of the Flood Management Plan.

Capital Projects: Includes an annual contingency of \$500K for unforeseen projects or services. No capital projects are planned during the two-year budget period. The Agency is developing a Flood Management Plan to guide the Agency’s future flood maintenance activities and capital projects.

Fund 210 - Fund Balance



Reserves

Per the Agency's Reserve Policy (Resolution No. 25-47), this fund maintains a capital projects reserve to ensure the Agency is able to meet current and future needs for Flood Protection facilities. The reserve is intended to provide funding for any Flood Protection facilities required to mitigate the impacts of new development. The reserve has no minimum, target, or maximum requirement.

For FY 2026-27 and FY 2027-28, ending reserve balances are projected to be \$90.6M and \$92.8M, respectively.

Capital Improvement Plan

The Agency prepares a Water System Capital Improvement Plan that outlines the plans for capital projects and programs needed to carry out the goals and policy objectives of the Agency. The capital improvement plan is based on a number of planning documents such as the Urban Water Management Plan, Water Supply Evaluation, and Asset Management Plan, incorporating the projects, costs, schedules, and priorities from those documents into the capital improvement plan.

On April 15, 2026, the Board of Directors adopted the 2026 Asset Management Plan Update and the FY 2026-27 Ten-Year Water System Capital Improvement Plan via Resolution No. 26-30. The Ten-Year Capital Improvement Plan identifies the prioritized investment plan for FY 2026-27 through FY 2035-36 and outlines recommended system improvements and facility expansions to meet existing and projected future water demands, and the water system facility renewal and replacement recommendations included in the Asset Management Plan Update. The proposed water system capital budget reflects the first two years of the adopted FY 2026-27 Ten-Year Water System Capital Improvement Plan.



Chain of Lakes Conveyance System
Illustration



Regional Groundwater Development Project



Mocho PFAS Treatment Plant
Location Map

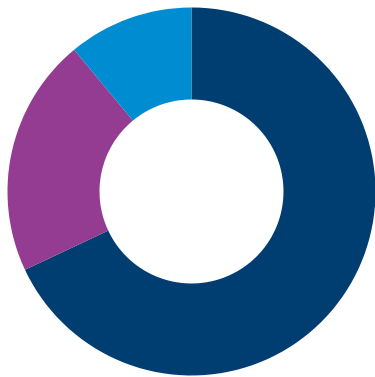
Capital Improvement Plan Funding Sources

Zone 7's Water System capital improvement plan projects are funded from the following three sources depending on the project's beneficiaries:

- *Renewal/Replacement* focuses on existing facilities reaching the end of their useful service life. These projects rehabilitate or replace assets to maintain the established level of service to existing Zone 7 customers. The renewal/replacement projects are funded by water rates.
- *System-Wide Improvements* address new regulatory requirements and enhancements to existing facilities that will improve their operation and maintenance, safety, flexibility, and cost-effectiveness as necessary for existing Zone 7 customers. The system-wide improvement projects are also funded by water rates.
- *Expansion* identifies the capital projects needed to meet the needs of future customers within Zone 7's service area. The Water System expansion projects are funded by water connection fees, which are collected from developers.

The following charts break down the FY 2026-27 and FY 2027-28 water system capital budgets by funding source.

FY 2027 Water System Capital Budget



- Expansion **68%**
- System-wide Improvements **21%**
- Renewal/Replacement **11%**

FY 2028 Water System Capital Budget



- Expansion **52%**
- System-wide Improvements **32%**
- Renewal/Replacement **16%**

Fund 120 - Water Enterprise Renewal/Replacement and System-wide Improvements

Primary Funding Source: Water Rates via capital funding 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 supports the capital projects as outlined in the Agency's asset management program and the capital improvement program.

Comprehensive Fund Summary

Details of Revenue and Expenses for Fund 120

Category	FY 2026 Projected Actual	FY 2027 Budgeted	FY 2028 Budgeted
Beginning Fund Balance	\$89,592,777	\$86,577,000	\$88,295,000
Revenues			
Other Revenue	\$2,060,000	\$0	\$0
Grants	\$0	\$0	\$4,009,000
Investment Earnings	\$2,743,000	\$2,186,000	\$1,968,000
Capital Funding	\$16,353,000	\$16,277,000	\$16,765,000
Total Revenues	\$21,156,000	\$18,463,000	\$22,742,000
Expenditures			
Personnel	\$1,873,000	\$2,092,000	\$2,129,000
Professional Services	\$29,000	\$20,000	\$25,000
Capital Projects	\$11,341,000	\$14,633,000	\$39,658,000
Total Expenditures	\$13,243,000	\$16,745,000	\$41,812,000
Total Revenues Less Expenditures	\$7,913,000	\$1,718,000	-\$19,070,000
Ending Fund Balance	\$97,505,777	\$88,295,000	\$69,225,000

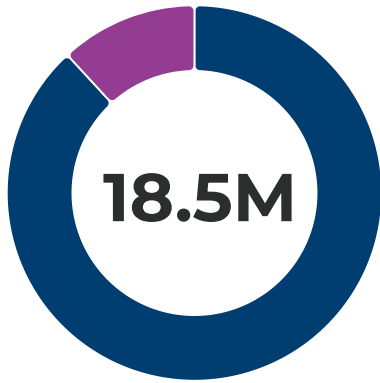
Comprehensive Summary Footnotes

1. Values are rounded to the thousands.
2. The FY 2026 projected ending fund balance is based on the FY 2025-26 unaudited second quarter year-end projections. The FY 2027 Budgeted beginning fund balance accounts for approximately \$10.9M in budget carryovers from FY 2025-26 to FY 2026-27 for multi-year capital projects.



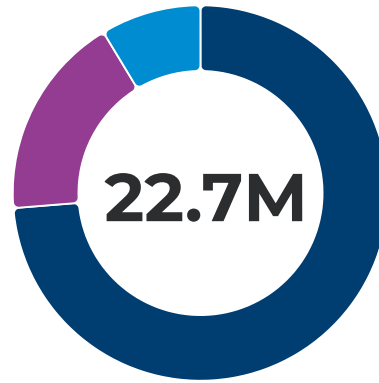
Fund 120 - Revenue by Source

FY 2027 Budgeted



● Capital Funding	\$16,277,000	88.16%
● Investment Earnings	\$2,186,000	11.84%

FY 2028 Budgeted



● Capital Funding	\$16,765,000	73.72%
● Grants	\$4,009,000	17.63%
● Investment Earnings	\$1,968,000	8.65%

Revenue

For fiscal years 2026-27 and 2027-28, the proposed revenue is \$18.5M and \$22.7M, respectively. Revenue highlights and assumptions are described below.

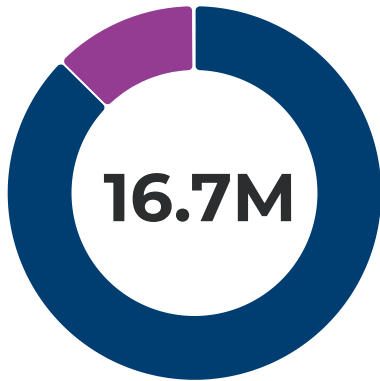
Grants: The FY 2027-28 proposed budget assumes partial receipt of the Emerging Contaminant Forgivable Loan proceeds for the Mocho PFAS Treatment Plant project.

Investment Earnings: The proposed budget anticipates an investment return of 2.5% for both years.

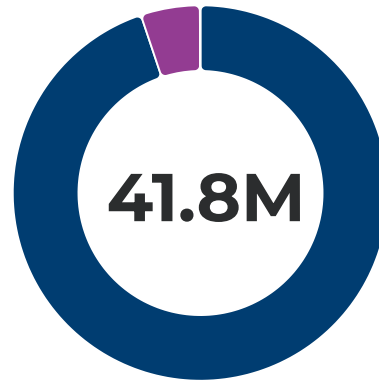
Capital Funding: FY 2026-27 reflects the approved asset management program capital funding of \$16.3M set forth in the 2026 Asset Management Program Update adopted by the Board on April 15, 2026 (Board Resolution No. 26-30). The FY 2027-28 proposed capital funding assumes a 3% increase.

Fund 120 - Expenditures by Expense Type

FY 2027 Budgeted



FY 2028 Budgeted



● Capital Projects	\$14,633,000	87.39%	● Capital Projects	\$39,658,000	94.85%
● Personnel	\$2,092,000	12.49%	● Personnel	\$2,129,000	5.09%
● Professional Services	\$20,000	0.12%	● Professional Services	\$25,000	0.06%

Expenses

For fiscal years 2026-27 and 2027-28, the proposed capital expenses are \$16.7M and \$41.8M, respectively. Expense highlights and assumptions are described below.

Professional Services: The proposed budget includes this fund's share of the Agency's investment advisory services.

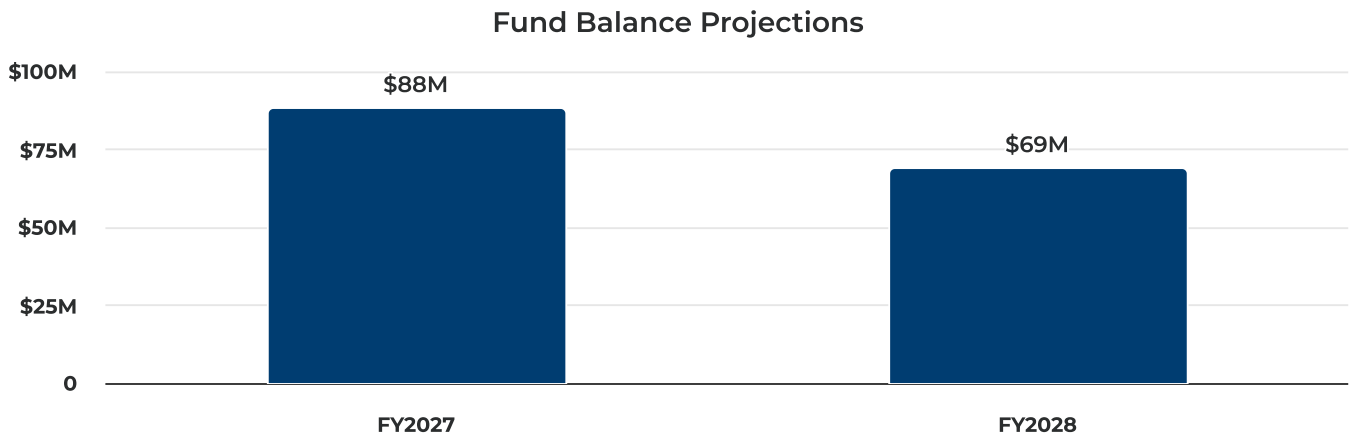
Capital Projects: The proposed budget reflects the first two years of the adopted FY 2026-27 Ten-Year Water System Capital Improvement Plan for renewal/replacement and system-wide improvement capital projects, as shown in the table below. For capital project details, please see the Agency's FY 2026-27 Ten-Year Water System Capital Improvement Plan.

Renewal/Replacement Projects	FY 2027 Budgeted	FY 2028 Budgeted
Contingency	\$750,000	\$750,000
Groundwater Basin Management		
Monitoring Well Replacements and Abandonments	\$350,000	-
Program Management		
Asset Management Program	\$12,500	\$12,900
Capital Improvement Program Management	\$7,900	\$8,100
Regulatory Compliance Monitoring		
Laboratory Equipment Replacement	\$180,000	\$226,600
Transmission and Distribution		
Silver Oaks Pump Station	\$1,936,000	\$737,800
Transmission System Plan and Hydraulic Model Update	\$420,000	\$185,400
Water Treatment Facilities		
DVWTP and PPWTP HVAC and Improvements	\$440,000	\$5,300,000
DVWTP Wastewater System	-	\$95,400
Maintenance Yard and Building	-	\$159,000
Renewal/Replacement Projects (Engineering)	\$900,000	\$875,000
Renewal/Replacement Projects (Maintenance)	\$875,000	\$875,000
SCADA Upgrades and Replacements	\$330,000	\$349,800
Wells		
MGDP RO Membrane Replacement/Expansion	-	\$3,551,000
Production Well Pump Replacement	-	\$1,007,000
Renewal/Replacement Subtotal	\$6,201,400	\$14,133,000

System-wide Improvement Projects	FY 2027 Budgeted	FY 2028 Budgeted
Transmission and Distribution		
Hopyard Wellfield Pipeline	-	\$127,200
Transmission System Line Valve Installation	\$50,000	-
Water Supply and Conveyance		
Chain of Lakes Conveyance System	\$784,400	\$1,488,800
Wells		
Chain of Lakes PFAS Treatment Plant Process Improvement Study	\$350,000	-
Mocho PFAS Treatment Plant	\$9,339,600	\$26,037,700
<i>System-wide Improvement Subtotal</i>	<i>10,524,000</i>	<i>27,653,700</i>
Total ¹	\$16,725,400	\$41,786,700

¹ Totals do not include investment advisory professional services in the amounts of \$20,000 (FY 2026-27) and \$25,000 (FY 2027-28).

Fund 120 - Fund Balance



Reserves

Per the Agency's Reserve Policy (Resolution No. 25-47), this fund maintains a minimum capital reserve equal to 100% of the following year's planned pay-go capital budget. For pay-go funding, capital reserve funds are accumulated to provide for the current and future funding needs of the various capital programs to facilitate completion of multi-year projects. This reserve has no maximum level.

For FY 2026-27 and FY 2027-28, ending reserve balances are projected to be \$88.3M and \$69.2M, respectively.

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 meet additional capacity requirements for 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.

Comprehensive Fund Summary

Details of Revenue and Expenses for Fund 130

Category	FY 2026 Projected Actual	FY 2027 Budgeted	FY 2028 Budgeted
Beginning Fund Balance	\$78,681,415	\$84,602,000	\$79,763,000
Revenues			
Connection/Development Fees	\$20,326,000	\$21,250,000	\$21,900,000
Other Revenue	\$3,000,000	\$3,700,000	\$7,297,000
Investment Earnings	\$2,256,000	\$2,054,000	\$1,846,000
Total Revenues	\$25,582,000	\$27,004,000	\$31,043,000
Expenditures			
Personnel	\$300,000	\$932,000	\$990,000
Professional Services	\$69,000	\$50,000	\$50,000
Legal Services	\$25,000	\$50,000	\$50,000
Water	\$16,425,000	\$17,800,000	\$17,800,000
Capital Projects	\$966,166	\$11,918,000	\$22,845,000
Debt Service	\$1,100,000	\$1,093,000	\$1,096,000
Total Expenditures	\$18,885,166	\$31,843,000	\$42,831,000
Total Revenues Less Expenditures	\$6,696,834	-\$4,839,000	-\$11,788,000
Ending Fund Balance	\$85,378,249	\$79,763,000	\$67,975,000

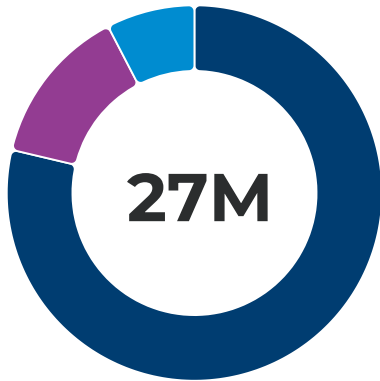
Comprehensive Summary Footnotes

1. Values are rounded to the thousands.
2. The FY 2026 projected ending fund balance is based on the FY 2025–26 unaudited second quarter year-end projections. The FY 2027 Budgeted beginning fund balance accounts for approximately \$776K in budget carryovers from FY 2025-26 to FY 2026-27 for multi-year capital expansion projects.

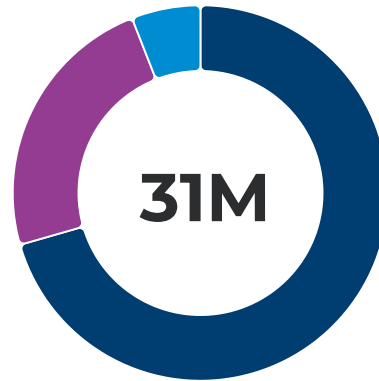


Fund 130 - Revenues by Source

FY 2027 Budgeted



FY 2028 Budgeted



● Connection/Development Fees	\$21,250,000	78.69%
● Other Revenue	\$3,700,000	13.70%
● Investment Earnings	\$2,054,000	7.61%

● Connection/Development Fees	\$21,900,000	70.55%
● Other Revenue	\$7,297,000	23.51%
● Investment Earnings	\$1,846,000	5.95%

Revenue

For fiscal years 2026-27 and 2027-28, the proposed revenue is \$27M and \$31M, respectively. Revenue highlights and assumptions are described below.

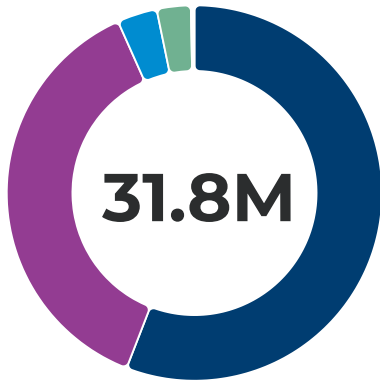
Connection/Development Fees: The proposed budget assumes approximately 610 new connections each year based on projected growth in the service area as forecasted in the Agency's forthcoming Tri-Valley Demand Assessment, 2025 Urban Water Management Plan, and Water Connection Fee Study (under development). The revenue assumes a 3% annual inflationary adjustment to the fees.

Other Revenue: Other revenue includes projected refunds from the Department of Water Resources. FY 2027-28 other revenue also includes refunds and cost-share agreement revenue for the Regional Groundwater Development Project from the City of Pleasanton for 1/3 of the cost.

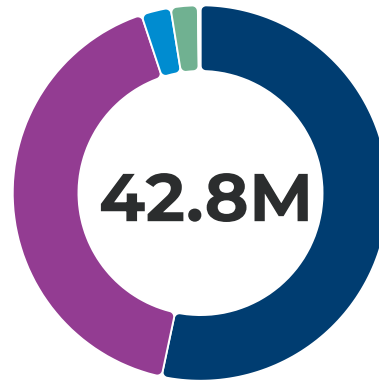
Investment Earnings: The proposed budget assumes an investment return of 2.5% each year.

Fund 130 - Expenditures by Expense Type

FY 2027 Budgeted



FY 2028 Budgeted



● Water	\$17,800,000	55.90%
● Capital Projects	\$11,918,000	37.43%
● Debt Service	\$1,093,000	3.43%
● Personnel	\$932,000	2.93%
● Professional Services	\$50,000	0.16%
● Legal Services	\$50,000	0.16%

● Capital Projects	\$22,845,000	53.34%
● Water	\$17,800,000	41.56%
● Debt Service	\$1,096,000	2.56%
● Personnel	\$990,000	2.31%
● Professional Services	\$50,000	0.12%
● Legal Services	\$50,000	0.12%

Expenses

For fiscal years 2026-27 and 2027-28, the proposed expansion capital expenses are \$31.8M and \$42.8M, respectively. Expense highlights and assumptions are described below.

Water: The proposed budget includes the annual debt service payments for the South Bay Aqueduct enlargement project and the future contractor's share of the South Bay Aqueduct of \$17.8M per year.

Professional Services: The proposed budget includes this fund's share of the Agency's investment advisory services.

Legal Services: The proposed budget includes \$50K annually for legal services.

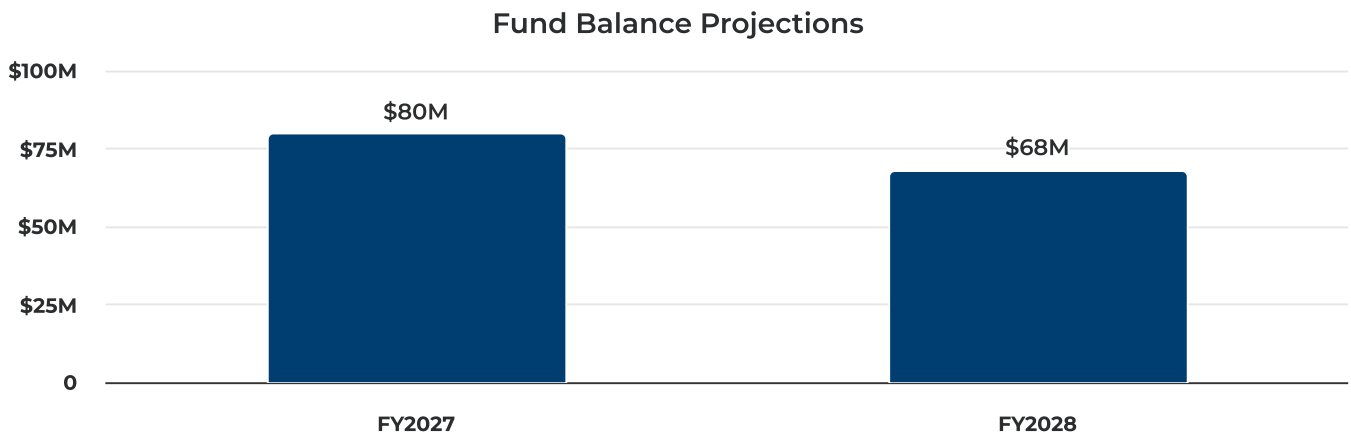
Debt Service: The proposed budget includes the expansion portion of the Water Revenue Bonds, 2018 Series A debt service of approximately \$1.1M per year. The Water Revenue Bonds, 2018 Series A refunded the Agency's obligations in connection with the Cawelo Water District Certificates of Participation.

Capital Projects: The proposed budget reflects the first two years of the adopted FY 2026-27 Ten-Year Water System Capital Improvement Plan for water system expansion capital projects, as shown in the following table. For capital project details, please see the Agency's FY 2026-27 Ten-Year Water System Capital Improvement Plan.

Water System Capital Expansion Project Listing	FY 2027 Budgeted	FY 2028 Budgeted
Contingency	\$500,000	\$500,000
Program Management		
Capital Improvement Program Management	\$4,600	\$4,800
Transmission and Distribution		
City Reach Pipeline Mitigation	-	\$434,600
Silver Oaks Pump Station	\$484,000	\$184,400
Transmission System Plan and Hydraulic Model Update	\$140,000	\$61,800
Water Supply and Conveyance		
Chain of Lakes Conveyance System	\$695,600	\$1,320,200
Potable Reuse Study	\$125,000	\$128,800
Wells		
Regional Groundwater Development Project	10,900,000	\$21,200,000
Total¹	\$12,849,200	\$23,834,600

¹Totals do not include investment advisory professional services and legal services of \$100K each year.

Fund 130 - Fund Balance



Reserves

Per the Agency's Reserve Policy (Resolution No. 25-47), this fund maintains a minimum reserve equal to 60% of the current annually budgeted non-discretionary obligations. This reserve has no maximum level as it is designed to accumulate sufficient reserves to pay for future capital expansion projects as set forth in the FY 2026-27 Ten-Year Capital Improvement Plan.

For FY 2026-27 and FY 2027-28, ending reserve balances are projected to be \$79.8M and \$68.0M, respectively.

Agency-wide Financial Summary

Comprehensive Fund Summary

Details of Revenue and Expenses for All Funds

Category	FY 2026 Projected Actual	FY 2027 Budgeted	FY 2028 Budgeted
Beginning Fund Balance	\$383,619,618	\$393,839,000	\$378,077,000
Revenues			
Water Sales & Service	\$75,123,000	\$76,830,000	\$80,232,000
Property Taxes	\$35,278,000	\$36,649,000	\$37,188,000
Connection/Development Fees	\$22,326,000	\$22,750,000	\$23,400,000
Other Revenue	\$10,278,000	\$8,239,000	\$11,836,000
Grants	\$15,000	\$3,801,000	\$6,027,000
Investment Earnings	\$11,819,000	\$9,652,000	\$9,005,000
Capital Funding	\$16,353,000	\$16,277,000	\$16,765,000
Total Revenues	\$171,192,000	\$174,198,000	\$184,453,000
Expenditures			
Personnel	\$27,607,000	\$30,045,000	\$31,359,000
Professional Services	\$6,837,000	\$7,727,000	\$7,125,000
County Services	\$2,086,000	\$1,635,000	\$2,554,000
Insurance Services	\$900,000	\$950,000	\$1,000,000
Legal Services	\$365,000	\$470,000	\$470,000
Water	\$50,488,000	\$53,049,000	\$57,284,000
Delta Conveyance Project	\$1,320,000	\$3,300,000	\$1,980,000
Chemicals	\$4,200,000	\$4,939,000	\$6,585,000
Utilities	\$3,775,000	\$2,806,000	\$3,510,000
Telecommunications	\$167,000	\$179,000	\$176,000
Maintenance Services	\$7,390,000	\$31,669,000	\$14,592,000
Rental Services	\$136,000	\$124,000	\$124,000
Office Supplies and Other Services	\$1,806,178	\$2,553,000	\$2,136,000
Organizational Memberships and Support	\$517,052	\$496,000	\$513,000
Training and Travel	\$75,000	\$216,000	\$216,000
Water Conservation Program	\$37,000	\$160,000	\$160,000
Capital Projects	\$12,307,166	\$27,051,000	\$63,003,000
Equipment	\$78,000	\$27,000	\$1,000
Debt Service	\$6,076,000	\$6,071,000	\$6,077,000
Capital Funding	\$16,589,000	\$16,493,000	\$16,980,000
Total Expenditures	\$142,756,396	\$189,960,000	\$215,845,000
Total Revenues Less Expenditures	\$28,435,604	-\$15,762,000	-\$31,392,000
Ending Fund Balance	\$412,055,222	\$378,077,000	\$346,685,000

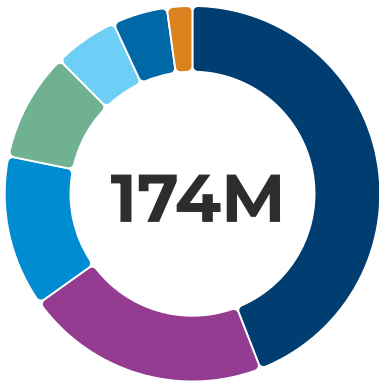
Comprehensive Summary Footnotes

1. Values are rounded to the thousands.
2. The FY 2026 projected ending fund balance is based on the FY 2025-26 unaudited second quarter year-end projections. The FY 2027 Budgeted beginning fund balance accounts for approximately \$18.2M in budget carryovers from FY 2025-26 to FY 2026-27 for multi-year contracts/projects.



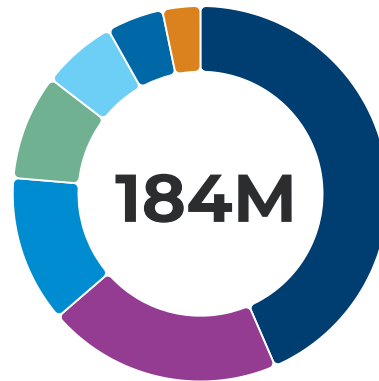
All Funds - Revenues by Source

FY 2027 Budgeted



Water Sales & Service	\$76,830,000	44.10%
Property Taxes	\$36,649,000	21.04%
Connection/Development Fees	\$22,750,000	13.06%
Capital Funding	\$16,277,000	9.34%
Investment Earnings	\$9,652,000	5.54%
Other Revenue	\$8,239,000	4.73%
Grants	\$3,801,000	2.18%

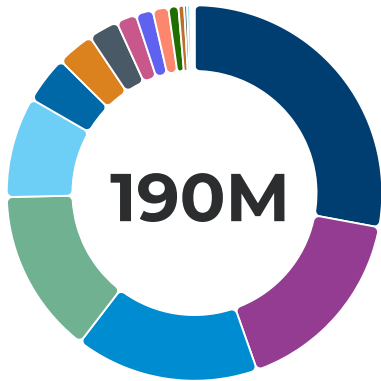
FY 2028 Budgeted



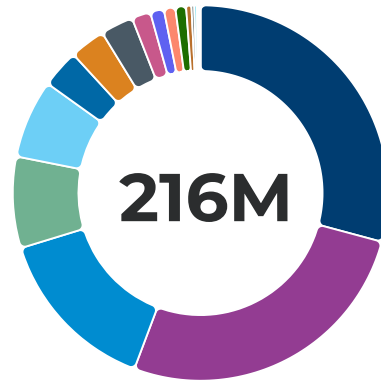
Water Sales & Service	\$80,232,000	43.50%
Property Taxes	\$37,188,000	20.16%
Connection/Development Fees	\$23,400,000	12.69%
Capital Funding	\$16,765,000	9.09%
Other Revenue	\$11,836,000	6.42%
Investment Earnings	\$9,005,000	4.88%
Grants	\$6,027,000	3.27%

All Funds - Expenditures by Expense Type

FY 2027 Budgeted



FY 2028 Budgeted



Water	\$53,049,000	27.93%
Maintenance Services	\$31,669,000	16.67%
Personnel	\$30,045,000	15.82%
Capital Projects	\$27,051,000	14.24%
Capital Funding	\$16,493,000	8.68%
Professional Services	\$7,727,000	4.07%
Debt Service	\$6,071,000	3.20%
Chemicals	\$4,939,000	2.60%
Delta Conveyance Project	\$3,300,000	1.74%
Utilities	\$2,806,000	1.48%
Office Supplies and Other Services	\$2,553,000	1.34%
County Services	\$1,635,000	0.86%
Insurance Services	\$950,000	0.50%
Organizational Memberships and Support	\$496,000	0.26%
Legal Services	\$470,000	0.25%
Training and Travel	\$216,000	0.11%
Telecommunications	\$179,000	0.09%
Water Conservation Program	\$160,000	0.08%
Rental Services	\$124,000	0.07%
Equipment	\$27,000	0.01%

Capital Projects	\$63,003,000	29.19%
Water	\$57,284,000	26.54%
Personnel	\$31,359,000	14.53%
Capital Funding	\$16,980,000	7.87%
Maintenance Services	\$14,592,000	6.76%
Professional Services	\$7,125,000	3.30%
Chemicals	\$6,585,000	3.05%
Debt Service	\$6,077,000	2.82%
Utilities	\$3,510,000	1.63%
County Services	\$2,554,000	1.18%
Office Supplies and Other Services	\$2,136,000	0.99%
Delta Conveyance Project	\$1,980,000	0.92%
Insurance Services	\$1,000,000	0.46%
Organizational Memberships and Support	\$513,000	0.24%
Legal Services	\$470,000	0.22%
Training and Travel	\$216,000	0.10%
Telecommunications	\$176,000	0.08%
Water Conservation Program	\$160,000	0.07%
Rental Services	\$124,000	0.06%
Equipment	\$1,000	0.00%

Attachment B

FY 2026-27 Proposed Budget - Summary By Account Classification

	Fund 100	Fund 110	Fund 120	Fund 130	Fund 200	Fund 210	Total
Beginning Fund Balance	\$43,956,000	\$59,421,000	\$86,577,000	\$84,602,000	\$31,061,000	\$88,222,000	\$393,839,000
Revenues							
Water Sales & Service	\$73,835,000	\$2,995,000					\$76,830,000
Property Taxes		\$23,051,000			\$13,598,000		\$36,649,000
Connection/Development Fees				\$21,250,000		\$1,500,000	\$22,750,000
Other Revenue	\$563,000	\$3,675,000		\$3,700,000	\$276,000	\$25,000	\$8,239,000
Grants					\$3,801,000		\$3,801,000
Investment Earnings	\$1,122,000	\$1,497,000	\$2,186,000	\$2,054,000	\$557,000	\$2,236,000	\$9,652,000
Capital Funding			\$16,277,000				\$16,277,000
Total Revenues	\$75,520,000	\$31,218,000	\$18,463,000	\$27,004,000	\$18,232,000	\$3,761,000	\$174,198,000
Expenditures							
Personnel	\$23,485,000		\$2,092,000	\$932,000	\$3,352,000	\$184,000	\$30,045,000
Professional Services	\$4,055,000	\$16,000	\$20,000	\$50,000	\$2,926,000	\$660,000	\$7,727,000
County Services	\$1,471,000				\$164,000		\$1,635,000
Insurance Services	\$950,000						\$950,000
Legal Services	\$405,000			\$50,000	\$15,000		\$470,000
Water	\$4,976,000	\$30,273,000		\$17,800,000			\$53,049,000
Delta Conveyance Project	\$3,300,000						\$3,300,000
Chemicals	\$4,939,000						\$4,939,000
Utilities	\$2,806,000						\$2,806,000
Telecommunications	\$169,000				\$10,000		\$179,000
Maintenance Services	\$2,752,000				\$28,917,000		\$31,669,000
Rental Services	\$119,000				\$5,000		\$124,000
Office Supplies and Other Services	\$1,636,000				\$917,000		\$2,553,000
Organizational Memberships and Support	\$421,000				\$75,000		\$496,000
Training and Travel	\$187,000				\$29,000		\$216,000
Water Conservation Program	\$160,000						\$160,000
Capital Projects			\$14,633,000	\$11,918,000		\$500,000	\$27,051,000
Equipment					\$27,000		\$27,000
Debt Service	\$4,978,000			\$1,093,000			\$6,071,000
Capital Funding	\$16,480,000				\$13,000		\$16,493,000
Total Expenditures	\$73,289,000	\$30,289,000	\$16,745,000	\$31,843,000	\$36,450,000	\$1,344,000	\$189,960,000
Total Revenues Less Expenditures	\$2,231,000	\$929,000	\$1,718,000	(\$4,839,000)	(\$18,218,000)	\$2,417,000	(\$15,762,000)
Ending Fund Balance	\$46,187,000	\$60,350,000	\$88,295,000	\$79,763,000	\$12,843,000	\$90,639,000	\$378,077,000
Reserves							
2018 Revenue Bond Rate Stabilization Fund			\$6,300,000	\$2,300,000			\$8,600,000
Capital Projects			\$81,922,000	\$43,215,000	\$5,294,000	\$90,639,000	\$221,070,000
Emergency	\$8,932,000						\$8,932,000
Future Contractor's Share of SBA				\$9,760,000			\$9,760,000
Operating	\$14,008,000	\$60,350,000			\$7,287,000		\$81,645,000
Reserve for Economic Uncertainties	\$5,774,000						\$5,774,000
SBA Enlargement				\$24,468,000			\$24,468,000
Section 115 Trust	\$2,399,000		\$73,000	\$20,000	\$262,000		\$2,754,000
Water Reliability Reserve	\$15,074,000						\$15,074,000
Total	\$46,187,000	\$60,350,000	\$88,295,000	\$79,763,000	\$12,843,000	\$90,639,000	\$378,077,000

Attachment B

FY 2027-28 Proposed Budget - Summary By Account Classification

	Fund 100	Fund 110	Fund 120	Fund 130	Fund 200	Fund 210	Total
Beginning Fund Balance	\$46,187,000	\$60,350,000	\$88,295,000	\$79,763,000	\$12,843,000	\$90,639,000	\$378,077,000
Revenues							
Water Sales & Service	\$77,087,000	\$3,145,000					\$80,232,000
Property Taxes		\$23,051,000			\$14,137,000		\$37,188,000
Connection/Development Fees				\$21,900,000		\$1,500,000	\$23,400,000
Other Revenue	\$563,000	\$3,675,000		\$7,297,000	\$276,000	\$25,000	\$11,836,000
Grants			\$4,009,000		\$2,018,000		\$6,027,000
Investment Earnings	\$1,078,000	\$1,506,000	\$1,968,000	\$1,846,000	\$314,000	\$2,293,000	\$9,005,000
Capital Funding			\$16,765,000				\$16,765,000
Total Revenues	\$78,728,000	\$31,377,000	\$22,742,000	\$31,043,000	\$16,745,000	\$3,818,000	\$184,453,000
Expenditures							
Personnel	\$24,542,000		\$2,129,000	\$990,000	\$3,501,000	\$197,000	\$31,359,000
Professional Services	\$3,148,000	\$16,000	\$25,000	\$50,000	\$2,972,000	\$914,000	\$7,125,000
County Services	\$2,384,000				\$170,000		\$2,554,000
Insurance Services	\$1,000,000						\$1,000,000
Legal Services	\$405,000			\$50,000	\$15,000		\$470,000
Water	\$7,951,000	\$31,533,000		\$17,800,000			\$57,284,000
Delta Conveyance Project	\$1,980,000						\$1,980,000
Chemicals	\$6,585,000						\$6,585,000
Utilities	\$3,510,000						\$3,510,000
Telecommunications	\$166,000				\$10,000		\$176,000
Maintenance Services	\$2,735,000				\$11,857,000		\$14,592,000
Rental Services	\$119,000				\$5,000		\$124,000
Office Supplies and Other Services	\$1,407,000				\$729,000		\$2,136,000
Organizational Memberships and Support	\$437,000				\$76,000		\$513,000
Training and Travel	\$187,000				\$29,000		\$216,000
Water Conservation Program	\$160,000						\$160,000
Capital Projects			\$39,658,000	\$22,845,000		\$500,000	\$63,003,000
Equipment					\$1,000		\$1,000
Debt Service	\$4,981,000			\$1,096,000			\$6,077,000
Capital Funding	\$16,967,000				\$13,000		\$16,980,000
Total Expenditures	\$78,664,000	\$31,549,000	\$41,812,000	\$42,831,000	\$19,378,000	\$1,611,000	\$215,845,000
Total Revenues Less Expenditures	\$64,000	(\$172,000)	(\$19,070,000)	(\$11,788,000)	(\$2,633,000)	\$2,207,000	(\$31,392,000)
Ending Fund Balance	\$46,251,000	\$60,178,000	\$69,225,000	\$67,975,000	\$10,210,000	\$92,846,000	\$346,685,000
Reserves							
2018 Revenue Bond Rate Stabilization Fund			\$6,300,000	\$2,300,000			\$8,600,000
Capital Projects			\$62,843,000	\$28,638,000	\$6,061,000	\$92,846,000	\$190,388,000
Emergency	\$9,289,000						\$9,289,000
Future Contractor's Share of SBA				\$10,600,000			\$10,600,000
Operating	\$15,213,000	\$60,178,000			\$3,873,000		\$79,264,000
Reserve for Economic Uncertainties	\$6,037,000						\$6,037,000
SBA Enlargement				\$26,416,000			\$26,416,000
Section 115 Trust	\$2,524,000		\$82,000	\$21,000	\$276,000		\$2,903,000
Water Reliability Reserve	\$13,188,000						\$13,188,000
Total	\$46,251,000	\$60,178,000	\$69,225,000	\$67,975,000	\$10,210,000	\$92,846,000	\$346,685,000

Attachment C

Fund 120 – Water Renewal/Replacement and System-wide Improvements
Capital Project Listing

Renewal/Replacement Project Listing	FY 2027 Budgeted	FY 2028 Budgeted
Contingency	\$750,000	\$750,000
Groundwater Basin Management		
Monitoring Well Replacements and Abandonments	\$350,000	-
Program Management		
Asset Management Program	\$12,500	\$12,900
Capital Improvement Program Management	\$7,900	\$8,100
Regulatory Compliance Monitoring		
Laboratory Equipment Replacement	\$180,000	\$226,600
Transmission and Distribution		
Silver Oaks Pump Station	\$1,936,000	\$737,800
Transmission System Plan and Hydraulic Model Update	\$420,000	\$185,400
Water Treatment Facilities		
DVWTP and PPWTP HVAC and Improvements	\$440,000	\$5,300,000
DVWTP Wastewater System	-	\$95,400
Maintenance Yard and Building	-	\$159,000
Renewal/Replacement Projects (Engineering)	\$900,000	\$875,000
Renewal/Replacement Projects (Maintenance)	\$875,000	\$875,000
SCADA Upgrades and Replacements	\$330,000	\$349,800
Wells		
MGBP RO Membrane Replacement/Expansion	-	\$3,551,000
Production Well Pump Replacement	-	\$1,007,000
Renewal/Replacement Subtotal	\$6,201,400	\$14,133,000
System-wide Improvement Project Listing	FY 2027 Budgeted	FY 2028 Budgeted
Transmission and Distribution		
Hopyard Wellfield Pipeline	-	\$127,200
Transmission System Line Valve Installation	\$50,000	-
Water Supply and Conveyance		
Chain of Lakes Conveyance System	\$784,400	\$1,488,800
Wells		
Chain of Lakes PFAS Treatment Plant Process Improvement Study	\$350,000	-
Mocho PFAS Treatment Plant	\$9,339,600	\$26,037,700
System-wide Improvement Subtotal	10,524,000	27,653,700
Total	\$16,725,400	\$41,786,700

Attachment C

**Fund 130 – Water System Capital Expansion
Capital Project Listing**

Water System Capital Expansion Project Listing	FY 2027 Budgeted	FY 2028 Budgeted
Contingency	\$500,000	\$500,000
Program Management		
Capital Improvement Program Management	\$4,600	\$4,800
Transmission and Distribution		
City Reach Pipeline Mitigation	-	\$434,600
Silver Oaks Pump Station	\$484,000	\$184,400
Transmission System Plan and Hydraulic Model Update	\$140,000	\$61,800
Water Supply and Conveyance		
Chain of Lakes Conveyance System	\$695,600	\$1,320,200
Potable Reuse Study	\$125,000	\$128,800
Wells		
Regional Groundwater Development Project	10,900,000	\$21,200,000
Total	\$12,849,200	\$23,834,600

ORIGINATING SECTION: Integrated Planning
CONTACT: Kevin Padway/Ken Minn

AGENDA DATE: June 17, 2026

SUBJECT: Authorize the Long-Term Water Transfer Agreement with Westside 5 Water District

SUMMARY:

- To support the mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, Zone 7 Water Agency manages its water supply portfolio to meet projected demand. This proposed action supports Strategic Plan Goal B – Reliable Water Supply and Infrastructure and advances Strategic Plan Initiative #5 – Develop a diversified water supply plan and implement supported projects and programs.
- Zone 7's current annual water supply demand is approximately 40,000 acre-feet per year and build-out demand in year 2045 is projected to be 51,000 acre-feet. To meet the growing demands, Zone 7 is exploring investments in water infrastructure projects and actively managing its water supply portfolio. Water transfers are a component of Zone 7's water supply portfolio and will continue to play an important role even when infrastructure projects are implemented.
- Generally, Zone 7 can sufficiently meet the current demand with the State Water Project (SWP) supply when allocation exceeds 40%. When supplies exceed the demand, Zone 7 typically either recharges surplus water in the local groundwater basin, carries it over in the San Luis Reservoir (SLR), stores the water in Kern County's Water Storage and Recovery Programs, or transfers (sells) some surplus water to other water users. Under certain circumstances, water carried over in SLR may become irrecoverable or "spill."
- To address years in which surplus water is available and to mitigate the potential loss of water in SLR from spilling, staff have negotiated terms of a long-term water transfer agreement with the Westside Water Authority (Westside 5). Under these terms, Zone 7 will be able to transfer surplus water to Westside 5 in SLR according to the terms. When executed, this transfer agreement will enable Zone 7 to manage Zone 7's water supply portfolio more agilely and maximize the benefits.
- A pre-negotiated transfer agreement is more efficient than starting negotiations in years when surplus water is available and serves as a "hedge" for surplus water conditions. This is comparable to the Agency's option agreement with Sutter Extension for water purchases, which serves as a "hedge" against dry-year conditions.

- Negotiated fixed prices are based on the market values of water from recorded transactions in recent years and correlated to SWP allocations. These prices are escalated for five years with approximately 3% annual increase.
- The key components of this proposed program are included in the attached Term Sheet and are as follows:
 - The program would run from 2027-2037.
 - When the SWP allocation is greater than 60%, Zone 7 will sell surplus water to Westside 5 in accordance with the minimum volumes in Table 1 of the Term Sheet. Any volume above the minimum is at the discretion of both parties.
 - If the SWP allocation is less than 60% and Zone 7 has surplus water available, the parties can negotiate for pricing (market price) and volumes in that given year.
 - From September through February, Zone 7 may, at its sole discretion, sell up to 4,500 acre-feet of its carry-over water in SLR at a predetermined price (fixed price), subject to conditions in SLR.
 - The fixed prices shall be renegotiated every 5 years.
 - Westside 5 would be the lead agency for CEQA, and costs would be split 50/50 between Westside 5 and Zone 7.
- Westside 5 consists of five water agencies: Dudley Ridge Water District, Berrenda Mesa Water District, Berridge Water Storage District, Lost Hills Water District, and Wheeler Ridge-Maricopa Water Storage District. Zone 7 previously completed water transfers with Westside Water Districts in both 2023 and 2025 and generated total revenue of approximately \$2.4 million.
- Staff recommends the Board authorize the General Manager to negotiate, execute and amend an agreement with Westside 5, consistent with the attached Term Sheet, and to enter into other associated agreements, undertake CEQA, and other tasks necessary to effectuate the proposed 10-year transfer.

FUNDING:

Not applicable.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENTS:

1. Resolution
2. Term Sheet

ZONE 7

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR

SECONDED BY DIRECTOR

**Resolution Authorizing a 10 Year Water Transfer Agreement with
Westside Water Authority**

WHEREAS, to support the mission to deliver safe, reliable, efficient, and sustainable water and flood protection services, Zone 7 Water Agency (Zone 7) manages its water supply portfolio to meet projected demand. This proposed action supports Strategic Plan Goal B – Reliable Water Supply and Infrastructure, and advances Strategic Plan Initiative #5 – Develop a diversified water supply plan and implement supported projects and programs; and

WHEREAS, to meet growing demand, Zone 7 is exploring investments in water infrastructure projects and actively managing its water supply portfolio, and water transfer is a component of Zone 7's water supply portfolio; and

WHEREAS, staff has evaluated Zone 7's water supply portfolio and has determined that a 10-year water transfer program with the Westside Water Authority would provide Zone 7 with an additional tool for more efficient water management; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District hereby authorizes the General Manager to negotiate, execute, and amend a Water Transfer agreement with Westside Water Authority, substantially consistent with the attached Term Sheet, for a term of up to ten (10) years; and

BE IT FURTHER RESOLVED that the General Manager is authorized to negotiate, execute, and amend any ancillary, implementing, or related agreements and documents necessary to effectuate the proposed water transfer program; and

BE IT FURTHER RESOLVED that the General Manager is authorized to undertake all actions necessary to implement the proposed transfer, including environmental review and compliance activities pursuant to the California Environmental Quality Act (CEQA), regulatory approvals, water transfer approvals, and related administrative actions; and

BE IT FURTHER RESOLVED that the General Manager is authorized to take such other actions as may be necessary and appropriate to carry out the intent of this Resolution and implement the proposed 10-year water transfer program.

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 17, 2026.

By: _____
President, Board of Directors

DRAFT**TERM SHEET FOR MULTI-YEAR WATER TRANSFER PROGRAM BETWEEN
ZONE 7 AND THE WESTSIDE DISTRICTS¹****1. Background:**

Alameda County Flood Control and Water Conservation District, Zone 7 (“Zone 7”) and the Westside Districts (“Westside Districts”) each have water supply contracts, direct or indirect, with the CA Department of Water Resources (“DWR”) for water via the State Water Project (“SWP”). Both Zone 7 and Westside Districts desire to increase their collective flexibility in the use of their respective SWP Table ‘A’ (“Table A”) amounts. In certain years, Zone 7 receives a Table A allocation above its immediate needs and could benefit from a water transfer which delivers a portion of its Table A water (“Transfer Water”) to others. Westside Districts rely heavily on the SWP to provide water to meet existing agricultural water demands. The five Westside Districts have developed individual portfolios for water transfers, exchange, and banking programs, and found that in most years the Westside Districts need additional surface water supplies. Thus, there is a synergistic opportunity for the above-named districts to enhance their operational reliability by collaborating with each other.

Accordingly, Zone 7 and Westside Districts propose to initiate a long-term Water Transfer Program (“Program”) for their mutual benefit and improved management of their SWP and other supplies.

2. Determination of Transfer Water:

- a. Term: Term of the Program shall be from the date all approvals have been obtained (assumed 2027) through December 31, 2037.
- b. Volume of Transfer Water: The minimum volume of Transfer Water made available to Westside Districts through December 31, 2031 shall be based on the annual June 1 SWP delivery allocation, as shown in Table 1 found below.
 - a. Prior to December 31, 2032, Zone 7 may, in its discretion, revise the Minimum or Maximum Volume for the remainder of the Program and Westside Districts shall have the option to either accept the revised limits or terminate the Program.

¹ The Westside Districts are comprised of Dudley Ridge Water District and four Member Units of the Kern County Water Agency (Belridge WSD, Berrinda Mesa WD, Lost Hills WD, and Wheeler Ridge-Maricopa WSD)

Table 1 – Minimum and Maximum Calendar Year Volumes

SWP Allocation (%)	Minimum AF	Maximum AF
90%-100%	10,000	40,000
80%-89%	9,000	40,000
70%-79%	6,000	36,000
60%-69%	3,000	25,000
50%-59%	-	20,000
40%-49%	-	20,000
30%-39%	-	20,000
0%-29%	-	20,000

c. Initial, Additional, and Late Annual Volumes:

Zone 7 shall by April 1 of each year, evaluate the volume of water available for the Program in addition to the Minimum Quantity of Transfer Water, if any, and provide Westside Districts a preliminary estimated volume of Transfer Water available for the calendar year.

On or before June 22 of each year, Zone 7 shall provide the Westside Districts with an updated Transfer Water volume available for the current year, which shall be no less than the minimum volume listed in Table 1. If Zone 7 determines, in its discretion, that additional supplies are available above the minimum volumes identified in Table 1, Westside Districts shall have 10 days to notify Zone 7 of the desired volume of water to purchase that year. Westside Districts shall purchase no less than the minimum volume listed in Table 1. At the same time, the Westside Districts shall also provide Zone 7 with the schedule of delivery for the agreed upon volume.

- d. Between September 1 to February 28 (“Late Water Season”) Zone 7 may, at its discretion, notify the Westside Districts of additional water available for transfer (“Late Water”). Should Zone 7 make Late Water available, Westside Districts will take delivery of a minimum of up to 4,500 AF per Late Water Season. Delivery of Late Water above 4,500 AF per Late Water Season shall be at the Westside District’s sole discretion.

In no circumstance will the total sum of Transfer Water and Late Water exceed those maximum volumes identified in Table 1. Additionally, Westside Districts shall be under no obligation to take delivery of Late Water when the combined State Water Project share of storage (Project water, Carry-over water, and backed-up water) at San Luis Reservoir is above 875,000 acre-feet.

- e. At its sole discretion, Zone 7 may make additional Transfer Water available under the Program above the minimum volumes in Table 1. Moreover, Westside Districts are under no obligation to accept any additional water made available above the minimum except as it pertains to Late Water described in section 2d.
- f. Westside Districts Commitment to Water Transfer: Westside Districts shall commit to pay for the Minimum Volume of Transfer Water and Late Water made available by Zone 7 each year, regardless of whether Westside Districts takes delivery or not except in the case of Late Water when San Luis Reservoir SWP share exceeds 875,000 AF as described in Section 2d, or Force Majeure as described in Section 6d.

The Westside Districts shall not be obligated to purchase the Minimum Quantity of Transfer Water, or any additional or Late Year water that may be available, in any Year in which the Kern River's April-July forecasted runoff exceeds 150% of average (>640,000 acre-feet), as indicated in the annual March Bulletin 120 produced by Department of Water Resources, under the 90% probability of exceedance.

- g. Confirmation and Scheduling of Transfer Water: Within 10 days after receipt of Zone 7's updated volume of Transfer Water, it is the intent that Zone 7 and Westside Districts finalize the volume of Transfer Water and Zone 7, in coordination with Dudley Ridge Water District ("Dudley") and Kern County Water Agency ("KCWA"), shall notify DWR of the transfer and preliminary delivery schedule.
- h. Westside Districts Water Transfer Distribution: Westside Districts can decide at their discretion how the Transfer Water is to be prorated among them.

3. Conveyance to Westside Districts:

- a. Point of Delivery: Banks Pumping Plant (Reach 1 of the California Aqueduct).
- b. Delivery Schedules: Zone 7, in coordination with the Westside Districts, shall submit a monthly water delivery schedule to DWR for delivery of the Transfer Water to Westside Districts.

4. Payments:

- a. Westside Districts shall be responsible for the DWR Variable charges for conveying the water from the Point of Delivery (including any variable costs associated with Banks Pumping Plant) to Westside Districts service areas in Kings (Dudley) and Kern (KCWA) Counties.

- b. Westside Districts shall pay Zone 7 for all initial and additional Transfer Water for years 2027 through and including 2031 in accordance with the following:

Table 2 – Pricing (Per AF)

SWP Allocation (%)	Rate (\$/AF)				
	2027	2028	2029	2030	2031
90%-100%	\$169	\$173	\$178	\$182	\$187
80%-89%	\$223	\$228	\$234	\$240	\$246
70%-79%	\$269	\$276	\$283	\$290	\$297
60%-69%	\$320	\$328	\$337	\$345	\$353
0%-59%	To Be Determined				

These Rates shall be negotiated every five (5) years.

- c. The rate for Late Water shall be based on Table 3, unless the rate in Table 2 or the “To Be Determined” rate for that year is lower, in which case the rate for Late Year Water shall be that lower rate. For Late Water made available in January or February, the rate shall be based on the preceding calendar year’s Table 3, Table 2, or “To Be Determined” rate, whichever is lower.

Table 3 – Pricing (Per AF)

San Luis Reservoir SWP share on Notification Date	2027 Price/ AF	2028 Price/ AF	2029 Price/ AF	2030 Price/ AF	2031 Price/ AF
<600,000 AF	\$258	\$265	\$273	\$281	\$290
600,000-699,999 AF	\$206	\$212	\$219	\$225	\$232
700,000-799,999 AF	\$155	\$159	\$164	\$169	\$180
800,000-874,999 AF	\$103	\$106	\$109	\$113	\$116
875,000-950,000 AF	\$52	\$53	\$55	\$56	\$58
950,000 AF and above	TBD	TBD	TBD	TBD	TBD

- d. Zone 7 shall invoice the Westside Districts on a monthly basis. The Westside Districts shall remit payment to Zone 7 within 45 days of the invoice transmittal. Zone 7 shall send all invoices to the following address in electronic format:

To: Wheeler Ridge-Maricopa Water Storage District
Eric McDaris
emcdaris@wrmwsd.com

Cc: Jamie Marquez (jmarquez@westsidewa.org)

- e. The Parties shall negotiate, in good faith, a revision of the Rate listed under Table 2 prior to each five-year period of this Agreement. The resulting revision of the Rates will supersede Table 2 in Section 4(b) above for the ensuing five-year period for purposes of this Agreement. If the Parties are unable to agree on a revision, then this Agreement shall terminate at the end of the last Year for which there is an agreed upon Rate

5. Approvals:

- a. Zone 7 and Westside Districts shall cooperate with each other in processing and obtaining DWR approvals associated with the Transfer Program.
- b. Zone 7 and Westside Districts shall cooperate with each other and DWR in determining and completing any environmental reviews associated with the Program. To the extent required, Zone 7 and Westside Districts shall share consultant costs equally, 50% Zone 7 and 50% Westside Districts, if needed, to prepare environmental documents for the Program; a representative of the Westside Districts shall act as Lead Agency.

Westside Districts will invoice Zone 7 for their 50% share of any necessary consultant costs. All Westside Districts invoices shall be due and payable within 45 days of receipt. Westside Districts will include a copy of the original invoice received from the selected consultant as backup. Westside Districts shall send all invoices to the following addresses in electronic format:

To: Accounts Payable
Alameda County Flood Control and Water Conservation District, Zone 7
accountspayable@zone7water.com

Cc: Kevin Padway (kpadway@zone7water.com)

- c. Zone 7 and Westside Districts shall each be responsible for their own review and processing of required agreements, environmental documents, and other transaction costs.

6. Other Conditions:

- a.** If a third party files a legal challenge to the Program or any aspect of the transaction, Zone 7 and Westside Districts will meet promptly to meet and confer to perform a risk assessment of the challenge and in good faith determine whether to terminate the program due to the challenge. In the event of termination, Westside Districts and Zone 7 shall each pay one-half of any litigation expenses incurred in obtaining a dismissal or other resolution of any pending legal challenge. If Westside Districts and Zone 7 elect not to terminate the Program, then Westside Districts and Zone 7 will meet and confer to determine how to allocate the financial costs of a defense to the challenge.
- b.** To the extent an internal party challenges the Program, the District being challenged will defend the claim.
- c.** This Term Sheet is not intended to be binding on either Zone 7 or Westside Districts. Neither party shall be bound until mutually acceptable documents have been developed and executed and the legally required environmental review has been completed.
- d.** The respective obligations of each party shall be suspended while it is prevented from complying by acts of God, war, riots, civil insurrection, acts of civil or military authority, fires, floods, earthquakes, labor accidents or incidents, rules and regulations of any governmental agency (other than the Parties themselves), or other cause of the same or other character any of which are beyond the reasonable control of either party (collectively, "Force Majeure"). In the event of a suspension due to the Force Majeure, the party whose obligations are suspended shall promptly notify the other party(ies) in writing of such suspension and the cause and estimated duration of such suspension.

Terms acknowledged and agreed to by:

**Alameda County Flood Control and
Water Conservation District, Zone 7:**

Valerie L. Pryor, General Manager

Belridge Water Storage District:

Mark A. Gilkey, Executive Director

Berrenda Mesa Water District:

Mark A. Gilkey, Executive Director

Lost Hills Water District:

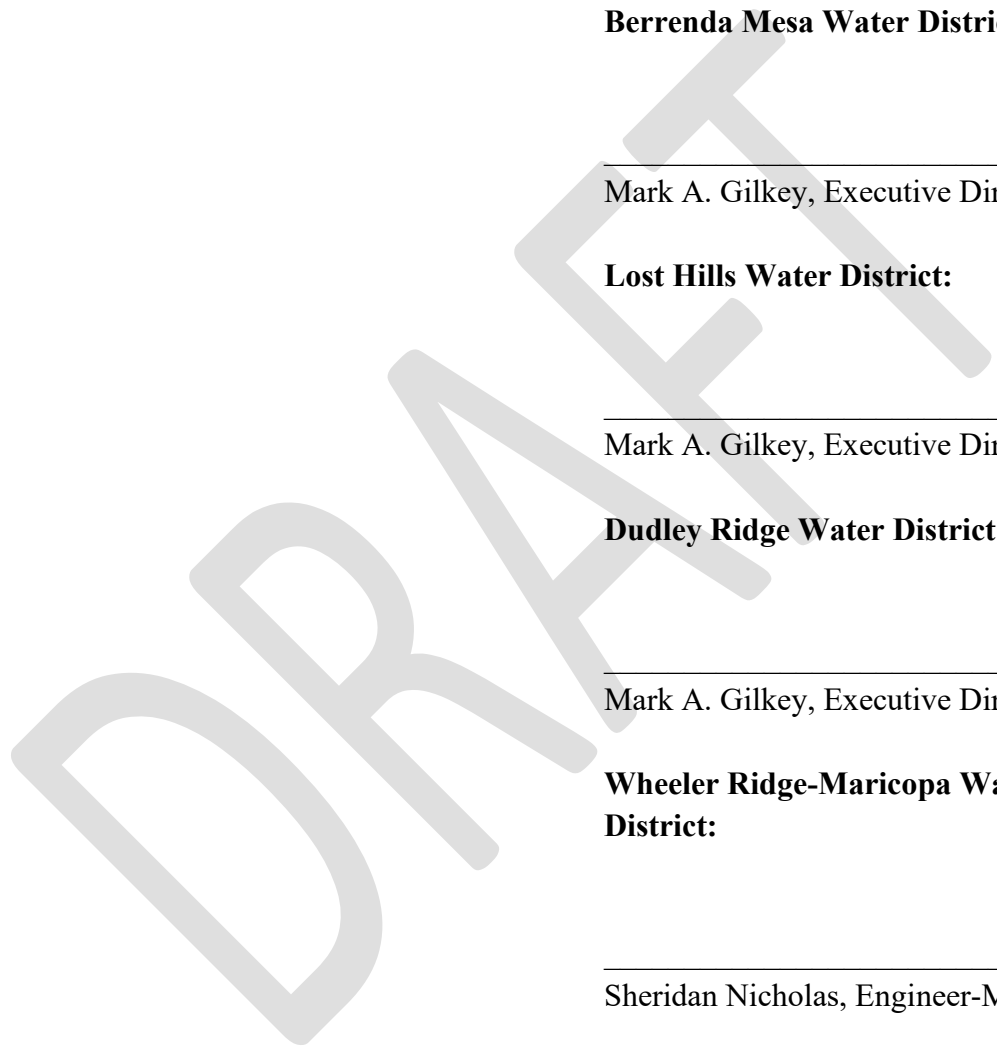
Mark A. Gilkey, Executive Director

Dudley Ridge Water District:

Mark A. Gilkey, Executive Director

**Wheeler Ridge-Maricopa Water Storage
District:**

Sheridan Nicholas, Engineer-Manager



ORIGINATING SECTION: Integrated Planning
CONTACT: Kevin Padway/Ken Minn

AGENDA DATE: June 17, 2026

SUBJECT: A Resolution Authorizing Water Transfers for Water Year 2026 and Delegating Authority for Future Annual Water Transfers

SUMMARY:

- Zone 7 Water Agency manages its water supply portfolio to deliver safe, reliable, efficient, and sustainable water. This proposed action supports Strategic Plan Goal B – Reliable Water Supply and Infrastructure and advances Strategic Plan Initiative #5 – Develop a diversified water supply plan and implement supported projects and programs.
- On May 15, DWR increased the 2026 State Water Project (SWP) Allocation from 30% to 45%. This amounts to 36,279 acre-feet to Zone 7. Staff anticipate this to become the final allocation for 2026.
- Based on deliveries to date, staff projects 2026 demands (both Treated and Untreated) to be approximately 42,000 acre-feet.
- The current 2026 Water Operations Plan utilizes the following key water supply inputs:
 - Groundwater: The groundwater basin is currently 100% full, and Zone 7 is on track to produce 10,000 acre-feet of groundwater. The groundwater production is intended to draw down the basin to allow for recharge from winter storm flows, reduce groundwater basin outflow (143 AF in May), and increase opportunities for artificial recharge in the coming years.
 - Carryover Water: Zone 7's State Water Project Carryover Supply going into 2026 was 4,000 AF, which is greater than the projected amount. As such, Zone 7 has been utilizing these water supplies to meet demand in 2026, reducing reliance on other sources.
 - No Banking: Zone 7's current storage in the Kern County Storage and Recovery Programs is 106,400 acre-feet. Currently, staff do not propose to send any water for banking.
 - Local Water: Zone 7 currently has 8,500 acre-feet available in Lake Del Valle for use.

- Considering the amount of available water supplies, projected demand, potential spill of unused water supplies, and end-of-year water storage targets, the staff recommends making approximately 8,000 acre-feet of surplus water supplies available for transfer (sale).
- This action would authorize the General Manager, or designee, to negotiate, execute, amend, and administer water transfer agreements for up to 8,000 acre-feet of surplus water during water year 2026. This proposed action would also delegate authority to the General Manager to execute future annual water transfers of up to 12,000 acre-feet, when determined to be in the best interest of the Agency and consistent with maintaining a reliable water supply for Zone 7 customers.

FUNDING:

Not applicable.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENT:

Resolution

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

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

A Resolution Authorizing Water Transfers for Water Year 2026 and Delegating Authority for Future Annual Water Transfers

WHEREAS, as of June 2, 2026, the State Water Project allocation is 45%; and

WHEREAS, staff have reviewed the Agency's 2026 water supply portfolio, evaluated various water management alternatives, and determined that approximately 8,000 acre-feet of surplus water may be available for transfer or sale during calendar year 2026; and

WHEREAS, water transfers are an important component of Zone 7's water supply portfolio and provide operational flexibility, support efficient water management, and may generate revenue while maintaining reliable water supplies for the Agency's customers; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District hereby authorizes the General Manager, or designee, to negotiate terms, pricing, and quantities, and to execute, amend, and administer agreements and make any necessary filings to effectuate one or more water transfers during water year 2026, provided that the total quantity transferred does not exceed 8,000 acre-feet; and

BE IT FURTHER RESOLVED that beginning water year 2027 and thereafter, the General Manager, or designee, is authorized to evaluate available surplus water supplies and, when determined to be in the best interest of the Agency and consistent with maintaining a reliable water supply for Zone 7 customers, negotiate, execute, amend, and administer one-year water transfer agreements and related documents without further Board approval, provided that the total quantity transferred in any water year does not exceed 12,000 acre-feet; and

BE IT FURTHER RESOLVED that the General Manager, or designee, is authorized to execute any ancillary agreements, applications, notices, or other documents necessary to implement approved water transfers and obtain any required regulatory approvals; and

BE IT FURTHER RESOLVED that the General Manager shall report annually to the Board regarding water transfer activities, including transferred quantities, net revenues, and other material terms associated with executed transfer agreements if applicable.

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 17, 2026.

By: _____
President, Board of Directors

ORIGINATING SECTION: Groundwater
CONTACT: Michelle Parent/Colleen Winey

AGENDA DATE: June 17, 2026

SUBJECT: Adopt Updates to the Wastewater Management Plan for the Alameda Creek Watershed and the Nutrient Management Plan for the Livermore Valley Groundwater Basin

SUMMARY:

- To support the Mission to deliver safe, reliable, efficient, and sustainable water, Zone 7 Water Agency implements the Onsite Wastewater Treatment System (OWTS) permitting program to sustainably manage the Livermore Valley Groundwater Basin as the exclusive Groundwater Sustainability Agency. This action aligns with Strategic Plan Goal D - Groundwater Management - Manage and protect the groundwater basin as the State-designated Groundwater Sustainability Agency (GSA) and implements Initiative #11- Manage the GSA and implement the Groundwater Sustainability Plan.
- Zone 7's OWTS permitting program was established in the 1980s through Resolution No. 1037, the Wastewater Management Plan for the Unsewered, Unincorporated Area of Alameda Creek Watershed Above Niles in 1982, Resolution No. 1165 establishing commercial and industrial septic tank policy in 1985, and Resolution No. 1571, the Nutrient Management Plan in 2015, to protect groundwater basin water quality and outline the OWTS permit review process.
- Since the 1980s, the State and local land use policies have changed, and onsite wastewater treatment technology has advanced. To comply with the current legislated requirements, Alameda County's regulatory oversight and planning process was updated.
- Zone 7 currently requires a minimum lot size of 5 acres and limits maximum annual nitrogen loading to 34 pounds per 5 acres in locations outside areas of concern and 17 pounds per 5 acres within areas of concern. Recent State legislation allows up to two properties per lot, lot splits, and up to eight separate Accessory Dwelling Units on a single lot; Zone 7 can no longer enforce the minimum lot size of 5 acres for lot splits. To be consistent with these legislative requirements and continue protecting groundwater quality by maintaining current nitrogen loading requirements, staff proposes adjusting the loading requirement to be proportional to lot sizes of less than 5 acres.
- The recommended changes will amend Zone 7's Wastewater Management Plan and Nutrient Management Plan and are summarized in Attachment A.

- In August 2025, staff presented to the Water Resources Committee an overview of the current OWTS permitting program, including identified inconsistencies with other permitting agencies. The Committee asked staff to prepare a set of recommended actions, and staff presented recommended amendments at the April 2026 Water Resources Committee meeting. The Committee supported the recommendations and directed staff to present them to the Zone 7 Board for approval.
- Staff recommends adopting the attached resolution to update 1) the Wastewater Management Plan for the unsewered, unincorporated area of Alameda Creek Watershed above Niles and 2) the Nutrient Management Plan for the Livermore Valley Groundwater Basin to align with the current regulatory environment and land use policies and to continue protecting basin groundwater quality.

FUNDING:

Not applicable.

RECOMMENDED ACTION:

Adopt the attached Resolution.

ATTACHMENTS:

1. Resolution
2. Attachment A – Proposed Changes to the OWTS Permitting Process
3. Nutrient Management Plan Pages with red lines
4. Wastewater Management Plan Pages with red lines

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 26-

INTRODUCED BY DIRECTOR
SECONDED BY DIRECTOR

**Updates to the Wastewater Management Plan for the Alameda Creek Watershed
and the Nutrient Management Plan for the Livermore Valley Groundwater Basin**

WHEREAS, to support the Mission to deliver safe, reliable, efficient, and sustainable water, Zone 7 Water Agency implements the Onsite Wastewater Treatment System (OWTS) Permitting program to sustainably manage the Livermore Valley Groundwater Basin as the exclusive Groundwater Sustainability Agency; this action aligns with Strategic Plan Goal D - Groundwater Management, to manage and protect the groundwater basin as the State-designated Groundwater Sustainability Agency (GSA), and is to implement Initiative #11- Manage the GSA and implement the Groundwater Sustainability Plan; and

WHEREAS, the Zone 7 Board of Directors adopted Resolution No. 1037, the Wastewater Management Plan for the Unsewered, Unincorporated Area of Alameda Creek Watershed Above Niles in 1982, Resolution No. 1165 establishing commercial and industrial septic tank policy in 1985, and Resolution No. 1571, the Nutrient Management Plan in 2015, to protect groundwater basin water quality and outline the OWTS permit review process; and

WHEREAS, since these resolutions were adopted, the State and local land use policies have changed, and onsite wastewater treatment technology has advanced, and Alameda County's regulatory oversight and planning process was updated to comply with the current legislated requirements; and

WHEREAS, to make Zone 7's OWTS permitting process current, in August 2025, staff presented to the Water Resources Committee (WRC) an overview of the current OWTS permitting program, including identified inconsistencies with other permitting agencies. The committee asked staff to prepare a set of recommended actions, and staff presented recommended amendments at the April 2026 WRC meeting. The committee supported the recommendations and directed staff to present them to the Zone 7 Board for approval; and

WHEREAS, Zone 7's groundwater protection standards, such as nitrogen loading limits, will be maintained; and

WHEREAS, to protect groundwater quality in response to new housing regulations, the Nutrient Management Plan will be updated to allow proportional nitrogen loading limits for properties smaller than five (5) acres outside areas of concern and smaller than seven (7) acres within areas of concern; and

WHEREAS, the provisions of the Wastewater Management Plan will be modified to allow subdivisions of parcels into lots of less than five acres with corresponding proportional loading limits compared to those of five-acre lots; and

WHEREAS, in the Wastewater Management Plan, the language "demonstrate the special conditions and the improvement in groundwater quality" will be replaced with "demonstrate that the loading will not cause the nitrogen concentrations to increase."; and

WHEREAS, the Wastewater Management Plan is amended to remove lots-of-record provisions; and

WHEREAS, in the Wastewater Management Plan, replace the language "Zone 7 should be the designated as the local agency to implement RWQCB Resolution No. 78-14 in Alameda County" with "Zone 7 should coordinate with partnering agencies on the implementation of Resolution R2-2014-0028"; and

WHEREAS, in the Wastewater Management Plan, replace the language "Wastewater treatment plants in Alameda County above Niles not operated by LAVMA agencies should be operated and maintained by Zone 7, either directly or by contract. Zone 7 could contract with a LAVMA agency, or other for operation and maintenance. Operation of a new export system should be by Zone 7 either directly or by contract. An alternative to be considered during the planning stage would be to have the system owned and operated by an existing or new public agency capable of providing such disposable services." with "Proposed wastewater treatment plants in Alameda County should require Zone 7 Board approval."; and

BE IT RESOLVED that the Board of Directors of the Alameda County Flood Control and Water Conservation District, Zone 7, does hereby approve the proposed changes as shown in the attachments.

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 17, 2026.

By: _____
President, Board of Directors

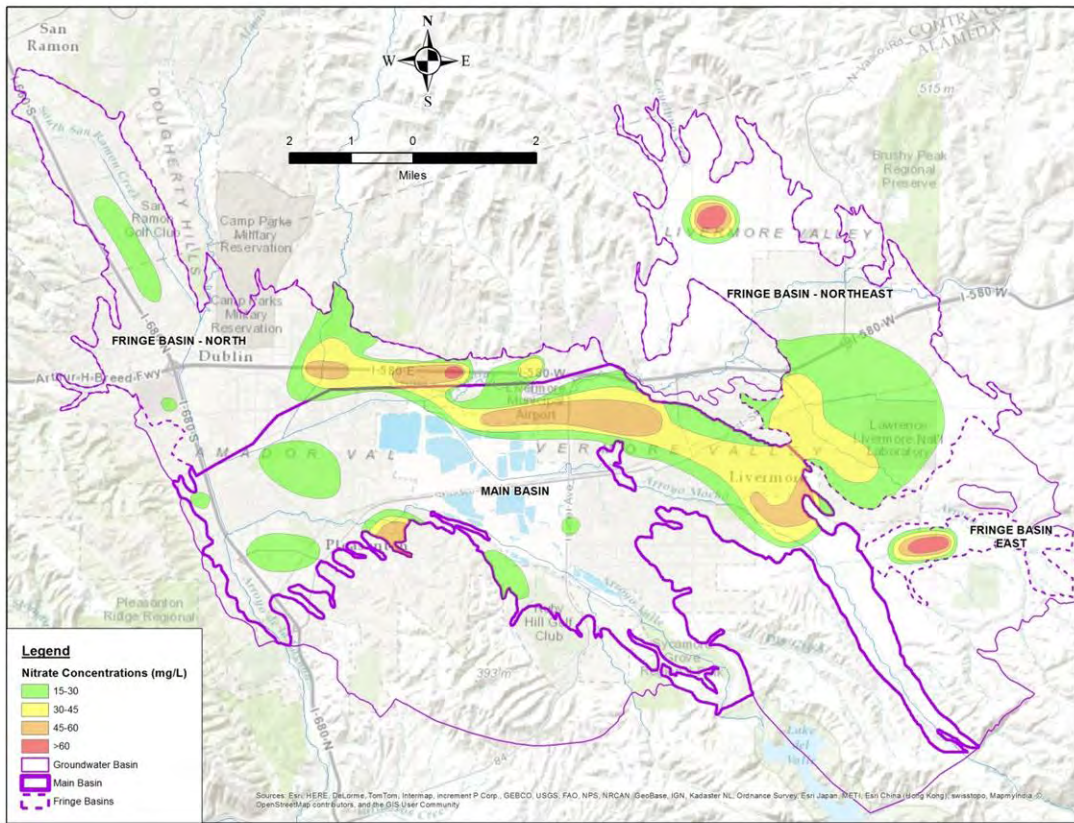
Attachment A – Proposed Changes to the OWTS Permitting Process

1. Maintain the current standards of the maximum allowable nitrogen loading per parcel for outside and inside areas of concern, and regulate loading proportional to lot sizes.
2. On pages 66, 67, 75, and 76 update the requirements in the Nutrient Management plan to enforce proportional loading limits for lots smaller than five (5) acres for the parcels located outside the areas of concern and seven (7) acres for the parcels located inside the areas of concern.
3. On pages 19, 20, and 21 of the Wastewater Management Plan, remove the minimum lot size and larger lot size requirements.
4. On page 19 of the Wastewater Management Plan, replace the language “demonstrate the special conditions and the improvement in groundwater quality” with “demonstrate that the loading will not cause the nitrogen concentrations to increase.”
5. On page 20 and 21 of the Wastewater Management Plan, remove lots of record provisions.
6. On page 23 of the Wastewater Management Plan, replace the language “Zone 7 should be the designated as the local agency to implement RWQCB Resolution No. 78-14 in Alameda County” with “Zone 7 should coordinate with partnering agencies on the implementation of Resolution R2-2014-0028.”
7. On page 24 and 25 of the Wastewater Management Plan, replace the language “Wastewater treatment plants in Alameda County above Niles not operated by LAVMA agencies should be operated and maintained by Zone 7, either directly or by contract. Zone 7 could contract with a LAVMA agency, or other for operation and maintenance. Operation of a new export system should be by Zone 7 either directly or by contract. An alternative to be considered during the planning stage would be to have the system owned and operated by an existing or new public agency capable of providing such disposable services.” with “Proposed wastewater treatment plants in Alameda County should require Zone 7 Board approval.”

NUTRIENT MANAGEMENT PLAN

LIVERMORE VALLEY GROUNDWATER BASIN

July 2015



PREPARED BY:

ZONE 7 WATER AGENCY
100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

PREPARED BY:

ZONE 7 WATER AGENCY STAFF

Matt Katen, P.G. – *Principal Geologist*
Tom Rooze, P.G. – *Associate Geologist*

Contributors:

Jill Duerig, P.E. – *General Manager*
Kurt Arends, P.E. – *Assistant General Manager*
Jarnail Chahal, P.E. – *Engineering Manager*
Colleen Winey, P.G. – *Assistant Geologist*



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Acronyms and Abbreviations

Abbrev	Description	Abbrev	Description
AC	Assimilative Capacity	LWRP	Livermore Water Reclamation Plant
ACEH	Alameda County Environmental Health	MCL	Maximum contaminant level
AF	Acre-feet	mg/L	Milligrams per liter
AF/yr	Acre-feet per year	N	Nitrogen
bgs	Below ground surface	NMP	Nutrient Management Plan
BMO	Basin Management Objective	NO ₃	Nitrate Ion
BMP	Best Management Practices	OWTS	Onsite Wastewater Treatment System
BOs	Basin Objectives	PO ₄	Phosphate Ion
CASGEM	CA Statewide GW Elevation Monitoring	POTW	Publicly owned treatment works
CDA	Community Development Agency	ROWD	Request of Waste Discharge
CDPH	California Department of Health Services	RRE	Rural Residential Equivalence
CEC	Constituents-of-emerging-concern	SBA	South Bay Aqueduct
CIMIS	California Irrigation Management System	SCVWD	Santa Clara Valley Water District
CEQA	California Environmental Quality Act	SCWA	Sonoma County Water Agency
CWS	California Water Service	SMP	Salt Management Plan
DSRSD	Dublin San Ramon Services District	SNMP	Salt Nutrient Management Plan
DWR	California Department of Water Resources	State Water Board	State Water Resources Control Board
EIR	Environmental Impact Report	SWP	State Water Project
ft	Feet	TAF	Thousand acre-feet
GIS	Geographic information systems	TDS	Total dissolved solids
GWMP	Groundwater Management Plan	TKN	Total Kjeldahl nitrogen
GPQ	Groundwater Pumping Quota	USGS	U.S. Geological Survey
LAFCO	Local Agency Formation Commission	Water Board	Regional Water Quality Control Board
LAMP	Local Agency Management Program	WDR	Waste Discharge Requirements
lbs	Pounds	WWMP	Wastewater Management Plan



The NMP recommends that the special OWTS permit requirements described in ~~Figure ES-5~~Figure ES-5 be incorporated into the LAMP, which ACEH anticipates completing a draft in 2016, and finalizing it by 2018.

Figure ES-5: Proposed OWTS Requirements Inside Areas of Concern

OWTS Scenario	New Requirement	Max Nitrogen Loading Rate ²
New, upgraded, or replacement OWTS required by County OWTS Ordinance ¹	Total nitrogen loading on the parcel must not exceed the Maximum Nitrogen Loading Rate. Commercial uses must also install/upgrade/replace with code-compliant nitrogen-reducing system(s).	3.4 lbs/year Per Parcel Acre
	OR	
	Prepare hydrogeologic study that assesses current groundwater nitrate conditions beneath the site and demonstrates that nitrate concentration of total onsite recharge ³ does not exceed 36 mg/L (80% of MCL) or the maximum concentration at the site, whichever is lower.	6.8 lbs/year Per Parcel Acre

OWTS Scenario	Parcel Size	New Requirement	Max Nitrogen Loading Rate ²
New, upgraded, or replacement OWTS required by County OWTS Ordinance ¹	≤ 7 acres	Must install/upgrade/replace with code-compliant nitrogen-reducing system(s).	23.8 lbs/year Per Parcel
		Total nitrogen loading on the parcel must not exceed the Maximum Nitrogen Loading Rate. Commercial uses must also install/upgrade/replace with code-compliant nitrogen-reducing system(s).	3.4 lbs/year Per Parcel Acre
	> 7 acres	OR Prepare hydrogeologic study that assesses current groundwater nitrate conditions beneath the site and demonstrates that nitrate concentration of total onsite recharge ³ does not exceed 36 mg/L (80% of MCL) or the maximum concentration at the site, whichever is lower.	6.8 lbs/year Per Parcel Acre

¹ Does not apply to existing, properly-working, and properly-sized OWTS.

² Loading rates calculated based on 1 RRE = 34 lbs/yr.

³ Assume that 18% of rainfall naturally recharges to groundwater unless study demonstrates otherwise.



necessary to protect water quality and public health. Requirements for different minimum lot size for new development using OWTS and the addition of nitrogen-removing treatment equipment on OWTS for certain conditions are examples of special provisions that ACEH will likely include in its LAMP.

6.2.5.1 Winery Process Wastewater

There are currently over 50 wineries located over the Livermore Valley Groundwater Basin, however, many of them do not produce or bottle wine onsite. The ones that do produce or bottle wine, also produce a wastewater stream during the wine production and bottling operations. This winery process water, which contains nutrients, is often disposed of in evaporation ponds, on the surface as irrigation or dust control water, or in the subsurface using OWTS and leachfields. Regardless of which of these disposal methods is used, the Water Board has authority to regulate the discharge; thus a Report of Waste Discharge is required to be submitted to the Water Board for the discharge of wastewater to the surface or subsurface. The Water Board will then approve the discharge by issuing Waste Discharge Requirements, waive the need of a WDR, or deny approval of the discharge.

- To assist applicants with their ROWD preparation and the Water Board with their evaluation of ROWDs and WDR decisions, Zone 7 and ACEH will continue to provide relevant information on groundwater occurrence, use, quality and vulnerability to the Water Board and applicants.
- The preparation of a guidance document on the proper treatment and disposal of wastewater and organic wastes generated from the wine making and wine bottling processes would be beneficial for the development of plans that are effective at minimizing nutrient loading to the groundwater basin.

6.2.5.2 General OWTS Program

One of the purposes of the Alameda County Onsite Wastewater and Individual/Small Water Systems Ordinance and Regulations is to prevent environmental degradation of surface water and groundwater from onsite disposal of private sewage to the greatest extent possible. Included in the regulations are special provisions for the Upper Alameda Creek Watershed, above Niles; namely:

- ~~a. a minimum parcel size requirement of 5 acres for new single family OWTS; and~~
~~b. a~~ a maximum discharge of 320 gallons per day per 5 acres for commercial OWTS.

Continued application of the general provisions of the County OWTS Ordinance and Regulation and these special provisions are expected to minimize the groundwater nitrate impact from OWTS use in the majority of the unincorporated areas of the Livermore Valley Groundwater Basin except in the Areas of Concern. Additionally, the following measures are planned:

- Zone 7 and ACEH will continue working together to ensure that both agencies are aware of groundwater issues in the Livermore Valley Groundwater Basin and that any OWTS approvals are consistent with the adopted NMP goals and objectives.



In five of the ten Areas of Concern, OWTS are the predominant method of wastewater disposal, but unlike the other Areas of Concern, there are no current plans for extending the municipal sewer service to these five areas. The five areas are:

- Happy Valley (~~Figure 6-2~~ *Figure 6-2*)
- Buena Vista (~~Figure 6-4~~ *Figure 6-4*)
- Mines Road (~~Figure 6-5~~ *Figure 6-5*)
- May School (~~Figure 6-3~~ *Figure 6-3*)
- Greenville (~~Figure 6-4~~ *Figure 6-4*)

Accordingly, special OWTS permit requirements have been developed for new OWTS applications received for these five Areas of Concern. These five special OWTS permit requirement areas are shown in

Figure 6-1

~~Figure 6-1~~ to ~~Figure 6-5~~ *Figure 6-5*, and the recommended permit requirements are summarized below and presented in a table in ~~Figure 6-6~~ *Figure 6-6*. These requirements are intended to minimize the impact to existing homeowners and future development while still being protective of the environment and groundwater quality.

These special permit provisions are designed to limit or reduce the amount of nitrogen loading from OWTS in the five Areas of Concern over time by requiring parcels planned for new or replacement OWTS to meet a lower nitrogen loading standard than what exists for parcels located outside of the Special OWTS Permit Areas (*Figure 6-7*). These proposed requirements do not apply to existing, properly-working and properly-sized OWTS.

~~As is the case for properties outside Special OWTS Permit Areas, the requirements are based on the total size of the property parcel (see graph on *Figure 6-7*), and assume that the nitrogen loading from one Rural Residential Equivalent (RRE), i.e., a typical, single family home served by a conventional OWTS is 34 lbs N/year. For new or remodel development on parcels of less than seven acres in the special OWTS permit requirement areas, the project must achieve a total nitrogen loading from all OWTS on the property of less than 0.7 RRE (23.8 lbs N/year) per parcel. This is the equivalent to the loading from two advanced single family OWTS, each capable of 65% nitrogen reduction. For example, in order to add an additional single family dwelling with a new OWTS to a parcel that already has an existing single family dwelling with a conventional OWTS, the project must include installation of pre-treatment equipment, capable of removing 65% of the nitrogen content from the wastewater stream, on both OWTS (new and existing systems). As a consequence, the net result would be an onsite loading reduction from a pre-project total of one RRE to a post-project total of 0.7 RRE. (0.35 + 0.35 RRE).~~

For parcels ~~inside the Special OWTS Permit Areas equal to or greater than 7 acres~~, the total nitrogen loading from all OWTS must not exceed 0.5 RRE per 5 acres (3.4 lbs N/parcel acre/year). For example, the total nitrogen loading limit for a ten acre parcel is calculated as follows:

$$10 \text{ acres} \times \frac{0.5 \text{ RRE}}{5 \text{ acres}} = 1 \text{ RRE} = 34 \text{ lbsN/yr}$$



**FIGURE 6-6
PROPOSED OWTS PERMIT REQUIREMENTS
FOR SPECIAL OWTS REQUIREMENT AREAS
NUTRIENT MANAGEMENT PLAN**

OWTS Scenario	Parcel Size	New Requirement	Max Nitrogen Loading Rate²
	≤ 7 acres	<i>Must install/upgrade/replace with code-compliant nitrogen-reducing system(s).</i>	<i>23.8 lbs/year Per Parcel</i>
		<i>Total nitrogen loading on the parcel must not exceed the Maximum Nitrogen Loading Rate. Commercial uses must also install/upgrade/replace with code-compliant nitrogen-reducing system(s).</i>	<i>3.4 lbs/year Per Parcel Acre</i>
<i>New, upgraded, or replacement OWTS required by County OWTS Ordinance¹</i>	> 7 acres	<p align="center">OR</p> <p><i>Prepare hydrogeologic study that assesses current groundwater nitrate conditions beneath the site and demonstrates that nitrate concentration of total onsite recharge³ does not exceed 36 mg/L (80% of MCL) or the maximum concentration at the site, whichever is lower.</i></p>	<i>6.8 lbs/year Per Parcel Acre</i>

¹ Does not apply to existing, properly-working and properly-sized OWTS.

² Loading rates calculated based on 1 RRE = 34 lbs/yr.

³ Assume that 18% of rainfall naturally recharges to groundwater unless study demonstrates otherwise.

ACEH = Alameda County of Environmental Health
 OWTS = Onsite Wastewater Treatment System
 RRE = Rural Residential Equivalence
 MCL = Maximum Conaminant Level (NO₃ = 45 mg/L)

FIGURE 6-7
Graphs of OWTS Limits

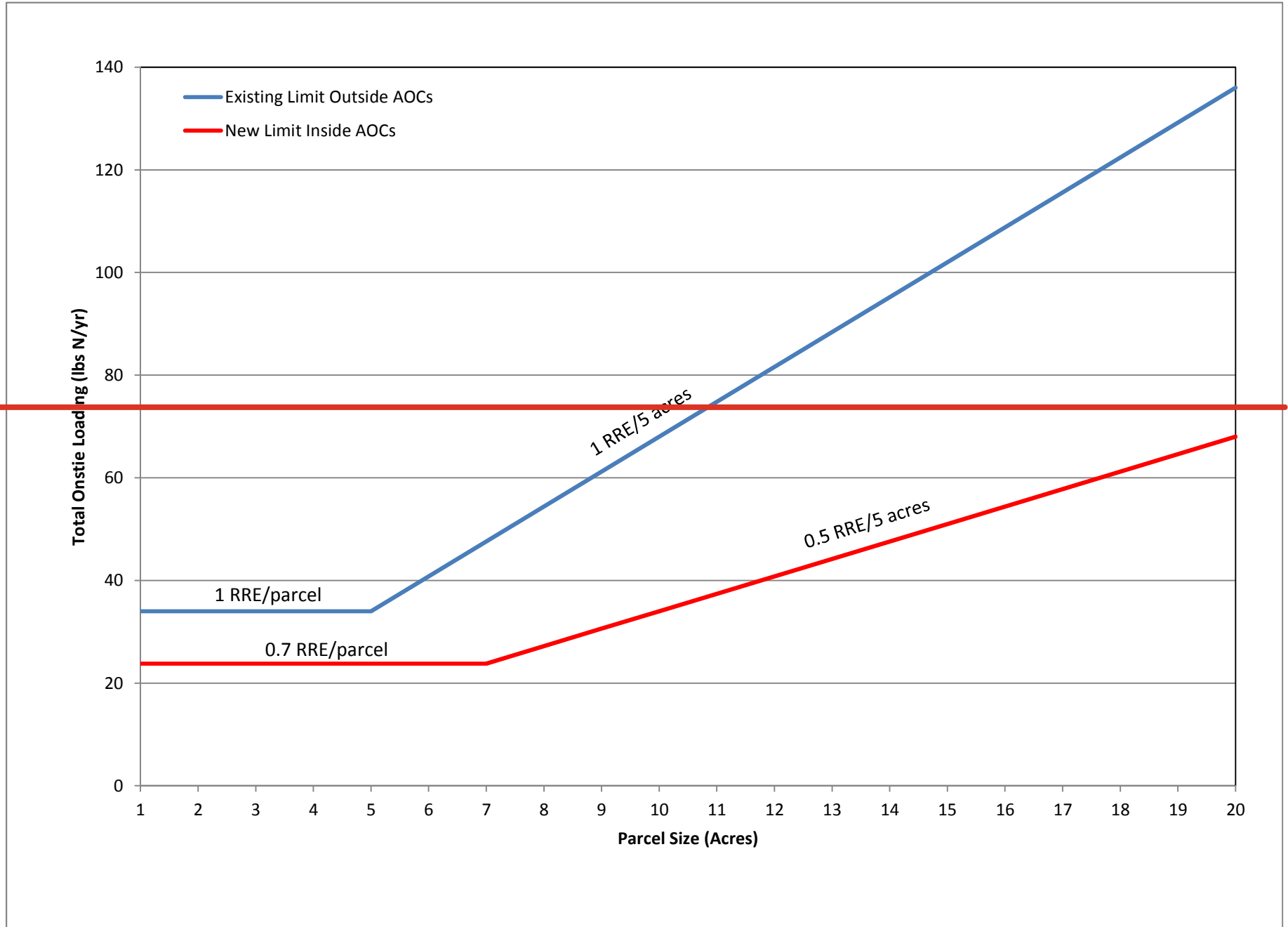
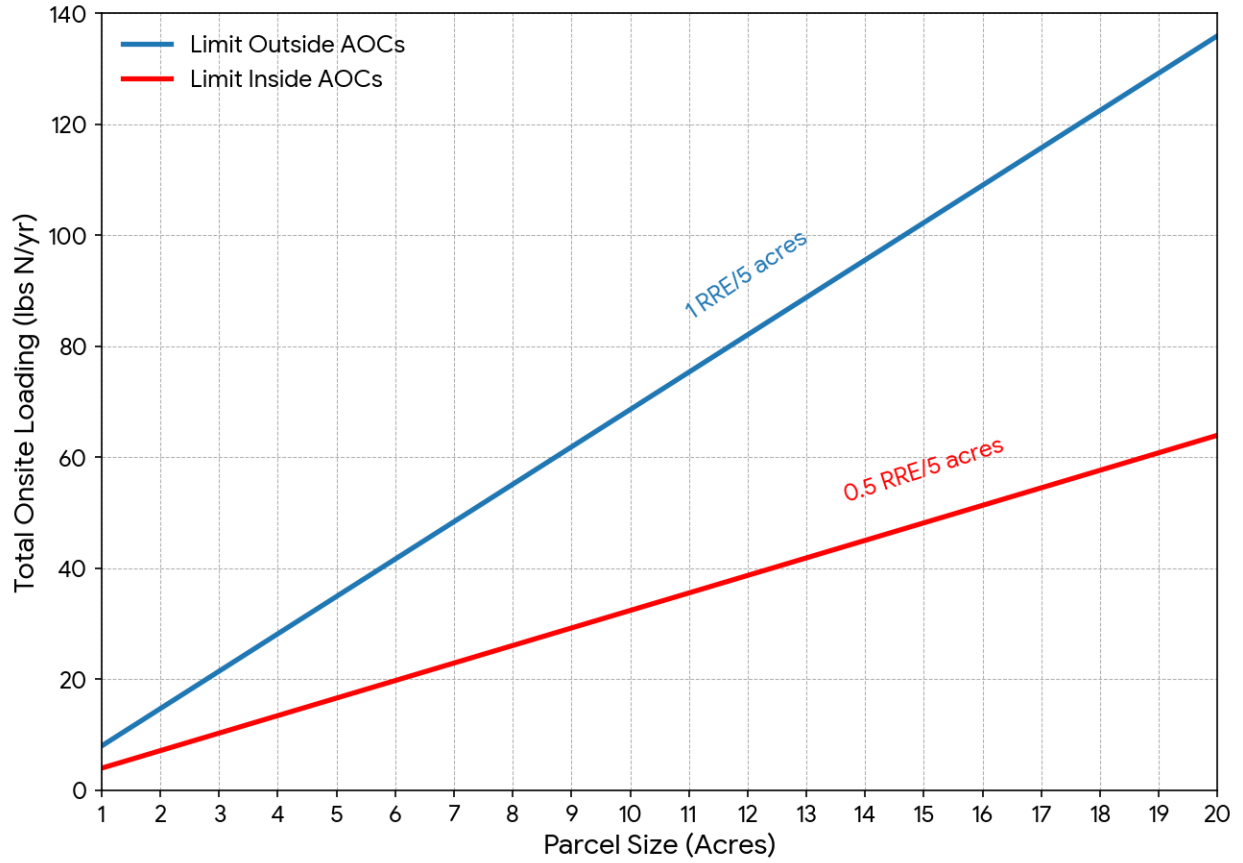




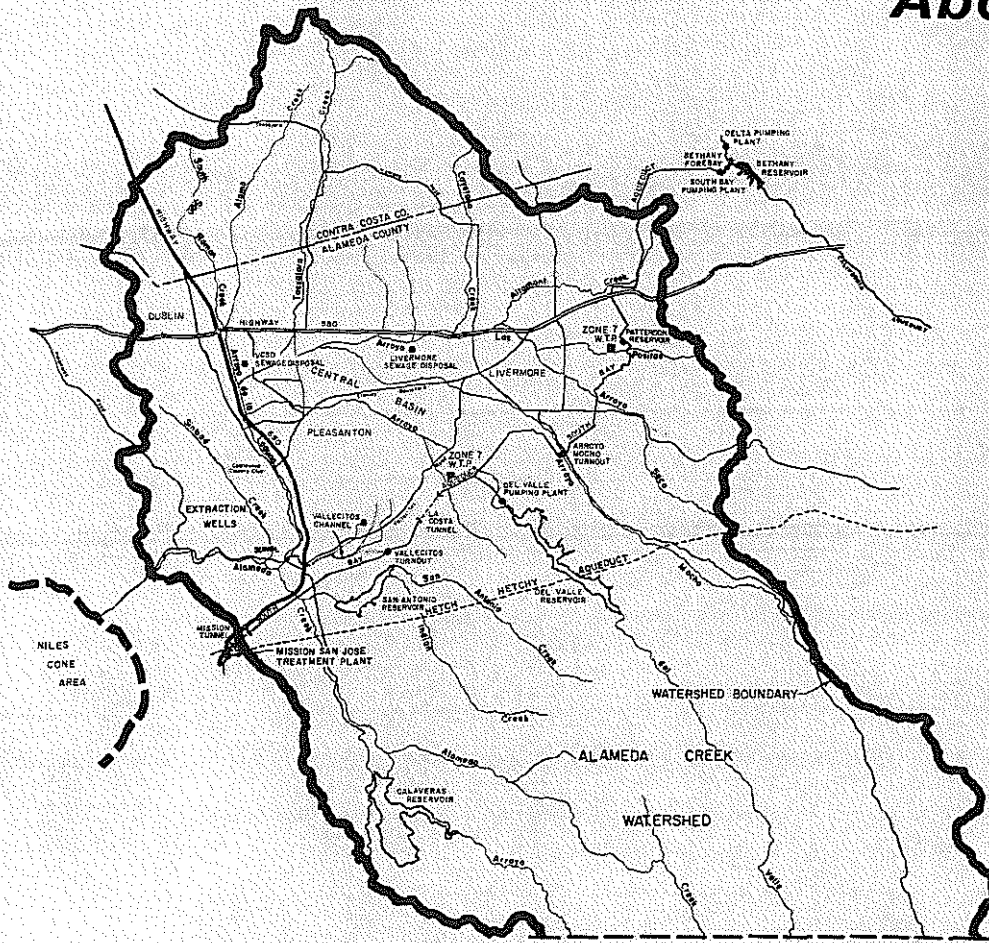
Figure 6-7: Graphs of OWTS Limits



**Zone 7
Alameda County Flood Control
And Water Conservation District**

**Clean Water Grant
Project No. C-06-2777**

***Wastewater Management Plan
For The Unsewered, Unincorporated Area
Of Alameda Creek Watershed
Above Niles***



May 19, 1982

Camp Dresser & McKee Inc.

ZONE 7

ALAMEDA COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

**WASTEWATER MANAGEMENT PLAN
FOR THE UNSEWERED, UNINCORPORATED AREA OF
ALAMEDA CREEK WATERSHED ABOVE NILES**

CLEAN WATER GRANT
STEP 1
PROJECT NO. C-06-2777

MAY 19, 1982

CAMP DRESSER & McKEE INC.

WASTEWATER MANAGEMENT PLAN
FOR THE UNSEWERED, UNINCORPORATED AREA OF
ALAMEDA CREEK WATERSHED ABOVE NILES

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This study was authorized by the Zone 7 Board of Directors in Resolution No 980, dated January 2, 1980.

The Wastewater Management Plan was developed by Zone 7 with the help of consultants, a 12-member Technical Advisory Committee, and a 5-member Public Review Group.

For Zone 7 the study was completed under Mun J. Mar, General Manager, and Harris Teshima, Chief, Water Systems Engineering Section. Jerry Killingstad, Chief, Water Resources Engineering Section, and his staff, provided valuable data and technical input. James Horen, Water Resources Engineer, coordinated all the many technical and public input activities. The Zone 7 Board patiently listened and conducted the many public meetings.

The study was conducted by Camp Dresser & McKee Inc., under the direction of Harvey O. Banks, President, Water Resources Division. The Program Manager was Larry C. Davis. Kenneth R. Henneman was the principal author and study findings presenter at the many meetings and hearings. Dodson and Young, Consulting Engineers, and Lawrence and Associates (Fritz Carlson now with CH2M-Hill) provided technical support concerning, respectively, plan formulation and cost estimates, and geohydrology.

Members of the Technical Advisory Group were:

Bill Adams, City of Livermore
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Ralph Laughlin

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The public input at the public meetings was very helpful and is also documented in the Supplement.

INTRODUCTION

One of the most valuable resources in the San Francisco Bay area is the Alameda Creek Watershed. Several hundred thousand people depend upon its water yield and its water transport and storage capability.

The surface reservoirs, Del Valle, San Antonio, and Calaveras, are used to store runoff and imported water. The streams, Altamont Creek, Arroyo Las Positas, Arroyo Mocho, Arroyo del Valle, Arroyo de la Laguna, Vallecitos Creek, and Alameda Creek, are used to transport runoff and stored and imported water to Zone 7, Alameda County Water District, and City of San Francisco Water Department facilities. The ground water basins in the Livermore-Amador and Sunol Valleys, and in the Niles Cone, are invaluable, particularly during drought periods, as storage basins for domestic water. Since Spring Valley Water Company first diverted water to San Francisco in 1889 many studies have been made, many plans developed, and many dollars spent to conserve and protect these resources.

This Wastewater Management Plan (WMP) will help protect the surface and ground water resources of the watershed from degradation, if sewage effluent volumes double and triple in the years to come, by establishing policies for sewage disposal from unsewered areas that minimize the adverse effects of effluent salt loads and trace organics. This WMP was prepared under a study funded in part by EPA as a Step 1 wastewater study initiated by Zone 7. Extensive

input was received from concerned public agencies and from the public in preparation of this Plan. The Plan encompasses the unsewered, unincorporated area above Niles situated outside the sewered urban areas in the Livermore-Amador Valley served by the LAVWMA agencies. Except for a few clusters of houses on septic tanks, the area is largely rural; however, several subdivisions are being proposed.

This Plan was adopted by Zone 7 on May 19, 1982 in Resolution No. 1037 as one component of Zone 7's comprehensive integrated Water Management Plan for the Alameda Creek watershed area above Niles. It supplements the 1975 San Francisco Bay Regional Water Quality Control Board's Basin Plan, which established basic water quality objectives for the San Francisco Bay Region. Portions of this Plan will be included in the 1982 Basin Plan update.

Water quality objectives are established to protect the beneficial uses made of the surface and ground waters.

Wastewater management policies are established to maintain the water quality objectives and prevent degradation of the surface and ground waters.

Zone 7 will implement the WMP at the local level in cooperation with the Cities of Livermore and Pleasanton and the Dublin-San Ramon Services District working through mutual agreements as necessary, and with Contra Costa County.

THE AREA

The WMP includes the unsewered, unincorporated portions of Alameda Creek Watershed above Niles as shown in Figure 1. It provides for protection of water quality in the ground water basins underlying the Livermore-Amador and Sunol Valleys and in the Niles Cone shown in Figure 1. It focuses on the area below the Calaveras, San Antonio and Del Valle Reservoirs not served by the LAVWMA (Livermore-Amador Valley Wastewater Management Agency) agencies. The major streams and water and wastewater treatment facilities, and both the Hetch Hetchy Aqueduct and the State Water Project South Bay Aqueduct water import systems are shown.

In 1974, the incorporated areas of Livermore and Pleasanton joined with the Dublin-San Ramon Services District (DSRSD) in a joint powers agreement to form LAVWMA and construct the wastewater export pipeline. The LAVWMA area and the export pipeline are shown on Figure 2. As shown, the major surface water streams flow through the LAVWMA area from the unincorporated fringe areas.

Of special concern in this WMP are areas where existing clusters of septic tanks have caused problems. Four of these areas for which policies are presented in this WMP: Central-Scenic, Buena Vista, Bess-Marina, and Happy Valley, are shown on Figure 2. Other areas of special concern, such as Las Positas Valley and the East Tesla

area, are also shown on Figure 2.

THE WASTEWATER MANAGEMENT PLAN

The purpose of the Wastewater Management Plan study was twofold: first to identify, assess, and recommend, if needed, solutions to local septic tank problems; and, secondly, to recommend wastewater management policies to prevent degradation of the surface and ground waters if and when the unincorporated areas are subdivided and urbanized.

The study results identifying local problem areas, problems, and alternative solutions, were presented in an Interim Report*, with technical material presented in a Draft Technical Supplement in November 1981. These results were discussed at several public meetings, and at meetings of the Technical Advisory Committee and the Public Review Group. Comments on the study findings were received from many agencies and groups. The Interim Report and an updated Supplement** containing the technical material and public responses are available from Zone 7.

Based on the study, the meetings, and the review comments, conclusions were reached regarding both local septic tank problem areas and the overall WMP. Public comments on the alternatives and final WMP are presented in the Supplement.

*Camp Dresser & McKee Inc., "Interim Report, Wastewater Management Study for the Unsewered, Unincorporated Area of Alameda Creek Watershed above Niles," September 25, 1981.

**Camp Dresser & McKee Inc., "Supplement, Wastewater Management Study for the Unsewered, Unincorporated Area of Alameda Creek Watershed Above Niles," March 3, 1981.

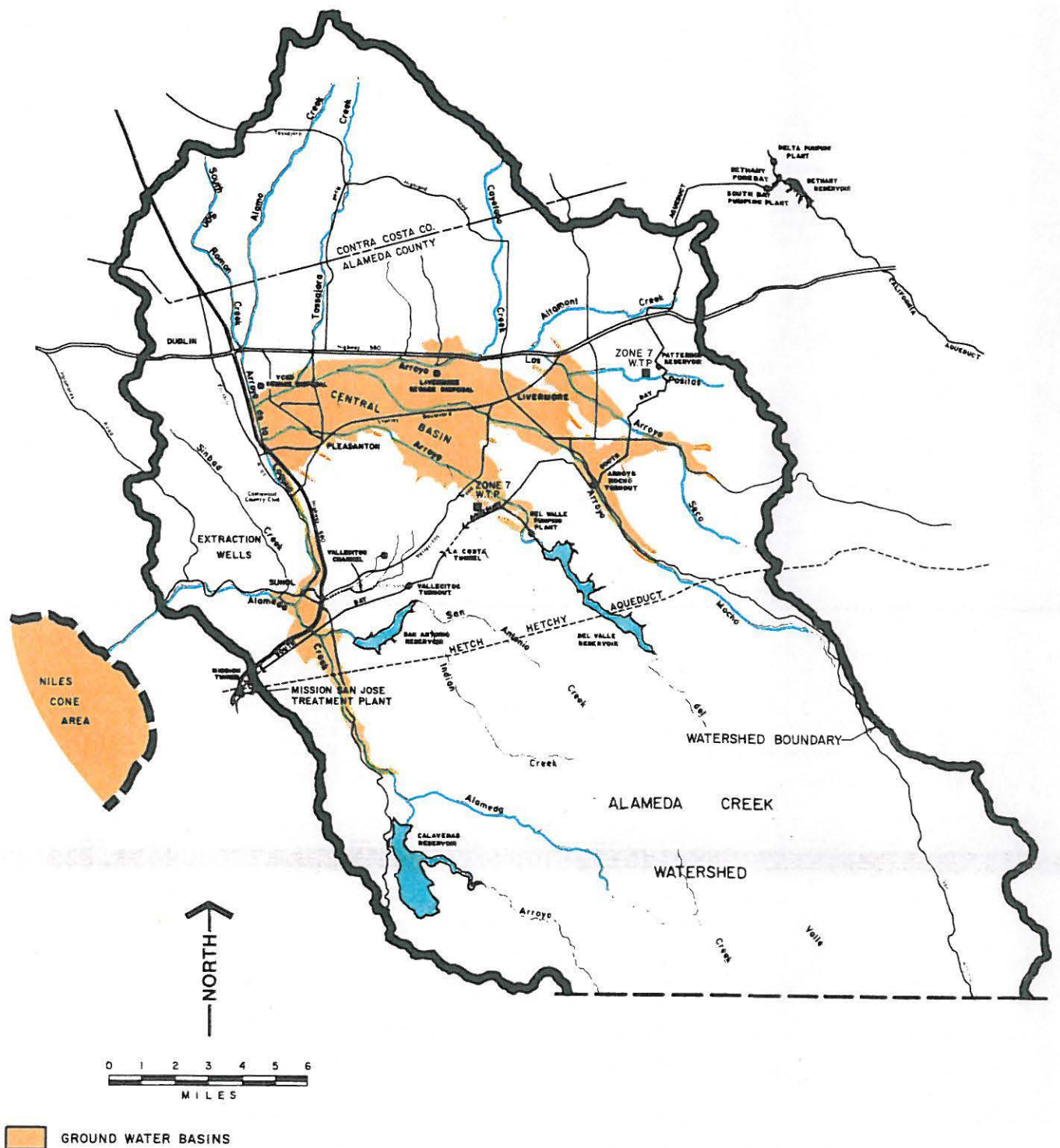
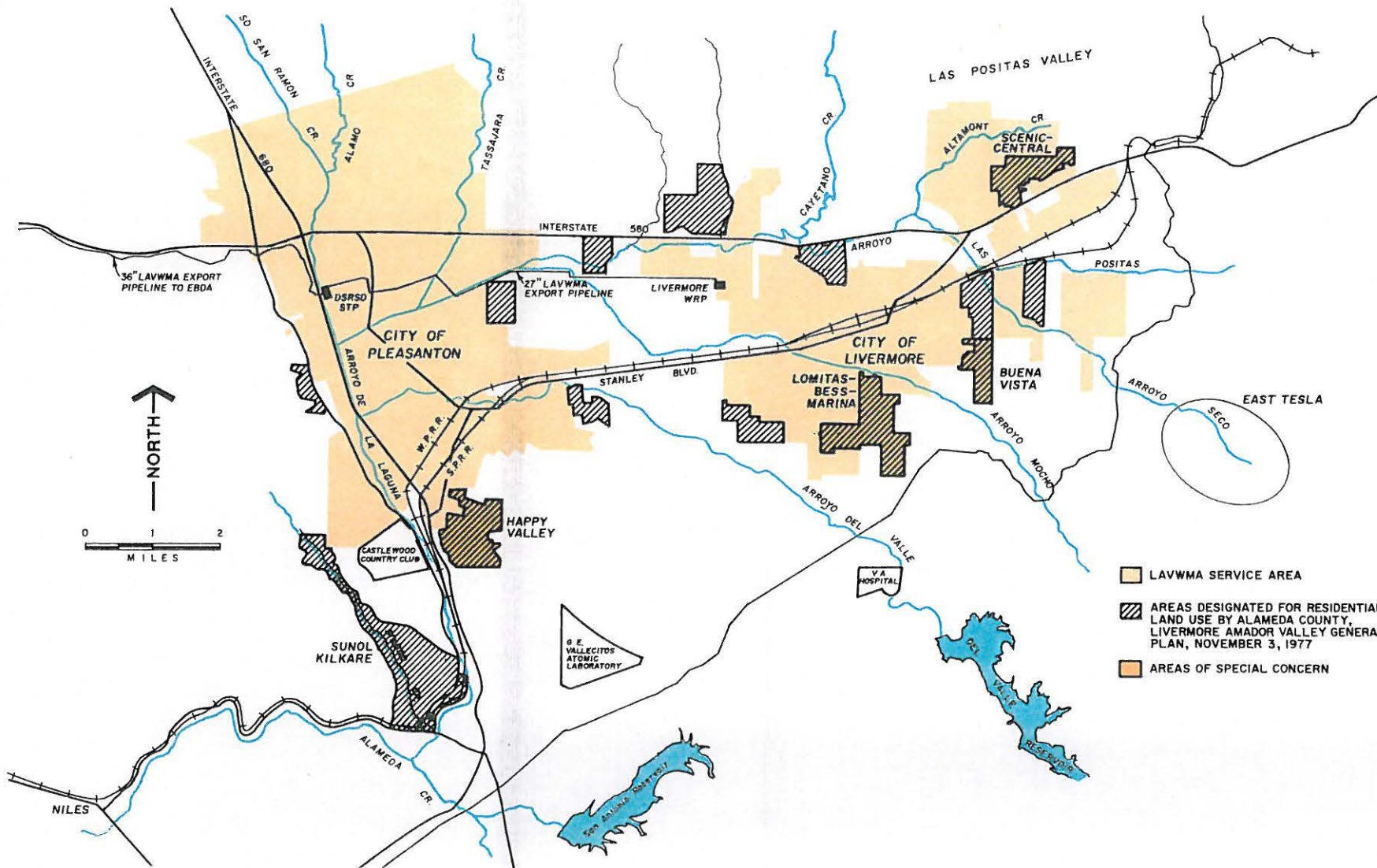


FIGURE 1
ALAMEDA CREEK WATERSHED ABOVE NILES



4

FIGURE 2
LAVWMA AREA
AND
LOCAL AREAS OF SPECIAL CONCERN IN THE UPPER ALAMEDA CREEK WATERSHED

Four local septic tank areas with problems were identified. It was concluded that, providing current land use policies remain in place, expensive facilities to collect sewage from these areas are not needed at this time. There are no specific plans for further urban expansion in these areas. Accordingly a final facilities planning report, generally the product of a Step 1 study for unsewered areas, was not completed. Estimates of facility costs are presented in the Supplement. Policies regarding monitoring and further development of these areas are a part of this Plan.

This document is based on the study conclusions and presents Wastewater Management Plan objectives and policies. It was adopted by Zone 7 after the final public hearing.

THIS REPORT

The purpose of this WMP report is to present the relevant water quality objectives and the wastewater management policies for the unsewered area of Alameda Creek Watershed in a form that can be readily used. It is intended to provide a guide for individuals, developers and public agencies,

concerned with planning and regulating the collection, treatment and disposal of wastewater, and of individual onsite wastewater (septic tanks) systems.

This WMP supplements existing local, county and state regulations and policies. Key relevant policies in the 1975 State Basin Plan* for the Watershed are included. The reader is referred to the Basin Plan for State policies concerning protection of water quality. The California Regional Water Quality Control Board, San Francisco Region, is updating the Basin Plan, and it is presumed that it and this WMP will be in mutual agreement. Most existing County policies are not included; however, County policies, where not consistent, should be adopted which conform to this WMP.

Material in this report is presented in seven sections as follows:

- (1) Introduction
- (2) Background
- (3) Beneficial Uses
- (4) Water Quality Objectives
- (5) Wastewater Management Policies
- (6) Implementation
- (7) Environmental Statement

*State Water Resources Control Board, Regional Water Quality Control Board, San Francisco Bay Region, "Water Quality Control Plan Report, San Francisco Bay Basin (2)," April, 1975.

2. BACKGROUND

THE WATERSHED

Spring Valley Water Company (SVWC) began exporting water from the Alameda Creek Watershed in the 1880's. Riparian water rights along the Creek were purchased, and Calaveras Dam was built in the 1920's. San Francisco purchased SVWC in 1930, completed the Hetch Hetchy Aqueduct in 1934, and finished San Antonio Reservoir in 1966.

Ground water moving westerly from Livermore seeped out through the lowland marshes west of Pleasanton into Arroyo de la Laguna and thence into Alameda Creek. In 1889 SVWC increased dry period flows to the Sunol filter galleries by drilling artesian wells and connecting them to Arroyo de la Laguna with trenches. The seeps and marshes dried up and a well field was constructed west of Pleasanton. SVWC also proposed Calaveras Reservoir.

To protect recharge to the Niles Cone ground water basin from impairment by the proposed Calaveras Reservoir and export, Alameda County Water District (ACWD) was formed in 1914. Cyril Williams, Jr., District Engineer, made studies and in 1915 reported, "The results of these gaugings prove absolutely that the gravels are fed by the storm flows of Alameda Creek ...". Suit against SVWC was authorized immediately and finally settled by agreement. Calaveras Dam was built, but ACWD still receives water from San Francisco under the settlement agreement. Salt water intrusion became a serious problem in the late 1940's, although intrusion was first observed in 1920. Since 1914 ACWD has constantly worked to protect its water rights, to maintain ground water levels, to prevent sea water intrusion, and to protect the quality of water it receives. ACWD's current program

to protect and enhance the Niles Cone ground water basin, a basin that yields less water than the Livermore gravels, will cost over \$20 million.

Ground water exports from the Livermore-Amador Valley declined after the Hetch Hetchy Aqueduct system was built and an agreement was reached with Pleasanton to stop water exports. But local water use grew, and by 1964 ground water levels at the Cope well near the Kaiser gravel pits had dropped 100 feet.

Because of adverse ground water conditions Alameda County contracted in 1948 with the State to study the ground water resources in the watershed. The Alameda County Flood Control and Water Conservation District (ACFCWCD) was formed in 1949 after the dry period in the late 1940's, and ACFCWCD staff worked on the planning studies with the State.

These excellent studies examined the water resources and water needs in the Livermore, Sunol, and Niles Cone areas. The results were clear: more water was needed. In 1957 Zone 7 was formed with voter approval to correct the overdraft, import water, and resolve flood control and drainage problems in the watershed above Niles.

In 1961 both ACWD and Zone 7 (as part of ACFCWCD) negotiated contracts with the State Department of Water Resources (DWR) for water from the State Water Project (SWP) to be delivered through the South Bay Aqueduct. Zone 7 completed the Patterson Pass Water Treatment Plant and started delivery of SWP water in 1962. Deliveries of SWP water via Altamont Creek to ACWD also started in 1962. Deliveries

to Zone 7 from Del Valle Reservoir started when it was completed in 1968. The new Del Valle Water Treatment Plant was completed in 1975.

As often happens when one problem is solved, another arises. With an adequate water supply the volume of sewage effluent in the Livermore-Amador Valley grew along with the population. The effluent was either applied to the land (directly or for irrigation) or put into the streams.

As early as 1955 ACWD recognized that salts from the upper watershed were polluting the Niles Cone ground water. The California Regional Water Quality Control Board (RWQCB) investigated. In the RWQCB 1956 Resolution No. 226, ground water quality objectives were set for the Niles Cone: "It shall be the policy ... to control waste discharges in the Alameda Creek watershed above Niles so that the quality of ground water...will not exceed the following limits...". "These objectives will be reviewed periodically and may be modified..." "...further...it is the intent...to establish surface water quality objectives...". This is one of the first sets of water quality objectives in California.

To meet these objectives the RWQCB in the late 1960's set incremental

total dissolved solids (TDS) limits for waste discharges from the Livermore and Pleasanton sewage treatment plants. This forced elimination of some salt sources. In the 1975 Basin Plan the State Water Resources Control Board and the Regional Water Quality Control Board established a 250 mg/l TDS objective for surface water. Direct discharge of wastewater to Alameda Creek tributaries, unless otherwise permitted by the Board, is prohibited.

Most of the existing and new growth in the watershed above Niles is, and will be, in the area adjacent to the Livermore-Amador Valley. To meet the Basin Plan requirements, Livermore, Pleasanton and Dublin-San Ramon Service District formed the Livermore-Amador Valley Wastewater Management Agency (LAVWMA) under a joint exercise of powers agreement and, after considerable study, constructed the existing wastewater export pipeline system in 1979. Partly because of EPA restrictions this system was sized to accommodate only the 1995 needs of the LAVWMA area as determined in 1975; consequently it is too small to meet future needs if additional urbanization occurs in the watershed*. Except for some small rural-residential areas, capacity was not included for the unincorporated areas in the watershed.

*A 1972 report by Brown and Caldwell, Consulting Engineers, for Zone 7 indicated wastewater volumes could be 30,000 acre feet annually by 1990. The export system can handle only 16,000 acre feet annually.

WASTEWATER

There are two major wastewater treatment plants in the watershed. The DSRSD plant has a capacity of about 8.5 mgd (million gallons a day) and the Livermore plant capacity will soon be about 6.25 mgd. The Livermore plant effluent Total Dissolved Solids (TDS) concentration is about 600 mg/l, or about 300 mg/l higher than the water supply. Both plants are modern, and can be expanded to treat additional wastewater. The LAVWMA export pipeline can handle about 16 mgd from both plants. Currently about 11 mgd is being exported. The Central Contra Costa County Sanitary District serves most of the San Ramon Valley and the Blackhawk Ranch development adjacent to the Tassajara Valley.

Septic tanks are used in most of the rest of the study area, including the Kilcare Canyon and Sunol Valley areas. Castlewood and the Veterans Hospital have small sewage treatment plants and both have created water quality problems. The old Livermore and Pleasanton plants likewise created problems and were phased out in 1959 and 1980 respectively, for several reasons. The GE Vallecitos treatment plant appears to function well.

SURFACE WATER

Local Runoff. Only limited amounts of local surface water runoff are used directly in the study area,

except for water collected in Calaveras, San Antonio and Del Valle Reservoirs. Water stored in the first two reservoirs is used as part of San Francisco's water supply. Runoff into Del Valle Reservoir is used by Zone 7 and Alameda County Water District jointly. Most of the Zone 7 local water, when available, is used to recharge the ground water basin. In wet years over 7,000 acre feet may be available; in dry years runoff is negligible.

Imported Water. Imported SWP water from the Delta is transported through the South Bay Aqueduct (SBA) to the two Zone 7 Water Treatment Plants and to the in-channel recharge areas in Arroyos Del Valle, and Mocho, and to a lesser extent, Arroyos Seco and Positas. Zone 7 has contracted for a maximum of 46,000 acre feet of SWP water annually. The average quality of SBA water has been about 250 mg/l TDS. It will improve to about 100 mg/l if the Peripheral Canal is constructed. About 13,000 acre feet annually of treated water is currently used by Livermore, Pleasanton and DSRSD. SWP water is used for agriculture and for ground water recharge. Imported Hetch Hetchy water is used in the lower Sunol area and at the Lawrence Livermore National Laboratory. Imported Mokelumne River water will probably be used in a part of the Contra Costa County area if it urbanizes.

GROUND WATER

The current impaired yield of the ground water in the central part of the Livermore-Amador Valley is estimated to be about 10,000 acre feet annually. As water becomes short and the gravel pit lakes are developed, the Central Ground Water Basin (Central Basin) will be used to store and transmit more imported SBA water. Ground water in the Central Basin part of the Livermore-Amador and Sunol Valleys is used by municipalities.

Ground water in the "fringe" areas, which include most of the unsewered residential areas, generally is separated from the Central Basin by hills, and is not well connected geohydrologically with the Central Basin. Fringe area ground water is used only by individual home owners and for agricultural purposes. Water quality in the fringe areas generally exceeds recommended public health water quality limits. Ground water in the uplands and highlands area is very localized, very limited and is generally of poor quality. Accordingly, the hydrologic ground water subbasins defined by the California Department of Water Resources (Bulletin 118-2) were divided into two groups considering water quality and beneficial use so that different water quality objectives could be established. These two groups, as shown in Figure 3, are:

1. The "Central" ground water basin encompassing the Mocho, Amador, Bernal and Sunol non-upland areas shown in Figure 3. All municipal ground water used in Livermore and Pleasanton is pumped from this Central Basin. Through conjunctive use with imported water it will be used more and more to meet water

demands. Water quality TDS concentrations range from 250 mg/l near Arroyo del Valle to over 600 mg/l near I-580 in the north. With management and more use water quality along the recharge areas and in the gravel pits will improve to match import water quality. Since the Central Basin is used to store high quality imported water and is used extensively for municipal purposes, it must be fully protected.

2. The "Fringe" subbasins encompassing the May, Vasco, Spring, Altamont, Bishop, Dublin, Castlewood, and Camp Subbasins are shown in Figure 3. These areas generally have poor water quality with high TDS and chlorides, a low specific yield, little storage, and in some areas high ground water levels. The water is used primarily for individual household use. Wells generally yield under 100 gallons per minute. Small increases in ground water recharge might cause rising ground water levels which could force poor quality water out into the Central Basin. Northwest of the Lawrence Livermore Laboratory ground water levels have risen 40 feet in the past 15 years, and ground water is now flowing into Arroyo Las Positas as it did at the turn of the century when it supplied Livermore. The fringe subbasins must be protected primarily because of the potential adverse impacts from poor quality water in these areas reaching the surface and ground waters in the Central Basin and Niles Cone areas.

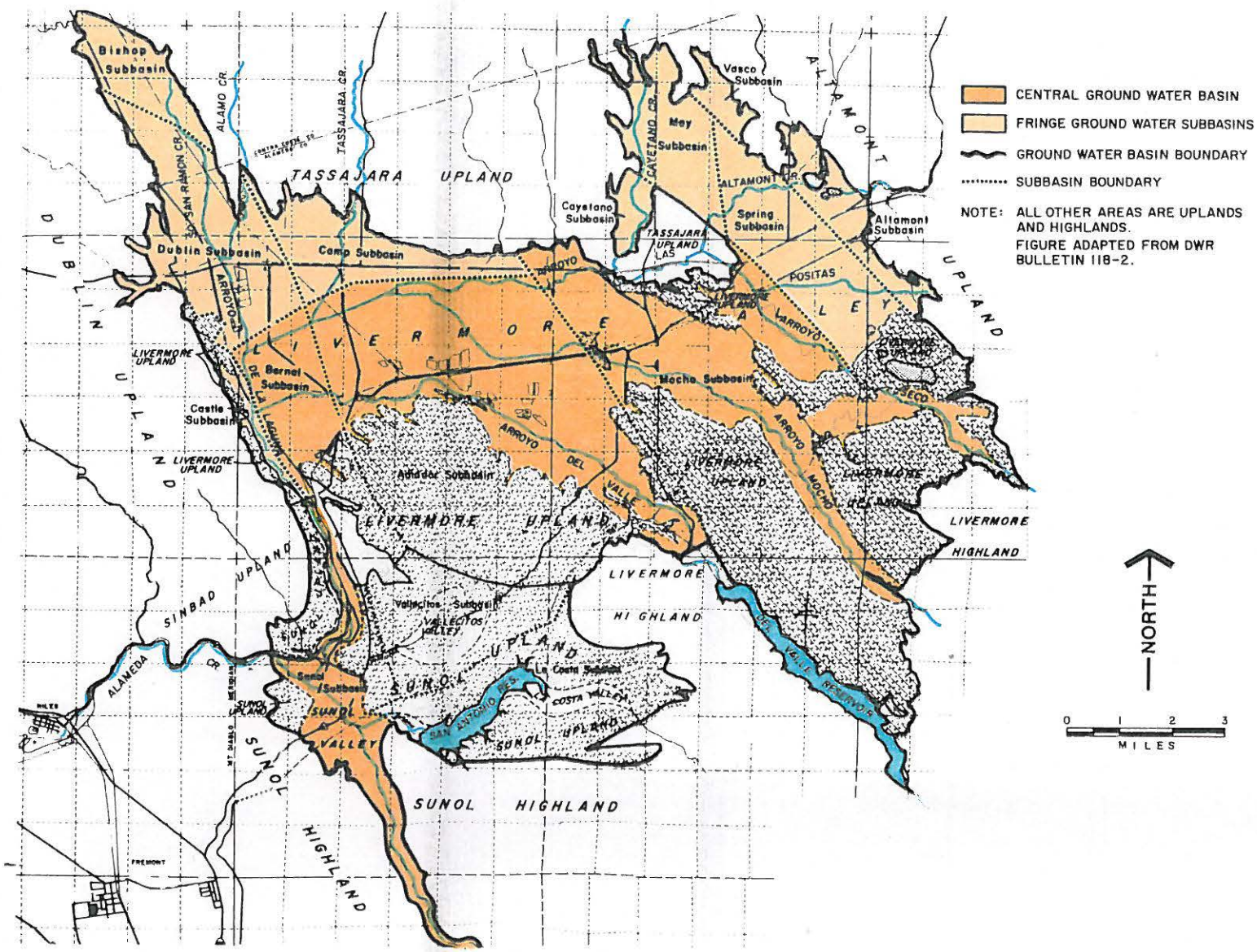


FIGURE 3
GROUND WATER BASINS AND PHYSIOGRAPHIC FEATURES

LOCAL PROBLEM AREAS

Outside of the LAVWMA area there are few houses. These houses are on septic tanks and are clustered in the fringe subbasin and upland areas. Septic tanks in several areas caused localized public health problems in the early 1970's forcing Alameda County to take remedial action.

The word "problem" indicates that there was or is ground water containing high nitrates, TDS, chlorides or bacteria, or high ground water levels. County actions taken included requiring municipal water to be provided, prohibiting building, and rezoning to preclude further subdivision into parcels less than 100 acres. In some rural residential areas, subdivision into smaller lots was allowed considering sewage disposal and the provision of utilities. Studies show that septic tank salt loadings from these fringe areas reaching the Central Basin are not large enough to cause significant water quality problems. The problems are localized and limited because prompt action prevented septic tank proliferation.

A major reason for completing the WMP at this time was concern over septic tank waste loads and their impacts on the ground water. As discussed in the Technical Supplement, 14 septic tank areas were identified, and four had potential problems that required additional consideration be given to providing sewerage or other remedial action. These four: Scenic-Central, Buena Vista, Lomas-Bess-Marina, and Happy Valley, are shown in Figure 2.

The Interim Report, (pages 14 & 16) indicated that for these four areas: "...under current policy waste loads would not increase sig-

nificantly, but would increase significantly under a one house per acre policy", and that "... the existing problem is primarily local; the nitrate and TDS loads reaching the Central Ground Water Basin are not significant". Since the costs to sewer the four areas would be high (over \$800 per house annually) it was concluded that as long as development is restricted to the lots of record or five acres minimum (current general policy) and adjacent lands remained agricultural, sewerage is not necessary at this time. They should be monitored to determine if nitrates build up.

A major finding (page 13) was that "...in the Livermore Valley fringe area, clusters of septic tanks have generally caused a problem. It is also apparent that the County is doing a good job of recognizing the problems and providing solutions by limiting development. The current waste loadings in most cases are not large. The problem in the fringe areas is that the soils and geology are such that local water quality problems are created." For example, along Lomas Avenue fewer than 15 septic tanks created problems - high ground water - because of the nature of the area.

A study of the effects of septic tank loadings (Supplement, page 7-1) from fringe area development indicates that densities of one septic tank per acre would adversely affect the Central Ground Water Basin. These considerations, together with the theoretical density that would prevent nitrate buildup (Supplement, page 6-14), are the basis for the policy on septic tank density presented in Section 5. This policy should prevent the build up of salts from septic tanks.

3. BENEFICIAL USES

Because surface and ground water in the fringe areas could flow into Arroyos del Valle, Mocho and Positas and the proposed gravel pit lakes, and thence into Arroyo de La Laguna and Alameda Creek and to the Niles Cone ground water basin, beneficial uses must be established for surface streams and ground water areas.

The State Water Resources Control Board identified the existing beneficial uses of some of the water bodies (Basin Plan, pages 2-2). These are shown in the Table below.

These are standard beneficial use categories used for planning purposes throughout the State by the State Water Resources Control Board. At the local level more specific beneficial uses can be established. For example, in this watershed ground water basins not only supply ground water, but transmit water from one point to another (as from Arroyo Mocho to California Water Service Company wells), and to filter storm and wastewater (e.g., Livermore STP

effluent recharged by golf course irrigation). They also provide valuable storage capacity for emergency use during surface water outages, such as a drought or failure of the SBA due to an earthquake. Imported and local water recharged to the ground water can be extracted and used without treatment, saving treatment costs.

Most of the streams are used to transmit high quality imported water from the SBA to in- and off-channel recharge basins. This is an important beneficial use of the streams. Both Zone 7 and ACWD have a right to transmit imported water without having it degraded by sewage.

Accordingly, the beneficial uses shown in Table 1 (page 13) are for both connecting and receiving water bodies in the watershed. The Central Basin and the bodies of water transmitting high quality water warrant maximum protection. The objectives were established to protect these beneficial uses.

BENEFICIAL USES IDENTIFIED IN THE BASIN PLAN

	<u>Arroyo*</u> <u>de la</u> <u>Laguna</u>	<u>Shadow</u> <u>Cliffs</u>	<u>Arroyo</u> <u>del</u> <u>Valle</u>	<u>Del Valle</u> <u>Reservoir</u>	<u>Alameda</u> <u>Creek</u>
MUNicipal Use			X	X	X
AGRicultural					X
GWR recharge	X		X		X
RECreation	X	X		X	X
WARM water fish	X	X		X	X
COLD water fish	X	X	X	X	X
WILD life habitat	X	X	X	X	X

*Includes Upstream Tributaries

TABLE 1

BENEFICIAL USES OF SURFACE
AND GROUND WATER BODIES

BENEFICIAL USES	GROUND WATERS			SURFACE WATERS					
	Fringe Ground Water Subbasins Bishop, Dublin, Castle, Camp May, Cayetano, Spring, Altamont	Central Ground Water Basin Bernal, Amador, Mochó, Sunol Subbasins	Niles Cone Area Above & Below Hayward Fault	Arroyo del Valle & Alameda Creek	Arroyo de la Laguna	Arroyo Mochó	Arroyo Los Positas	Gravel Area Lakes, including Shadow Cliff	Altamont Creek, Arroyo Seco, Vallecitos Creek
Municipal Use		●	●	●	●			●	
Agricultural Use	●	●	●						
Individual House Wells	●	●	●						
Ground Water Recharge		●	●	●		●	●	●	
Storage Capacity & Conjunctive Use Potential		●	●						
Purification Capability	●	●	●						
Transmitting Imported SBA Water		●	●	●	●	●	●	●	
Recreation					●				
Boating							●	●	
Fish Propagation				●				●	
Fishing				●				●	
Wildlife Habitat			●	●	●	●	●	●	

4. WATER QUALITY OBJECTIVES

BASIS

Water quality objectives are established for the protection of beneficial uses and the prevention of nuisance. They are set to prevent controllable pollution of water supplies. They are based upon the beneficial uses made of the water, and the water quality criteria necessary to maintain those beneficial uses.

State and federal policies and water quality criteria to be used for establishing Water Quality Objectives are set forth in Section 2 of the 1975 Basin Plan. These, together with consideration of the unique character of the ground water basins and the consumer costs of poor quality water were used in setting the objectives for the watershed.

In 1956 ground water quality objectives were set for the Niles Cone area by the Regional Water Quality Control Board. These prevented the ground water from being further degraded by wastewater.

In 1968 the State Water Resources Control Board adopted Resolution No. 68-16. This requires the continued maintenance of existing high quality water unless a strong case can be made that a change allowing some deterioration in quality will result in a significant benefit.

In 1975 the surface water quality objectives for Alameda Creek and its tributaries were set based on preserving the Niles Cone ground water objectives and protecting high quality import water. Special control measures prohibit the direct discharge of wastewater unless there is natural flow in the stream and an initial dilution of at least 10:1.

Establishing the Niles Cone water quality objectives in 1956 was one of the first such efforts in California. Since then ground water quality objectives have been established for the protection of many of the State's ground water basins. This WMP extends this protection to the Livermore-Amador Valley ground water.

The water quality objectives for the Alameda Creek watershed above Niles are based largely on the following considerations:

- The historic and current Basin Plan objectives.
- Public health standards which limit nitrate in drinking water to 45 mg/l (as nitrate), and recommend total dissolved solids be kept below 500 mg/l with an upper limit of 1000 mg/l.
- Alameda County requires a small demineralization unit for drinking water from new wells when TDS exceed 500 mg/l.
- Water flowing in Alameda Creek past Niles is used to recharge the Niles Cone ground water basin all year around. This water is used directly for municipal water supply.
- Summer flow in Alameda Creek is largely high quality imported water. Imported water normally contains less than 250 mg/l TDS and 60 mg/l chlorides.
- Imported water is released in Arroyo Mocho and Arroyo del Valle to recharge the Central Ground Water Basin. This is valuable, high quality water and will improve the ground water quality.

- The Central Basin, used for municipal water supply, currently has no outflow so the addition of controllable salts must be kept to a minimum. In the future outflow may be restored, in which case it would flow down Alameda Creek into the Niles Cone.
- Water from the fringe ground water subbasins can move into the surface waters and the Central Ground Water Basin.
- Consumer costs associated with poor quality water are significant.

OBJECTIVES

The following objectives (Tables 2 and 3) are intended to supplement the objectives in the Basin Plan.

The objectives do not preclude consideration of salt routing as a means to export wastewater as allowed in the Basin Plan. Basin Plan objectives control if there is a difference. The Basin Plan is currently (May 1982) being revised by the RWQCB.

The water quality objectives to be maintained in the surface and ground waters are presented in Tables 2 and 3.

The surface water objectives in Table 2 are taken from page 4-19 of the Basin Plan. These are supplemented with the ground water objectives in Table 3 (page 16). Wherever the limits are exceeded due to natural causes, controllable water quality factors shall not result in further degradation.

TABLE 2		
SURFACE WATER QUALITY OBJECTIVES		
<u>ALAMEDA CREEK WATERSHED ABOVE NILES</u>		
<u>Alameda Creek and Tributaries</u>		
TDS:	250 mg/1	90 day - arithmetic mean
	360 mg/1	90 day - 90th percentile
	500 mg/1	daily maximum
CHLORIDES:	60 mg/1	90 day - arithmetic mean
	100 mg/1	90 day - 90th percentile
	250 mg/1	daily maximum

TABLE 3

GROUND WATER QUALITY OBJECTIVES
ALAMEDA CREEK WATERSHED ABOVE NILES
(Basin Areas Shown in Figure 3 - Concentrations
Not to be Exceeded More Than 10% of the Time During One Year)

Central Basin

TDS: Ambient or 500 mg/l, whichever is lower
Nitrate (NO₃): 45 mg/l

Fringe Subbasins

TDS: Ambient or 1000 mg/l, whichever is lower
Nitrate (NO₃): 45 mg/l

Upland and Highland Areas

California domestic water quality standards set forth in California Administrative Code, Title 22, and current County standards.

Ambient water quality conditions at a proposed project area will be determined by Zone 7 at the time the project is proposed, with the cost borne by the project proponents. Ambient conditions apply to the water bearing zone with the highest quality water.

Waters designated for use as domestic or municipal water supply shall not contain concentrations of chemicals in excess of natural concentrations or the limits specified in California Administrative Code, Title 22, Chapter 15, particularly Tables 2, 3, 6 and 7.

Water quality criteria concerning viruses and trace organics in wastewater and their movement through ground water have not been established. Research is underway by the State Department of Health Services. Objectives concerning these may be established in the future if warranted.

Specific wastewater discharge requirements for treatment plants are set on a case by case basis by the RWQCB and are based, in part, upon State Department of Health Services requirements.

5. WASTEWATER MANAGEMENT POLICIES

GENERAL

Alameda Creek and its tributaries are used to transport and recharge local and imported waters to and into the Livermore Valley and Niles Cone ground water basins. These basins are an extremely valuable and irreplaceable resource. They are used to collect and store local and high quality imported water for municipal use, providing water to thousands of people. The Central Ground Water Basin should receive the highest protection possible under the State nondegradation policy.

Accordingly, the principal and overriding policy of this Wastewater Management Plan is as follows:

The quality of ground water in the Central Ground Water Basin should not be allowed to be degraded by controllable factors. All wastewater treatment and disposal facilities shall be planned, located, scheduled for construction, and operated so as to maximize the export of salt, and to minimize salt and other pollutant loadings in the Central Basin.

Specific policies are also recommended for both community systems and individual onsite (septic tanks or alternative) systems. These recognize that lands rezoned for urban development will be sewered, but in a few instances individual onsite systems may be necessary.

Experience shows that soils and shallow ground water conditions in this watershed are such that septic tanks and small wastewater treatment plants with land disposal generally cause problems. The policies are intended to encourage the expansion and use of existing large community systems with the export of salts whenever possible, and to discourage small community systems and septic tanks.

Considering ultimate development the study showed (Supplement, Section 9) that export appears to be more cost effective, efficient, and reliable than land disposal after demineralization by reverse osmosis. The policies reflect this finding.

Current County, State and Federal policies, as they may be modified from time to time must be met. The Basin Plan standards are reviewed every three years. It is anticipated that this WMP will be updated, as necessary, at the same time.

For purposes of implementing this policy, the Central Basin, fringe subbasins, and upland and highland areas are as shown in Figure 3. The term export includes export via pipeline or through a "salt routing" system involving storage of wastewater with release to surface water during periods when there is flow to the Bay. The term land application includes direct disposal to land or ponds, and the use of effluent for irrigation or ground water recharge.

COMMUNITY WASTEWATER SYSTEMS

- A1. To the extent possible and reasonable wastewater should be treated and disposed of through the existing systems with export of effluent.
- A2. Full capacity of the existing export pipeline should be used, rented on an interim basis if feasible, before new land application projects are constructed. Additional export capacity should be added when needed.
- A3. If additional export is not feasible, limited land application may be an alternative. Land application will be considered acceptable only after a feasibility study by Zone 7, or another entity, finds export not feasible. However, wastewater treatment (which may include demineralization) with land application may be permitted if one of the following conditions is met.
 - a) The percolate (at the ground water table) meets the ground water quality objectives and does not cause poor quality rising ground water to violate any water quality objectives.
 - b) The applied wastewater effluent has less than 250 mg/l TDS, does not cause any significant local problems, and does not cause rising ground water to create water quality problems in the Central Basin and Niles Cone areas.
 - c) The application point is in the fringe subbasin or upland and highland area, and it can be shown that

the project, because of its size and location, together with other possible projects in the area, will not cause adverse water quality effects either locally or in the Central Basin or Niles Cone areas. The site specific study will have to demonstrate that the percolate can not reasonably be expected over time to move, either directly or indirectly, into the Central Basin or Niles Cone and degrade or pollute the ground water. All other State and Federal standards must be met.

Policies b and c above allow some degradation only when beneficial reuse of wastewater is proposed, as permitted in the State nondegradation policy. Land application will be discouraged in the Central Basin where salts, trace organics, and viruses may cause problems.

- A4. If demineralization is proposed the effluent should, if physically, financially and institutionally feasible, be used to replace poor quality wastewater being used for irrigation.
- A5. Each proposed community system will be considered on a case-by-case basis considering the overall wastewater disposal needs within the watershed as determined by planning studies under the direction of Zone 7. Proliferation of small inefficient plants should be avoided. Adding wastewater to the ground water in a manner that would force poor quality water into the streams must be avoided. For projects proposing land application, site specific studies of the soils,

geohydrology, ground water, and of the impacts on ground water must be completed, and the disposal method approved by Zone 7 and other appropriate agencies.

- A6. Direct discharge of wastewater to streams is prohibited during dry periods when there is no natural continuous flow from the point of discharge to the Bay and the dilution is less than 10:1, except as permitted by the Regional Board in accordance with the Basin Plan.

INDIVIDUAL ONSITE WASTEWATER SYSTEMS

- B1. The current policy of discouraging onsite wastewater system (septic tanks or alternatives) installations should be continued.
- B2. ~~In the Central Basin and in the fringe subbasins, where septic tanks are allowed, the minimum lot size for use of septic tanks should be five acres.~~
- B3. In the upland and highland areas current county policies should be continued. "Alternative" onsite wastewater systems other than septic tanks must still be approved by the Regional Water Quality Control Board.
- B4. If more intense development proposing septic tanks is to be authorized in any area, and/or when land use zoning is changed to rural residential use with septic tanks:
- a) The minimum ~~generally acceptable lot size should be five acres.~~

- b) A site specific geohydrologic study may be required to determine if the wastewater would degrade the ground or surface water. Generally a detailed study will be required only if a cluster (five or more) of units is proposed. This Study will be used by Zone 7 to determine if the project is in conformance with the WMP. If it is, an On-site Wastewater Management Zone (OSWMZ) probably will be required under Chapter 3 of the Health and Safety Code. The OSWMZ would be formed under Zone 7 or Contra Costa County and an approved septic tank maintenance program and ground water monitoring program would be required. ~~Larger lot sizes may be required in special cases.~~

- B5. Exceptions to policy B4 may be permitted because of unusual land forms, ground water conditions, and other special circumstances. For example, because of geohydrologic conditions, clustering five tanks on 25 acres may decrease the chance of local problems and minimize degradation of the ground water. Site specific studies should be required to demonstrate the ~~special conditions and the improvement in water quality.~~

- ~~that loading will not cause the nitrogen concentrations to increase.~~
- B6. To prevent contamination of the proposed gravel pit lakes holding tanks will be required for new development within 1,000 feet of the lakes, particularly along Arroyo del Valle.

LOCAL AREA POLICIES

The basic conclusion from the study presented in the Interim Report is that the local septic tank problems are not severe enough to require sewerage at this time. Consequently a Step II design study is not now needed. Under present zoning and policies limiting lot size the problems are not expected to become significant. However, if the areas are to be urbanized sewerage will be required. The general policy should be to require sewerage when adjacent areas are urbanized and sewerage. The areas should be monitored and if further water quality degradation occurs sewerage may be required. Policies for individual areas are discussed below.

- C1. Central-Scenic. ~~Owner construction for lots of record or over the five acre minimum policy should be permitted.~~ Proposed new housing clusters should be sewerage and a water supply provided because of poor ground water quality, and because ground water levels may rise and interfere with septic systems when adjacent areas urbanize. This area has easy access to both water and sewerage systems, and the area should be sewerage when the adjacent area is urbanized. Two or three additional wells should be monitored by Zone 7, with water levels observed spring and fall and water quality samples taken in the spring. If monitoring results show water levels rising significantly, or deteriorating water quality, it should be sewerage to the Livermore system, or an On-Site Wastewater Management Zone (OSWMZ) formed to resolve the problems.
- C2. Buena Vista. ~~Construction under present policies, lots of record or over five acres,~~

~~should be permitted.~~ This area has a water supply as a result of public health concerns identified in the mid-1970's. Most of the area overlies the Central Ground Water Basin, and some of the area is highly permeable. The adjacent municipal well was shut down because of high nitrates. An additional two or three wells should be monitored by Zone 7, and if nitrates become a problem the area should be sewerage or an OSWMZ should be formed. If this area remains surrounded by agricultural lands sewerage may not be required for some time unless greater density housing is allowed -- then connection to the Livermore system is essential.

- C3. Lomitas-Bess-Marina. This is a large area so individual sectors must be considered. It is primarily in the Livermore upland formation, and there are not many good producing wells in the area. Shallow ground water and impermeable soils have been a problem, yet there is a deeper water bearing zone under some of the area. This is a typical fringe area. Livermore is sewerage some of the north side of this area. Water is now available along Lomitas Avenue as a result of public health problems in the mid-1970's. ~~Owner construction for lots of record or over the five acre minimum policy should be allowed.~~ However, if new roads or clusters of homes are proposed and water and sewer are not provided, a rigorous soils and geohydrologic study should be completed under Policy B4. The soils and geology in this area are not favorable for septic tanks. Although partially in the uplands, the area is close to Arroyo Mocho

and percolate could run into the surface and ground water. Zone 7 should monitor three to five additional wells, and if problems develop or high density housing is permitted, the area should be sewerred. This area should eventually be sewerred through the Livermore system.

- C4. Happy Valley. Happy Valley is also in the Livermore Upland Formation. It is hilly and the ground water zones are small and probably only marginally connected, either to each other or to the Pleasanton ground water supply on the north or to Arroyo de la Laguna on the west. Some of the wells are old and shallow and probably not properly sealed. During the mid 1970's a construction ban was placed on the area as a result of public health concerns. Sporadic water quality analyses since then are not conclusive regarding deterioration or improvement. However, some wells produce water with nitrate concentrations exceeding public health standards and TDS exceeding the 500 mg/l recommended standard. ~~Accordingly, if the ban is lifted to allow construction under the lots of record or five acre policy, an OSWMZ should be formed under Zone 7 to monitor ten to fifteen wells and some septic tanks.~~ If septic tanks appear to be failing, a septic tank inspection and maintenance program should be developed and implemented. If, over time local water quality deteriorates, Zone 7, together with the County Environmental Health and Planning Departments, should restudy the land use (zoning) policies and the septic tank situation to determine if sewerred is

needed. In any case, if high densities are permitted it should be sewerred to the Pleasanton system.

- C5. Sunol-Kilkare. Water from the Sunol ground water basin is collected by the San Francisco Water Department's (SFWD) Sunol filter gallery. SFWD operates Calaveras and San Antonio Reservoirs and owns thousands of acres of watershed in and adjacent to the reservoirs and ground water basin to protect them from degradation. Water quality data collected over the past 30 years indicate water quality is about the same as ground water along Arroyo del Valle, about 300 mg/l TDS.

Sewage disposal in the Sunol-Kilkare area is now by septic tank, and water is provided from the Hetch Hetchy Aqueduct and from Pleasanton. Local potential public health problems led to the establishment of the current general county policy (lots of record with five acre minimum). Because this is an old area most of the buildable area is used and, under current policies, most new housing is replacement. Accordingly, the current policies should be continued in this area.

SFWD samples the ground water, and the County Division of Environmental Health samples Sinbad Creek in Kilkare Canyon. These agencies and Zone 7 should consider expanding this monitoring network to include and supplement these data so that information will be readily available to determine long term water quality trends.

- C6. East Tesla. This area has a diverse array of soils and

ground water conditions and quality. It is only marginally connected to Arroyo Mocho, being topographically similar to upland areas. From the data available it appears there are no local problem areas at this time. However, several additional wells should be monitored as it is an area where existing septic tanks could fail, and where considerable development could take place. If the area is urbanized, it should be sewerred.

- C7. Las Positas Valley. Comprising the May, Spring, Vasco and parts of other subbasins, this valley is drained by Cayetano and Altamont Creeks which flow into Arroyo Las Positas. The studies show it should be sewerred if it is urbanized. As the ground water basin is essentially full, there is very little storage space for additional water. Water quality is generally poor, some of it very salty. Any significant rise in water levels could force salty water into Arroyo Las Positas, and it would flow into and through the Central Ground Water Basin and into Alameda Creek and the Niles Cone. Seepage of salty water into Arroyo Las Positas and Alameda Creek may have a significant adverse impact on the Niles Cone ground water basin. This problem must be carefully considered in connection with disposal of wastewater in this area. Pumping of ground water for landscaping and other non-high quality water uses should be encouraged in any development in this area, particularly if land disposal of wastewater is considered.

- C8. Tassajara Valley Area. Except

in the shallow alluvium along Tassajara Creek, the Tassajara upland is a non-water bearing formation with water found only occasionally under certain local conditions. Even the alluvium has little sand and gravel in it, with discontinuous water bearing strata probably only two to five feet thick. Water supply is a problem and sometimes even a minimum well yield of three gallons per minute cannot be obtained. Houses on the hills generally have both wells and septic tanks located in the valley. Much of the development is less than 10 years old, and there are not many clusters of septic tanks yet, so there have not been many septic tank failures.

Ground water is reportedly about 10 feet from the surface in places, so if imported rather than well water were used, ground water levels could conceivably rise and cause septic tank failures. Except for the unpublished study recently completed for Contra Costa County by the U.S. Geological Survey (USGS) which locates certain wells, presents water quality data collected in 1981, and proposes a monitoring network, there are almost no data available for this area. Under the existing soils and water conditions, and because of the expected pressure to develop housing in this area, a monitoring network should be established. The USGS monitoring program for the area should be reviewed and implemented as soon as adequate staff and funding is available. There is not enough data at this time to determine if rising ground water will be a significant problem.

6. IMPLEMENTATION

THE SITUATION

The watershed's surface and ground water resources are a tremendous public asset. They should be appreciated, respected, and jealously protected against degradation by all who live and govern in the watershed. By nature water does not respect political boundaries; it flows under and through townships, cities, and counties. Therefore, in implementing the Wastewater Management Plan the watershed must be treated as an integrated hydrologic system, and the management of its water as a public trust by all agencies working together.

In the past, decisions regarding septic tanks and large and small sewage treatment and disposal systems, were made largely on an individual basis. With small populations and sewage volumes this approach worked. As population increased, wastewater problems surfaced and wastewater management decisions started to be made as a result of litigation, threat of litigation, and regulatory orders by the County and RWQCB -- a reactionary rather than precautionary situation. This approach requires many studies and causes unnecessary stress among individuals, developers, governing agencies, regulating agencies, and the public--with the public paying the costs.

The purpose of the WMP implementation policy is to eliminate a fragmented and reaction-based implementation approach. Economies associated with proper facility sizing, location, and scheduling can be achieved. The best available cost-effective technology can be applied to minimize controllable adverse impacts of wastewater on the water resources, i.e., to minimize salts entering the ground water.

Implementation success can be achieved through mutual agreement by the concerned agencies on the WMP objectives and policies, and on how it will be implemented. Success requires a responsible agency working in coordination and agreement with the cities of Livermore, Pleasanton, and Dublin, the counties of Alameda and Contra Costa, and with the Dublin San Ramon Services District and the Alameda County Water District.

RESPONSIBILITY FOR IMPLEMENTATION

Under its authorizing statute Zone 7 of the Alameda County Flood Control and Water Conservation District already has the responsibility for overall water resource management in the watershed. Zone 7 encompasses the entire watershed except for Contra Costa County. To date Zone 7 has exercised this responsibility primarily with respect to providing a water supply, ground water monitoring, and major flood control projects.

Zone 7 will implement this Wastewater Management Plan in Alameda County. Implementation will be carried out, when and as necessary, with formal (joint exercise of power) and informal agreements with other County Departments, existing LAVWMA agencies and the County of Contra Costa. Contra Costa County, or an agency designated by Contra Costa County, should implement the Plan in Contra Costa County. Zone 7 should be designated as the local agency to implement RWQCB Resolution No. 78-14 in Alameda County.

R2-2014-0028

Other Alameda County Departments and the Regional Water Quality Control Board and Contra Costa County will, of course, continue to exercise current authorities except as provided herein.

The primary responsibility of Zone 7 will be to implement the basic policy that "The quality of ground water in the Central Ground Water Basin should not be degraded...", and that wastewater facilities should be constructed and operated to minimize controllable salt loads entering the Central Basin.

Implementation responsibility includes planning, and, as and if necessary, construction, operation and maintenance of wastewater treatment and disposal systems. It includes establishing OSWMZ areas for septic tank areas and assessment districts as needed, and monitoring of surface water and ground water underlying land disposal systems.

PLANNING

Zone 7 has an excellent data base and monitoring network for the Central Basin. They are developing a ground water model (the Zone 7/DWR Model) of the Basin. Planning to meet wastewater management needs includes examining the feasibility of additional export capacity - which requires integrating the present and future needs of both the LAVWMA area and the presently unsewered, unincorporated area - and determining the benefits, costs, and impacts of the project. The model can be a valuable tool to help accomplish this planning. It needs to be modified to include: (a) surface and ground water relationships upstream and downstream from the Central Basin, (b) water quality, (c) current and future Zone 7 recharge areas including the gravel pits, and (d) potential wastewater loadings from proposed wastewater treatment plants in the Central Basin, fringe ground water subbasins and the upland and highland areas. This tool will be useful for overall water resource

management in the watershed, as well as for implementing the WMP. It is anticipated that the model may be available, for a fee, to help determine the water quality impacts of specific projects in the Central Basin and Niles Cone areas. Wastewater disposal costs could be added to the model to evaluate alternative facility sizes and locations.

Planning to meet the wastewater needs in the unincorporated area requires working with and reaching agreement with many agencies. These, at the local level, include the County Planning Commission and the developers to determine future needs in the unincorporated area; the current LAVWMA agencies to determine the needs in the LAVWMA area; Alameda County Water District to determine surface/ground/waste water relationships in the Niles Cone area; and Contra Costa County to evaluate surface/ground/waste water relationships in the upstream area. The planning responsibility includes coordination, and possible consolidation and integration, in a cost-effective manner, of possibly several individual proposed wastewater treatment plants or treatment plant expansions.

OPERATION AND MAINTENANCE

Wastewater treatment plants in Alameda County above Niles not operated by LAVWMA agencies should be ~~operated and maintained~~ ^{approved} by Zone 7. ~~Zone 7 could contract with a LAVWMA agency, or others for operation and maintenance.~~

Operation of a new export system should be by Zone 7, ~~either directly or by contract. An alternative to be considered during the planning stage would be to have the system owned and operated by an~~

~~existing or new public agency capable of providing such disposal services.~~

INDIVIDUAL SYSTEMS

The current system for processing permit applications for onsite wastewater treatment systems (septic tanks or alternative systems) should be continued except as follows:

1. Zone 7 should make provision to obtain available well logs, septic tank locations, and ground water monitoring data from Contra Costa County so these data will be available for use in the model.
2. When a cluster of onsite wastewater treatment systems is proposed, the developer(s) should prepare the required geohydrological and soils report in consultation with Zone 7 regarding the scope of the study. The study will be used by Zone 7 to determine if the project meets WMP policies and if the sewage effluent will meet the water quality objectives.
3. If an OSWMZ is required, it should be formed before the effective date of any zoning change by the County, or prior to recording the subdivision maps.

MONITORING

Zone 7 should expand its ground water monitoring in the following

local areas:

- Central-Scenic
- Buena Vista
- Tesla-Seco
- Lomas-Bess-Marina
- Sunol

An OSWMZ should be formed in the Happy Valley Area primarily for the purpose of monitoring the ground water. If after a few years water quality deteriorates and the area is not sewered, individual septic tanks should be monitored and the problem resolved as proposed in Policy C4.

Clusters of houses developed in Alameda County above Niles using individual wastewater treatment systems must have a ground water monitoring program approved and implemented by Zone 7 or Contra Costa County.

The monitoring program proposed by the U. S. Geological Survey in the Tassajara and adjacent areas should be undertaken by Contra Costa County. The County may want to work with Zone 7 or the Geological Survey or the California Department of Water Resources, so that the measurements can be recorded and stored in accordance with standard technical procedures and be readily available. An alternative would be to have the experienced Zone 7 staff do the work under contract with Contra Costa County.

Any site proposed for direct or indirect land application of wastewater effluent should have a monitoring program approved and implemented by Zone 7 or Contra Costa County.

SCHEDULE

A general timetable for wastewater management action is as follows:

- | | | | |
|------|--|---------|---|
| 1982 | Approval of Wastewater Management Plan by concerned agencies, including Alameda and Contra Costa Counties, LAVWMA members, ACWD, and RWQCB. | 1982-83 | Work with Happy Valley residents to establish an Onsite Wastewater Management Zone and remove the building ban. |
| 1982 | Adoption of Water Quality Objectives and policies by RWQCB. | 1983 | Complete watershed model, if possible. Reconnaissance study of new wastewater treatment plants (or capacity) needed. |
| 1982 | Start additional monitoring. | 1983 | Conduct feasibility study of export system, including power recovery. Make agreements, if needed, regarding use of current LAVWMA export capacity for presently unsewered areas until new export system can be completed. |
| 1982 | Reconnaissance study by Zone 7 of wastewater export capacity needs, of EBDA support, and of possible financial arrangements for the export system. Review City of Livermore "Salt Routing" export proposal. Determine if ground water model can be modified as needed. | 1985-90 | Complete new export system if needed. |
| | | 1985-90 | Complete additional wastewater treatment systems as necessary. |

ENVIRONMENTAL STATEMENT

The "Wastewater Management Plan for the Unsewered, Unincorporated Area of the Alameda Creek Watershed Above Niles" (WMP) is the wastewater management component of Zone 7's comprehensive, Integrated Water Management Plan for the Alameda Creek Watershed Above Niles. The main thrust of the study was to analyze the effect on water quality of existing discrete wastewater sources (mainly septic tanks) in the study area, and recommend solutions including but not limited to physical projects. Funding was largely provided through the Step 1 Federal Clean Water Construction Grants Program (CWG No. C-06-2777), with 75 percent from the federal government, 12-1/2 percent from the State of California, and the remaining 12-1/2 percent from Zone 7.

An agency accepting a Clean Water Grant in California has to essentially conform to three sets of environmental assessment criteria. These are: 1) environmental review responsibilities under the California Environmental Quality Act (CEQA), California Administrative Code (CAC) Title 14, Division 6; 2) environmental review procedures as outlined in the State Water Resources Control Board (SWRCB) publication, Clean Water Grant Bulletin 22A, "A-95 Notification and EIR Procedures with State and Areawide Clearinghouses"; and 3) the latest edition of the Clean Water Grant Program Guidelines Manual, section on "Wastewater Facilities Planning: Environmental Assessment Guidelines for Agencies Seeking Clean Water Grants." Criteria 2 and 3 are applicable only if Zone 7 were to apply for a Step 2 Clean Water

Grant, or in other words, if the Step 1 WMP is truly a "facilities plan". In this case, the WMP does not propose any facilities to be funded by Step 2 and Step 3 grants. Criterion 1 is inapplicable because the WMP is categorically exempt under CAC Title 14, Division 6, Article 8, Section 15107 which exempts from the EIR process any actions by regulating agencies for protecting natural resources. Construction activities are not included in this exemption. Zone 7 is not proposing any facilities for construction immediately under the Clean Water Construction Grant Program and currently proposes only actions necessary to protect the surface and ground waters of the watershed; this is exempt.

Two aspects should be recognized, however. First, the WMP would establish a monitoring program for certain local problem areas. In the future, the data from that monitoring program may indicate that a project(s) will be necessary to alleviate a water quality program. At that time, an EIR would be necessary under the requirements of CEQA. Secondly, the wastewater management policies proposed in the WMP may necessitate the construction of additional export and/or demineralization facilities. Again, at that time an EIR would be necessary.

Additionally, it should be noted that Section 7 of the Technical Supplement describes the water quality impacts of development in the fringe areas on the Central Basin water quality, and thus is an environmental assessment of projected policies based on water quality.

ZONE 7 BOARD OF DIRECTORS
SUMMARY NOTES OF THE FINANCE COMMITTEE

May 13, 2026
3:00 p.m.

Directors Present: Dawn Benson
Kathy Narum
Sarah Palmer

Staff Present: Valerie Pryor, General Manager
Osborn Solitei, Treasurer/Assistant General Manager – Finance
Lizzie Foss, Financial Analyst
JaVia Green, Financial Analyst
Teri Yasuda, Accounting Manager
Donna Fabian, Executive Assistant

1. Call Meeting to Order

Director Benson called the meeting to order at 3:03 p.m.

2. Public Comment on Items Not on the Agenda

There was no public comment.

3. Investment Report as of March 31, 2026

Justin Resuello of PFM Asset Management provided an overview of the investment portfolio and current economic conditions affecting the market. He discussed the Federal Reserve's focus on inflation and employment indicators, including the Consumer Price Index, personal consumption expenditures, and unemployment rates. Mr. Resuello stated that geopolitical instability, particularly the conflict involving Iran and resulting disruptions in the Strait of Hormuz, contributed to increased market uncertainty and rising interest rates during the quarter. He explained that the resulting rise in yields negatively affected the market value of investment portfolios, including Zone 7's, due to the inverse relationship between yields and bond prices. However, he noted that the higher rate environment also created opportunities to strategically reinvest and extend portfolio duration at more favorable yields.

Director Narum commented that although the market value of the portfolio had declined, the investments would return to par value if held to maturity. Mr. Resuello confirmed that assessment and explained that while certain securities may occasionally be sold at a loss as part of an active management strategy, such actions are intended to improve overall total return performance. Valerie Pryor, General Manager, reminded the Committee that while investments held to maturity recover par value, market value fluctuations must still be reflected in the Agency's financial statements. Director Narum emphasized the distinction between unrealized paper losses and actual realized losses unless securities are sold.

Mr. Resuello reviewed inflation expectations and economic data, noting that while energy prices and inflation indicators had risen, long-term inflation expectations remained relatively moderate. He discussed trends related to consumer spending, employment, and gross domestic product growth, stating that the economy continued to show resilience despite ongoing geopolitical uncertainty. He also reviewed Federal Reserve projections and explained that expectations for interest rate cuts had been pushed further out due to continued inflationary pressures.

Mr. Resuello explained that treasury yields increased significantly during the quarter, particularly on the longer end of the curve, creating opportunities to reinvest at higher rates. He reviewed changes in spreads among various asset classes and noted that corporate securities offered particularly attractive value during the period. He stated that PFM had taken advantage of favorable market conditions to purchase additional securities for the portfolio, including corporate issuances from companies such as Alphabet, Adobe, Toyota Motor Credit, Walmart, Amazon, Salesforce, Visa, and Verizon Master Trust, with coupon rates generally ranging between approximately 3.7 percent and 4.65 percent.

Director Narum asked whether future portfolio earnings could potentially average approximately 4 percent over a five-year period. Mr. Resuello responded that such an estimate was reasonable given the current interest rate environment and portfolio duration. He noted that while state law allows certain longer-term investments, the Agency's investment priorities continue to emphasize safety first, liquidity second, and yield third. Ms. Pryor reiterated the importance of maintaining sufficient liquidity within the portfolio. Director Narum commented that while higher investment returns were beneficial, the additional earnings would not significantly impact overall water rates.

Mr. Resuello reviewed the portfolio's compliance with the Agency's Investment Policy and reported that all allocations remained within approved sector limits. He stated that the portfolio totaled approximately \$168.9 million as of March 31, 2026, with a duration of approximately 2.55 years and yields above 4 percent on both a cost and market basis. He also noted that more than 70 percent of the portfolio holdings were rated AA or higher.

Mr. Resuello further reviewed portfolio activity during the quarter, noting that approximately \$34.9 million in securities were purchased between January and March 2026. He stated that the portfolio continued to perform well despite market volatility, generating approximately \$1.6 million in quarterly interest earnings and approximately \$1.9 million in total accrual basis earnings for the quarter.

Director Narum asked whether temporary market value declines could negatively affect the Agency's credit rating or financial reporting. Mr. Solitei explained that the Agency records accrued interest and market value adjustments in accordance with Governmental Accounting Standards Board requirements and noted that the Agency historically has not experienced negative portfolio performance associated with credit issues due to the conservative investment restrictions imposed under California law.

Discussion then shifted to a proposed update within the Investment Policy regarding zero or negative interest accrual securities. Director Narum asked whether the Agency would ever consider purchasing such investments. Mr. Solitei explained that the language was added to comply with state law but that the Agency had not purchased such securities. Monique Spyke

added that the provision originated during the COVID-19 period when extremely low-interest rate environments resulted in certain securities offering zero or negative yields. She explained that the law was intended to provide local agencies with additional investment flexibility during unusual market conditions, although such investments would not likely be appropriate for Zone 7's portfolio under current conditions.

The Committee agreed to forward the Investment Report to the full Board.

4. Proposed Investment Policy

Mr. Solitei presented the proposed Investment Policy for Board readoption, noting that the policy is reviewed and adopted annually. He explained that the policy reflects the Agency's current investment strategy and that staff worked with PFM Asset Management to review the portfolio and incorporate several minor updates to the policy.

Mr. Solitei stated that the proposed revisions included increasing the allowable maturity for commercial paper investments from 270 days to 397 days and extending the temporary increase to the allowable commercial paper allocation percentage. He explained that the extension, which originated during the COVID-19 period, was authorized by the Legislature through 2038 for local agencies with investment portfolios exceeding \$100 million, a threshold that Zone 7 meets. Mr. Solitei also noted the addition of language authorizing investments in zero-interest accrual securities, as required under state law, although staff does not intend to utilize that authority.

The Committee agreed to forward the proposed Investment Policy to the full Board for adoption in June.

5. FY 2025-26 Audit: Communication with Those Charged with Governance

David Alvey, Partner with Maze & Associates, provided an overview of the required communications between the external auditors and those charged with governance in accordance with Statements on Auditing Standards No. 99 and No. 145. He explained that auditing standards require auditors to maintain a two-way dialogue with governing bodies regarding the audit process, audit responsibilities, and any concerns related to financial reporting or internal controls. Mr. Alvey noted that while such discussions are often more critical for larger organizations where governance may be removed from day-to-day operations, he has generally found that local agency boards and finance committees maintain a strong understanding of their agencies' operations.

Mr. Alvey reviewed the scope of the audit process and explained that the interim audit phase would begin in June 2026. He stated that the audit team first conducts a brainstorming session to identify areas of higher risk within the Agency's financial statements and then develops a customized audit plan to address those risks. He noted that the audit process includes continual risk assessment throughout both the interim and final audit phases.

Mr. Alvey explained that during the interim phase, auditors review the Agency's internal control environment, including segregation of duties, journal entries, bank reconciliations, cash receipts, disbursements, and payroll processes. He stated that the purpose of this work is to evaluate whether appropriate controls exist to reduce the risk of fraud or error. During the

final audit phase, which occurs after the fiscal year closes, auditors focus on confirming account balances and testing financial statement amounts, including investment balances, cash balances, revenues, and related transactions.

Mr. Alvey also reviewed the compliance testing performed as part of the audit, including verification that the Agency's Investment Policy complies with applicable Government Code sections and that purchasing and capital asset policies are being properly followed. He explained that Maze & Associates assists with preparation of the financial statements by mapping the Agency's general ledger information into the audit software system; however, management remains fully responsible for the financial statements and all accounting decisions. He emphasized that the auditors do not make accounting entries independently and maintain their audit independence by relying on staff's demonstrated knowledge and expertise.

Mr. Alvey outlined the audit timeline, stating that interim fieldwork would occur in June 2026 and final fieldwork would begin in November 2026 after the fiscal year-end close. He noted that completion of the audit depends in part on receiving pension and other post-employment benefit information from Alameda County. He further explained the purpose of the management representation letter, which confirms that management accepts responsibility for the financial statements and has disclosed all relevant information to the auditors.

Mr. Alvey also discussed the distinction between management responsibilities and auditor responsibilities related to internal controls. He noted that management is responsible for designing, implementing, and maintaining internal controls necessary to prepare financial statements free of material misstatement due to fraud or error, while auditors must remain independent and therefore cannot participate in management's internal control functions.

Director Narum asked whether references to the "team" conducting the risk assessment referred solely to Maze & Associates staff. Mr. Alvey confirmed that the audit team consists only of Maze & Associates personnel, including partners, supervisors, senior associates, and associates.

Director Narum also asked for clarification regarding language in the staff report indicating that Maze & Associates assists staff with preparation of the financial statements and disclosures. Mr. Alvey explained that the firm uses its audit software to organize and map the Agency's general ledger information into financial statement formats for efficiency purposes, while management retains responsibility for all accounting decisions and adjustments. He stated that this process helps streamline the audit and facilitates resolution of any issues identified during the review process.

This item was informational only.

6. FY 2025-26 Unaudited Third Quarter Revenue & Expenditure Report

Lizzie Foss presented the FY 2025–26 Unaudited Third Quarter Revenue and Expenditure Report and noted that the projected year-end fund balances and financial assumptions contained in the report informed development of the proposed two-year operating budget. She stated that the report aligns with Strategic Plan Goal H related to fiscal responsibility and Initiative No. 21 regarding effective management of Agency financial resources. Ms. Foss

highlighted that the State Water Project allocation remained at 30 percent, the Board adopted the 2026 Asset Management Plan Update and Ten-Year Water System Capital Improvement Plan in April 2026, and several storm damage repair projects originally budgeted for the current fiscal year had been delayed due to permitting issues but were expected to proceed during the summer months. She also stated that all reserve funds remain in compliance with the Agency's reserve policy requirements.

Ms. Foss reviewed each of the Agency's six budgeted funds. For Fund 100 – Water Enterprise Operations, she reported projected net revenue of approximately \$5.5 million and a projected ending fund balance of approximately \$43.96 million. Revenues were slightly over budget due in part to a \$1.5 million water transfer sale to West Side, while expenditures were slightly under budget. She explained that water production costs were lower than anticipated because no water transfers were required during the year, although utility costs exceeded budget due to increased energy costs associated with groundwater production. She further noted that Delta Conveyance expenditures and capital funding costs were slightly below budget. Ms. Foss stated that all reserve categories within Fund 100, including operating, emergency, and economic uncertainty reserves, were projected to meet target reserve levels.

Ms. Foss next reviewed Fund 120 – Water Enterprise Renewal/Replacement and System-Wide Improvements. She stated that projected net revenue was approximately \$7.9 million, increasing the fund balance to approximately \$87 million. Revenues exceeded budget due primarily to receipt of a \$1.3 million PFAS settlement and approximately \$750,000 in settlement revenue from the City of Pleasanton that had not been budgeted. She noted that capital expenditures remained below budget because several projects were still in progress and would continue into future fiscal years. Ms. Foss highlighted several ongoing projects, including the Del Valle Water Treatment Plant Booster Pump Station Variable Frequency Drive and Underdrain Pump Station Project, completion of the Joint Regional Groundwater Development Project feasibility study, and the ongoing Stoneridge Well Emergency Repair Project.

For Fund 110 – State Water Facilities, Ms. Foss reported projected net revenue of approximately \$1.5 million and a projected ending fund balance of approximately \$59.42 million. She stated that revenues and expenditures were generally trending close to budget and noted that this fund is supported by the annual State Water Project property tax override collected through Alameda County.

Ms. Foss then reviewed Fund 130 – Water Enterprise Capital Expansion, which is primarily funded through connection fees. She stated that projected net revenue was approximately \$7 million, increasing the projected fund balance to approximately \$85 million. Connection fee revenues exceeded budget projections due to continued strong development activity in the service area. She noted that expenditures remained slightly below budget because several capital expansion planning projects, including the Chain of Lakes planning efforts and transition system planning updates, would continue into the following fiscal year.

Turning to flood protection funds, Ms. Foss reported that Fund 200 – Flood Protection Operations, which is funded through property taxes, was projected to generate approximately \$3 million in net revenue. She explained that the projected ending fund balance appeared elevated because several major storm damage repair projects budgeted for the current fiscal year had been delayed and would instead occur during the upcoming summer construction

season. Ms. Foss highlighted completion of four Army Corps of Engineers project sites in November 2025, the upcoming Alamo Creek Project scheduled to begin during the summer, and receipt of a Department of Water Resources grant totaling approximately \$3.6 million.

Ms. Foss also reviewed Fund 210 – Flood Protection Development Impact Fees, which funds flood projects associated with new development. She stated that projected net revenue was approximately \$3.5 million, increasing the fund balance to approximately \$88 million. Expenditures were projected below budget due primarily to continued work on the Flood Management Plan, which will continue into the next fiscal year and ultimately inform development of a future Capital Improvement Program and spending plan for flood-related projects.

Director Narum asked about personnel costs within Fund 100, noting that projected personnel expenses exceeded budget despite many personnel accounts in other funds remaining under budget. Mr. Solitei explained that approximately 80 percent of personnel costs are budgeted within Fund 100 and that engineering and maintenance staff working on capital projects charge portions of their labor to project funds such as Funds 120 and 130. He stated that when projects are delayed or deferred, labor charges remain within Fund 100 rather than being allocated to capital projects. Director Narum confirmed her understanding that employees performing administrative work would therefore remain partially charged to Fund 100 instead of being fully allocated to project funds. Mr. Solitei confirmed that explanation and clarified that the increase was not solely attributable to longevity pay.

Director Narum also asked for clarification regarding language within the staff report referencing the Joint Regional Groundwater Development Project with an estimated in-service date of spring 2026. Ms. Foss clarified that the date referred to completion of the feasibility study rather than operation of the future construction project. Director Narum suggested clarifying that distinction within the report, and Ms. Foss agreed.

Director Narum commented that the report appeared financially strong and asked whether all funds were effectively balanced with positive ending balances. Mr. Solitei responded that the funds were balanced and maintained reserve levels, although he distinguished reserves from operating surpluses.

Director Narum also asked whether staff had considered hedging or pre-purchasing chemicals used for water treatment due to recent price volatility. Mr. Solitei stated that many treatment chemicals cannot be stored for extended periods, limiting the Agency's ability to stockpile supplies. Ms. Pryor added that executive staff had discussed possible strategies, including stockpiling or pre-purchasing chemicals, but operational constraints and supplier contract terms limited available options. She noted that chemical suppliers frequently invoke force majeure conditions and that many treatment chemicals rely heavily on power and fuel costs for production. Ms. Pryor stated that while price increases were expected, staff's primary concern remained maintaining a reliable supply availability rather than facing shortages.

The Committee agreed to forward the report to the full Board in June.

7. Adjournment

Director Benson adjourned the meeting at 4:15 p.m.

ZONE 7 BOARD OF DIRECTORS
SUMMARY NOTES OF THE LEGISLATIVE COMMITTEE

May 14, 2026
4:00 p.m.

Directors Present: Catherine Brown
Dennis Gambs
Laurene Green

Staff Present: Valerie Pryor, General Manager
Carol Mahoney, Government Relations Manager
Donna Fabian, Executive Assistant/Board Secretary

1. Call Meeting to Order

The meeting was called to order by Director Green at 4:03 p.m.

2. Public Comment on Items Not on the Agenda

There were no public comments.

3. Legislative Update (Staff/Consultant)

Carol Mahoney, Government Relations Manager, provided an update on the State legislative calendar and the status of bills being monitored by Zone 7. She explained that May 22 was the deadline for fiscal bills to pass out of the Appropriations Committees. Bills that were held in committee or placed on suspense and not advanced are effectively dead for the current legislative session because this is the second year of the two-year session and such bills would need to be reintroduced as new legislation in the future.

Ms. Mahoney reported that legislative activity would resume on June 1 following the Memorial Day recess, when bills that have already passed their house of origin will begin being heard in policy committees in the opposite house. She also noted that May 29 is the deadline for each house to pass bills originating in that house before they can move to the opposite chamber for consideration.

Ms. Mahoney reviewed the legislative tracking materials included in the agenda packet, highlighting bills on which Zone 7 has taken a position or that have significant relevance to the Agency. She noted that some monitored bills may be removed from future reports if they failed to advance through the Appropriations process. She also referenced several bills related to golden mussels that staff continues to monitor and explained that the tracking report identifies where each bill currently stands in the legislative process. Ms. Mahoney introduced Mark Smith, Legislative Advocate, who would provide additional details regarding which bills successfully advanced through the legislative process and which did not.

Mark Smith provided an update on the status of several legislative measures being tracked by the Agency. He reiterated that the House of Origin deadline is May 29, after which bills that have passed their house of origin will move to the opposite house for consideration. He noted that committee hearings will not resume until after the deadline, with the next round of hearings expected to begin in early June.

Mr. Smith reported that AB 1772 (Papan), one of three bills addressing the threat of golden mussels, successfully advanced out of the Appropriations Committee. He noted that amendments were adopted to create additional funding opportunities, including potential grant funding for water agencies to assist with preventing golden mussel infestations and addressing infestations once they occur. He also reported that AB 1894 (Rubio) had already moved to the opposite house and that AB 2032 (Ransom) advanced out of the Appropriations Committee. He explained that AB 2032, sponsored by the San Luis Delta-Mendota Water Authority, is intended to expedite permitting and approvals needed to treat and control golden mussel infestations.

In response to a question from Director Green regarding whether the legislation addresses both current and future infestations, Mr. Smith explained that the bills generally focus on two approaches: prevention and control, depending on whether a facility has already been impacted by golden mussels.

Mr. Smith also provided an update on AB 2215, a bill supported by the Agency that would extend the State Water Project water right permit related to Zone 7's water supply contract with the organization. He reported that the bill was pending action on the Assembly Floor and had been temporarily delayed while the author worked with environmental organizations to address concerns and reduce opposition. He noted that securing the water right permit extension remains a high priority for the State Water Contractors and that the bill's scope had already been narrowed during the committee process from an extension through 2085, which coincides with the water supply contract end date, to 2046. In response to a question from Director Green, Mr. Smith clarified that the bill does not include an appropriation of state funds and therefore was not subject to review by a fiscal committee.

Director Brown asked how many water systems have been affected by golden mussel infestations. Mr. Smith responded that infestations have been identified in Southern California and noted reports of a recently discovered infestation in the San Jose area. He explained that while the species continues to spread downstream, it has not yet been transported upstream to major reservoirs such as Shasta, Oroville, Folsom, New Melones, or Tahoe through overland boat transmission, which he characterized as a positive development.

Mr. Smith then provided updates on additional legislation. He noted that AB 2447 (Nitrogen Pollution Reduction Act) had been held in committee and would not be moving forward. He reported that SB 872 (Delta Levees and Canal Subsidence Fund), which would provide funding for subsidence and levee repairs, passed out of the Senate Appropriations Committee with amendments. While the details of the amendments were not yet available, he explained that such amendments are often intended to reduce the overall cost of a bill. Mr. Smith stated that he had contacted Senator McNerney's office for additional information and was awaiting a response. He further reported that SB 952 (State Water Project: renewable energy resources

and zero-carbon resources) was pending action on the Senate Floor and was expected to be considered within the next several weeks. In answer to a Director's question, Mr. Smith clarified that AB 2739 (Soria), regarding water affordability and system stabilization that benefits retail water purveyors successfully passed out of committee without amendments. In addition, Ms. Mahoney and Mr. Smith noted that AB 2180 (Ward), the Proposition 218 omnibus bill, had already advanced to the Senate and was awaiting further action.

Mr. Smith also reported that SB 1313 (Perfluoroalkyl and polyfluoroalkyl substances - PFAS), Senator McNerney's proposal to provide funding related to PFAS impacts, was held in committee and would not advance this legislative session. He noted that this represented the second consecutive year that similar PFAS funding legislation had failed to move forward.

Ms. Mahoney noted that several of the bills included in the legislative tracking report would continue to be monitored by staff. She highlighted AB 1632, a bill related to trespassing, which could provide additional flexibility for law enforcement to address homeless encampments and trespass issues on public property. She explained that the bill was being tracked because it could have potential benefits for flood control agencies such as Zone 7, although the extent of its usefulness remained uncertain. Ms. Mahoney stated that staff's primary focus remained on legislation that the Agency had formally supported or bills with significant relevance to Zone 7's operations, such as those addressing golden mussels.

Director Green inquired about several water-related bills that had been discussed during a recent water conference and requested additional insight regarding their likelihood of success. In response, Mr. Smith discussed AB 2026, describing it as a significant groundwater-related measure that would address the diversion of excess water flows for groundwater recharge and storage. He explained that the bill remained a work in progress and that ongoing discussions were occurring among stakeholders, including federal and State Water Project contractors, regarding how "excess flows" should be defined and under what conditions water could be diverted and stored.

Director Green asked whether the bill was likely to ultimately become law. Mr. Smith responded that the measure still faced significant challenges and unresolved issues. He noted that while there is broad agreement that groundwater banking and storage are important components of California's future water supply reliability, stakeholders continue to work through complex questions involving water rights and how to expand groundwater recharge opportunities without adversely affecting existing water rights holders.

Director Gambs commented that Zone 7 could potentially benefit from legislation facilitating groundwater recharge, noting that excess water could be stored in groundwater basins or, in the future, through the Chain of Lakes Conveyance System. Valerie Pryor, General Manager, responded that Zone 7 already possesses the authority needed to recharge groundwater using local watershed flows. However, she explained that the primary concern relates to State Water Project supplies, as upstream diversions of water classified as "excess flows" could potentially reduce water intended for State Water Project contractors. Ms. Pryor further explained that determining what constitutes true excess flow remains a significant challenge because of existing water rights. She noted that while the legislation could provide some benefit to Zone 7, particularly if excess flood flows in Arroyo Mocho could be captured for groundwater

recharge, the larger concern for many agencies is protecting State Water Project water supplies. Director Gambs observed that the Chain of Lakes Conveyance System could provide additional opportunities for storing such water.

Director Green asked for clarification regarding legislation addressing land subsidence and Delta levee improvements. Mr. Smith confirmed that SB 872, authored by Senator McNerney, addresses subsidence and Delta levee issues and had successfully advanced out of committee.

Director Brown inquired about ongoing negotiations related to Colorado River water allocations. Director Green noted that some agencies had reportedly withdrawn from discussions, while Ms. Pryor commented that negotiations remain ongoing. Mr. Smith explained that significant disagreements persist between the Upper and Lower Basin states regarding future water operations and that a key issue involves how future water allocation reductions should be distributed among the basin states.

Responding to a question from Director Green regarding federal water policy, Mr. Smith reported that several water-related legislative efforts are being discussed in Washington, D.C., including proposals introduced by Senator Padilla and House Republicans related to water operations and management. He noted that while the current political environment remains challenging, discussions continue regarding the possibility of developing bipartisan western water legislation. Mr. Smith also referenced recent congressional discussions concerning water infrastructure and staffing shortages at the Bureau of Reclamation. He explained that staffing reductions have slowed permitting and project delivery efforts, affecting the Bureau's ability to move water infrastructure projects forward beyond its core operational responsibilities. When asked how the issue might be resolved, Mr. Smith indicated that while concerns are increasingly being raised, no clear federal solution has yet emerged.

Director Green asked for an update regarding the special election to fill the vacant congressional seat formerly held by Representative Eric Swalwell. She noted her understanding that a special election would be held prior to the regular election cycle and requested information regarding the candidates and election process. Mr. Smith explained that the first round of the special election was scheduled for June 16. Mr. Smith stated that State Senator Aisha Wahab appeared to have the strongest name recognition among the candidates and was a candidate in both the special election and the regular election for the congressional seat. He noted that it was unclear whether the race would be decided in June or proceed to a runoff. Director Green also inquired about the field of Democratic candidates participating in the election.

Director Gambs then asked about the upcoming gubernatorial election and its potential implications for state legislation and water policy. Mr. Smith reported that the water community is closely monitoring the race and noted that the Association of California Water Agencies is developing educational materials to help inform gubernatorial candidates about California water policy issues. He observed that water policy has received relatively little attention during the campaign and that many candidates have not articulated clear positions on key water issues. Mr. Smith stated that it remains difficult to predict how individual candidates might approach water infrastructure and policy matters if elected. Director Green

commented that developing and communicating a clear vision for California water policy had been a significant topic of discussion at a recent water conference.

Director Gambs remarked that ongoing state budget constraints could continue to affect the success of legislation requiring funding. Mr. Smith agreed and cited the example of the Delta Conveyance Project, noting that Governor Gavin Newsom has publicly supported the project, while the positions of potential future governors remain largely unknown. Director Green commented that Governor Newsom has been actively engaged in water issues and expressed hope that future administrations would maintain a similar level of attention to California's water challenges.

Ms. Mahoney concluded the discussion by providing an overview of the candidate field for the special election, noting that 11 candidates were running in the special election and nine candidates were seeking the seat in the regular election. She identified several high-polling candidates, including Melissa Hernandez and Aisha Wahab, and explained that the remaining candidates represented either Republican or no-party-preference affiliations. Director Green thanked Ms. Mahoney for the information and noted her interest in understanding how the candidate field had developed.

Ms. Mahoney reported that the bills discussed represented the primary legislative issues currently being monitored by staff. She noted that she had been meeting regularly with local cities and retail water agencies to identify any shared legislative concerns or opportunities for coordinated advocacy. While several bills affecting retailers have been discussed, she stated that no additional concerns had been raised by those agencies to date.

Adjournment

Director Green adjourned the meeting at 4:44 p.m.

Palmer Report June 2026

DCA

Delta Conveyance Project receives critical federal clearance to advance construction.

Excerpts from MAVEN's NOTEBOOK June 5, 2026

"The California Department of Water Resources (DWR) has received [Biological Opinions](#) from the U.S. Fish and Wildlife Service (USFWS) and National Marine Fisheries Service (NMFS) for Delta Conveyance Project construction and construction-related maintenance activities. This important milestone marks the completion of the Endangered Species Act process for construction.

This action comes on the heels of a [decision](#) from the Delta Stewardship Council in April that largely upheld a certification of consistency for the Delta Conveyance Project. That decision left just two technical issues to be resolved in future proceedings, reaffirming that the project can be built while also protecting the precious ecosystem of the Delta.

The Delta Conveyance Project is vital to ensuring that California can continue to provide water to all of its residents through the [State Water Project](#), which moves, and stores water used by 27 million people and 750,000 acres of farmland. California is expected to lose 10% of its water supply due to hotter and drier conditions by 2040, threatening the water supply for millions of Californians — and the reliability of the State Water Project could be reduced by as much as 23%. The Delta Conveyance Project will help offset and recover these future climate-driven water losses.

The Delta Conveyance Project will expand the state's ability to improve water supply reliability, while also maintaining fishery and water quality protections. During atmospheric rivers last year, the Delta Conveyance Project could have captured enough water for 9.8 million people's yearly usage.

The State Water Project stretches from Oroville to Riverside, serving 29 public water agencies largely based in the South Bay, Central Coast, South Coast, Inland Empire, and Kern County. The local public water agencies cover the costs of operating the State Water Project. Without the completion of the Delta Conveyance Project, the ability of the State Water Project to reliably deliver water to homes, farms, and businesses will decline.

*****I attended a lively discussion on June 1 for a Public Hearing on the BIOPS with the State Water Board. Interesting to hear the different interpretations of the same data.

ACWA

The ACWA Board met June 5

Of note is that ACWA has been meeting with the gubernatorial candidates to get them aware of ACWA and briefed on important California water issues.

ACWA left the National Water Resources Association (NWRA) in 2013 and 2024. One of the issues was the cost of membership, another was lack of transparency. Since then, the cost of membership has been lowered dramatically, from \$34K per year to \$18K. This year, ACWA will pay \$8K. ACWA has now rejoined NWRA and with the ACWA membership, all ACWA members are now a part of the NWRA, including Zone 7.

Prop 13 is opposed by ACWA. It would lead to loss of revenues for many water agencies that rely on real property taxes.

ACWA has sponsored SG1153 (disaster preparedness) and AB2215 (on wildfires)

Overall, water is still absent from discussions where it should be considered in ACWA staff opinions.

There are working Groups being formed on Water Transfer and also on Groundwater replenishment.

ACWA (and I) would like to see a letter of support from Zone 7 for the Vision ACWA is working on ;
www.acwa.com/vion



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(925) 454-5000

ORIGINATING SECTION: Office of the General Manager
CONTACT: Valerie Pryor

AGENDA DATE: June 17, 2026

SUBJECT: General Manager's Report

SUMMARY:

The following highlights several key activities that occurred last month. There were no General Manager contracts executed in May.

Administration and Outreach:

The water rate setting process has started to establish treated water rates for calendar years 2027, 2028, 2029 and 2030. A Special Board Workshop is scheduled for Wednesday, August 12, at 6:00 p.m. Based on Board input, proposed rates will be scheduled for adoption at the October 21, 2026, Board meeting. This schedule will provide the retailers with sufficient time for their Proposition 218 rate setting processes.

Zone 7 hosted a successful PPWTP tour on May 15.



Integrated Water Resources:

Outreach for an Upcoming State Water Project (SWP) Outage: From June 27 through July 1, the California Department of Water Resources (DWR) will be performing necessary SWP maintenance upstream from Zone 7. During this five-day period, water supplies will be limited to groundwater. Zone 7 and the retailers will run a public campaign to request a reduction of outdoor water use for this period and also messaging that this is not an overall water supply reliability issue. Public messaging began the week of June 8.

On May 15, 2026, DWR increased the 2026 State Water Project (SWP) Allocation from 30% to 45%. This will provide ample water supply for Zone 7 in 2026.

Delta Conveyance Project (DCP): DWR recently modeled that, through May 14, an additional 585,000 acre-feet could have been diverted had the Delta Conveyance Project been online in Water Year 2026.



Sites Reservoir: On March 20, the State Water Resources Control Board (SWRCB) released a draft water right decision and permit for the Sites Reservoir Project for public review, with comments accepted through May 22, 2026. A revised draft permit is anticipated to be issued in mid-July, followed by a 30-day public comment period. The SWRCB is expected to consider adoption of the revised draft decision and permit at its September 1, 2026, board meeting.

Engineering and Water Quality:

Mocho PFAS Treatment Plant (MTP): The Progressive Design-Build team is on track to finalize the Basis of Design Report in June, positioning the project to advance an early works package for long-lead time electrical items for Board approval in late summer 2026. Staff submitted a \$25 million grant application to the State Water Resources Control Board on March 31 to support project funding and continue to coordinate with the City of Pleasanton to secure the remaining land rights for the project site.

PFAS Regulatory and Monitoring Update: On May 20, the U.S. Environmental Protection Agency (EPA) published two proposed changes to the federal PFAS drinking water regulations – extending the compliance deadline for the PFOA and PFOS limits by two years for water systems that formally request it and rescinding several other previously adopted PFAS limits. The proposed changes are open for public comment for 60 days, with a virtual public hearing scheduled for July 7. Zone 7 is voluntarily meeting these limits today. First quarter sampling confirmed no detectable PFAS compounds in Zone 7's treated water supply.

2023 Storm Damage Repairs: Construction is now underway on Zone 7's program to repair flood protection infrastructure damaged during the 2023 storms. The Phase 1 Storm Repair Project began this month with construction crews mobilized at multiple sites in Dublin working to complete in-channel repairs ahead of the October 15 environmental deadline. The High Priority Storm Damage Repair contractor is scheduled to mobilize in mid-June at Arroyo de la Laguna in Pleasanton. Lastly, the U.S. Army Corps of Engineers recently awarded its Phase 2 and 3 construction contract and issued a notice to proceed, with repairs in Pleasanton expected to begin in early July.



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ORIGINATING SECTION: Office of the General Manager

CONTACT: Alexandra Bradley

AGENDA DATE: June 17, 2026

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:

Water Awareness Month - The team executed a comprehensive campaign celebrating Water Awareness Month throughout May. This included a full graphic suite, cross-platform social media posts, homepage slider, and targeted post boosts to maximize public reach and drive community engagement around conservation resources.

Patterson Pass Water Treatment Plant Tours - As the centerpiece of Water Awareness Month, the annual Patterson Pass tours were successful in educating local residents about water quality. Leading up to, during and following the event, the team deployed a complete suite of promotional assets, including social media posts, custom graphics, reminders, and strategically boosted content to ensure high community visibility and participation.

Consumer Confidence Report - The team remains on track to publish the annual Water Quality report in June, prior to the EPA deadline. Collaborating closely with Water Quality and Engineering, the team incorporated additional edits required for new state and federal EPA water regulations, keeping the final production layout on schedule.

State Water Project Outage - To prepare the public for the upcoming State Water Project Outage, the team developed an outreach toolkit to ensure clear and concise messaging to the public and to share with retail partners who will assist in amplifying the call for temporary

outdoor water conservation. Zone 7 will leverage its social channels as well as community and media relationships, to proactively raise awareness and encourage a pause on watering.

Interactive Trails Map - The team finalized a full graphic suite and promotional layout for the new live, interactive trails map. With development complete, public outreach and promotional campaigns are set to launch at the beginning of June.

Outreach Program Updates:

Schools' Program

The school year ended well with another 57 lessons taught in May. Staff will spend the summer reviewing and updating strategy to ensure another successful school program year.

Jennifer Hayes has joined the WilkinsWorks team and will primarily be staffing outreach events. Jennifer is newly retired from teaching with the Livermore Valley Joint Union School District and will be working with us to create schools and outreach materials in Spanish where needed.

In-Person Events

Day By the Water

Saturday, May 2, 2026 / 10 am - 3 pm / Del Valle Regional Park, Livermore.

Community booths were set up outside the Del Valle Regional Park Visitor Center to highlight the importance of water in our valley. Zone 7 joined other organizations to interact with families in an outdoor setting that supported informal learning and meaningful community conversations about water. The event was very busy, with enthusiastic participation from children, and the giveaways were well received.

Bring Back the Natives Tour

Sunday, May 3 / 10 am - 5 pm / Livermore

Zone 7 Water Agency hosted a booth at a residence featured on the tour, where approximately 75 attendees from across the Bay Area stopped by to learn about native plants and lawn rebate programs. Visitors enjoyed the giveaways and engaged in discussions with staff, while the booth also offered rebate information, a children's activity, and snacks.

Livermore Farmers' Market

Thursday, May 14 | 4 pm - 8 pm | Carnegie Town Square, Livermore

Zone 7 Water Agency participated in the Livermore Farmers Market, engaging community members through an interactive booth focused on water conservation and local water resources. Staff shared information about rebate programs, provided practical tips for saving water both indoors and outdoors, and offered hands-on activities for visitors of all ages. Children enjoyed making Earth Day bracelets, which provided an opportunity to discuss good

stewardship of our watershed and the actions individuals can take to help protect local water resources.

Patterson Pass Water Treatment Plant Tours

Saturday, May 16 / 10 am - 3 pm / Patterson Pass Water Treatment Plant

Zone 7 hosted tours for preregistered guests, giving participants the opportunity to meet Zone 7 employees and learn how their drinking water is cleaned and disinfected before reaching their homes. Following the tour, visitors explored a new water treatment model demonstrating the role of anthracite and sand filtration in the treatment process, while outreach coordinators provided cookies and shared information about water conservation and ways to reduce water use at home.

Pleasanton Country Fest

Sunday, June 7 | 11 am - 3 pm | Main Street, Pleasanton

Zone 7 will greet attendees of this brand-new Pleasanton Main Street event at a booth offering information and a hands-on activity, along with handouts that include rebate details and timely giveaways. The new Country Fest will be a lively community event featuring live country music across multiple locations on Main Street—an excellent opportunity to engage with a large and enthusiastic crowd.

Dublin Farmers' Market

Thursday, June 11 | 4 pm - 8 pm | Emerald Glen Park, Dublin

Zone 7 Water Agency will host a booth at the Dublin Farmers Market, engaging with community members through an interactive booth focused on water conservation and local water resources. Attendees will have the opportunity to ask questions, learn more about Zone 7's role in managing and protecting the Tri-Valley's water supply, and take home helpful resources and giveaways.

Alameda County Clean Water Booth – Alameda County Fair

June 19 - July 12, Wednesdays - Sundays | 9 am - 6 pm | Alameda County Fairgrounds

Staff will support Alameda County Clean Water by staffing their booth during select fair days. Through conversations and an interactive game, staff will engage fairgoers in learning about stormwater, local creek habitats, and the species that depend on healthy waterways. Attendees will be encouraged to “travel” through the booth, exploring how water moves through the watershed while learning about Zone 7's role in protecting local watersheds and maintaining water quality.

Digital Overview

Website Overview

- **Users:** 3,375 (-10.7%) | Page Views: 9,742 (-18.6%) | Sessions: 5,400 (-11.7%)
- **Top Pages:** Homepage (1,544), Page not found (502), Explore Permeability (488)

- **Traffic Sources:** Google (2,251), Direct (2,111), Bing (307)
- **Highlights:** While overall traffic experienced a standard monthly fluctuation, organic searches remain strong with Google and Bing driving significant traffic. Additionally, the high performance of specialized educational landing pages like "Explore Permeability" demonstrates interest in Zone 7's core water curriculum.
- **NOTE:** The domain change for Zone 7 continues to cause more redirect glitches on certain URLs. Digital Deployment corrected this issue mid-way through May, which reduced our "Page not found" errors for users, and we expect smooth redirects moving forward.

Social Media Snapshot

- **Facebook:** 1,350 followers | 13 posts | 984 impressions
- **LinkedIn:** 984 followers (+8 followers in last 30 days) | 165 Page Views | 588 impressions
- **YouTube:** 288 views, top video "Groundwater Recharge - Wondrous World of Water"
- **Highlight:** Steady follower growth on LinkedIn and consistent video views on YouTube show a resilient, highly engaged digital audience.

Email Outreach (Mailchimp)

- **Eblasts:** Sent: 3 | Deliveries: 2,516 | Avg. Open Rate: 18.4% | Clicks: 141
- **Highlight:** Despite a recent drop in open rates, user interaction remained steady with 141 total clicks, proving that the content delivered is highly relevant to our engaged subscribers.
- **NOTE:** The team was able to successfully complete the Mailchimp domain verification switch this month, which is expected to improve delivery and open rates.

Key Takeaways

- While digital metrics and web traffic experienced standard monthly fluctuations following the domain transition, targeted content continues to perform well, specifically the Water Academy's specialized lessons.
- Email outreach metrics are positioned for a strong recovery following the official completion of the Mailchimp domain transition. With technical delivery barriers resolved, the team anticipates a return to baseline open rates and more accurate performance data next month.

ATTACHMENT:

- May Website Dashboard

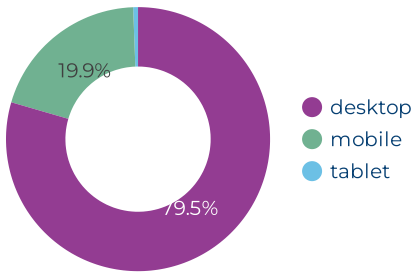
Highlights:

Total users	Views
3,375	9,742
↓ -10.7%	↓ -18.6%
New users	Engagement rate
3,046	52.71%
↓ -10.2%	↓ -2.6%
Sessions	User engagement
5.4K	61:23:28
↓ -11.7%	↓ -16.8%

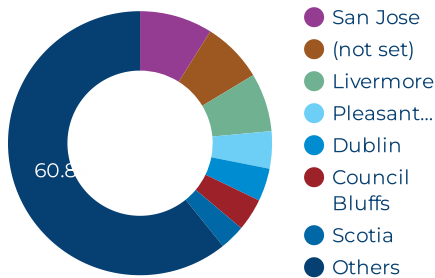
Most visited pages on the website - users and pageviews

	Page title	Views ▾	Total users
1.	Zone 7 Water Agency - the Tri-Valley region's water wholesaler	1,544	1,017
2.	Page not found - Zone 7 Water Agency	502	153
3.	2. Explore Permeability - Zone 7 Water Agency	488	156
4.	Careers - Zone 7 Water Agency	457	296
5.	Board Meetings - Zone 7 Water Agency	305	158
6.	Contact Us - Zone 7 Water Agency	226	121
7.	Construction & Business Opportunities - Zone 7 Water Agency	204	135
8.	Rebate Programs - Zone 7 Water Agency	181	68
9.	Rebate: Smart Irrigation Controllers - Zone 7 Water Agency	181	104
10.	Reports & Planning Documents - Zone 7 Water Agency	178	85

Device Type:



Users by City

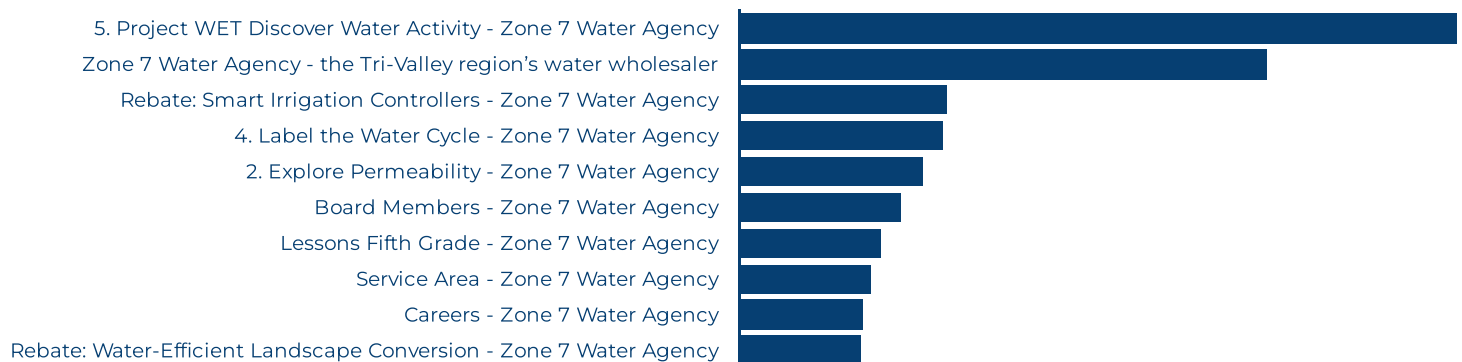


Acquisition source/medium - where traffic sessions come from

	Session source	Session medium	Sessions ▾
1.	google	organic	2,251
2.	(direct)	(none)	2,111
3.	bing	organic	307
4.	QR	print	62
5.	cityofpleasantonca.gov	referral	59
6.	dsrsd.com	referral	52
7.	yahoo	organic	51
8.	zone7water.report	referral	36
9.	FB	Social	32
10.	duckduckgo	organic	32

1 - 93 / 93 < >

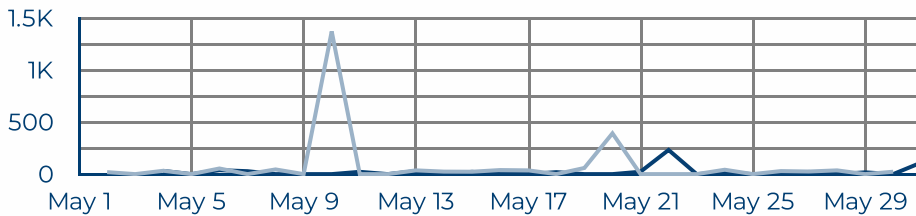
Pages with the most time spent by users



Facebook Analytics

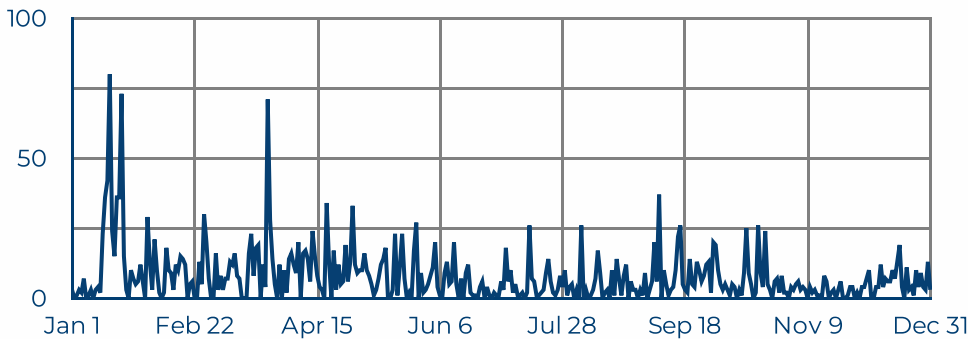
Total Posts	Engagement	Page Followers	Impressions
13 ↓ -23.5%	72.08 ↓ -40.9%	1,350 ↓ -0.1%	1,057 ↓ -79.9%

Facebook Daily Average Reach per Post

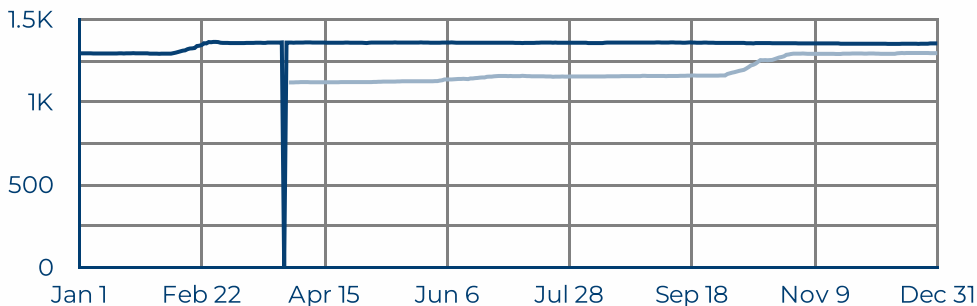


Paid Reach	Organic Reach	Total Reach
0 ↓ -100.0%	609 ↓ -58.3%	609 ↓ -73.4%

Facebook Page Visits



Facebook Page Followers - Year-to-Date Growth



Mailchimp Delivery Analytics

Total Eblasts Sent	3
Total Deliveries	2,516
Avg. Open Rate %	18.4%
Total Clicks	141
New Signups	0

Monthly YouTube Performance

Total Views	288
Watch Time (Minutes)	409.16
Average View Duration	00:01:03

Top Five Videos of Month

Video Title	Views
Groundwater Recharge - Wondrous World of Water	73
Wondrous World of Water - Ion Exchange PFAS Treatment	50
Chain of Lakes Conveyance Project	25
Zone 7 Chain of Lakes Conveyance System Project	17
Tri-Valley Water Partners_Our Water's Journey	15

Insights & Opportunities

Website Summary

May continued the gradual decline in website traffic following April, with total views decreasing to 9,727 (-18.7%) and sessions falling to 5.3K (-12.2%). New users declined to 3,038 (-10.5%), while total users decreased to 3,372 (-10.8%). Despite the lower traffic volume, engagement remained relatively strong at 52.28%, only slightly below April's 54.11%, indicating visitors continue to find value in the content once they arrive on the site.

• **Traffic Drivers:**

Google Organic became the primary source of website traffic with 2,246 sessions, surpassing Direct traffic (2,107 sessions). This shift suggests search visibility continues to be a key driver of audience acquisition and underscores the importance of maintaining strong SEO performance.

• **Conservation and Rebate Interest:** Rebate-related content gained prominence among top-performing pages, including Rebate Programs and Smart Irrigation Controller Rebates. This aligns with seasonal conservation efforts and indicates growing public interest in water-saving incentives.

• **Technical Concern:** The "Page Not Found" page remained the second most visited page on the website with 502 views, though individual users were down significantly to this error page. While significantly improved from earlier months, broken links continued part way through the month. The correction put in place is expected to reduce this friction for visitors.

Social Media Summary

May reflected the impact of reduced posting activity and the absence of paid promotion, resulting in lower overall reach and engagement across Facebook.

• **Reach Declined Without Active Promos:** Total Reach fell to 500 (-78.1%), driven primarily by the absence of Paid Reach compared to previous months. Organic Reach totaled 500, representing a 65.8% decline from April. This should improve with new campaigns beginning for summer.

• **Lower Content Volume:** Posting frequency decreased to 13 posts (-23.5%), contributing to Engagement falling to 58.28 (-52.2%). Fewer content opportunities naturally resulted in lower audience interaction and visibility.

• **Audience Stability:** Facebook followers remained essentially unchanged at 1,350 (-0.1%), demonstrating a stable audience base despite lower reach and engagement metrics.

Mailchimp Summary

Email marketing remained a reliable communication channel in May, with 3 eblasts distributed and 2,516 total deliveries. While the average open rate declined to 18.4%, engagement within the emails remained strong, generating 141 total clicks—an increase from the previous month despite the smaller number of sends. These results suggest that while overall email reach was lower, the content continued to drive meaningful action among engaged recipients.

YouTube Summary

Video performance softened slightly in May, generating 281 total views. However, watch time increased to 402.27 minutes while average view duration remained strong at 1 minute and 4 seconds, indicating viewers who watched content remained engaged.

Top Videos: Groundwater Recharge – Wondrous World of Water continued to be the top-performing video with 72 views, followed by PFAS Treatment content with 49 views. Infrastructure-related content, including the Chain of Lakes Conveyance Project videos, also continued to attract viewer interest.

Opportunities for May 2026

1. Capitalize on Rebate Program Interest - Rebate-related pages emerged as some of the most visited content on the website. Additional social media, email, and website promotion around irrigation controller rebates and landscape conversion incentives could help drive program participation during peak summer conservation season.

2. Reintroduce Consistent Social Content - Increasing content frequency should be a priority. Educational content, project updates, conservation tips, and rebate promotions can help restore engagement levels without requiring significant paid media investment.

3. Complete Remaining 404 Error Cleanup - The comprehensive redirect review completed in May should improve user experience and help recover valuable traffic. Continue to monitor and address additional concerns as they arise.



ORIGINATING SECTION: Office of the General Manager
CONTACT: Carol Mahoney/Valerie Pryor

AGENDA DATE: June 17, 2026

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 second year of their two-year legislative cycle on January 5, 2026.
- Zone 7, along with organizations such as the Association of California Water Agencies (ACWA), California Municipal Utilities Association and California Special Districts Association, continues to review amendments and legislative actions. The last day for bills to pass out of their house of origin for consideration in the opposite house was May 29, 2026 (e.g., an Assembly bill moving to the Senate for consideration).
- The attached list of bills is a synopsis of those identified to have a nexus to Zone 7 interests and reflects actions as of June 8, 2026. Bills that did not make this deadline or have been amended to a point that they are no longer relevant have been removed. Other bills of potential interest are monitored on behalf of Zone 7 by SKV Associates and reviewed with staff regularly for consideration of positions – including bills reviewed by the organizations mentioned above.
- Of note, the Governor’s revised budget recommended \$25 million for the Healthy Rivers and Landscapes program (<https://healthyiverslandscapes.org/>), which supports a strategic approach to managing habitats and water supply through the Sacramento/San Joaquin Delta. Zone 7 joined ACWA in a support letter for this funding. The legislature must pass the budget bills (AB/SB109) by June 15 and indications are that the funding will remain as recommended in the approved budget.

FUNDING: N/A

RECOMMENDED ACTION: Information Only

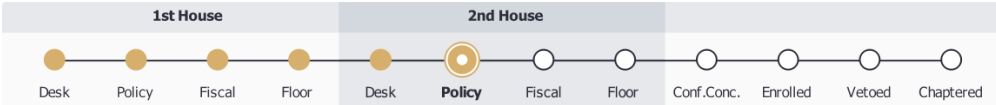
ATTACHMENT: Zone 7 Water Agency Board Report

AB 35 (Alvarez, D) Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024: Administrative Procedure Act: exemption: program guidelines and selection criteria.

Current Text: 01/14/2026 - Amended [HTML](#) [PDF](#)

Last Amended: 01/14/2026

Status: 05/06/2026 - Referred to Com. on N.R. & W.



Location: 05/06/2026 - Senate Natural Resources and Water

Summary: The Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024, approved by the voters as Proposition 4 at the November 5, 2024, statewide general election, authorized the issuance of bonds in the amount of \$10,000,000,000 pursuant to the State General Obligation Bond Law to finance projects for safe drinking water, drought, flood, and water resilience, wildfire and forest resilience, coastal resilience, extreme heat mitigation, biodiversity and nature-based climate solutions, climate-smart, sustainable, and resilient farms, ranches, and working lands, park creation and outdoor access, and clean air programs. Current law authorizes certain regulations needed to effectuate or implement programs of the act to be adopted as emergency regulations in accordance with the Administrative Procedure Act, as provided. Current law requires the emergency regulations to be filed with the Office of Administrative Law and requires the emergency regulations to remain in effect until repealed or amended by the adopting state agency. This bill, notwithstanding the above, would exempt the adoption of regulations needed to effectuate or implement programs of the act from the requirements of the Administrative Procedure Act, as provided. The bill would require a state entity that receives funding to administer a competitive grant program established using the Administrative Procedure Act exemption to do certain things, including develop draft project solicitation and evaluation guidelines and to submit those guidelines to the Secretary of the Natural Resources Agency, except as provided. The bill would require the Secretary of the Natural Resources Agency to post an electronic form of the guidelines submitted by a state entity and the subsequent verifications on the Natural Resources Agency's internet website. (Based on 01/14/2026 text)

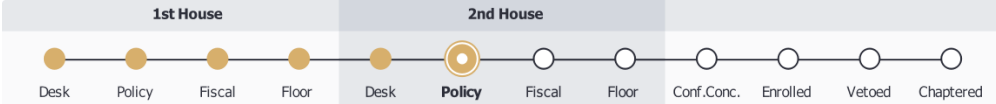
Position: Support

AB 2215 (Calderon, D) Water rights: permits: State Water Project.

Current Text: 04/16/2026 - Amended [HTML](#) [PDF](#)

Last Amended: 04/16/2026

Status: 05/28/2026 - In Senate. Read first time. To Com. on RLS. for assignment.



Location: 05/28/2026 - Senate Rules

Summary: The Department of Water Resources operates the State Water Resources Development System, commonly referred to as the State Water Project.

Existing law requires that construction work for a project that will put appropriated water to beneficial use be commenced, prosecuted with due diligence, and completed within the time period specified in the water right permit. Existing law authorizes the State Water Resources Control Board to extend the deadline specified in the permit to commence or complete construction work and to put appropriated water to beneficial use for good cause shown. This bill would require that the time periods for the application of water to beneficial use and for the completion of construction work for specific water right permits held by the Department of Water Resources for the operation of the State Water Project be December 31, 2046. (Based on 04/16/2026 text)

Position: Support

Notes:

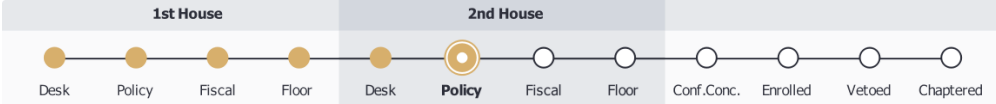
State Water Contractors' sponsored measure to statutorily extend the term of the SWP water rights permits through 2085

SB 872 (McNerney, D) Delta Levees and Canal Subsidence Fund.

Current Text: 05/14/2026 - Amended [HTML](#) [PDF](#)

Last Amended: 05/14/2026

Status: 05/26/2026 - Referred to Com. on W., P., & W.



Location: 05/26/2026 - Assembly Water, Parks and Wildlife

Summary: the Sacramento-San Joaquin Delta Reform Act of 2009, declares that the Sacramento-San Joaquin Delta (Delta) is a critically important natural resource for California and the nation and it serves as both the hub of the California water system and the most valuable estuary and wetland ecosystem on the west coast of North and South America. Existing law establishes in the Natural Resources Agency the Department of Water Resources. Existing law requires the department and the Department of Fish and Wildlife to determine the principal options for the Delta and requires the department to evaluate and comparatively rate each option for its ability to do specified

things, including, among others, to maintain Delta water quality for Delta users, and to preserve, protect, and improve Delta levees. Existing law establishes in the agency the Sacramento-San Joaquin Delta Conservancy. Existing law requires the conservancy to act as a primary state agency to implement ecosystem restoration in the Delta and to support efforts that advance environmental protection and the economic well-being of Delta residents. Existing law provides for the preservation of specified management areas of the Suisun Marsh, pursuant to a protection plan prepared and adopted by the San Francisco Bay Conservation and Development Commission, as provided. Existing law establishes the Delta Stewardship Council, and requires the council to develop, adopt, and implement a comprehensive long-term management plan for the Delta, known as the Delta Plan, as provided. This bill would establish the Delta Levees and Canal Subsidence Fund in the State Treasury and, upon appropriation, would make the moneys in the fund available to the Secretary of the Natural Resources Agency for expenditure consistent with the allocations described below. The bill would authorize the secretary to seek out, and the fund to accept, state moneys from, among other sources, any bond funds, the General Fund, or the Greenhouse Gas Reduction Fund. The bill would authorize the fund to accept moneys from nonstate sources, including federal and private moneys, and would continuously appropriate those moneys without regard to fiscal year, for allocation as described, thereby making an appropriation. (Based on 05/14/2026 text)

Position: Support

Notes:

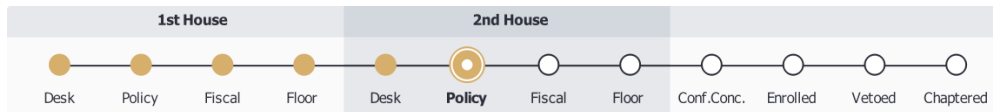
Subsidence/conveyance funding
Delta levee repairs

SB 952 (Laird, D) State Water Project: renewable energy resources and zero-carbon resources.

Current Text: 05/18/2026 - Amended [HTML](#) [PDF](#)

Last Amended: 05/18/2026

Status: 06/01/2026 - Referred to Com. on U. & E.



Location: 06/01/2026 - Assembly Utilities and Energy

Summary: This bill would require the Department of Water Resources , in procuring electricity to serve all state agencies, to consider portfolio diversity, resource type, location, and hours of typical peak operation. The bill would expand the scope of the department’s authorization to defer the procurement of those resource quantities to apply to an existing contract to procure fossil generation entered into before January 1, 2011, rather than January 1, 2010. The bill would authorize, on and after January 1, 2036, excess procurement, as defined, of eligible renewable energy resources and zero-carbon resources in one year to be applied to any subsequent year’s obligation, as provided. (Based on 05/18/2026 text)

Position: Support

Total Measures: 4
Total Tracking Forms: 4

ORIGINATING SECTION: Integrated Planning
CONTACT: Sal Segura/Neeta Bijoor

AGENDA DATE: June 17, 2026

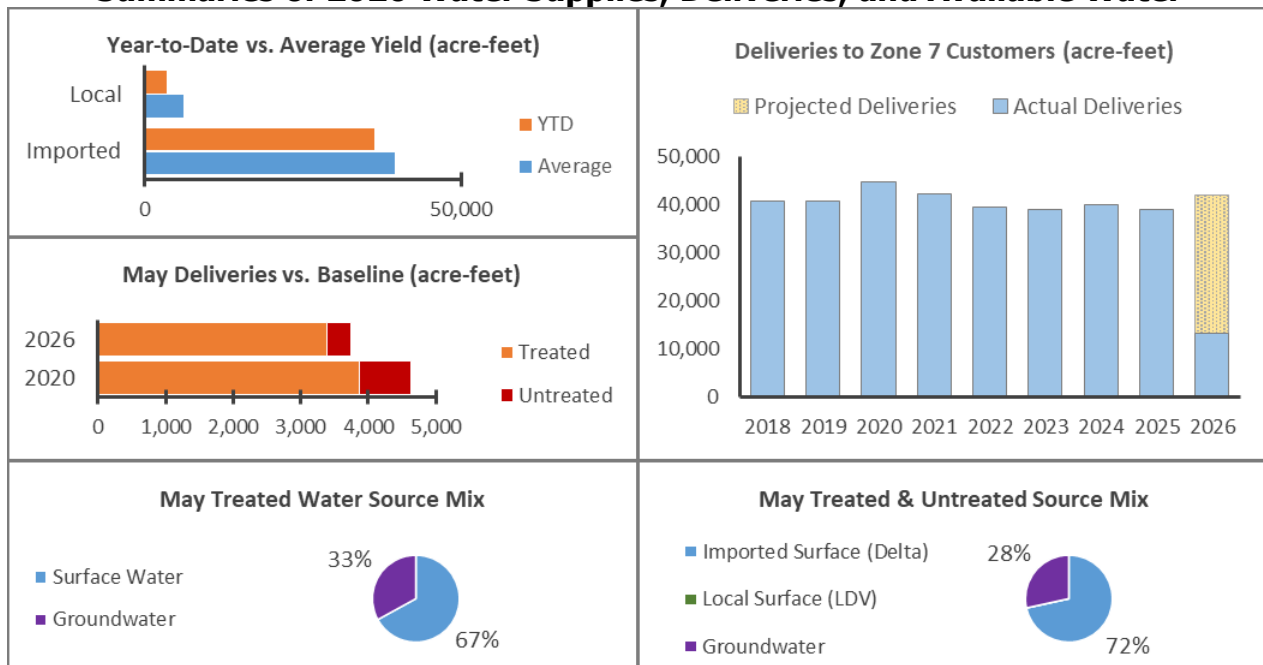
SUBJECT: Monthly Water Inventory and Water Budget Update

SUMMARY:

Zone 7 Water Agency manages its water supply portfolio to deliver safe, reliable, efficient, and sustainable water. This report summarizes current water supply, usage, and storage conditions to support Strategic Plan Goal B – Reliable Water Supply and Infrastructure, and advance Strategic Plan Initiative #5 – Develop a diversified water supply plan and implement supported projects and programs.

The 2026 Annual Review of the Sustainable Water Supply Report, which provides an overall analysis of the annual water supply, was provided to the Board at the May 20, 2026, Board Meeting. A summary of long-term water supply planning is also included in the Urban Water Management Plan (UWMP), which is updated every five years to assess water supply reliability on a 20-year planning horizon. The next update of the UWMP is due on July 1, 2026, and will be considered for adoption by the Board on June 17, 2026. These plans and evaluations account for the various sources of supply and storage available to Zone 7 locally, in State Water Project (SWP) facilities, and Kern County storage and recovery programs.

Summaries of 2026 Water Supplies, Deliveries, and Available Water



ZONE 7 WATER INVENTORY AND WATER BUDGET (May 2026)

Supply and Demand

(See Table 3, Figure 1, Figure 2, Figure 3, and Figure 4)

- Monthly totals: 3,740 acre-feet (AF) delivered to customers (3,390 AF treated production and 350 AF estimated untreated deliveries).
- Total treated water production increased by 27% compared to last month.
- Treated water sources were 67% surface water and 33% groundwater this month.
 - Treatment plant production was 23.9 million gallons per day (MGD).
 - Wellfield production was 11.7 MGD.

Comparison of Demands: 2026 vs 2020 baseline

(See Table 1)

- In May 2026, Zone 7's overall water demand was 19% lower than in May 2020: treated water production was 12% lower, while estimated untreated deliveries were 55% lower.

Table 1: May 2026 comparison – Treated and Untreated Demands

	Treated Production	Untreated Delivery	Total
May 2026 (AF)	3,390	350	3,740
May 2020 (AF)	3,860	770	4,630
May 2026 vs May 2020	12% lower	55% lower	19% lower

Imported Water

(See Table 2 and Table 3)

- On May 15, DWR increased the 2026 State Water Project (SWP) Allocation from 30% to 45%. This amounts to 36,279 AF to Zone 7. Zone 7 did not use any of its Table A allocation in May.
- As of June 1, Zone 7 has approximately 3,150 AF available classified as SWP carryover water.

Table 2: Available Water Supplies (as of June 1, 2026)

Sources of Water Supplies	Acre-Feet (AF)
Table A	36,280
Water Transfers/ Exchanges ¹	0
SWP Carryover Water	3,150
Lake Del Valle (Carryover + New Yield)	8,500
Livermore Valley Groundwater Basin (AF above Minimum Thresholds)	127,000
Kern Storage and Recovery Programs	106,400
Total	281,330

¹Includes any approved SWP purchases/exchanges, Yuba Accord Water, and Sutter Extension Water District supplies if exercised (Zone 7 entered into a 5-year option agreement to purchase up to 3,000 AF/year).

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.
- Basin storage is approximately 100% of operational storage capacity.
- It is important to note that not all the storage above the Minimum Thresholds 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 has limited the use of some wells.
- In May, the total pumping from Zone 7’s wellfields was approximately 1,120 AF, making up 33% of the treated supply.
- Estimated groundwater basin outflow on the west side of the Basin was 143 AF in May. This groundwater spills into Arroyo De La Laguna due to a high groundwater table near the Arroyo.
- In May, Zone 7 released 200 AF to Arroyo Valle to cover its share of live stream requirement.

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 350 AF of outflow.
- Note: Some surface outflow from the Livermore-Amador Valley is mandated for other downstream purposes.

Local Precipitation

(See Figure 7)

- 0.41 inches of precipitation was recorded at Livermore Airport in May.
- As of May 31, Livermore has received 12.21 inches of rain for the water year starting October 1, 2025, and is 87% of average to date.

Sierra Precipitation

(See Figure 8)

- 2.8 inches of precipitation was recorded in the Northern Sierras in May. Historical average precipitation in May is 1.4 inches.
- Cumulative precipitation in the Northern Sierra for Water Year 2026 through May 31 is 50.5 inches, or 98% of average to date.

Sierra Snowpack

(See Figure 9)

- As of May 28, Northern Sierra snow water equivalent was 0.3 inches, or 4% of average to date.

Lake Oroville

(See Figure 10)

- As of May 31, 2026, Lake Oroville storage is at 97% of total capacity, representing 118% of average storage conditions for this date of the year.
 - Storage: 3,331,618 AF
 - Storage as a percentage of total capacity did not change 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, 2026, the total reservoir storage is 1,502,980 AF, of which approximately 776,000 AF belongs to SWP. The SWP's share of the reservoir capacity is 73% full.

Lake Del Valle

(See Table 3 and Figure 6)

- Lake Del Valle holds 39,794 AF as of June 1.
- Zone 7's estimated water storage in Lake Del Valle at the end of May is approximately 8,500 AF.
- Lake Del Valle inflows peaked at approximately 4 CFS in May.

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

Table 3: Water Inventory

Water Inventory for Zone 7 Water Agency

Note: Values are rounded. All units in AF unless noted otherwise. Subject to adjustment over the year.

	2025 Jan-Dec	2026 May	2026 - YTD Jan-Dec
Source			
Incoming Supplies			
State Water Project (SWP) - Table A	26,320	0	0
State Water Project - Article 21	0	0	0
Lake Del Valle Local Water, (Includes Evap Loss)	8,000	0	0
Water Transfers/Exchanges ¹	0	0	0
Subtotal	34,320	0	0
From Storage			
State Water Project - Carryover	9,160	2,820	10,870
Livermore Valley Groundwater Basin	7,520	1,120	2,820
Kern Storage and Recovery Programs	0	0	0
Subtotal	16,680	3,940	13,690
Total Supply	51,000	3,940	13,690
Water Use			
Customer Deliveries			
Treated Water Demand ²	34,520	3,390	12,410
Untreated Water Demand	4,360	350	930
Subtotal	38,880	3,740	13,340
To Storage			
Livermore Valley Groundwater Basin Recharge	3,120	200	350
Kern Storage and Recovery Programs	5,000	0	0
Subtotal	8,120	200	350
SWP Transfer			
Water Transfers/Exchanges ³	4,000	0	0
Total Water Use	51,000	3,940	13,690
Available Water Supplies			
Incoming Supplies	End-of-2025		
SWP - Table A (%)	50%	45%	45%
SWP - Table A Remaining	14,020	36,280	36,280
Water Transfers/Exchanges	0	0	0
Subtotal	14,020	36,280	36,280
Storage Balance	End-of-2025		
SWP Carryover	0	3,150	3,150
Lake Del Valle Local Water	4,950	8,500	8,500
Livermore Valley Groundwater Basin ⁴	123,100	127,000	127,000
Kern Storage and Recovery Programs	106,400	106,400	106,400
Subtotal	234,450	245,050	245,050
Total Available Water	248,470	281,330	281,330
Watershed Conditions	End-of-2025		
Precipitation at Livermore Station (in) ⁵	11.7	0.41	6.55
Lake Del Valle Local Water Net Yield	4,950	0	3,550
Measured Change in Groundwater Basin Storage	-900	0	3,900
Surface Water Outflow ⁶	17,990	350	13,350

¹ Includes any approved SWP purchases/exchanges and Sutter Extension Water District supplies if exercised.

² Includes a small amount of unaccounted-for water.

³ In 2025, Zone 7 transferred water to the Westside Districts.

⁴ Storage volume is based on most recent groundwater level data; amount shown excludes 28,000 AF of storage below the minimum thresholds.

⁵ Local precipitation reported in Table 3 for 2026YTD is reported on a calendar year basis.

⁶ 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)

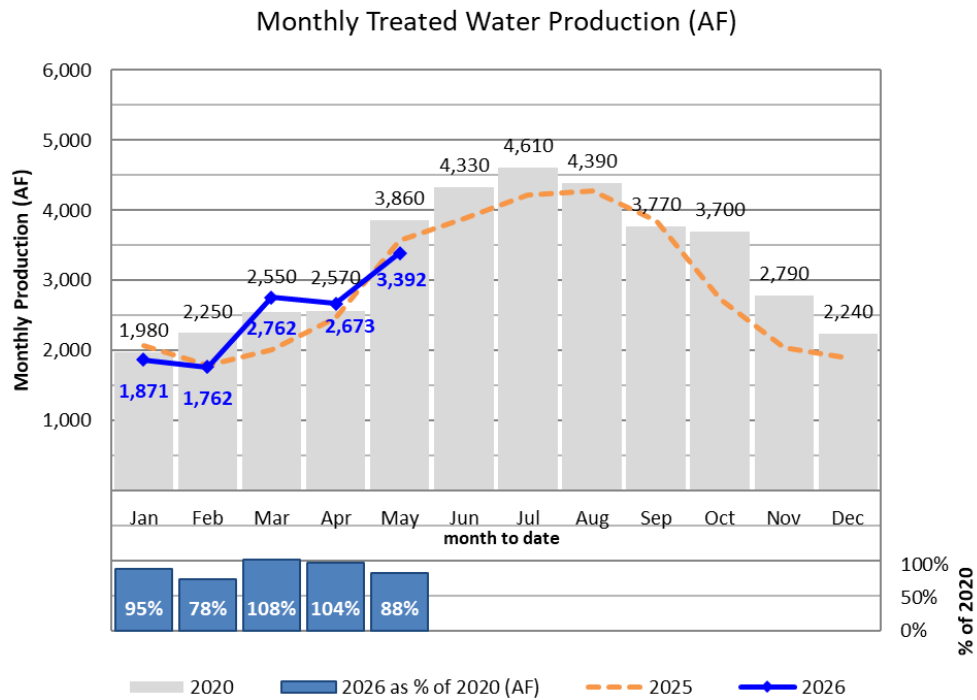
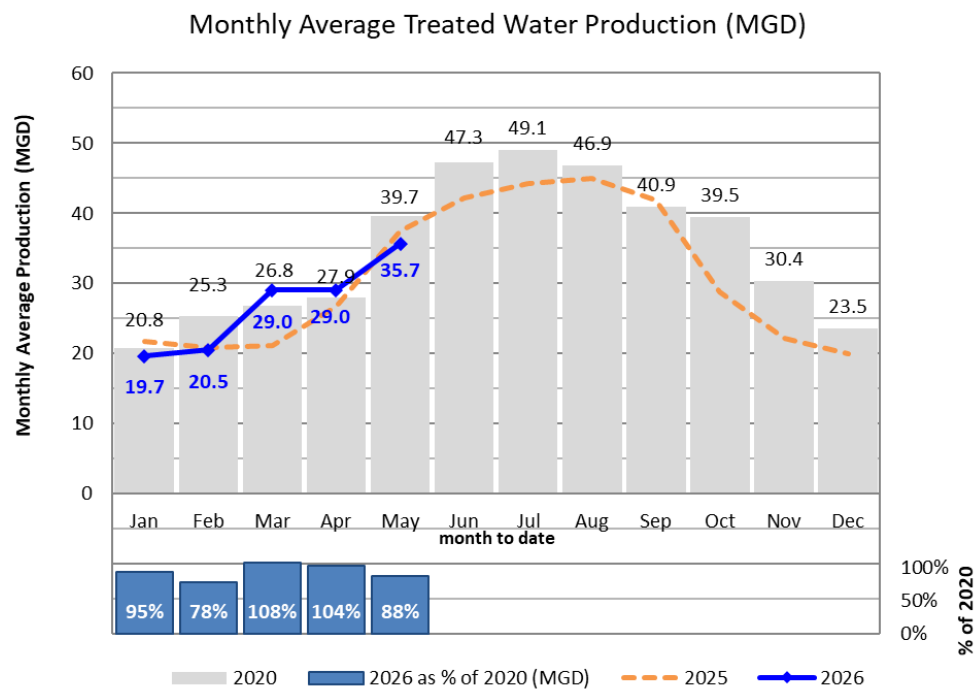
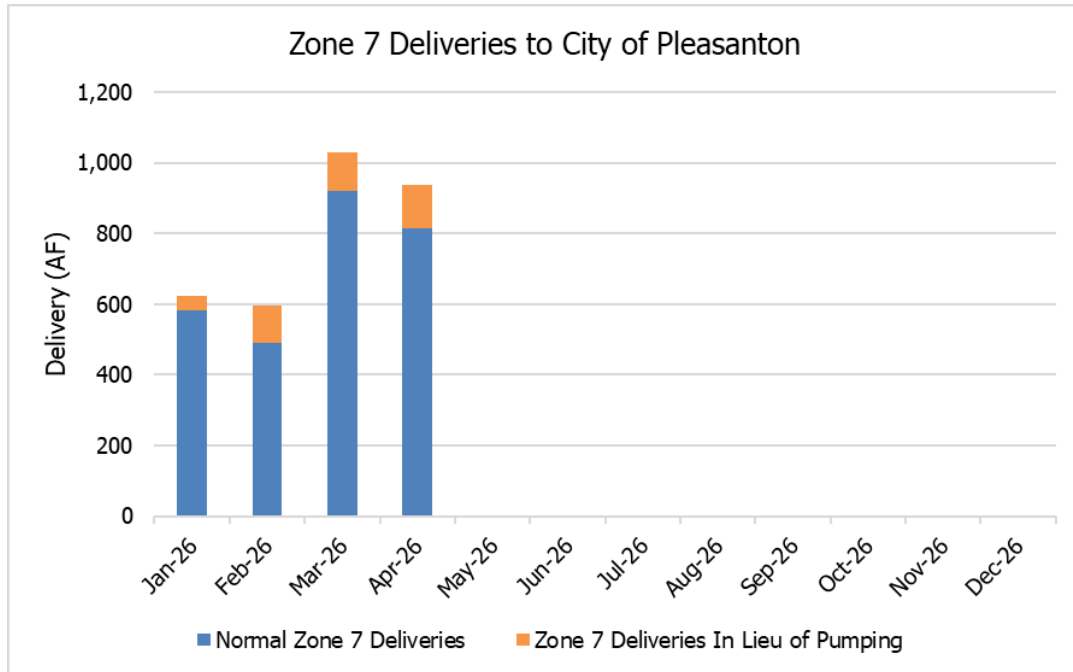


Figure 2: Monthly Treated Water Production in Average Million Gallons Per Day (MGD)

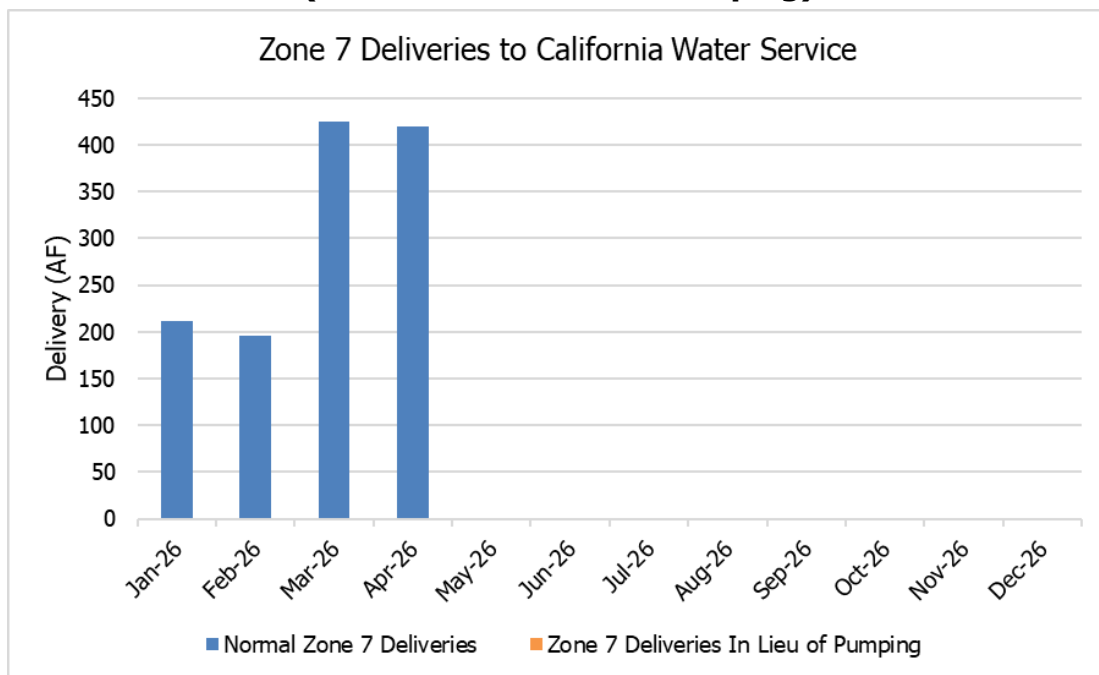


**Figure 3: Pleasanton Estimated In-Lieu Demand
(Based on 2020-2023 Pumping)**



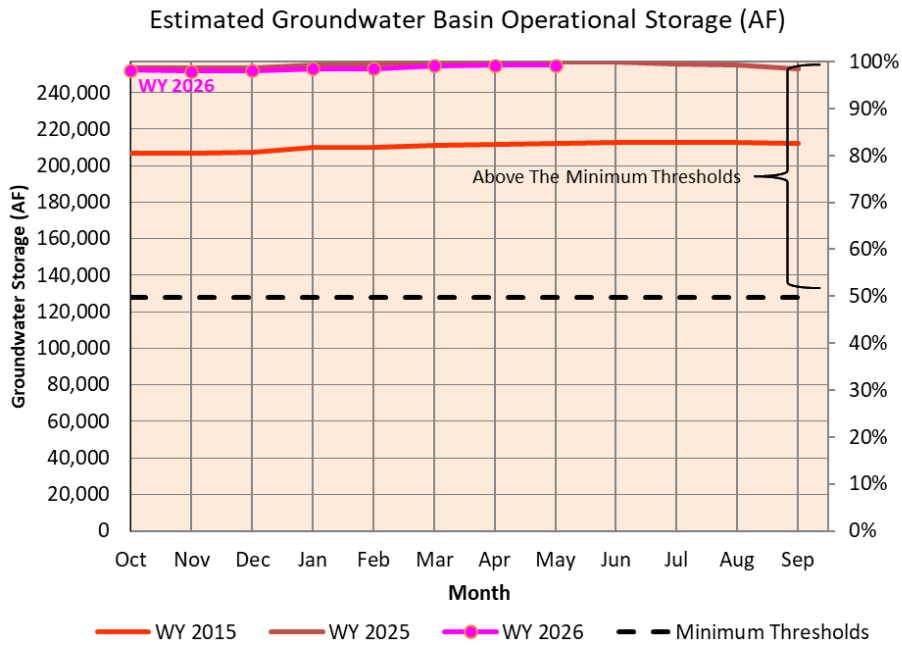
**Pleasanton's pumping data for May is not yet available and will be reflected in future inventories.*

**Figure 4: California Water Service Estimated In-Lieu Demand
(Based on 2020-2023 Pumping)**



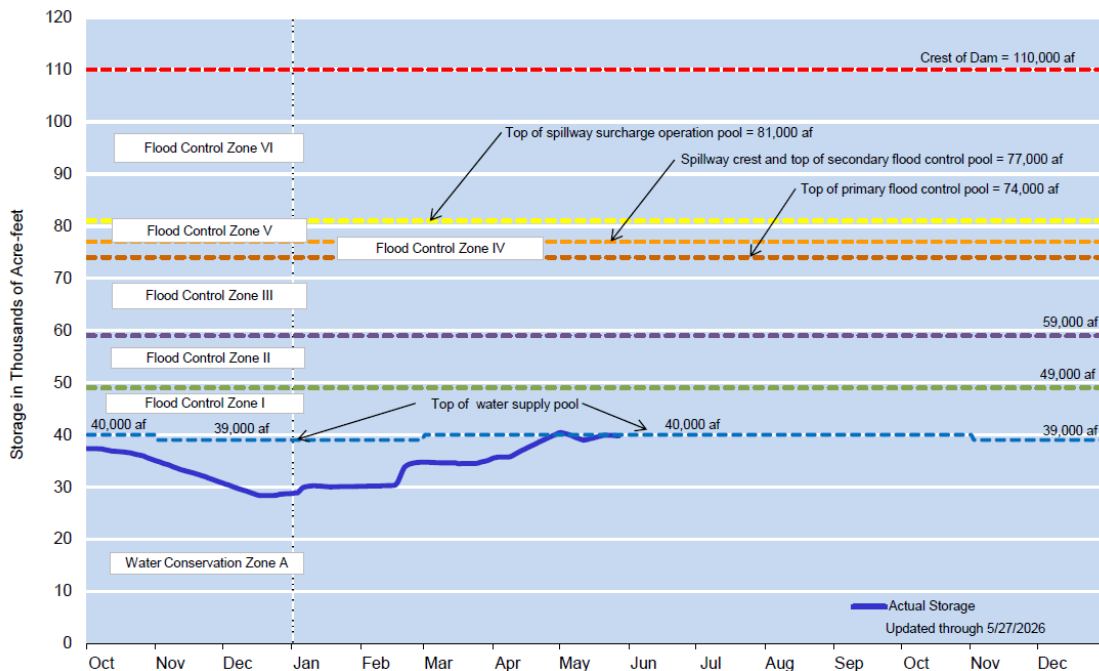
**Cal Water's pumping data for May is not yet available and will be reflected in future inventories.*

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/Web-Pages/Programs/State-Water-Project/Operations-And-Maintenance/Files/Operations-Control-Office/Project-Wide-Operations/Del-Valle-Weekly-Reservoir-Storage-Chart.pdf>

Figure 7: Local Precipitation

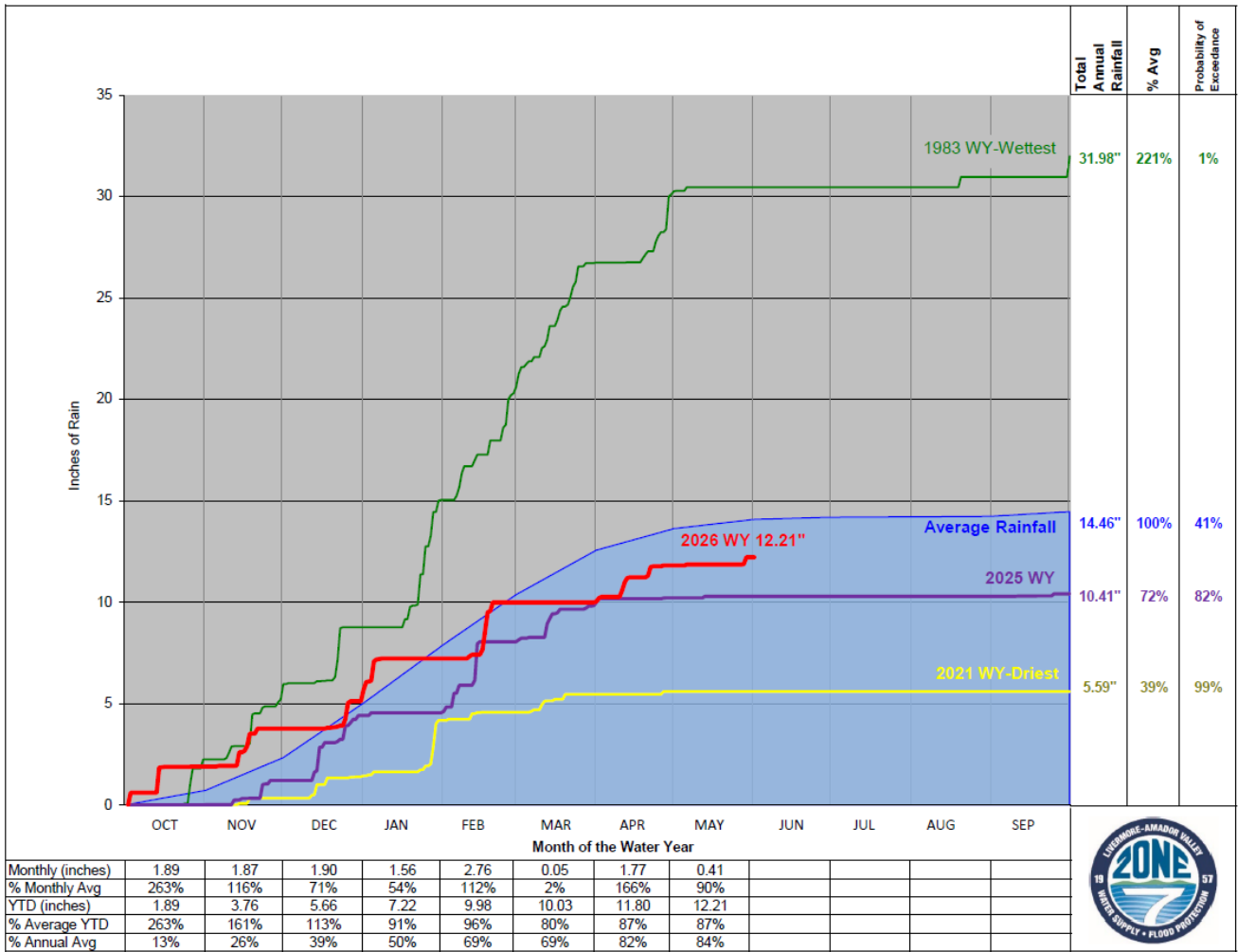
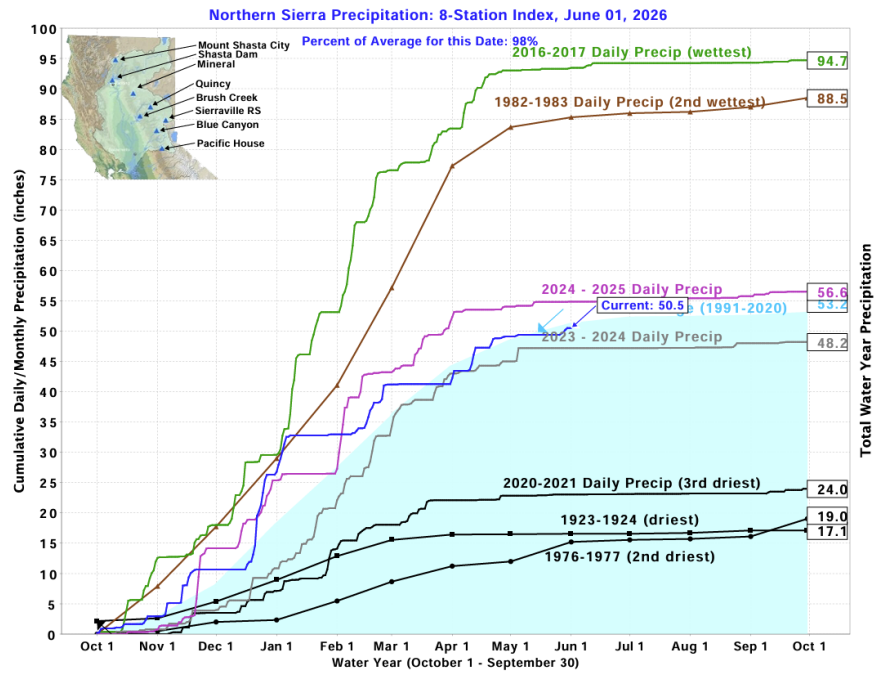


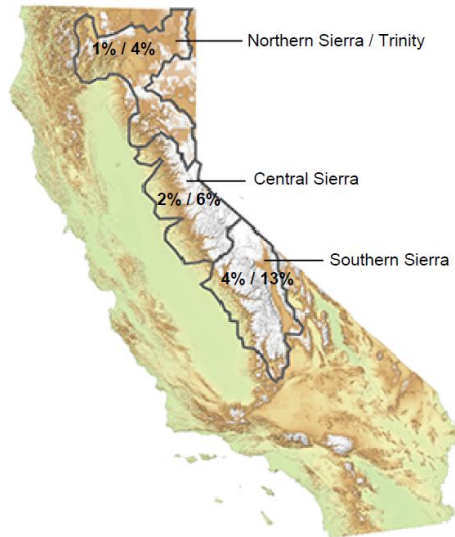
Figure 8: Cumulative Precipitation in the Northern Sierra



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

Figure 9: Sierra Snowpack

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



NORTH	
Data as of May 28, 2026	
Number of Stations Reporting	32
Average snow water equivalent (Inches)	0.3
Percent of April 1 Average (%)	1
Percent of normal for this date (%)	4

CENTRAL	
Data as of May 28, 2026	
Number of Stations Reporting	54
Average snow water equivalent (Inches)	0.5
Percent of April 1 Average (%)	2
Percent of normal for this date (%)	6

SOUTH	
Data as of May 28, 2026	
Number of Stations Reporting	25
Average snow water equivalent (Inches)	1.0
Percent of April 1 Average (%)	4
Percent of normal for this date (%)	13

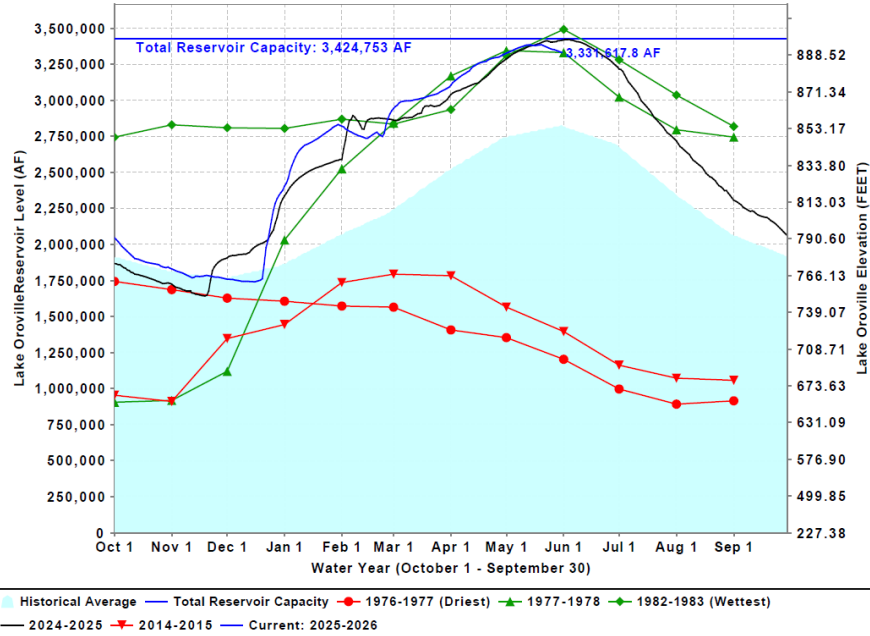
STATE	
Data as of May 28, 2026	
Number of Stations Reporting	111
Average snow water equivalent (Inches)	0.5
Percent of April 1 Average (%)	2
Percent of normal for this date (%)	6

Statewide Average: 2% / 6%

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

Figure 10: Lake Oroville Storage

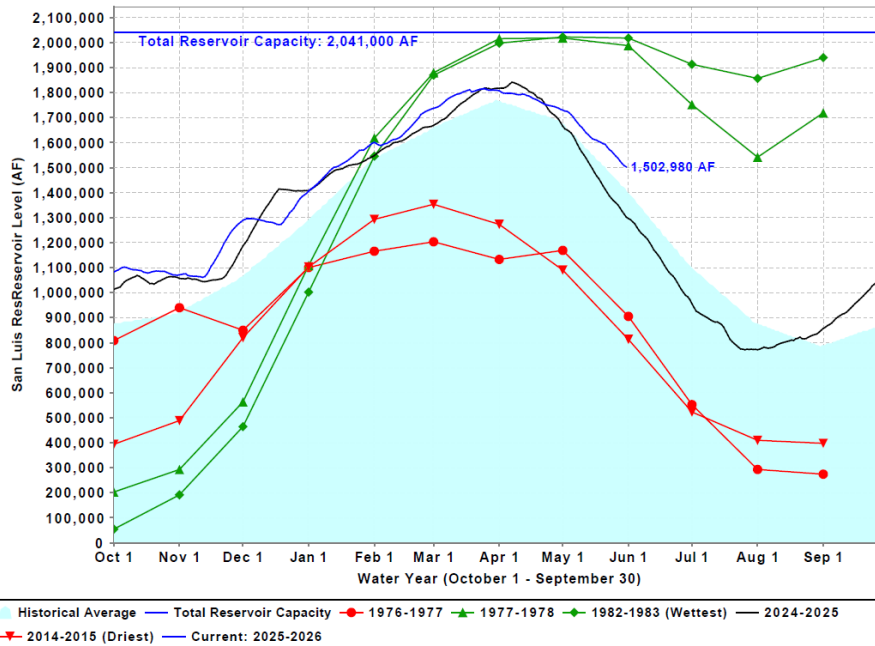
Lake Oroville Levels: Various Past Water Years and Current Water Year, Ending At Midnight May 31, 2026



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

Figure 11: San Luis Reservoir Storage

San Luis Res Levels: Various Past Water Years and Current Water Year, Ending At Midnight May 31, 2026



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



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

March 31, 2026

Board of Directors
 Zone 7 Water Agency
 100 N. Canyons Pkwy.
 Livermore, CA 94551

Subject: Investment Report as of March 31, 2026 (Unaudited)

Dear Board Members,

Pursuant to Resolution No. 25-48, dated June 18, 2025, the Board adopted the Agency’s Investment Policy. In accordance with 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 a prudent manner and in accordance with the Investment Policy, the Agency’s quarterly informational investment report as of March 31, 2026, is attached. Enclosed with this report is a detailed composition of investments held in Zone 7’s name by securities category as of March 31, 2026. This report reflects both 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	\$ 58,310,000	\$ 57,905,209	\$ 58,566,398	34.49%	No Limit	Yes	3.69%
Corporate Bonds (Medium Term Notes)	49,170,000	48,800,059	49,196,500	29.06%	30%	Yes	4.38%
Federal Agency Commercial Mortgage-Backed Security	31,671,278	32,007,181	31,808,169	19.06%	No Limit	Yes	4.71%
Negotiable Certificate of Deposit (CD)	1,350,000	1,355,989	1,364,097	0.81%	30%	Yes	5.08%
Asset-Backed Securities	22,620,530	22,622,646	22,673,559	13.47%	20%	Yes	4.27%
Money Market (1)	5,211,917	5,211,917	5,211,917	3.10%	20%	Yes	3.53%
Total Investments	\$ 168,333,724	\$ 167,903,002	\$ 168,820,640	100.00%			4.19%
US Bank	726,451	726,451	726,451				
Total Cash & Investments	\$ 169,060,175	\$ 168,629,453	\$ 169,547,091				4.19%

(1) **Money Market:** The Money Market Book Yield (Yield to Maturity at Cost) is not included in the overall securities YTM at Cost reported by PFM Asset Management; rather, it is provided by U.S. Bank, the Agency’s custodian.

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, and the cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer for the County.



As of March 31, 2026, the County Treasurer held approximately \$209,644,320 (unaudited) for the Agency. The amount held by the County Treasurer is sufficient to meet the Agency's operating cash needs for the next six months. A link to the County investment reports is provided below:

<https://treasurer.acgov.org/reports/>

I hereby certify that, to the best of my 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, 2025.

Market value amounts are from PFM Asset Management, which provides investment management services for the Agency. U.S. Bank provides custody services for the Agency. 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, 2026

c: Valerie Pryor



ZONE 7 WATER AGENCY

Investment Performance Review For the Quarter Ended March 31, 2026

Client Management Team

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

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Market Update

Current Market Themes



- ▶ Geopolitics has overtaken U.S. macro fundamentals as the market's primary focus
 - ▶ Conflict in Iran has increased near-term inflation risks due to higher commodity prices
 - ▶ Unemployment rate remains stable with net new job creation near zero
 - ▶ Consumer spending and business investment continue to support growth, though momentum is slowing



- ▶ The Federal Reserve paused during both meetings in Q1, keeping rates at 3.50-3.75%
 - ▶ The median "dot plot" projection continues to show one 25 basis point cut in 2026, though individual projections showed less easing
 - ▶ Fed Chair Powell acknowledged the path forward is complicated by geopolitical uncertainty, making it more difficult for the Fed to balance its dual mandate



- ▶ Rising front-end yields unwound the inversion in the Treasury curve
 - ▶ Rate cut expectations were pushed further out, lifting front-end yields
 - ▶ Escalating Middle East conflict drove a spike in volatility
 - ▶ Credit spreads widened from historically tight levels amid heavy supply and geopolitical pressure

Source: Details on market themes and economic indicators provided throughout the body of the presentation. Bloomberg Finance L.P., as of March 31, 2026.

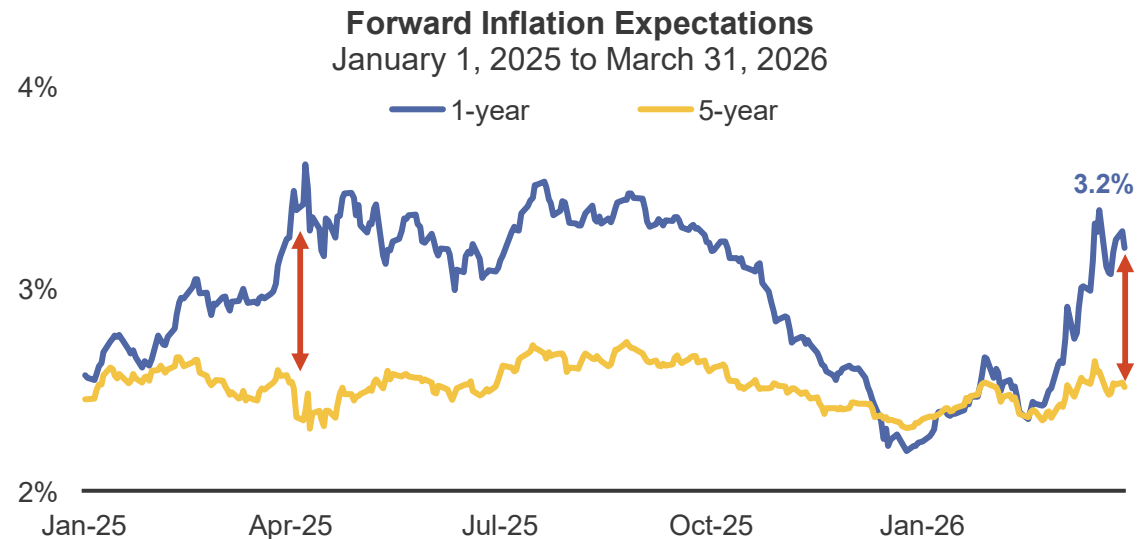
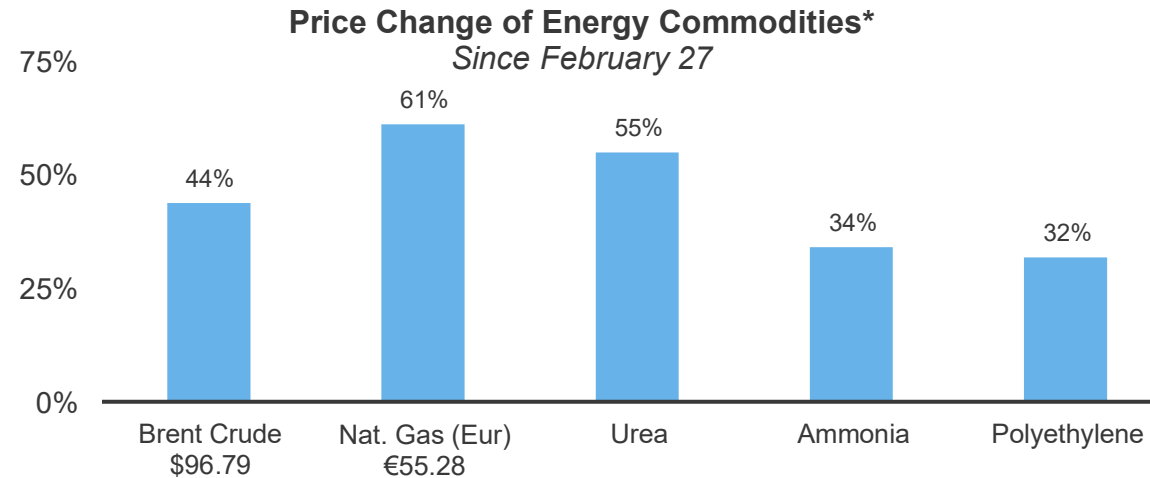
Market Pricing Conflict In Iran

▶ **Closure of the Strait of Hormuz creates a supply shock**

- ▶ Higher oil prices pressure agricultural and industrial inputs
- ▶ Duration of price shock more important than magnitude

▶ **Federal Reserve likely to remain on hold as it assesses evolving risks**

- ▶ Headline inflation expected to rise though uncertainty remains regarding passthrough to core inflation and labor markets
- ▶ Fed to look through supply-side energy shock if inflation expectations remain anchored



*Brent Crude are quoted in dollars per barrel based on the front-month futures contract. Natural gas prices are quoted in euros per megawatt-hour. Ammonia, and urea prices are based on the front-month exchange-traded futures contract. Polyethylene is price are based on the active exchange-traded futures contract.

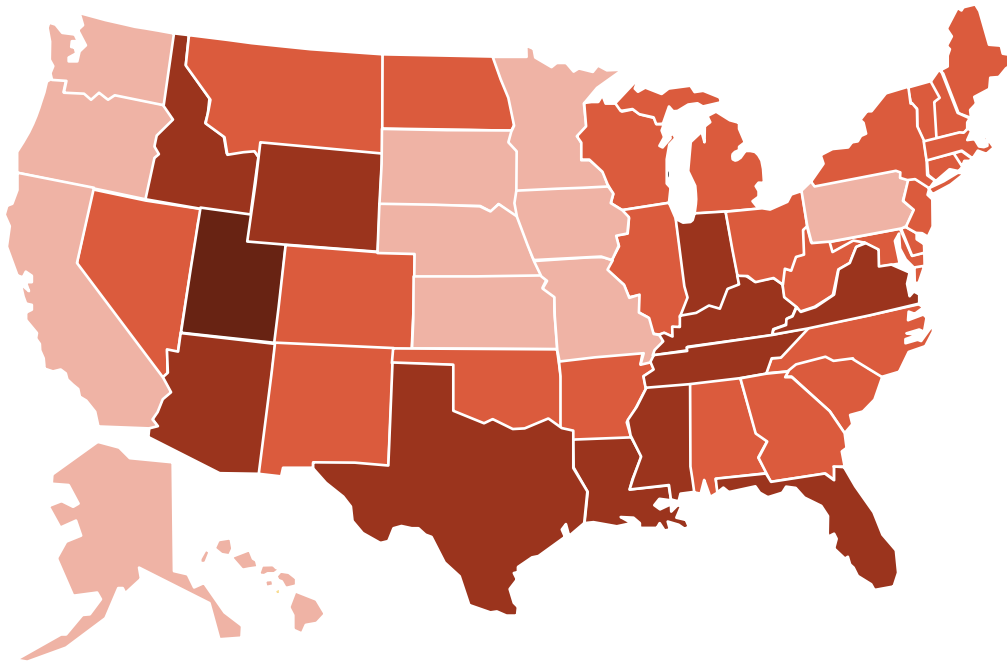
Source: Bloomberg Finance L.P., as of March 31, 2026. Market implied inflation expectations shown using 1-year and 5-year inflation swaps.

Gasoline Prices Surge Across the Country

% Change in Gas Prices

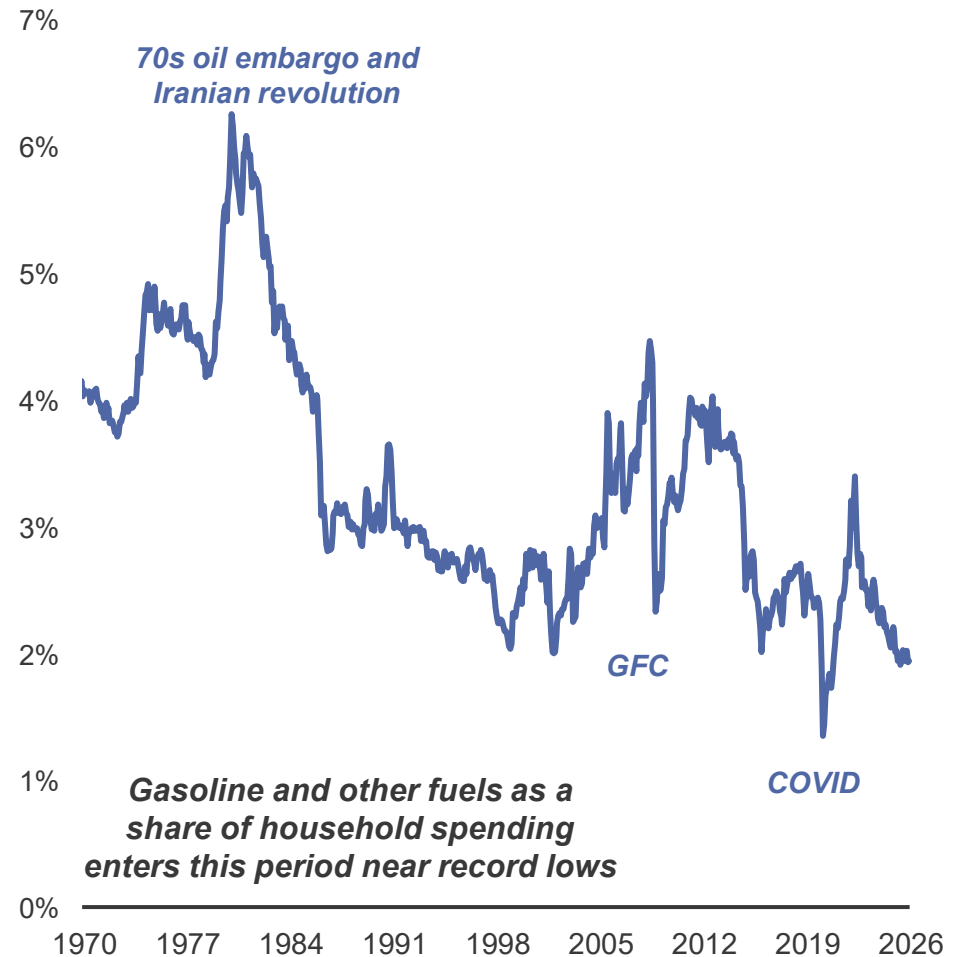
2/28 – 3/31

■ Greater than 50% ■ 40% to 49% ■ 30% to 39% ■ 20% to 29%



National Average Price of Gasoline
\$4.02

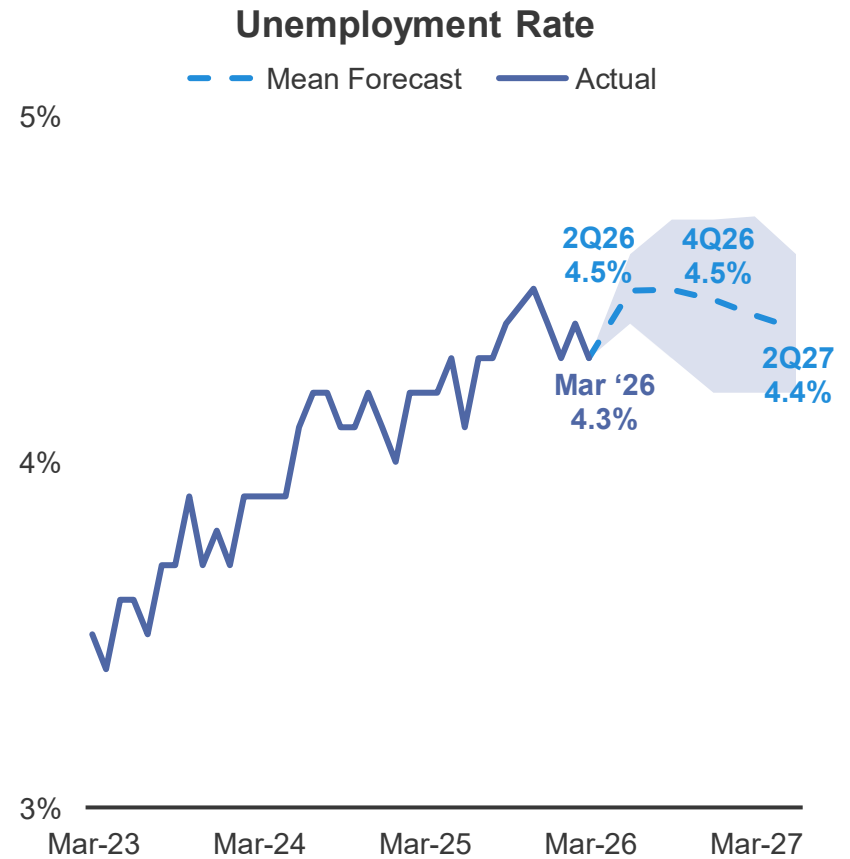
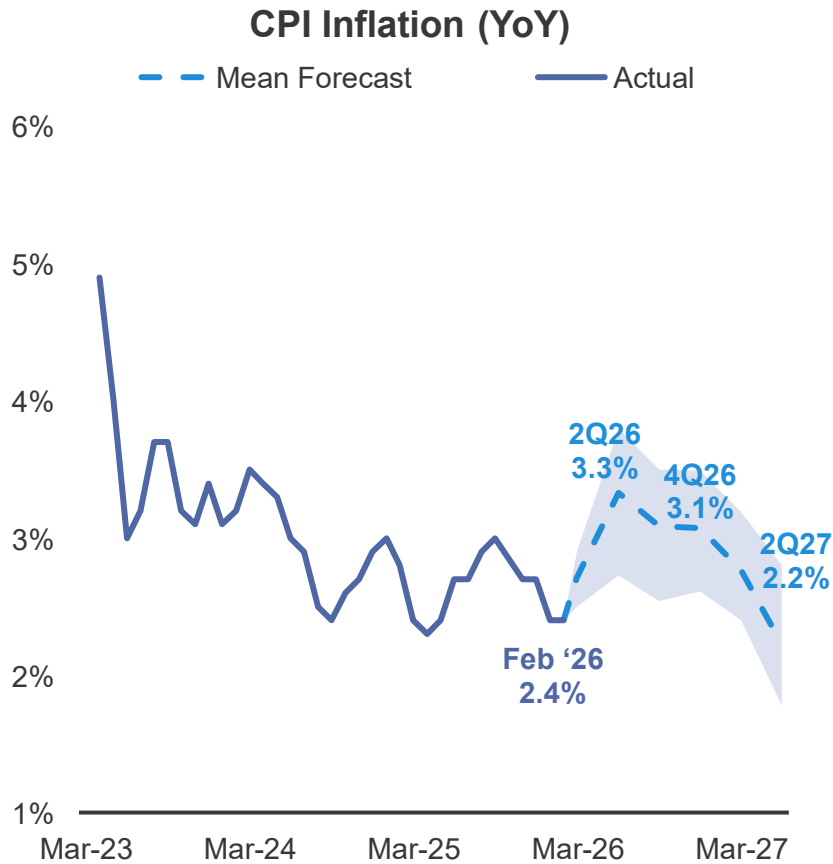
Gasoline and Other Fuel Spending as a Percentage of Household Spending



Source: Bloomberg Finance L.P., Bureau of Economic Analysis, and gasprices.aaa.com. BEA data as of February 2026 and gasoline data as of 3/31/2026. Other fuels contain diesel, fuel oil, kerosene and others.

Macro Data Takes a Back Seat

Fed Chair Powell: "What we have is some tension between the goals, and we're trying to manage our way through it."

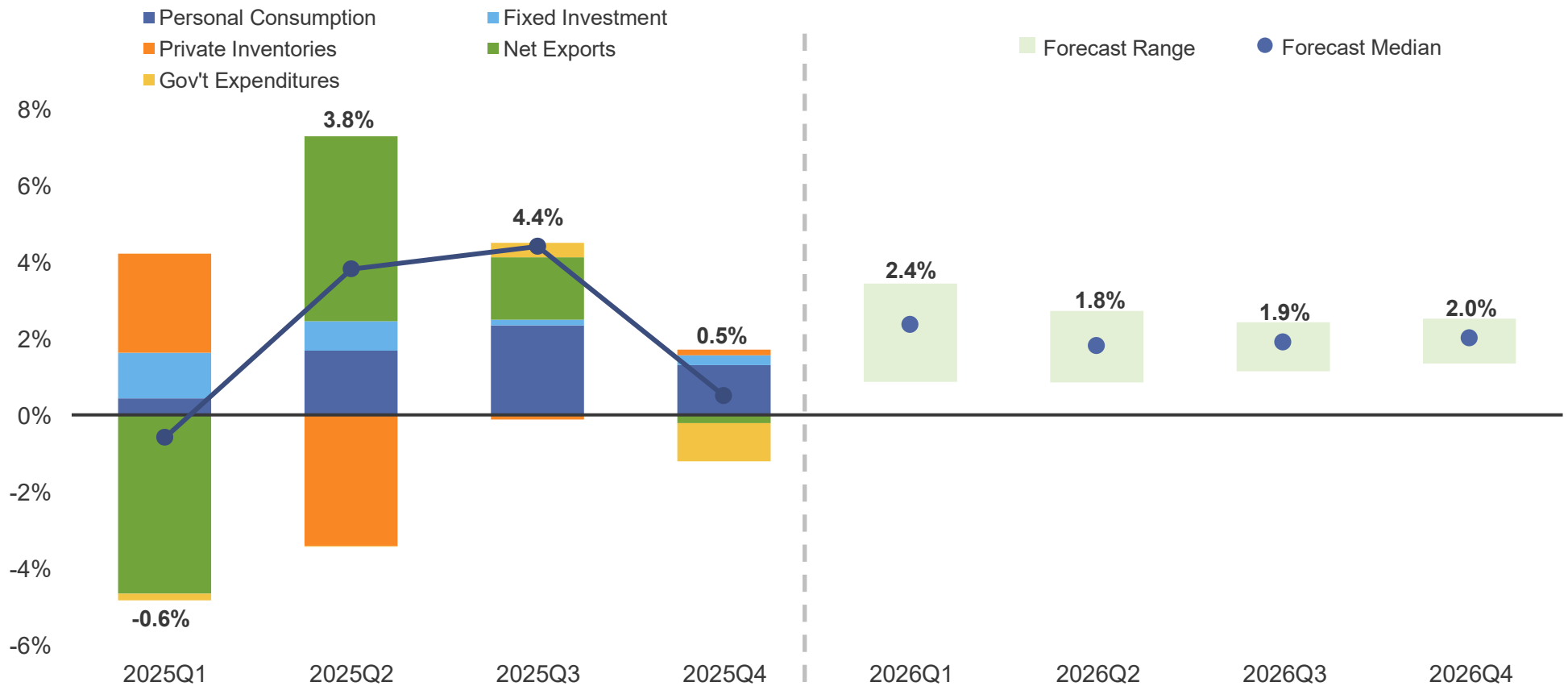


Source: FOMC Chair Jerome Powell Press Conference, March 18, 2026. Bureau of Labor Statistics and Bloomberg Finance L.P. CPI Inflation as of February 2026 and Unemployment Rate as of March 2026. Survey responses after March 27, 2026, included in mean and forecast range for CPI Inflation and Unemployment Rate. Shading represents the central 80% of the forecasts.

U.S. Growth Forecasts Remain Steady

Fed Chair Powell: “[I]f we have a long period of much higher gas prices, that is going to weigh on consumption... Meanwhile, the economy is solid... It’s just we don’t know what the effects of this will be.”

U.S. Real GDP Contributors and Detractors



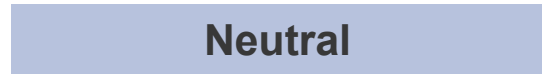
Source: FOMC Chair Jerome Powell Press Conference, March 18, 2026. Bloomberg Finance L.P. and Bureau of Economic Analysis, as of December 2025 (left). Survey responses after March 27, 2026, included in Median and forecast range. Shading represents the central 80% of the forecasts (right).

Factors Shaping the Economic Outlook



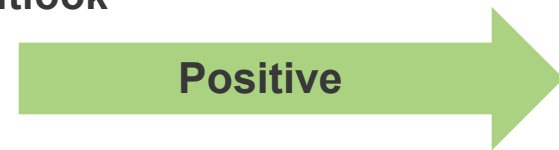
Negative

- ▶ Geopolitical uncertainty
- ▶ Higher energy prices
- ▶ Net new job creation near zero
- ▶ Increasing retail credit card balances
- ▶ Rising student loan delinquencies



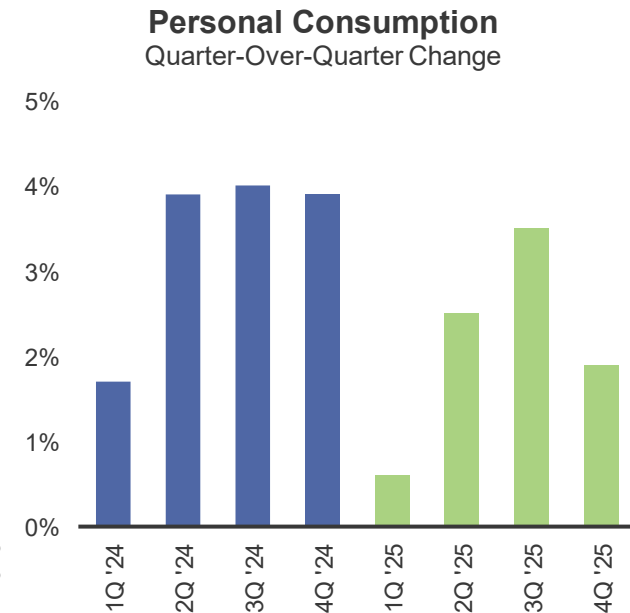
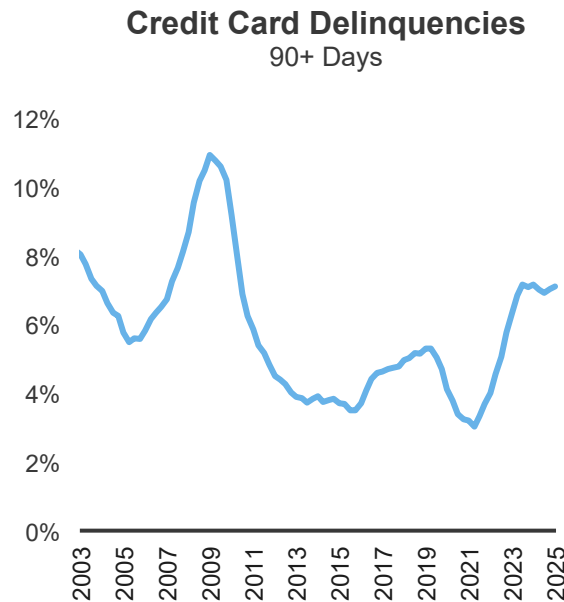
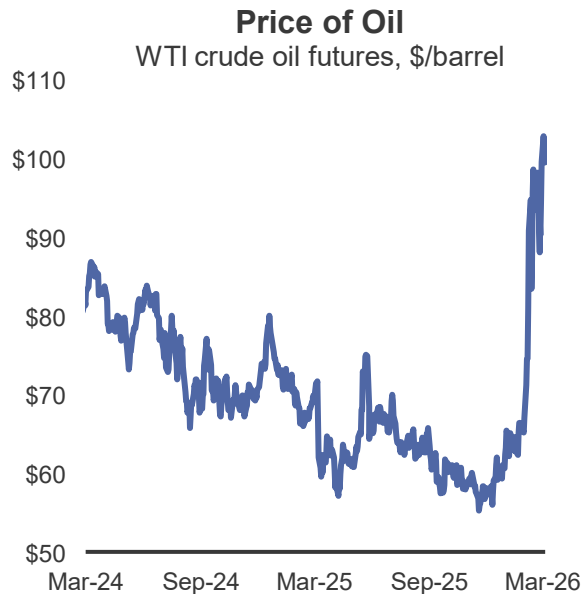
Neutral

- ▶ Stable Fed Policy
- ▶ Core inflation stable but above target
- ▶ Stabilizing credit card delinquencies



Positive

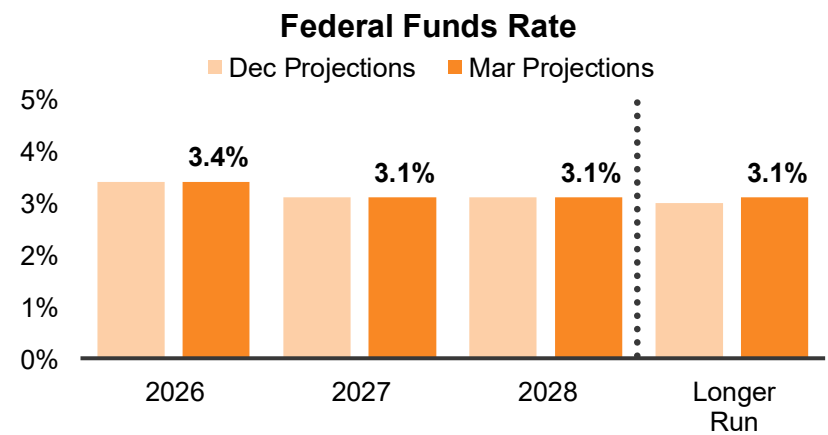
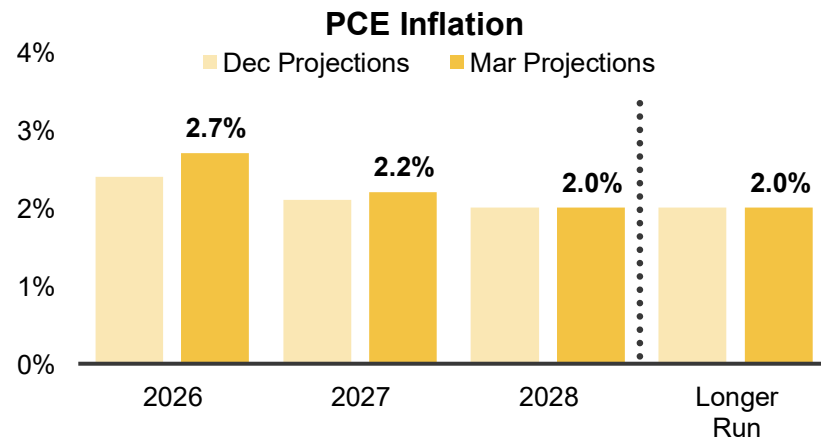
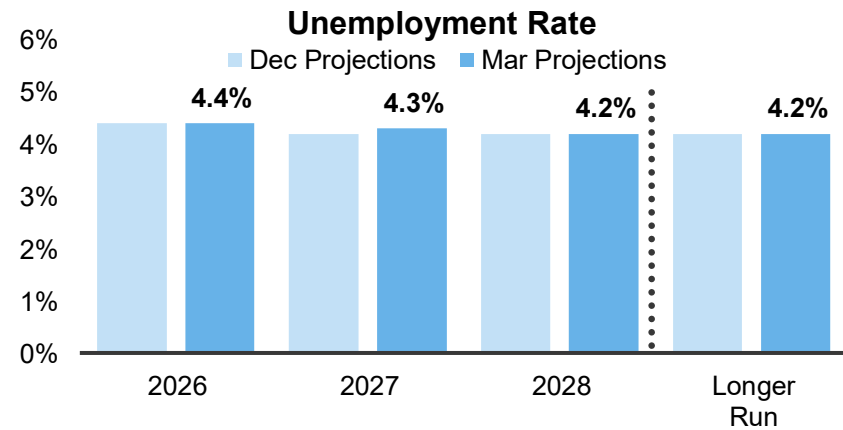
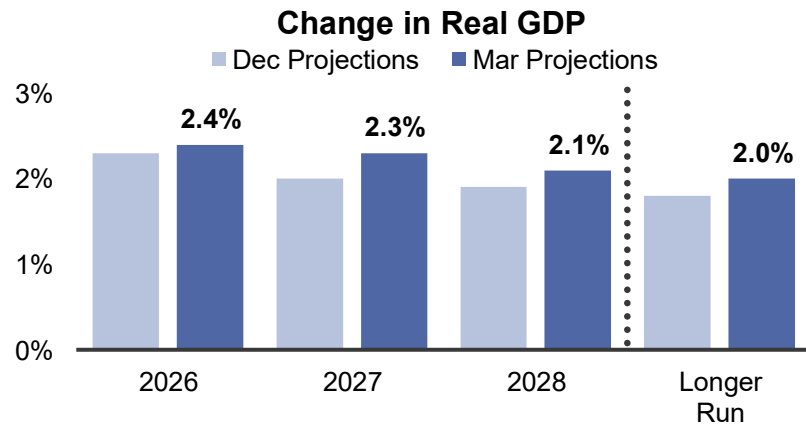
- ▶ Above-average tax refunds
- ▶ Resilient consumer spending
- ▶ Positive real disposable personal income growth
- ▶ Corporate fundamentals



Sources: Bloomberg Finance L.P., March 31, 2026, Federal Reserve Bank of New York as of December 2025, and Bureau of Economic Analysis as of December 2025.

Fed's Updated Summary of Economic Projections

Fed Chair Powell: "The economic effect could be bigger, they could be smaller ... We just don't know. People are writing down what seems to make sense to them but have no conviction."

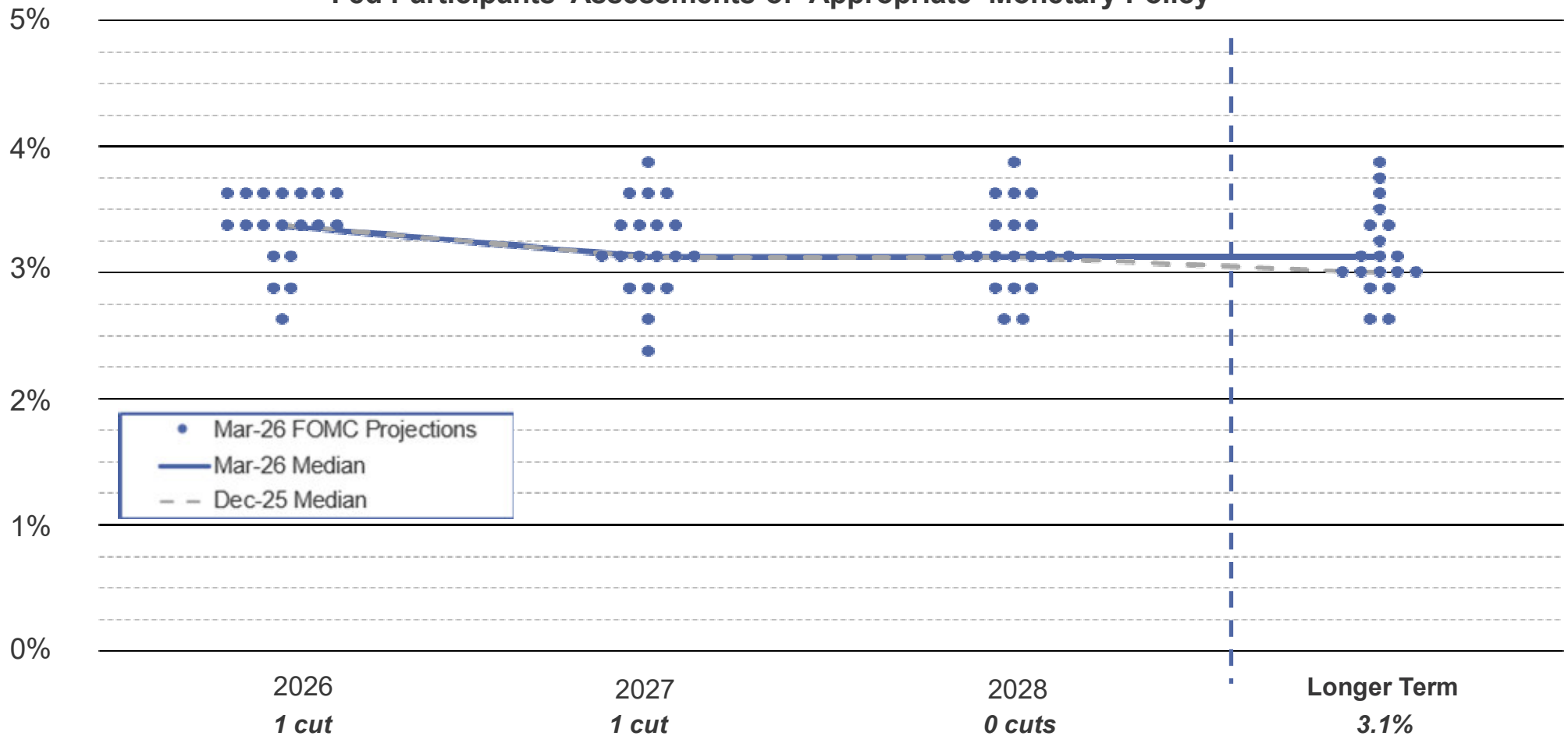


Source: FOMC Chair Jerome Powell Press Conference, March 18, 2026. Federal Reserve, latest median economic projections, as of March 2026.

The Latest Fed “Dot Plot”

Fed Chair Powell: “We feel like the framework calls to balance the risks. We feel where we are now is on the higher borderline of restrictive versus not restrictive, we feel like that is the right place to be.”

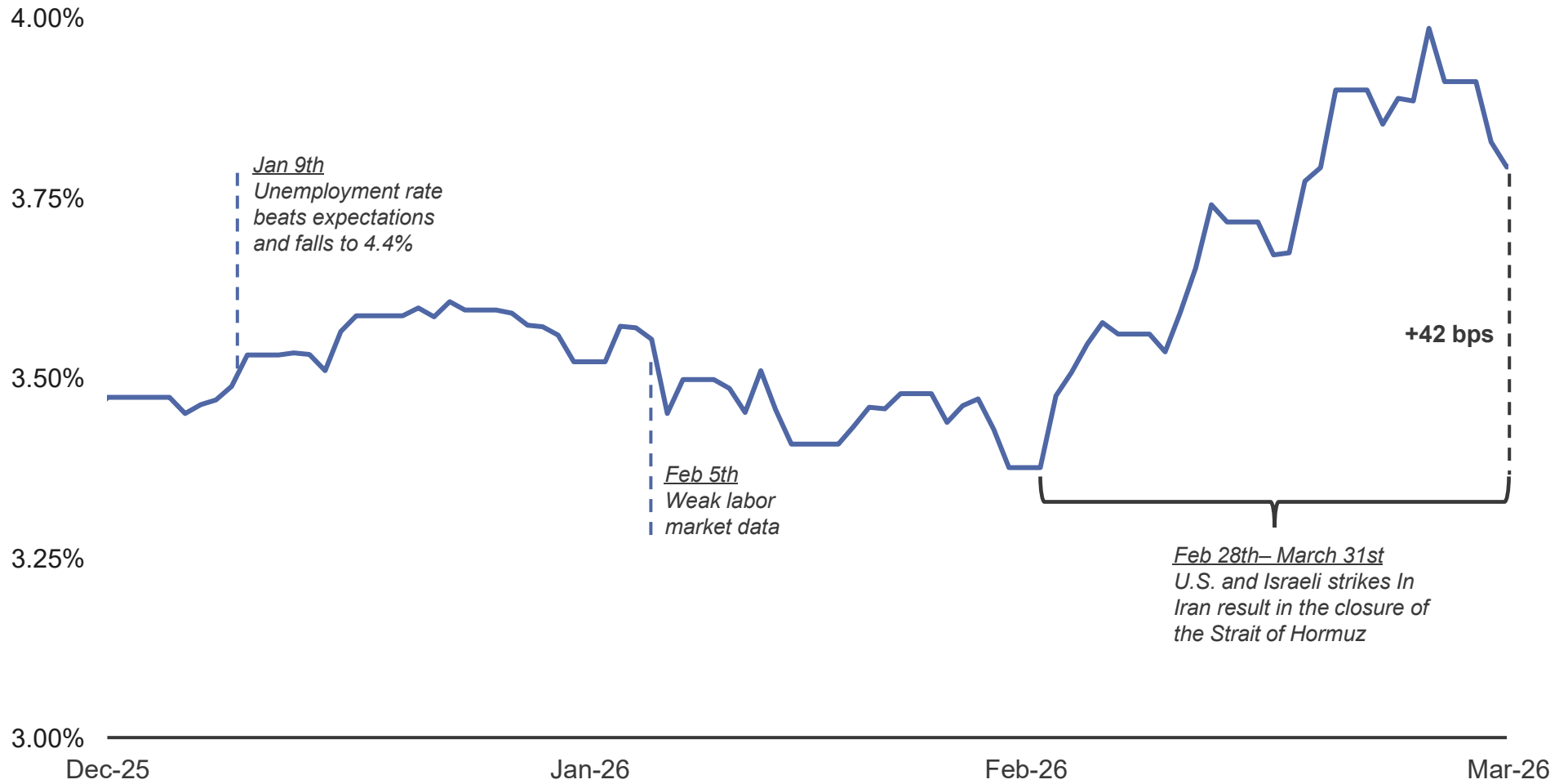
Fed Participants’ Assessments of ‘Appropriate’ Monetary Policy



Source: FOMC Chair Jerome Powell Press Conference, March 18, 2026. 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 2026.

Treasury Yields Reach 8-Month High

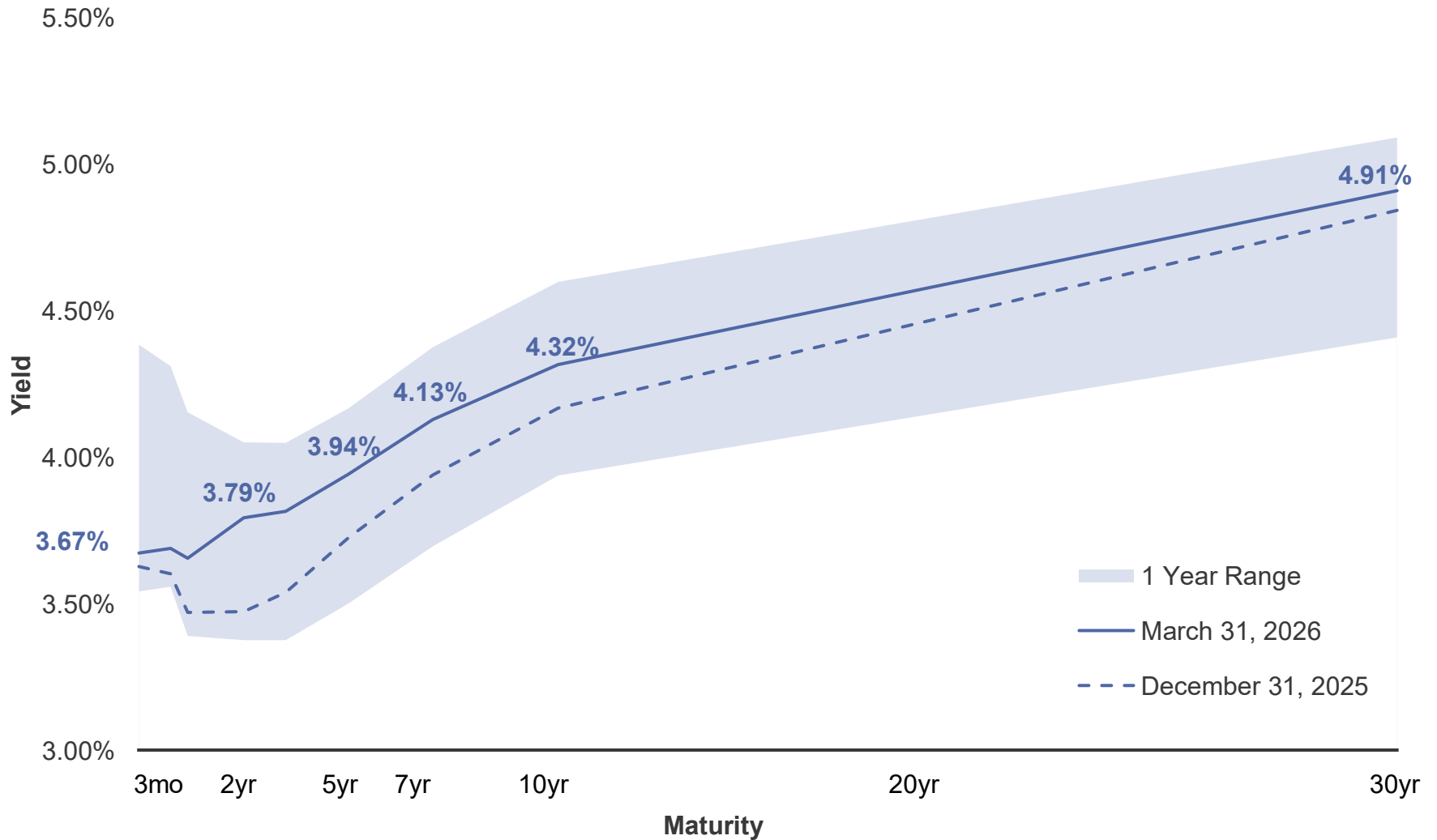
2-Year U.S. Treasury Yield December 31, 2025 – March 31, 2026



Source: Bloomberg Finance L.P., as of March 31, 2026.

Treasury Yields Rise Across the Curve

U.S. Treasury Yield Curve



Source: Bloomberg Finance L.P., as of March 31, 2026.

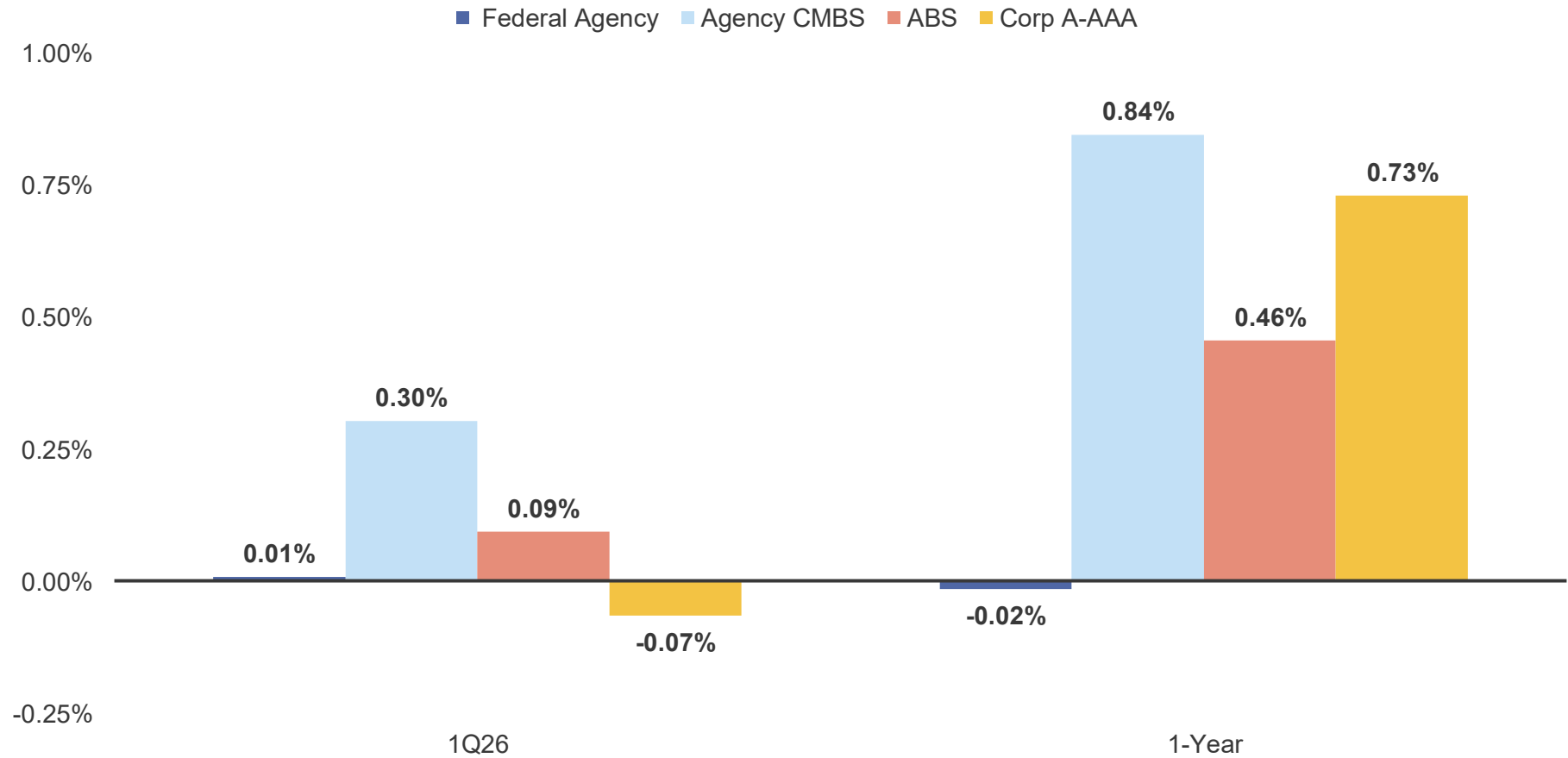
Sector Yield Spreads 1-5 Year Yield Spreads



Source: ICE BofA 1-5 year Indices via Bloomberg Finance L.P. as of March 31, 2026. Spreads on ABS and MBS are option-adjusted spreads 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 Excess Returns

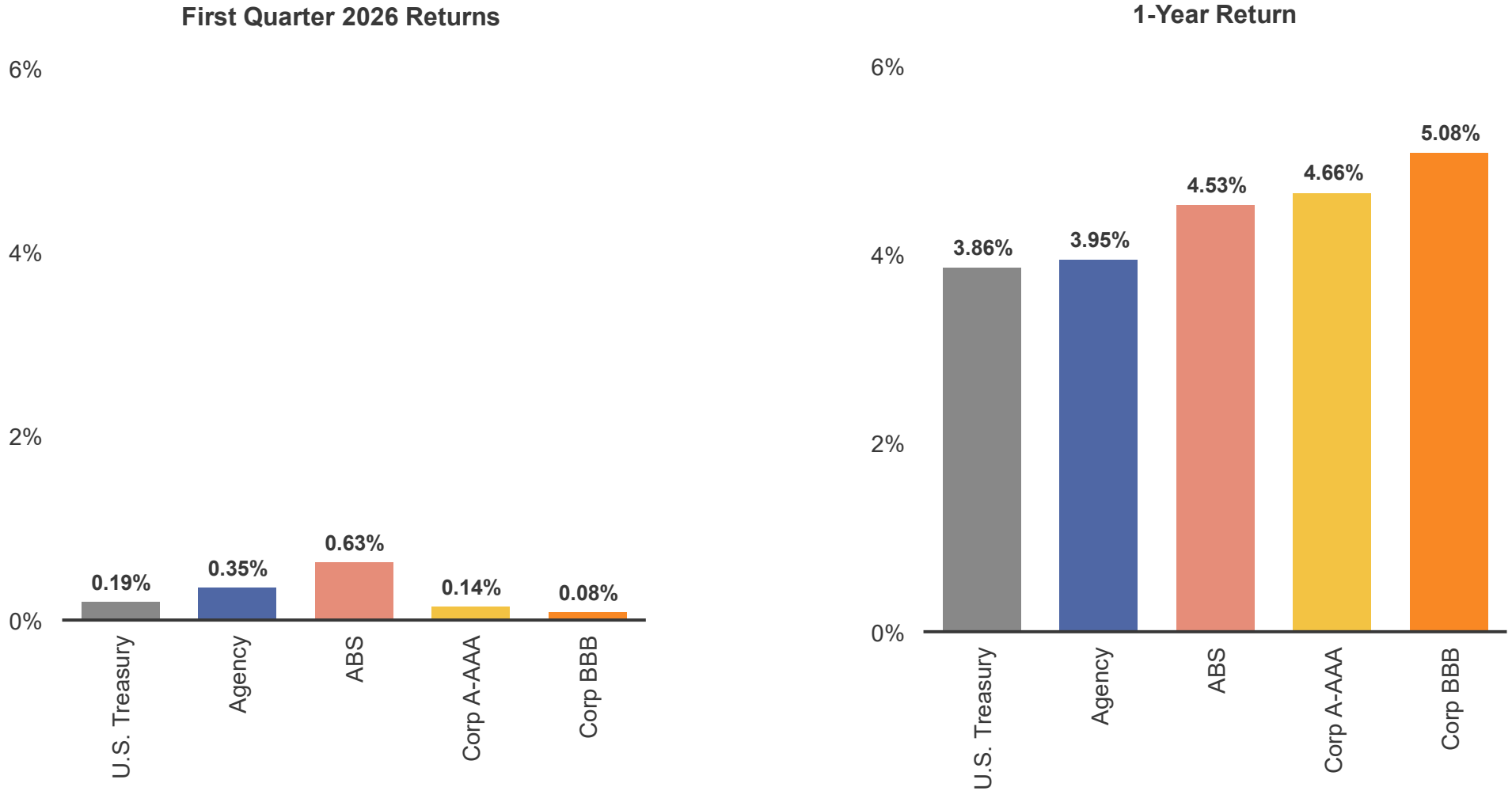
Excess Returns 1-5 Year Indices



Source: ICE BofA Indices. ABS indices are 0-5 year, based on weighted average life. Agency CMBS represented by ICE BofA CMBY Index. As of March 31, 2026.

Fixed-Income Index Total Returns in 1Q 2026

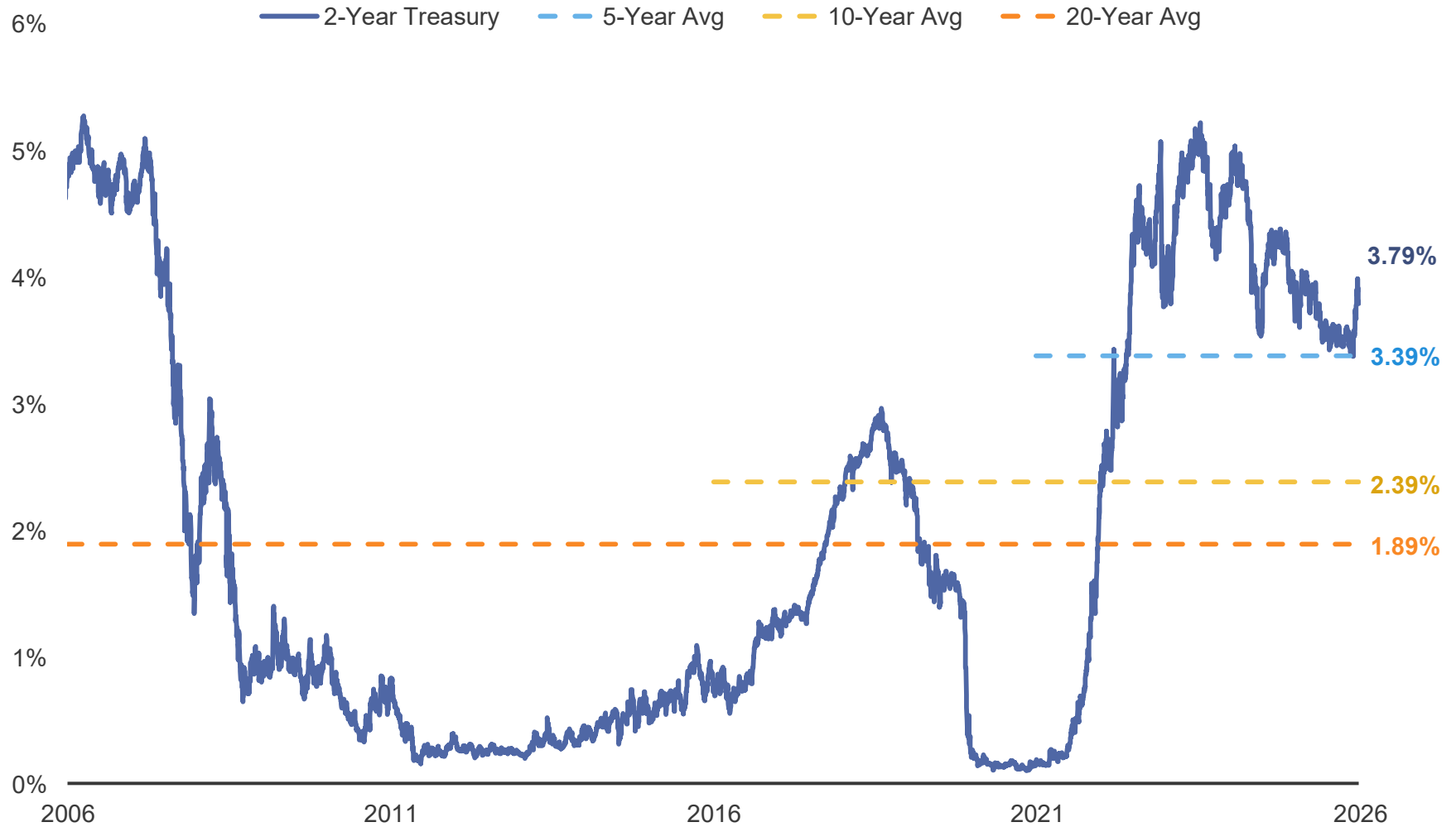
1-5 Year Indices



Source: ICE BofA Indices. ABS indices are 0-5 year, based on weighted average life. As of March 31, 2026.

Treasury Yields Remain Above Historical Averages

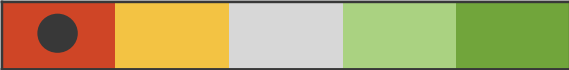
2-Year Treasury Yield



Source: Bloomberg Finance L.P., as of March 31, 2026.

Government Sector Strategy

AGENCY BULLETS



Reduce allocations

Summary:

- Spreads remain rich, especially in the 1–7 year area, trading near or through Treasuries
- Limited issuance outside of 12 months continues to keep spreads narrow

Outlook:

- Spreads expected to remain tight unless issuance increases
- Opportunistically sell for rebalancing or swaps into new issue across sectors
- Continue monitoring ongoing privatization efforts of Fannie Mae and Freddie Mac

CALLABLE AGENCIES



Reduce allocations

Summary:

- Front-end spreads have widened over the month on increased market volatility
- Activity remains elevated versus 1H25 as redemptions drive more issuance
- Valuations remain rich across the front end

Outlook:

- Evaluate callables cautiously with a preference for longer lockouts
- Spread widening has improved valuations but caution remains as most inventory is still at negative OAS

SUPRANATIONALS



Reduce allocations

Summary:

- Spreads remain near historic lows and continues to tighten as issuance slows
- Flat spread curve favors shorter maturities inside 2.5 years
- The sector offers on average 5 to 10 bps of value over Agencies

Outlook:

- New issue opportunities remain historically low and increased volatility could keep issuance muted
- Continue evaluating new issues
- Opportunistically sell for rebalancing or sector rotation

● Current outlook

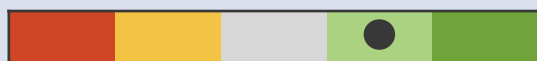


Statements and opinions were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (3/31/2026) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management cannot guarantee its accuracy, completeness, or suitability.

Corporate Sector Strategy

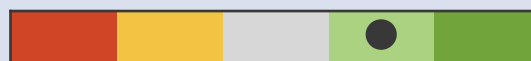
OVERALL		Short (<5 year) Corporates: Maintain flexibility to add / swap as opportunities arise
FINANCIALS		
INDUSTRIALS		

Fundamentals:



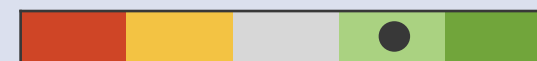
- Corporate balance sheets remain strong and default risk is low
- Some issuers or sectors such as industrials could find credit metrics under pressure on heightened spending and M&A activity
- Credit risks seem to be stabilizing, with upgrades continuing to outpace downgrade
- We view volatility in private credit as contained and not a systemic risk
- Corporate fundamentals will be impacted by direction of economy once Middle East conflict is settled

Technicals:



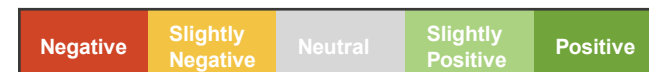
- Corporate supply remains exceptionally strong with full-year gross issuance projected at a record \$2 trillion; however, issuance is expected to slow in Q2
- Strong issuance has been met with extremely robust domestic demand
- Lower yields and higher supply are main risks
- Market positioning is shifting towards higher-quality issuance, with sentiment around spreads pointing towards broader spreads.

Valuations:



- Short-term credit spreads are at their widest levels since May '25 with new-issue concessions rising with secondary spreads
- Longer-duration credit remains extremely rich with spreads near decades-long tight
- Breakevens have widened modestly across the curve year-to-date, with the short end still offering value
- Corporate spread curve remains flat but expected to steepen on long end, improving relative value on the short end.
- All-in yields remain elevated

● **Current outlook**



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Securitized Sector Strategy

AGENCY MBS



Maintain target allocations

Summary:

- Spreads have widened on geopolitical pressure and increased volatility but remain historically narrow
- 2026 net supply is projected to increase modestly
- The sector is expected to underperform in the short term

Outlook:

- Maintain target underweight with a focus on specific structures

AGENCY CMBS



Reduce through attrition

Summary:

- Spreads have barely widened despite market volatility
- Fundamentals are weak but stabilizing with soft rent growth and moderately high vacancies
- Issuance is up notably year-to-date and dealer inventory remains near record highs

Outlook:

- New issue remains extremely robust
- Valuations remain extremely tight
- Sector expected to perform well if/when volatility increases

ASSET-BACKED



Reduce through attrition

Summary:

- Prime ABS fundamentals remain stable
- Credit metrics have normalized and structures remain resilient to recession scenarios

Outlook:

- Supply expected to be well digested, limiting new issue attractiveness
- Spread versus corporates is narrowing, reducing relative value
- Prime auto and credit card ABS may be more defensive in a widening environment
- Carry expected to be driver of excess returns
- Evolution of labor market and economy remain key risks

● Current outlook



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Fixed-Income Sector Outlook – 2Q 2026

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

● Current outlook

○ Outlook one quarter ago



Fixed-Income Sector Commentary – 1Q 2026

- ▶ The **Federal Open Market Committee (FOMC)** maintained the target range for the federal funds rate, noting continuing challenges to achieving its dual mandate of maximum employment and stable prices.
- ▶ **U.S. Treasury** yields rose across the curve with 2- to 5-year tenors experiencing the largest repricing. The short-end curve inversion ended given the move higher in yields.
- ▶ **Federal Agency & supranational** issuance remained limited, keeping spreads narrow and excess returns muted. The announcement of \$200 billion of mortgage purchases by FNMA and FHLMC is unlikely to materially affect issuance trends with buying funded by cash.
- ▶ **Investment-Grade (IG) corporate** bond yield spreads were stable in the first two months of the quarter. However, in response to geopolitical tensions, heightened issuance, and concerns over private debt capital in the last month of the quarter, spreads widened noticeably. Excess returns for the sector were generally negative, but strong carry is expected to provide support.
- ▶ Spreads on **Asset-Backed Securities** widened marginally, but spreads versus equivalent-duration corporate notes narrowed. Auto loan collateral marginally outperformed credit receivables.
- ▶ 30-year **Agency-backed mortgage-backed securities (MBS)** generated solid excess returns in Q1 and outperformed 15-year tenors. Surging bond volatility toward quarter end neared weighed on excess returns. **Agency-backed commercial MBS (CMBS)** also produced positive excess returns for the quarter.
- ▶ **Short-term credit** (commercial paper and negotiable bank CDs) experienced spread widening which created opportunities, particularly in 9- to 12-month tenors. Floating-rate notes also saw notable spread widening, ending the quarter 10 to 15 bps wider versus year end levels.

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Fixed-Income Sector Outlook – 2Q 2026

- ▶ While future Fed policy remains uncertain amid the ongoing conflict, we view the meaningful rise in **U.S. Treasury** yields as an opportunity. As a result, for shorter duration strategies, we prefer a modestly longer duration stance. For longer duration strategies, we believe the risk profile is less favorable relative to shorter strategies but will maintain a curve steepening bias by modestly underweighting the long end of the curve.
- ▶ **Federal Agency & Supranational** spreads are likely to remain at tight levels. Government-only accounts may find occasional value on an issue-by-issue basis.
- ▶ **Taxable Municipals** continue to present limited opportunity due to an ongoing lack of supply and strong demand which is keeping yields low. We do not expect this dynamic to change in the near term.
- ▶ **Investment-Grade (IG) Corporate** bond fundamentals remain stable with technicals supportive of the sector. All-in yields remain attractive and wider spreads have improved value. We expect an increase in buying opportunities across both new-issue and secondary markets.
- ▶ **Asset-Backed Securities** fundamentals remain within expectations and credit enhancements remain robust. We expect supply to increase as credit card issuers re-enter the market, with demand remaining strong and new issues well-digested. We expect solid consumer fundamentals and structural credit enhancements to insulate the sector from meaningful downturns. We expect carry to be the driver of excess returns.
- ▶ **Mortgage-Backed Securities** are expected to remain rich despite increased market volatility modestly aiding valuations. With spreads remaining historically tight, opportunities are limited, and we will look to other sectors for better value.
- ▶ **Short-term credit** (commercial paper and negotiable bank CDs) spreads have widened notably in Q1. We favor maturities beyond 9 months given the positively sloped curve, wider spreads, and added protection against potential Fed rate cuts late this year.

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Factors to Consider for 6-12 Months

Monetary Policy (Global):



- The Fed held rates steady in Q1 amid persistent inflation pressures and limited net job creation.
- Policymakers acknowledged the path forward is complicated, with geopolitical uncertainty adding additional strain to the Fed’s dual mandate.
- The “dot plot” projects 25 bps of rate cuts in both 2026 and 2027; however, this is predicated on inflation progress.
- Global central banks remained on pause in Q1 but energy inflation pressures may necessitate hikes.

Economic Growth (Global):



- Stable consumer and business spending support growth, offsetting the weakness seen from the U.S. government shutdown in Q4 GDP.
- Fiscal support and AI investment should aid growth; however, a prolonged conflict in Iran may weigh on consumer discretionary spending.
- Risks to global growth prospects have increased amid the escalating conflict due to higher energy prices, supply-chain disruptions, and increased uncertainty.

Inflation (U.S.):



- The inflation outlook depends on the duration of the Middle East conflict and the degree to which higher energy and commodity costs raise core goods and services prices.
- Inflation remains sticky with limited progress on core services and continuing pressure from tariffs passthroughs.
- Near-term inflation expectations have increased due to the higher energy prices while long-run expectations remain anchored.

Financial Conditions (U.S.):



- Corporate fundamentals and underlying demand remain strong. Spread widening has improved valuations, though the sector is still rich from a historic perspective.
- The conflict in the Middle East has tightened financial conditions. The duration of the conflict and its impact on the economy will be a key driver of corporate fundamentals.
- Geopolitical conflict, higher oil prices, and the evolution of the economy are key risks. At this time we view volatility in private credit as contained and not a systemic risk.

Consumer Spending (U.S.):



- Modest job growth and inflationary pressures continue to weigh on consumer sentiment. Higher energy and food prices will likely drive consumer sentiment lower.
- Wage growth continues to exceed inflation, but this gap has narrowed. Energy shocks may compress real incomes and reduce discretionary spending.
- Lower-income cohorts remained more exposed to higher energy prices as a larger share of household budgets are allocated to essentials.
- Higher-income cohorts benefit from strong equity markets and home price appreciation in recent years.

Labor Markets (U.S.):



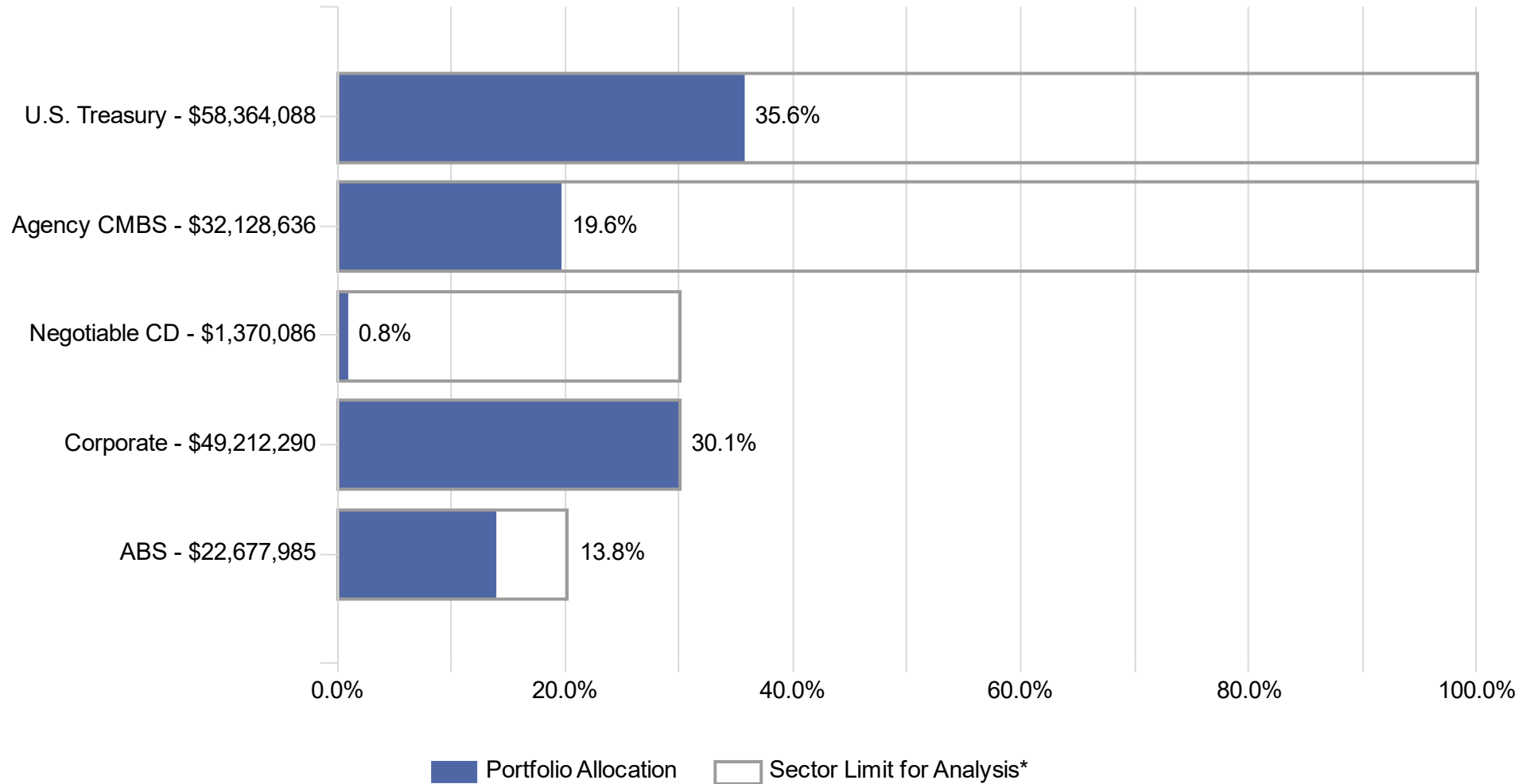
- Labor market conditions continued to cool with net new job creation close to zero.
- The unemployment rate remained unchanged as lower job creation was offset by a reduction in the pace of labor force growth.
- The Fed has framed the combination of limited job growth and a stable unemployment rate as an uncomfortable balance.
- Initial jobless claims and layoff rates remain low, consistent with a continued “low-hire/low-fire” environment.

● 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 Finance L.P. and FactSet. The views expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (3/31/2026) 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

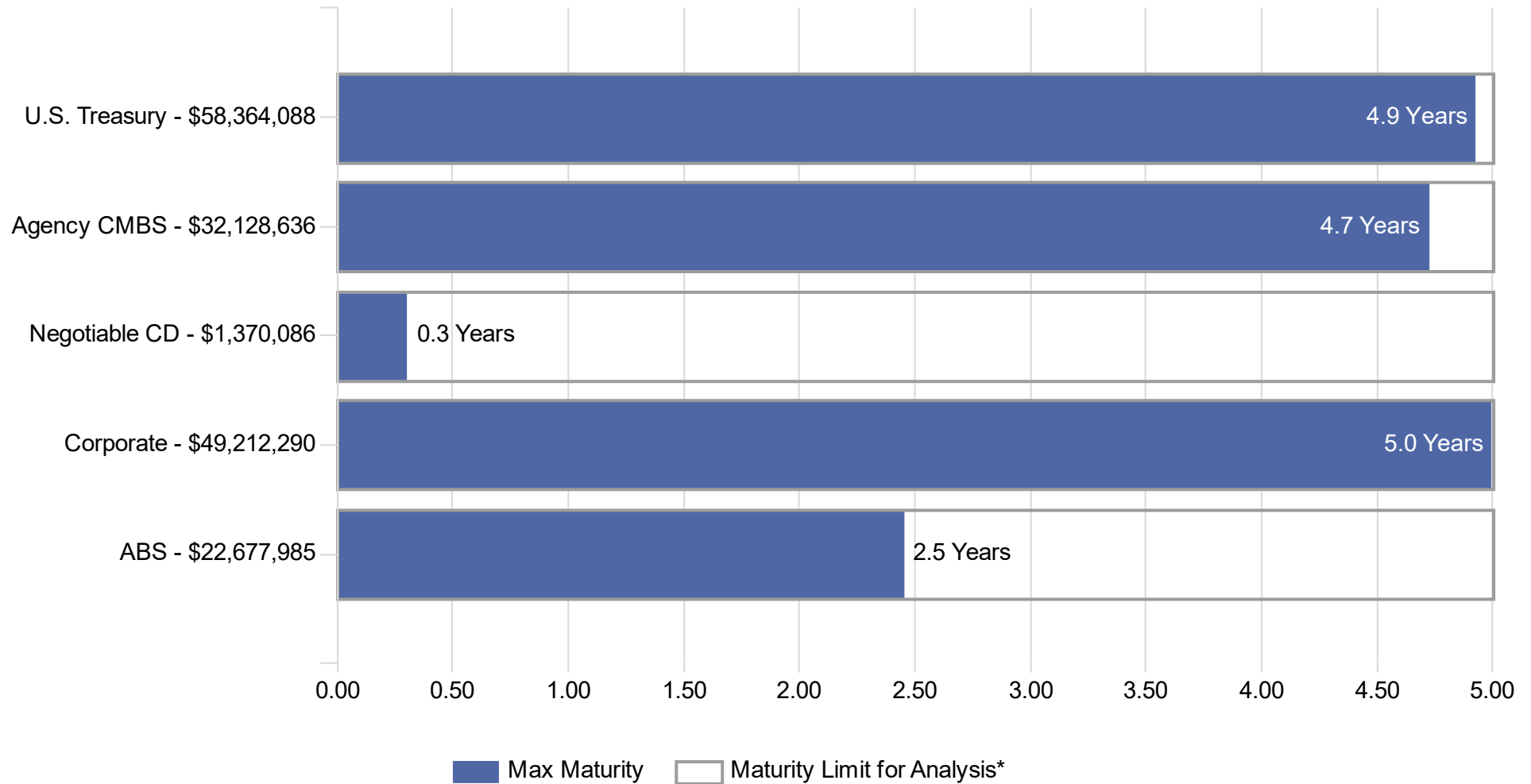
Sector Allocation Analytics



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, 2026, 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").

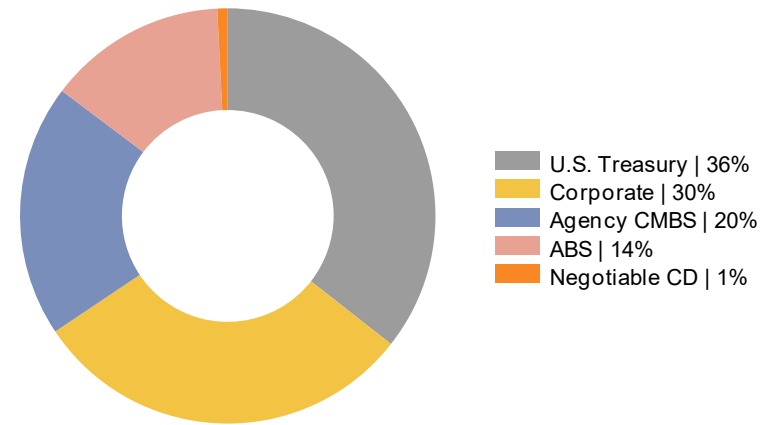
Portfolio Review:
ZONE 7 WATER AGENCY

Portfolio Snapshot - ZONE 7 WATER AGENCY¹

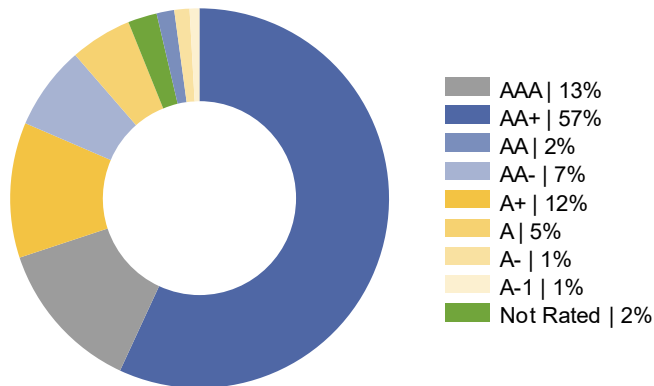
Portfolio Statistics

Total Market Value	\$168,965,000.96
<i>Securities Sub-Total</i>	\$162,691,084.76
<i>Accrued Interest</i>	\$1,061,999.29
<i>Cash</i>	\$5,211,916.91
Portfolio Effective Duration	2.55 years
Benchmark Effective Duration	2.47 years
Yield At Cost	4.19%
Yield At Market	4.06%
Portfolio Credit Quality	AA

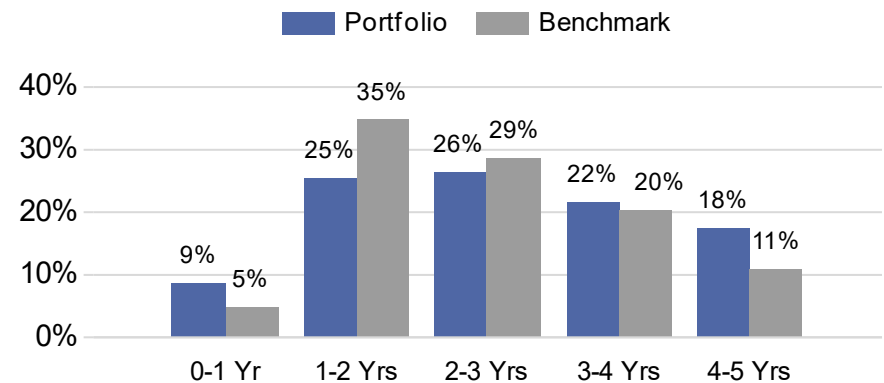
Sector Allocation



Credit Quality - S&P



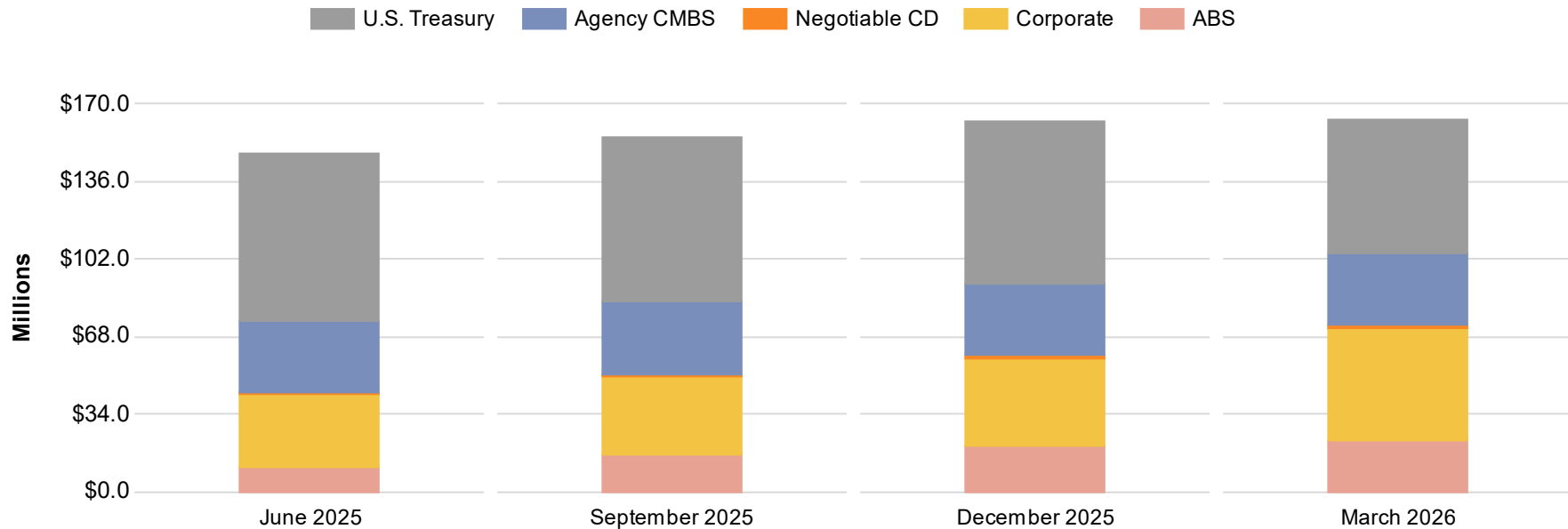
Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE 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

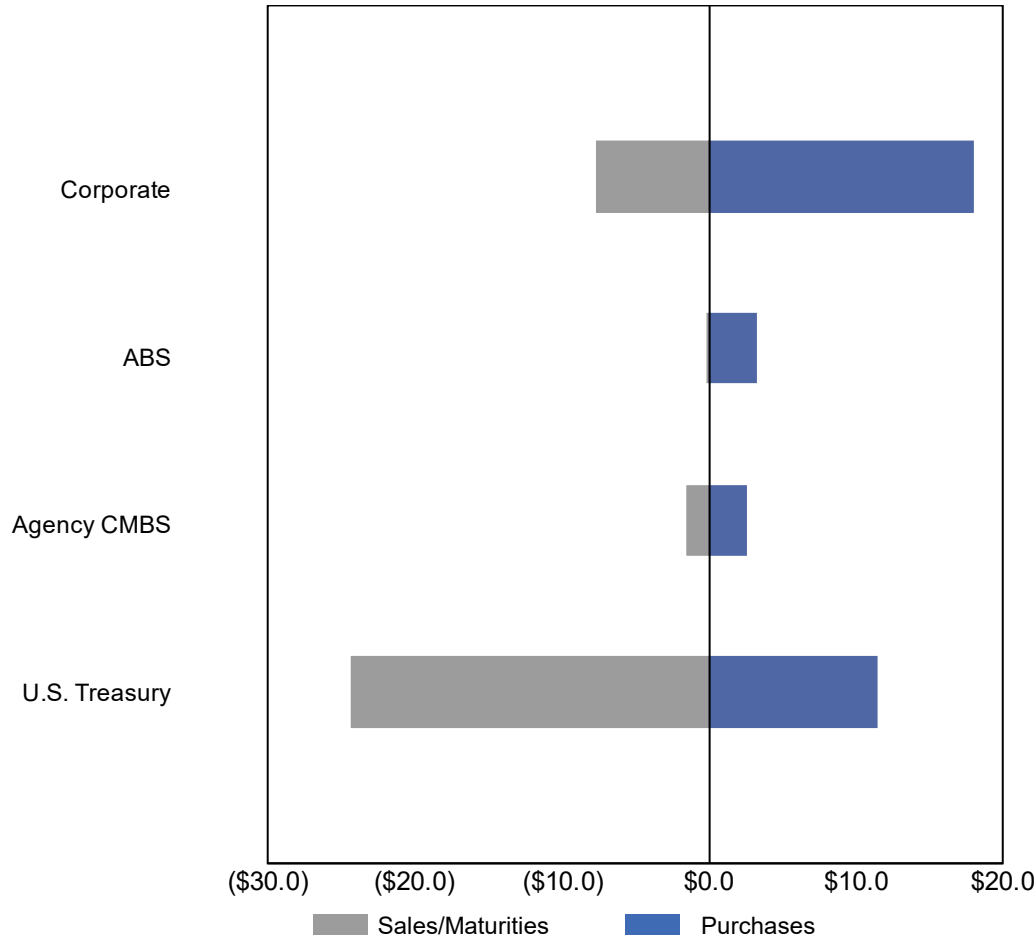
Security Type	Jun-25	% of Total	Sep-25	% of Total	Dec-25	% of Total	Mar-26	% of Total
U.S. Treasury	\$74.0	50.0%	\$71.9	46.4%	\$71.2	43.9%	\$57.9	35.6%
Agency CMBS	\$30.6	20.6%	\$31.4	20.3%	\$31.3	19.3%	\$32.0	19.7%
Negotiable CD	\$1.4	0.9%	\$1.4	0.9%	\$1.4	0.8%	\$1.4	0.8%
Corporate	\$32.1	21.6%	\$34.0	21.9%	\$38.8	23.9%	\$48.8	30.0%
ABS	\$10.3	6.9%	\$16.2	10.5%	\$19.7	12.1%	\$22.6	13.9%
Total	\$148.4	100.0%	\$154.9	100.0%	\$162.4	100.0%	\$162.7	100.0%



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

Portfolio Activity - ZONE 7 WATER AGENCY

Net Activity by Sector
(\$ millions)

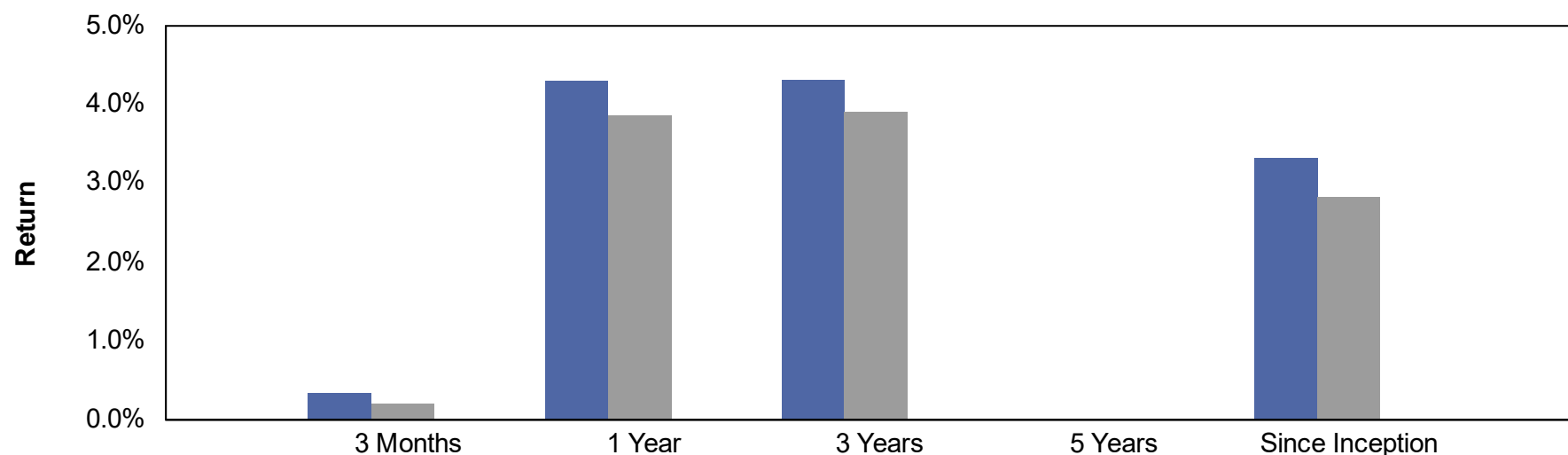


Sector	Net Activity
Corporate	\$10,325,543
ABS	\$3,065,880
Agency CMBS	\$928,636
U.S. Treasury	(\$13,045,976)
Total Net Activity	\$1,274,083

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

■ Portfolio ■ Benchmark



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$1,631,186	\$6,010,391	\$13,656,394	-	\$15,471,395
Change in Market Value	(\$1,078,865)	\$695,241	\$5,256,284	-	\$4,055,919
Total Dollar Return	\$552,321	\$6,705,632	\$18,912,678	-	\$19,527,314
Total Return³					
Portfolio	0.33%	4.30%	4.33%	-	3.34%
Benchmark ⁴	0.20%	3.86%	3.92%	-	2.83%

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.

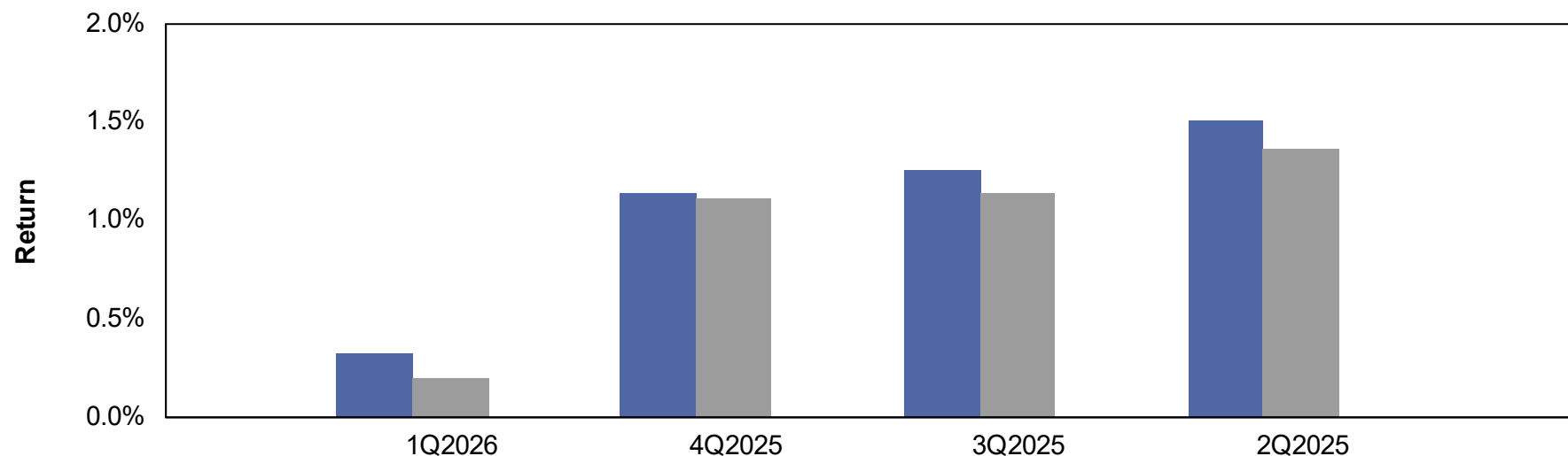
2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

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

Portfolio Benchmark



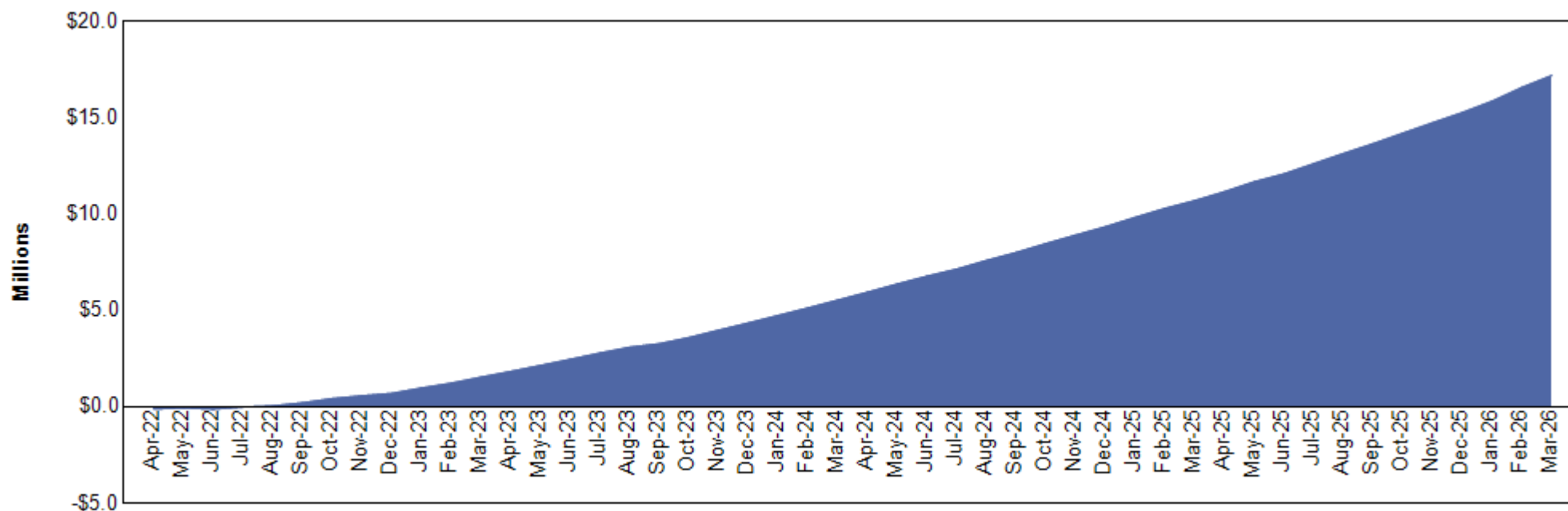
Market Value Basis Earnings	1Q2026	4Q2025	3Q2025	2Q2025
Interest Earned ¹	\$1,631,186	\$1,584,773	\$1,436,884	\$1,357,548
Change in Market Value	(\$1,078,865)	\$296,052	\$519,004	\$959,050
Total Dollar Return	\$552,321	\$1,880,825	\$1,955,888	\$2,316,598
Total Return²				
Portfolio	0.33%	1.14%	1.25%	1.52%
Benchmark ³	0.20%	1.12%	1.14%	1.36%

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



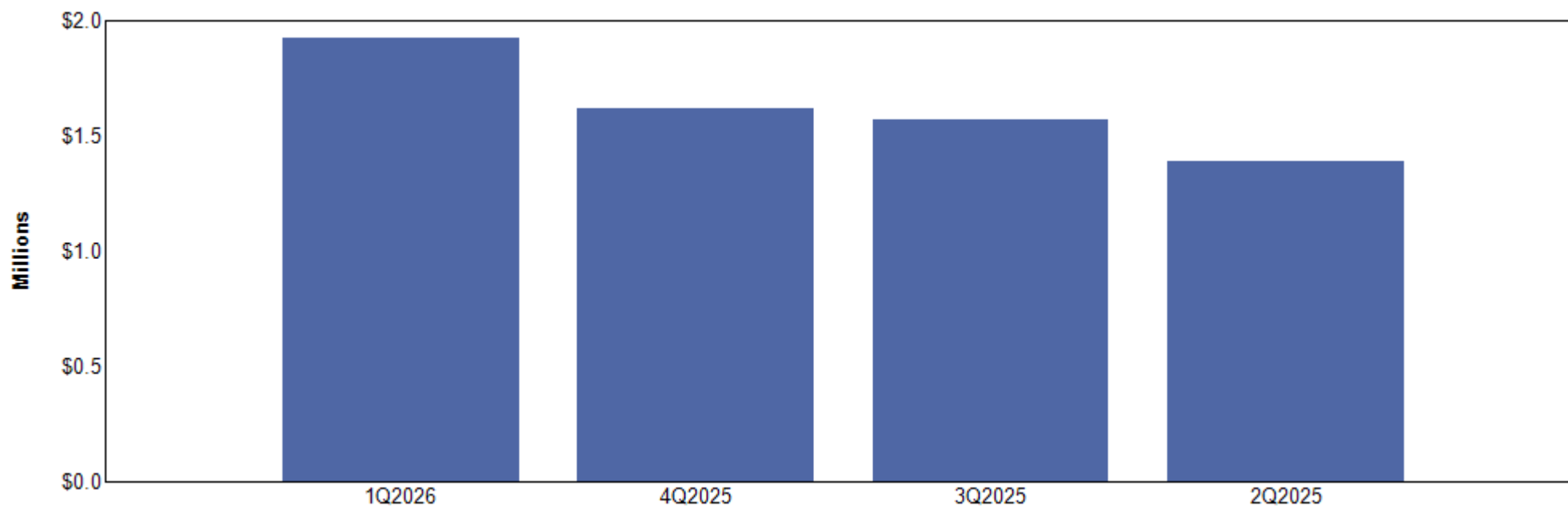
Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception ¹
Interest Earned ²	\$1,631,186	\$6,010,391	\$13,656,394	-	\$15,471,395
Realized Gains / (Losses) ³	\$165,648	(\$75,541)	(\$798,329)	-	(\$1,796,016)
Change in Amortized Cost	\$124,281	\$560,481	\$2,795,534	-	\$3,508,644
Total Earnings	\$1,921,115	\$6,495,331	\$15,653,599	-	\$17,184,023

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	1Q2026	4Q2025	3Q2025	2Q2025
Interest Earned ¹	\$1,631,186	\$1,584,773	\$1,436,884	\$1,357,548
Realized Gains / (Losses) ²	\$165,648	(\$78,566)	(\$25,376)	(\$137,248)
Change in Amortized Cost	\$124,281	\$110,366	\$155,731	\$170,104
Total Earnings	\$1,921,115	\$1,616,573	\$1,567,239	\$1,390,404

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

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

Portfolio Holdings and Transactions

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	35.6%	
United States Treasury	35.6%	AA / Aa / AA
Agency CMBS	19.6%	
Federal Home Loan Mortgage Corp	18.8%	AA / Aa / AA
Federal National Mortgage Association	0.8%	AA / Aa / AA
Negotiable CD	0.8%	
Cooperatieve Rabobank UA	0.8%	A / Aa / AA
Corporate	30.1%	
Adobe Inc	0.9%	A / A / NR
Alphabet Inc	1.4%	AA / Aa / NR
Amazon.com Inc	1.5%	AA / A / AA
Bank of America Corp	1.3%	A / A / AA
Bank of New York Mellon Corp	1.5%	AA / Aa / AA
BlackRock Inc	1.4%	AA / Aa / NR
Caterpillar Inc	0.8%	A / A / A
Cisco Systems Inc	1.5%	AA / A / NR
Citigroup Inc	1.3%	A / Aa / A
Deere & Co	0.6%	A / A / A
Depository Trust & Clearing Corp	0.2%	AA / Aa / NR
Eli Lilly & Co	0.7%	A / Aa / NR
Goldman Sachs Group Inc	0.7%	A / A / A
Home Depot Inc	0.8%	A / A / A
JPMorgan Chase & Co	1.2%	A / A / AA
Kenvue Inc	0.5%	A / A / NR
Mastercard Inc	0.6%	A / Aa / NR
Microsoft Corp	1.3%	AAA / Aaa / NR
Morgan Stanley	1.5%	A / Aa / AA

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	30.1%	
National Rural Utilities Cooperative Fi	0.3%	NR / A / A
Novartis AG	1.3%	AA / Aa / NR
PACCAR Inc	0.6%	A / A / NR
PepsiCo Inc	0.7%	A / A / NR
Salesforce Inc	0.8%	A / A / NR
State Street Corp	0.4%	A / Aa / AA
Target Corp	0.8%	A / A / A
Texas Instruments Inc	0.7%	A / Aa / NR
TotalEnergies SE	1.0%	A / Aa / NR
Toyota Motor Corp	0.9%	A / A / A
Visa Inc	1.5%	AA / Aa / NR
Wells Fargo & Co	1.2%	A / Aa / AA
ABS	13.8%	
Ally Auto Receivables Trust	0.2%	AAA / NR / AAA
American Express Co	1.2%	AAA / NR / AAA
BA Credit Card Trust	0.7%	AAA / Aaa / AAA
Capital One Financial Corp	0.8%	AAA / NR / AAA
Chase Auto Owner Trust	0.3%	NR / Aaa / AAA
Citigroup Inc	0.9%	AAA / Aaa / NR
Ford Credit Auto Owner Trust	0.8%	AAA / Aaa / AAA
GM Financial Consumer Automobile Receiv	0.2%	AAA / Aaa / AAA
Honda Auto Receivables Owner Trust	1.9%	AAA / Aaa / AAA
Hyundai Auto Receivables Trust	2.0%	AAA / NR / AAA
JPMorgan Chase & Co	2.1%	AAA / NR / AAA
Toyota Auto Receivables Owner Trust	1.6%	AAA / Aaa / AAA
USAA Auto Owner Trust	0.2%	AAA / Aaa / NR

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, 2026

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	57,905,209	35.59 %
FEDERAL HOME LOAN MORTGAGE CORP	30,748,142	18.90 %
JPMORGAN CHASE & CO	5,447,285	3.35 %
CITIGROUP INC	3,555,257	2.19 %
HYUNDAI AUTO RECEIVABLES TRUST	3,344,717	2.06 %
HONDA AUTO RECEIVABLES OWNER TRUST	3,037,759	1.87 %
TOYOTA AUTO RECEIVABLES OWNER TRUST	2,627,790	1.62 %
VISA INC	2,497,528	1.54 %
MORGAN STANLEY	2,454,215	1.51 %
AMAZON.COM INC	2,446,833	1.50 %
CISCO SYSTEMS INC	2,443,951	1.50 %
BANK OF NEW YORK MELLON CORP	2,366,716	1.45 %
ALPHABET INC	2,236,664	1.37 %
BLACKROCK INC	2,216,217	1.36 %
BANK OF AMERICA CORP	2,142,466	1.32 %
NOVARTIS AG	2,111,218	1.30 %
MICROSOFT CORP	2,063,878	1.27 %
WELLS FARGO & CO	1,951,520	1.20 %
AMERICAN EXPRESS CO	1,929,941	1.19 %
TOTALENERGIES SE	1,654,593	1.02 %
ADOBE INC	1,491,471	0.92 %
VERIZON MASTER TRUST	1,442,870	0.89 %
TOYOTA MOTOR CORP	1,413,014	0.87 %
HOME DEPOT INC	1,366,159	0.84 %

Issuer	Market Value (\$)	% of Portfolio
COOPERATIEVE RABOBANK UA	1,355,989	0.83 %
TARGET CORP	1,353,426	0.83 %
CAPITAL ONE FINANCIAL CORP	1,332,250	0.82 %
SALESFORCE INC	1,302,692	0.80 %
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1,259,039	0.77 %
FORD CREDIT AUTO OWNER TRUST	1,255,942	0.77 %
CATERPILLAR INC	1,250,299	0.77 %
TEXAS INSTRUMENTS INC	1,173,860	0.72 %
BA CREDIT CARD TRUST	1,170,630	0.72 %
GOLDMAN SACHS GROUP INC	1,151,424	0.71 %
ELI LILLY & CO	1,101,042	0.68 %
PEPSICO INC	1,061,207	0.65 %
DEERE & CO	1,014,282	0.62 %
PACCAR INC	991,727	0.61 %
MASTERCARD INC	963,803	0.59 %
KENVUE INC	862,972	0.53 %
STATE STREET CORP	688,844	0.42 %
NATIONAL RURAL UTILITIES COOPERATIVE FI	563,152	0.35 %
CHASE AUTO OWNER TRUST	527,091	0.32 %
DEPOSITORY TRUST & CLEARING CORP	395,810	0.24 %
USAA AUTO OWNER TRUST	364,190	0.22 %
GM FINANCIAL CONSUMER AUTOMOBILE RECEIV	331,347	0.20 %
ALLY AUTO RECEIVABLES TRUST	324,654	0.20 %
Grand Total	162,691,085	100.00 %

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury											
US TREASURY N/B DTD 04/30/2020 0.500% 04/30/2027	912828ZN3	1,150,000.00	AA+	Aa1	8/3/2022	8/5/2022	1,027,812.50	2.92	2,414.36	1,122,156.23	1,110,458.40
US TREASURY N/B DTD 05/15/2017 2.375% 05/15/2027	912828X88	6,220,000.00	AA+	Aa1	6/10/2022	6/13/2022	5,966,826.56	3.28	55,906.98	6,162,377.33	6,122,327.34
US TREASURY N/B DTD 06/30/2020 0.500% 06/30/2027	912828ZV5	2,750,000.00	AA+	Aa1	8/9/2022	8/10/2022	2,440,410.16	2.99	3,456.49	2,671,084.94	2,639,785.50
US TREASURY N/B DTD 08/15/2017 2.250% 08/15/2027	9128282R0	2,570,000.00	AA+	Aa1	9/1/2022	9/6/2022	2,436,580.86	3.40	7,188.19	2,532,947.35	2,515,788.42
US TREASURY N/B DTD 10/31/2022 4.125% 10/31/2027	91282CFU0	735,000.00	AA+	Aa1	12/13/2022	12/14/2022	751,135.55	3.63	12,730.52	740,233.64	738,043.64
US TREASURY N/B DTD 11/17/1997 6.125% 11/15/2027	912810FB9	830,000.00	AA+	Aa1	1/26/2023	1/30/2023	920,813.67	3.62	19,239.61	860,772.86	860,184.61
US TREASURY N/B DTD 02/18/2025 4.250% 02/15/2028	91282CMN8	100,000.00	AA+	Aa1	9/3/2025	9/4/2025	101,539.06	3.59	528.31	101,192.03	100,765.60
US TREASURY N/B DTD 04/15/2025 3.750% 04/15/2028	91282CMW8	3,520,000.00	AA+	Aa1	10/15/2025	10/16/2025	3,541,862.50	3.49	60,923.08	3,537,986.27	3,515,188.16
US TREASURY N/B DTD 05/15/2025 3.750% 05/15/2028	91282CND9	1,755,000.00	AA+	Aa1	1/21/2026	1/22/2026	1,760,278.71	3.61	24,906.94	1,759,862.79	1,752,600.92
US TREASURY N/B DTD 07/01/2024 4.250% 06/30/2029	91282CKX8	860,000.00	AA+	Aa1	7/2/2024	7/3/2024	855,128.91	4.38	9,187.98	856,714.21	870,413.74
US TREASURY N/B DTD 07/31/2024 4.000% 07/31/2029	91282CLC3	230,000.00	AA+	Aa1	8/1/2024	8/2/2024	231,608.20	3.84	1,524.86	231,107.51	231,024.19
US TREASURY N/B DTD 09/03/2024 3.625% 08/31/2029	91282CLK5	3,420,000.00	AA+	Aa1	9/4/2024	9/5/2024	3,427,080.47	3.58	10,780.43	3,424,989.68	3,393,816.48
US TREASURY N/B DTD 10/31/2024 4.125% 10/31/2029	91282CLR0	445,000.00	AA+	Aa1	10/30/2024	10/31/2024	444,634.96	4.14	7,707.60	444,731.66	448,650.34
US TREASURY N/B DTD 12/02/2024 4.125% 11/30/2029	91282CMA6	7,280,000.00	AA+	Aa1	12/5/2024	12/6/2024	7,293,081.25	4.08	100,650.00	7,289,889.84	7,340,285.68
US TREASURY N/B DTD 01/31/2025 4.250% 01/31/2030	91282CMG3	1,585,000.00	AA+	Aa1	2/4/2025	2/5/2025	1,579,118.16	4.33	11,165.06	1,580,371.90	1,605,059.76

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
U.S. Treasury											
US TREASURY N/B DTD 02/28/2023 4.000% 02/28/2030	91282CGQ8	5,065,000.00	AA+	Aa1	3/4/2025	3/5/2025	5,075,288.28	3.95	17,617.39	5,073,241.58	5,084,191.29
US TREASURY N/B DTD 03/31/2025 4.000% 03/31/2030	91282CMU2	2,030,000.00	AA+	Aa1	4/11/2025	4/14/2025	2,014,299.22	4.17	221.86	2,017,104.27	2,037,295.82
US TREASURY N/B DTD 03/31/2025 4.000% 03/31/2030	91282CMU2	40,000.00	AA+	Aa1	4/1/2025	4/2/2025	40,200.00	3.89	4.37	40,163.21	40,143.76
US TREASURY N/B DTD 04/30/2025 3.875% 04/30/2030	91282CMZ1	1,035,000.00	AA+	Aa1	3/19/2026	3/20/2026	1,035,485.16	3.86	16,840.19	1,035,484.00	1,033,867.71
US TREASURY N/B DTD 09/02/2025 3.625% 08/31/2030	91282CNX5	4,065,000.00	AA+	Aa1	9/2/2025	9/3/2025	4,043,404.69	3.74	12,813.59	4,045,721.88	4,015,138.71
US TREASURY N/B DTD 09/30/2025 3.625% 09/30/2030	91282CPA3	200,000.00	AA+	Aa1	10/30/2025	10/31/2025	199,140.63	3.72	19.81	199,208.35	197,507.80
US TREASURY N/B DTD 09/30/2025 3.625% 09/30/2030	91282CPA3	3,200,000.00	AA+	Aa1	10/1/2025	10/2/2025	3,191,000.00	3.69	316.94	3,191,833.72	3,160,124.80
US TREASURY N/B DTD 12/01/2025 3.500% 11/30/2030	91282CPN5	4,680,000.00	AA+	Aa1	12/3/2025	12/5/2025	4,653,309.37	3.63	54,900.00	4,654,906.10	4,593,897.36
US TREASURY N/B DTD 12/31/2025 3.625% 12/31/2030	91282CPR6	415,000.00	AA+	Aa1	12/31/2025	12/31/2025	413,508.59	3.70	3,781.72	413,579.30	409,358.49
US TREASURY N/B DTD 02/02/2026 3.750% 01/31/2031	91282CPW5	2,225,000.00	AA+	Aa1	2/4/2026	2/5/2026	2,217,177.74	3.83	13,829.42	2,217,398.43	2,206,051.90
US TREASURY N/B DTD 02/02/2026 3.750% 01/31/2031	91282CPW5	1,395,000.00	AA+	Aa1	2/5/2026	2/10/2026	1,394,945.51	3.75	8,670.58	1,394,951.08	1,383,120.18
US TREASURY N/B DTD 03/02/2026 3.500% 02/28/2031	91282CQD6	510,000.00	AA+	Aa1	3/2/2026	3/3/2026	507,469.92	3.61	1,552.17	507,508.90	500,118.75
Security Type Sub-Total		58,310,000.00					57,563,140.63	3.69	458,878.45	58,107,519.06	57,905,209.35
Negotiable CD											
COOPERAT RABOBANK UA/NY DTD 07/20/2023 5.080% 07/17/2026	21684LGS5	1,350,000.00	A-1	P-1	7/17/2023	7/20/2023	1,350,000.00	5.08	14,097.00	1,350,000.00	1,355,988.60
Security Type Sub-Total		1,350,000.00					1,350,000.00	5.08	14,097.00	1,350,000.00	1,355,988.60

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
Corporate											
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	1,944,684.74	1,951,519.64
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	1,373,707.13	1,353,426.25
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	2,062,847.95	2,063,878.00
GOLDMAN SACHS BANK USA (CALLABLE) DTD 05/21/2024 5.414% 05/21/2027	38151LAG5	1,150,000.00	A+	A1	5/21/2025	5/22/2025	1,157,233.50	5.08	22,483.14	1,151,019.36	1,151,423.70
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	1,365,272.53	1,366,158.72
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	975,128.24	988,938.58
KENVUE INC (CALLABLE) DTD 10/17/2023 5.050% 03/22/2028	49177JAF9	850,000.00	A	A2	6/27/2025	6/30/2025	870,068.50	4.12	1,073.13	864,579.97	862,971.85
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	465,231.58
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	890,706.93	900,121.97
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	346,549.31	351,685.76
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	454,690.03	463,817.45
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	196,212.55	198,778.91
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	972,820.67	991,727.10
NATIONAL RURAL UTIL COOP (CALLABLE) DTD 08/25/2025 4.150% 08/25/2028	63743HFZ0	565,000.00	NR	A2	8/19/2025	8/25/2025	564,367.20	4.19	2,344.75	564,487.94	563,152.45
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	2,050,826.17

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
ALPHABET INC (CALLABLE) DTD 11/06/2025 3.875% 11/15/2028	02079KAV9	195,000.00	AA+	Aa2	11/3/2025	11/6/2025	194,832.30	3.91	3,043.49	194,853.66	194,368.01
ALPHABET INC (CALLABLE) DTD 02/13/2026 3.700% 02/15/2029	02079KBJ5	1,385,000.00	AA+	Aa2	2/10/2026	2/13/2026	1,383,587.30	3.74	6,832.67	1,383,650.63	1,373,097.31
ALPHABET INC (CALLABLE) DTD 02/13/2026 3.700% 02/15/2029	02079KBJ5	230,000.00	AA+	Aa2	2/10/2026	2/13/2026	229,753.90	3.74	1,134.67	229,764.75	228,023.38
ALPHABET INC (CALLABLE) DTD 02/13/2026 3.700% 02/15/2029	02079KBJ5	230,000.00	AA+	Aa2	2/10/2026	2/13/2026	229,772.30	3.74	1,134.67	229,782.12	228,023.38
ALPHABET INC (CALLABLE) DTD 02/13/2026 3.700% 02/15/2029	02079KBJ5	215,000.00	AA+	Aa2	2/9/2026	2/13/2026	214,219.55	3.83	1,060.67	214,252.62	213,152.29
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	688,844.22
CATERPILLAR FINL SERVICE DTD 02/24/2026 3.750% 02/23/2029	14913UBJ8	1,100,000.00	A	A1	2/18/2026	2/24/2026	1,098,548.00	3.80	4,239.58	1,098,595.79	1,086,844.00
CISCO SYSTEMS INC (CALLABLE) DTD 02/26/2024 4.850% 02/26/2029	17275RBR2	2,400,000.00	AA-	A1	11/7/2025	11/10/2025	2,463,600.00	3.98	11,316.67	2,456,274.59	2,443,951.20
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	124,860.34	126,943.00
SALESFORCE INC (CALLABLE) DTD 03/13/2026 4.650% 03/15/2029	79466LAR5	1,300,000.00	A+	A2	3/11/2026	3/13/2026	1,299,714.00	4.66	3,022.50	1,299,719.52	1,302,692.30
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	544,488.45	553,881.32
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	444,531.83	452,251.72
BANK OF NEW YORK MELLON (CALLABLE) DTD 04/22/2025 4.729% 04/20/2029	06405LAH4	2,350,000.00	AA-	Aa2	5/6/2025	5/7/2025	2,373,688.00	4.45	49,700.48	2,366,784.16	2,366,715.55
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	945,632.53	963,803.00
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	719,239.30	726,919.92
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	855,870.24	855,809.69

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
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	244,626.90	245,232.02
ADOBE INC (CALLABLE) DTD 02/03/2020 2.300% 02/01/2030	00724PAD1	525,000.00	A+	A1	2/9/2026	2/10/2026	490,087.50	4.13	2,012.50	491,245.25	485,337.83
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	329,562.60	334,287.03
MORGAN STANLEY PVT BANK (CALLABLE) DTD 02/02/2026 4.213% 02/08/2030	61776NU43	1,100,000.00	A+	Aa3	2/4/2026	2/5/2026	1,100,385.00	4.20	7,595.10	1,100,368.83	1,088,861.40
BLACKROCK INC (CALLABLE) DTD 01/27/2020 2.400% 04/30/2030	09247XAQ4	2,250,000.00	AA-	Aa3	6/26/2025	6/27/2025	2,065,050.00	4.30	22,650.00	2,091,653.42	2,089,273.50
TEXAS INSTRUMENTS INC (CALLABLE) DTD 05/04/2020 1.750% 05/04/2030	882508BJ2	1,300,000.00	A+	Aa3	7/2/2025	7/3/2025	1,157,767.00	4.28	9,289.58	1,177,809.90	1,173,859.70
JPMORGAN CHASE & CO (CALLABLE) DTD 07/22/2024 4.995% 07/22/2030	46647PEJ1	1,990,000.00	A	A1	3/17/2026	3/18/2026	2,027,511.50	4.51	19,051.76	2,027,228.83	2,018,252.03
BANK OF AMERICA CORP (CALLABLE) DTD 10/22/2019 2.884% 10/22/2030	06051GHX0	2,265,000.00	A-	A1	3/11/2026	3/11/2026	2,155,872.30	4.04	28,850.82	2,157,066.51	2,142,465.77
NOVARTIS CAPITAL CORP (CALLABLE) DTD 11/05/2025 4.100% 11/05/2030	66989HAY4	2,135,000.00	AA-	Aa3	11/3/2025	11/5/2025	2,128,595.00	4.17	35,500.31	2,129,075.43	2,111,218.24
CATERPILLAR FINL SERVICE DTD 01/08/2026 4.150% 01/08/2031	14913UBH2	165,000.00	A	A1	1/5/2026	1/8/2026	164,940.60	4.16	1,578.73	164,943.44	163,454.78
TOYOTA MOTOR CREDIT CORP DTD 01/12/2026 4.200% 01/10/2031	89236TPH2	430,000.00	A+	A1	1/7/2026	1/12/2026	429,866.70	4.21	3,963.17	429,872.88	424,075.46
TOTALENERGI CAP USA LLC (CALLABLE) DTD 01/13/2026 4.248% 01/13/2031	89158TAA7	965,000.00	A+	Aa3	1/7/2026	1/13/2026	967,277.40	4.20	8,881.86	967,189.59	956,096.91
TOTALENERGI CAP USA LLC (CALLABLE) DTD 01/13/2026 4.248% 01/13/2031	89158TAA7	705,000.00	A+	Aa3	1/6/2026	1/13/2026	705,000.00	4.25	6,488.82	705,000.00	698,495.67
VISA INC (CALLABLE) DTD 02/12/2026 4.100% 02/12/2031	92826CAZ5	2,500,000.00	AA-	Aa3	3/2/2026	3/3/2026	2,524,150.00	3.88	13,951.39	2,523,798.80	2,497,527.50

ZONE 7 WATER AGENCY

Portfolio Holdings

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
AMAZON.COM INC (CALLABLE) DTD 03/13/2026 4.250% 03/13/2031	023135DD5	1,075,000.00	AA	A1	3/11/2026	3/13/2026	1,071,312.75	4.33	2,284.38	1,071,347.35	1,067,077.25
AMAZON.COM INC (CALLABLE) DTD 03/13/2026 4.250% 03/13/2031	023135DD5	1,390,000.00	AA	A1	3/10/2026	3/13/2026	1,387,776.00	4.29	2,953.75	1,387,801.79	1,379,755.70
DEPOSITORY TRUST COMPANY (CALLABLE) DTD 03/27/2026 4.550% 03/27/2031	249672AA4	395,000.00	AA+	Aa1	3/23/2026	3/27/2026	394,668.20	4.57	199.69	394,670.30	395,810.15
Security Type Sub-Total		49,170,000.00					48,617,441.70	4.38	412,230.68	48,784,269.70	48,800,059.36
Agency CMBS											
FHMS K061 A2 DTD 01/01/2017 3.347% 11/01/2026	3137BTUM1	910,452.79	AA+	Aa1	5/19/2023	5/24/2023	882,427.92	4.29	2,539.40	905,252.29	905,582.77
FHMS K064 A2 DTD 05/01/2017 3.224% 03/01/2027	3137BXQY1	1,320,000.00	AA+	Aa1	8/16/2023	8/18/2023	1,245,131.25	4.94	3,546.40	1,299,565.51	1,310,254.44
FHMS K066 A2 DTD 08/01/2017 3.117% 06/01/2027	3137F2LJ3	1,152,718.57	AA+	Aa1	8/17/2023	8/22/2023	1,077,971.97	4.97	2,994.19	1,128,721.83	1,141,088.79
FHMS K506 A1 DTD 09/01/2023 4.650% 05/01/2028	3137HAMG8	631,059.02	AA+	Aa1	9/7/2023	9/14/2023	621,621.54	5.01	2,445.35	626,444.91	636,574.47
FHMS KJ46 A1 DTD 07/01/2023 4.777% 06/01/2028	3137HAD45	1,056,095.31	AA+	Aa1	7/19/2023	7/27/2023	1,056,068.90	4.78	4,204.14	1,056,083.30	1,062,185.81
FHMS K505 A2 DTD 07/01/2023 4.819% 06/01/2028	3137HACX2	1,350,000.00	AA+	Aa1	7/13/2023	7/20/2023	1,363,483.80	4.59	5,421.38	1,356,107.59	1,365,075.45
FNA 2023-M6 A2 DTD 07/01/2023 4.190% 07/01/2028	3136BQDE6	1,260,197.14	AA+	Aa1	7/18/2023	7/31/2023	1,238,832.85	4.58	4,400.19	1,250,265.24	1,259,039.02
FHMS K506 A2 DTD 09/01/2023 4.650% 08/01/2028	3137HAMH6	1,300,000.00	AA+	Aa1	9/7/2023	9/14/2023	1,280,769.10	4.99	5,037.50	1,290,045.15	1,313,097.50
FHMS KJ47 A1 DTD 09/01/2023 5.272% 08/01/2028	3137HAMN3	359,228.45	AA+	Aa1	9/19/2023	9/28/2023	359,226.66	5.27	1,578.21	359,227.64	362,381.04
FHMS K508 A2 DTD 10/01/2023 4.740% 08/01/2028	3137HAQ74	1,325,000.00	AA+	Aa1	10/11/2023	10/19/2023	1,295,934.80	5.25	5,233.75	1,309,643.57	1,339,242.43
FHMS K507 A2 DTD 09/01/2023 4.800% 09/01/2028	3137HAMS2	1,300,000.00	AA+	Aa1	9/20/2023	9/28/2023	1,284,461.10	5.07	5,200.00	1,291,628.91	1,316,672.50

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
Agency CMBS											
FHMS K509 A2 DTD 10/01/2023 4.850% 09/01/2028	3137HAST4	1,015,000.00	AA+	Aa1	10/25/2023	10/31/2023	982,638.76	5.60	4,102.29	997,174.06	1,030,171.20
FHMS K511 A2 DTD 12/01/2023 4.860% 10/01/2028	3137HB3G7	750,000.00	AA+	Aa1	11/28/2023	12/7/2023	747,845.25	4.93	3,037.50	748,799.76	761,682.00
FHMS K510 A2 DTD 11/01/2023 5.069% 10/01/2028	3137HB3D4	515,000.00	AA+	Aa1	11/14/2023	11/21/2023	513,511.14	5.14	2,175.45	514,175.59	525,390.64
FHMS K512 A2 DTD 12/01/2023 5.000% 11/01/2028	3137HBCF9	626,526.26	AA+	Aa1	12/11/2023	12/21/2023	632,376.76	4.79	2,610.53	629,853.07	639,017.94
FHMS K513 A2 DTD 01/01/2024 4.724% 12/01/2028	3137HBFY5	770,000.00	AA+	Aa1	1/10/2024	1/18/2024	777,691.53	4.50	3,031.23	774,481.54	780,030.02
FHMS K514 A2 DTD 02/01/2024 4.572% 12/01/2028	3137HBLV4	780,000.00	AA+	Aa1	2/1/2024	2/8/2024	787,799.22	4.34	2,971.80	784,583.72	786,768.84
FHMS K515 A2 DTD 02/01/2024 5.400% 01/01/2029	3137HBPD0	1,350,000.00	AA+	Aa1	2/14/2024	2/22/2024	1,386,369.00	4.79	6,075.00	1,371,896.74	1,390,095.00
FHMS K517 A2 DTD 03/01/2024 5.355% 01/01/2029	3137HC2C5	1,210,000.00	AA+	Aa1	3/5/2024	3/14/2024	1,246,283.06	4.67	5,399.63	1,232,063.61	1,245,809.95
FHMS K516 A2 DTD 03/01/2024 5.477% 01/01/2029	3137HBPM0	1,350,000.00	AA+	Aa1	2/29/2024	3/7/2024	1,390,495.95	4.79	6,161.63	1,374,566.57	1,391,532.75
FHMS K518 A2 DTD 03/01/2024 5.400% 01/01/2029	3137HC2L5	975,000.00	AA+	Aa1	3/19/2024	3/28/2024	998,541.38	4.83	4,387.50	989,662.78	1,005,832.43
FHMS K520 A2 DTD 04/01/2024 5.180% 03/01/2029	3137HCKV3	765,000.00	AA+	Aa1	4/23/2024	4/30/2024	768,105.14	5.09	3,302.25	767,016.01	784,233.63
FHMS K524 A2 DTD 07/01/2024 4.720% 05/01/2029	3137HDV56	1,145,000.00	AA+	Aa1	7/16/2024	7/25/2024	1,152,031.44	4.58	4,503.67	1,149,841.81	1,163,364.66
FHMS K526 A2 DTD 08/01/2024 4.543% 07/01/2029	3137HDXL9	1,300,000.00	AA+	Aa1	8/7/2024	8/15/2024	1,312,160.20	4.33	4,921.58	1,308,455.13	1,313,079.30
FHMS K528 A2 DTD 09/01/2024 4.508% 07/01/2029	3137HFNZ4	510,000.00	AA+	Aa1	9/4/2024	9/12/2024	520,189.80	4.06	1,915.90	517,167.88	514,607.85
FHMS K530 A2 DTD 11/01/2024 4.792% 09/01/2029	3137HHJL6	1,465,000.00	AA+	Aa1	11/19/2024	11/27/2024	1,472,628.26	4.67	5,850.23	1,470,770.22	1,491,106.30
FHMS K529 A2 DTD 10/01/2024 4.791% 09/01/2029	3137HH6C0	855,000.00	AA+	Aa1	10/8/2024	10/16/2024	872,088.89	4.34	3,413.59	867,438.76	870,148.89
FHMS K533 A2 DTD 01/01/2025 4.230% 12/01/2029	3137HHW23	880,000.00	AA+	Aa1	1/7/2025	1/16/2025	857,259.92	4.82	3,102.00	862,313.16	880,273.68

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
Agency CMBS											
FHMS K546 A2 DTD 09/01/2025 4.361% 05/01/2030	3137HN4R6	975,000.00	AA+	Aa1	9/9/2025	9/18/2025	989,611.35	4.01	3,543.31	988,081.57	978,109.28
FHMS K553 A2 DTD 01/01/2026 4.070% 12/01/2030	3137HPU50	780,000.00	AA+	Aa1	1/7/2026	1/15/2026	780,975.78	4.04	2,645.50	780,939.08	772,650.06
FHMS K555 A2 DTD 02/01/2026 4.050% 01/01/2031	3137HQ4U2	1,690,000.00	AA+	Aa1	2/4/2026	2/12/2026	1,684,303.01	4.13	5,703.75	1,684,447.05	1,672,082.62
Security Type Sub-Total		31,671,277.53					31,578,835.73	4.71	121,454.85	31,686,714.05	32,007,181.26
ABS											
TAOT 2023-D A3 DTD 11/14/2023 5.540% 08/15/2028	89239FAD4	177,253.51	AAA	NR	11/7/2023	11/14/2023	177,234.40	5.54	436.44	177,243.68	178,904.09
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	1,044,848.48	1,050,669.13
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	1,069,975.39	1,076,196.37
HART 2023-C A3 DTD 11/13/2023 5.540% 10/16/2028	44918CAD4	242,714.87	AAA	NR	11/3/2023	11/13/2023	242,682.96	5.54	597.62	242,697.65	244,504.17
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	479,964.67	483,054.72
GMCAR 2024-1 A3 DTD 01/17/2024 4.850% 12/18/2028	36268GAD7	85,561.37	NR	Aaa	1/9/2024	1/17/2024	85,544.17	4.85	172.91	85,551.39	85,893.01
CHAIT 2024-A1 A DTD 01/31/2024 4.600% 01/15/2029	161571HV9	1,175,000.00	AAA	NR	1/24/2024	1/31/2024	1,174,821.05	4.60	2,402.22	1,174,895.63	1,180,323.93
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	1,069,975.99	1,077,073.77
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	1,795.20	934,892.79	937,186.03
TAOT 2025-B A3 DTD 04/30/2025 4.340% 11/15/2029	89231HAD8	575,000.00	AAA	NR	4/24/2025	4/30/2025	574,967.05	4.34	1,109.11	574,974.99	577,151.08
HART 2025-B A3 DTD 06/11/2025 4.360% 12/17/2029	44935XAD7	360,000.00	AAA	NR	6/3/2025	6/11/2025	359,967.49	4.36	697.60	359,972.91	361,358.28
USAOT 2025-A A3 DTD 10/09/2025 3.950% 12/17/2029	90327HAC3	365,000.00	AAA	Aaa	10/2/2025	10/9/2025	364,967.95	3.95	640.78	364,972.32	364,189.70

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
ABS											
HAROT 2025-3 A3 DTD 08/12/2025 4.040% 02/21/2030	43813QAD1	870,000.00	AAA	Aaa	8/5/2025	8/12/2025	869,981.82	4.04	976.33	869,984.37	867,550.95
ALLYA 2025-1 A3 DTD 10/16/2025 3.960% 03/15/2030	02008KAC7	325,000.00	AAA	NR	10/7/2025	10/16/2025	324,953.59	3.96	572.00	324,958.42	324,653.88
TAOT 2025-C A3 DTD 07/30/2025 4.110% 03/15/2030	89238VAD0	615,000.00	AAA	Aaa	7/22/2025	7/30/2025	614,935.18	4.11	1,123.40	614,943.96	615,637.14
FORDO 2025-B A3 DTD 09/26/2025 3.910% 04/15/2030	34532BAG6	585,000.00	NR	Aaa	9/23/2025	9/26/2025	584,936.88	3.91	1,016.60	584,945.44	583,104.02
HART 2025-C A3 DTD 09/17/2025 3.880% 04/15/2030	44935JAD8	770,000.00	AAA	NR	9/9/2025	9/17/2025	769,874.34	3.88	1,327.82	769,890.79	765,970.59
GMCAR 2025-2 A3 DTD 05/14/2025 4.280% 04/16/2030	362549AD9	245,000.00	AAA	Aaa	5/6/2025	5/14/2025	244,963.94	4.28	436.92	244,970.04	245,454.48
BACCT 2025-A1 A DTD 06/12/2025 4.310% 05/15/2030	05522RDK1	685,000.00	AAA	NR	6/5/2025	6/12/2025	684,997.40	4.31	1,312.16	685,000.00	687,574.92
HAROT 2025-4 A3 DTD 11/12/2025 3.980% 06/17/2030	43814XAD5	725,000.00	AAA	NR	11/5/2025	11/12/2025	724,859.64	3.98	1,282.44	724,870.91	721,243.05
TAOT 2025-D A3 DTD 10/23/2025 3.840% 06/17/2030	89231GAD0	860,000.00	AAA	NR	10/15/2025	10/23/2025	859,901.10	3.84	1,467.73	859,909.85	853,777.90
CCCIT 2025-A1 A DTD 06/26/2025 4.300% 06/21/2030	17305EHA6	1,500,000.00	AAA	Aaa	6/18/2025	6/26/2025	1,499,593.05	4.31	17,916.67	1,499,650.26	1,504,431.00
AMXCA 2025-4 A DTD 07/22/2025 4.300% 07/15/2030	02582JKV1	850,000.00	AAA	NR	7/15/2025	7/22/2025	849,877.52	4.30	1,624.44	849,893.65	853,745.10
CHAIT 2025-A1 A DTD 07/25/2025 4.160% 07/15/2030	161571HZ0	1,195,000.00	AAA	NR	7/18/2025	7/25/2025	1,194,975.98	4.16	2,209.42	1,194,981.25	1,198,040.08
COPAR 2025-1 A3 DTD 11/05/2025 3.850% 07/15/2030	14043YAD7	375,000.00	AAA	NR	10/28/2025	11/5/2025	374,920.58	3.85	641.67	374,927.47	373,082.25
COMET 2025-A1 A DTD 09/16/2025 3.820% 09/15/2030	14041NGF2	965,000.00	AAA	NR	9/9/2025	9/16/2025	964,817.04	3.82	1,638.36	964,838.15	959,167.54
TAOT 2026-A A3 DTD 01/21/2026 3.860% 09/16/2030	89240KAD0	405,000.00	AAA	Aaa	1/13/2026	1/21/2026	404,965.49	3.86	694.80	404,966.87	402,319.31
HART 2025-D A3 DTD 11/12/2025 3.990% 09/16/2030	44891XAD9	750,000.00	AAA	NR	11/5/2025	11/12/2025	749,936.55	3.99	1,330.00	749,941.89	748,149.75
HAROT 2026-1 A3 DTD 02/18/2026 3.780% 09/23/2030	43815CAD0	375,000.00	NR	Aaa	2/10/2026	2/18/2026	374,940.26	3.78	393.75	374,942.93	371,891.63

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
ABS											
FORDO 2026-A A3 DTD 03/24/2026 4.050% 10/15/2030	34532WAD7	675,000.00	AAA	Aaa	3/17/2026	3/24/2026	674,871.01	4.05	531.56	674,874.27	672,837.98
CHAOT 2025-2A A3 DTD 10/29/2025 3.860% 10/25/2030	16144MAD6	530,000.00	NR	Aaa	10/17/2025	10/29/2025	529,979.01	3.86	340.97	529,982.27	527,091.36
HART 2026-A A3 DTD 02/18/2026 3.790% 02/18/2031	448981AD2	290,000.00	AAA	NR	2/10/2026	2/18/2026	289,980.43	3.79	488.49	289,981.94	287,548.63
VZMT 2026-1 A1A DTD 03/13/2026 3.940% 02/20/2031	92348KFC2	1,450,000.00	NR	Aaa	3/5/2026	3/13/2026	1,449,798.16	3.94	2,856.50	1,449,800.53	1,442,870.35
Security Type Sub-Total		22,620,529.76					22,617,671.21	4.27	55,338.31	22,618,221.15	22,622,646.19
Managed Account Sub Total		163,121,807.29					161,727,089.27	4.19	1,061,999.29	162,546,723.96	162,691,084.76
Securities Sub Total		\$163,121,807.29					\$161,727,089.27	4.19%	\$1,061,999.29	\$162,546,723.96	\$162,691,084.76
Accrued Interest											\$1,061,999.29
Total Investments											\$163,753,084.05

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
BUY									
1/5/2026	1/8/2026	165,000.00	14913UBH2	CATERPILLAR FINL SERVICE	4.15%	1/8/2031	164,940.60	4.16%	
1/6/2026	1/13/2026	705,000.00	89158TAA7	TOTALENERGI CAP USA LLC (CALLABLE)	4.24%	1/13/2031	705,000.00	4.25%	
1/7/2026	1/12/2026	430,000.00	89236TPH2	TOYOTA MOTOR CREDIT CORP	4.20%	1/10/2031	429,866.70	4.21%	
1/7/2026	1/15/2026	780,000.00	3137HPU50	FHMS K553 A2	4.07%	12/1/2030	782,210.35	4.04%	
1/7/2026	1/13/2026	965,000.00	89158TAA7	TOTALENERGI CAP USA LLC (CALLABLE)	4.24%	1/13/2031	967,277.40	4.20%	
1/8/2026	1/9/2026	781,000.00	912797RJ8	TREASURY BILL	0.00%	1/15/2026	780,543.31	3.51%	
1/13/2026	1/21/2026	405,000.00	89240KAD0	TAOT 2026-A A3	3.86%	9/16/2030	404,965.49	3.86%	
1/21/2026	1/22/2026	2,305,000.00	91282CND9	US TREASURY N/B	3.75%	5/15/2028	2,328,169.89	3.61%	
2/4/2026	2/5/2026	1,100,000.00	61776NU43	MORGAN STANLEY PVT BANK (CALLABLE)	4.21%	2/8/2030	1,100,771.19	4.20%	
2/4/2026	2/5/2026	3,300,000.00	91282CPW5	US TREASURY N/B	3.75%	1/31/2031	3,290,107.69	3.83%	
2/4/2026	2/12/2026	1,690,000.00	3137HQ4U2	FHMS K555 A2	4.05%	1/1/2031	1,686,394.39	4.13%	
2/5/2026	2/10/2026	1,395,000.00	91282CPW5	US TREASURY N/B	3.75%	1/31/2031	1,396,390.61	3.75%	
2/9/2026	2/10/2026	525,000.00	00724PAD1	ADOBE INC (CALLABLE)	2.30%	2/1/2030	490,389.38	4.13%	
2/9/2026	2/13/2026	215,000.00	02079KBJ5	ALPHABET INC (CALLABLE)	3.70%	2/15/2029	214,219.55	3.83%	
2/10/2026	2/13/2026	1,385,000.00	02079KBJ5	ALPHABET INC (CALLABLE)	3.70%	2/15/2029	1,383,587.30	3.74%	
2/10/2026	2/13/2026	230,000.00	02079KBJ5	ALPHABET INC (CALLABLE)	3.70%	2/15/2029	229,772.30	3.74%	
2/10/2026	2/13/2026	230,000.00	02079KBJ5	ALPHABET INC (CALLABLE)	3.70%	2/15/2029	229,753.90	3.74%	

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
BUY									
2/10/2026	2/18/2026	290,000.00	448981AD2	HART 2026-A A3	3.79%	2/18/2031	289,980.43	3.79%	
2/10/2026	2/18/2026	375,000.00	43815CAD0	HAROT 2026-1 A3	3.78%	9/23/2030	374,940.26	3.78%	
2/18/2026	2/24/2026	1,100,000.00	14913UBJ8	CATERPILLAR FINL SERVICE	3.75%	2/23/2029	1,098,548.00	3.80%	
3/2/2026	3/3/2026	2,500,000.00	92826CAZ5	VISA INC (CALLABLE)	4.10%	2/12/2031	2,530,129.17	3.88%	
3/2/2026	3/3/2026	1,910,000.00	91282CQD6	US TREASURY N/B	3.50%	2/28/2031	1,901,069.58	3.61%	
3/5/2026	3/13/2026	1,450,000.00	92348KFC2	VZMT 2026-1 A1A	3.94%	2/20/2031	1,449,798.16	3.94%	
3/10/2026	3/13/2026	1,390,000.00	023135DD5	AMAZON.COM INC (CALLABLE)	4.25%	3/13/2031	1,387,776.00	4.29%	
3/11/2026	3/11/2026	2,265,000.00	06051GHX0	BANK OF AMERICA CORP (CALLABLE)	2.88%	10/22/2030	2,181,094.08	4.04%	
3/11/2026	3/13/2026	1,300,000.00	79466LAR5	SALESFORCE INC (CALLABLE)	4.65%	3/15/2029	1,299,714.00	4.66%	
3/11/2026	3/13/2026	1,075,000.00	023135DD5	AMAZON.COM INC (CALLABLE)	4.25%	3/13/2031	1,071,312.75	4.33%	
3/17/2026	3/18/2026	1,990,000.00	46647PEJ1	JPMORGAN CHASE & CO (CALLABLE)	4.99%	7/22/2030	2,042,973.80	4.51%	
3/17/2026	3/24/2026	675,000.00	34532WAD7	FORDO 2026-A A3	4.05%	10/15/2030	674,871.01	4.05%	
3/18/2026	3/18/2026	550,000.00	912797TA5	TREASURY BILL	0.00%	3/24/2026	549,672.17	3.58%	
3/19/2026	3/20/2026	1,035,000.00	91282CMZ1	US TREASURY N/B	3.87%	4/30/2030	1,050,995.86	3.86%	
3/23/2026	3/27/2026	395,000.00	249672AA4	DEPOSITORY TRUST COMPANY (CALLABLE)	4.55%	3/27/2031	394,668.20	4.57%	
Total BUY		34,906,000.00					34,881,903.52		0.00

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
CALL									
3/11/2026	3/11/2026	2,170,000.00	06051GJQ3	BANK OF AMERICA CORP (CALLABLE)	1.65%	3/11/2027	2,170,000.00	1.66%	
Total CALL		2,170,000.00					2,170,000.00		0.00
INTEREST									
1/1/2026	1/25/2026		3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
1/1/2026	1/25/2026		3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	6,075.00		
1/1/2026	1/25/2026		3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	3,026.09		
1/1/2026	1/25/2026		3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,564.38		
1/1/2026	1/25/2026		3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
1/1/2026	1/25/2026		3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
1/1/2026	1/25/2026		3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
1/1/2026	1/25/2026		3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
1/1/2026	1/25/2026		3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	5,251.70		
1/1/2026	1/25/2026		3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	5,457.95		
1/1/2026	1/25/2026		3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
1/1/2026	1/25/2026		3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,455.14		
1/1/2026	1/25/2026		3137HDV56	FHMS K524 A2	4.72%	5/1/2029	4,503.67		
1/1/2026	1/25/2026		3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,573.44		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
1/1/2026	1/25/2026		3137HFNZ4	FHMS K528 A2	4.50%	7/1/2029	1,915.90		
1/1/2026	1/25/2026		3137HN4R6	FHMS K546 A2	4.36%	5/1/2030	3,543.31		
1/1/2026	1/25/2026		3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
1/1/2026	1/25/2026		3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,604.41		
1/1/2026	1/25/2026		3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	6,161.63		
1/1/2026	1/25/2026		3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,221.94		
1/1/2026	1/25/2026		3137HHW23	FHMS K533 A2	4.23%	12/1/2029	3,102.00		
1/1/2026	1/25/2026		3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.37		
1/1/2026	1/25/2026		3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	4,387.50		
1/1/2026	1/25/2026		3137HCKV3	FHMS K520 A2	5.18%	3/1/2029	3,302.25		
1/1/2026	1/25/2026		3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
1/1/2026	1/25/2026		3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	5,399.63		
1/1/2026	1/25/2026		3137HDXL9	FHMS K526 A2	4.54%	7/1/2029	4,921.58		
1/1/2026	1/25/2026		3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
1/1/2026	1/25/2026		3137HHJL6	FHMS K530 A2	4.79%	9/1/2029	5,850.23		
1/1/2026	1/25/2026		3137HH6C0	FHMS K529 A2	4.79%	9/1/2029	3,413.59		
1/2/2026	1/2/2026		MONEY0002	MONEY MARKET FUND	0.00%		19,127.10		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
1/12/2026	1/12/2026		89236TKQ7	TOYOTA MOTOR CREDIT CORP	4.62%	1/12/2028	22,662.50		
1/14/2026	1/14/2026		24422EXB0	JOHN DEERE CAPITAL CORP	4.95%	7/14/2028	24,626.25		
1/15/2026	1/15/2026		43814XAD5	HAROT 2025-4 A3	3.98%	6/17/2030	2,404.58		
1/15/2026	1/15/2026		44891XAD9	HART 2025-D A3	3.99%	9/16/2030	2,493.75		
1/15/2026	1/15/2026		44935CAD3	HART 2025-A A3	4.32%	10/15/2029	3,366.00		
1/15/2026	1/15/2026		161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
1/15/2026	1/15/2026		89238VAD0	TAOT 2025-C A3	4.11%	3/15/2030	2,106.38		
1/15/2026	1/15/2026		87612EBM7	TARGET CORP (CALLABLE)	1.95%	1/15/2027	13,406.25		
1/15/2026	1/15/2026		89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,010.77		
1/15/2026	1/15/2026		89231GAD0	TAOT 2025-D A3	3.84%	6/17/2030	2,752.00		
1/15/2026	1/15/2026		02582JKV1	AMXCA 2025-4 A	4.30%	7/15/2030	3,045.83		
1/15/2026	1/15/2026		161571HV9	CHAIT 2024-A1 A	4.60%	1/15/2029	4,504.17		
1/15/2026	1/15/2026		05522RDK1	BACCT 2025-A1 A	4.31%	5/15/2030	2,460.29		
1/15/2026	1/15/2026		44935XAD7	HART 2025-B A3	4.36%	12/17/2029	1,308.00		
1/15/2026	1/15/2026		02008KAC7	ALLYA 2025-1 A3	3.96%	3/15/2030	1,072.50		
1/15/2026	1/15/2026		02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
1/15/2026	1/15/2026		34532BAG6	FORDO 2025-B A3	3.91%	4/15/2030	1,906.12		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
1/15/2026	1/15/2026		161571HZ0	CHAIT 2025-A1 A	4.16%	7/15/2030	4,142.67		
1/15/2026	1/15/2026		90327HAC3	USAOT 2025-A A3	3.95%	12/17/2029	1,201.46		
1/15/2026	1/15/2026		89231HAD8	TAOT 2025-B A3	4.34%	11/15/2029	2,079.58		
1/15/2026	1/15/2026		14041NGF2	COMET 2025-A1 A	3.82%	9/15/2030	3,071.92		
1/15/2026	1/15/2026		05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
1/15/2026	1/15/2026		14043YAD7	COPAR 2025-1 A3	3.85%	7/15/2030	1,203.12		
1/15/2026	1/15/2026		44935JAD8	HART 2025-C A3	3.88%	4/15/2030	2,489.67		
1/15/2026	1/15/2026		44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,419.62		
1/16/2026	1/16/2026		362549AD9	GMCAR 2025-2 A3	4.28%	4/16/2030	873.83		
1/16/2026	1/16/2026		36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	435.56		
1/17/2026	1/17/2026		21684LGS5	COOPERAT RABOBANK UA/NY	5.08%	7/17/2026	34,290.00		
1/17/2026	1/17/2026		713448FX1	PEPSICO INC (CALLABLE)	4.50%	7/17/2029	16,200.00		
1/21/2026	1/21/2026		43813QAD1	HAROT 2025-3 A3	4.04%	2/21/2030	2,929.00		
1/21/2026	1/21/2026		43814VAC1	HAROT 2025-1 A3	4.57%	9/21/2029	4,074.92		
1/25/2026	1/25/2026		16144MAD6	CHAOT 2025-2A A3	3.86%	10/25/2030	1,704.83		
1/31/2026	1/31/2026		91282CMG3	US TREASURY N/B	4.25%	1/31/2030	33,681.25		
1/31/2026	1/31/2026		91282CLC3	US TREASURY N/B	4.00%	7/31/2029	4,600.00		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
2/1/2026	2/25/2026		3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,558.96		
2/1/2026	2/25/2026		3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
2/1/2026	2/25/2026		3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
2/1/2026	2/25/2026		3137HPU50	FHMS K553 A2	4.07%	12/1/2030	2,645.50		
2/1/2026	2/25/2026		3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
2/1/2026	2/25/2026		3137HDXL9	FHMS K526 A2	4.54%	7/1/2029	4,921.58		
2/1/2026	2/25/2026		3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,452.28		
2/1/2026	2/25/2026		3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	5,457.34		
2/1/2026	2/25/2026		3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,573.00		
2/1/2026	2/25/2026		3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,217.04		
2/1/2026	2/25/2026		3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
2/1/2026	2/25/2026		3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
2/1/2026	2/25/2026		3137HN4R6	FHMS K546 A2	4.36%	5/1/2030	3,543.31		
2/1/2026	2/25/2026		3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,597.92		
2/1/2026	2/25/2026		3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,611.35		
2/1/2026	2/25/2026		3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	3,026.09		
2/1/2026	2/25/2026		3137HHW23	FHMS K533 A2	4.23%	12/1/2029	3,102.00		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
2/1/2026	2/25/2026		3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	5,399.63		
2/1/2026	2/25/2026		3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
2/1/2026	2/25/2026		3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
2/1/2026	2/25/2026		3137HH6C0	FHMS K529 A2	4.79%	9/1/2029	3,413.59		
2/1/2026	2/25/2026		3137HCKV3	FHMS K520 A2	5.18%	3/1/2029	3,302.25		
2/1/2026	2/25/2026		3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
2/1/2026	2/25/2026		3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
2/1/2026	2/25/2026		3137HHJL6	FHMS K530 A2	4.79%	9/1/2029	5,850.23		
2/1/2026	2/25/2026		3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	4,387.50		
2/1/2026	2/25/2026		3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	6,161.63		
2/1/2026	2/25/2026		3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	6,075.00		
2/1/2026	2/25/2026		3137HFNZ4	FHMS K528 A2	4.50%	7/1/2029	1,915.90		
2/1/2026	2/25/2026		3137HDV56	FHMS K524 A2	4.72%	5/1/2029	4,503.67		
2/1/2026	2/25/2026		3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.37		
2/2/2026	2/2/2026		MONEY0002	MONEY MARKET FUND	0.00%		16,100.05		
2/6/2026	2/6/2026		594918BY9	MICROSOFT CORP (CALLABLE)	3.30%	2/6/2027	34,237.50		
2/7/2026	2/7/2026		94988J6D4	WELLS FARGO BANK NA (CALLABLE)	5.45%	8/7/2026	53,001.25		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
2/7/2026	2/7/2026		713448GB8	PEPSICO INC (CALLABLE)	4.60%	2/7/2030	7,590.00		
2/10/2026	2/10/2026		69371RS64	PACCAR FINANCIAL CORP	4.95%	8/10/2028	24,131.25		
2/14/2026	2/14/2026		532457CQ9	ELI LILLY & CO (CALLABLE)	4.20%	8/14/2029	23,100.00		
2/15/2026	2/15/2026		43814XAD5	HAROT 2025-4 A3	3.98%	6/17/2030	2,404.58		
2/15/2026	2/15/2026		89231GAD0	TAOT 2025-D A3	3.84%	6/17/2030	2,752.00		
2/15/2026	2/15/2026		44935XAD7	HART 2025-B A3	4.36%	12/17/2029	1,308.00		
2/15/2026	2/15/2026		44935JAD8	HART 2025-C A3	3.88%	4/15/2030	2,489.67		
2/15/2026	2/15/2026		91282CMN8	US TREASURY N/B	4.25%	2/15/2028	2,125.00		
2/15/2026	2/15/2026		9128282R0	US TREASURY N/B	2.25%	8/15/2027	28,912.50		
2/15/2026	2/15/2026		44935CAD3	HART 2025-A A3	4.32%	10/15/2029	3,366.00		
2/15/2026	2/15/2026		89231HAD8	TAOT 2025-B A3	4.34%	11/15/2029	2,079.58		
2/15/2026	2/15/2026		44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,318.03		
2/15/2026	2/15/2026		44891XAD9	HART 2025-D A3	3.99%	9/16/2030	2,493.75		
2/15/2026	2/15/2026		161571HV9	CHAIT 2024-A1 A	4.60%	1/15/2029	4,504.17		
2/15/2026	2/15/2026		34532BAG6	FORDO 2025-B A3	3.91%	4/15/2030	1,906.12		
2/15/2026	2/15/2026		14043YAD7	COPAR 2025-1 A3	3.85%	7/15/2030	1,203.12		
2/15/2026	2/15/2026		161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
2/15/2026	2/15/2026		02582JKV1	AMXCA 2025-4 A	4.30%	7/15/2030	3,045.83		
2/15/2026	2/15/2026		02008KAC7	ALLYA 2025-1 A3	3.96%	3/15/2030	1,072.50		
2/15/2026	2/15/2026		05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
2/15/2026	2/15/2026		89240KAD0	TAOT 2026-A A3	3.86%	9/16/2030	1,042.20		
2/15/2026	2/15/2026		161571HZ0	CHAIT 2025-A1 A	4.16%	7/15/2030	4,142.67		
2/15/2026	2/15/2026		89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	942.51		
2/15/2026	2/15/2026		90327HAC3	USAOT 2025-A A3	3.95%	12/17/2029	1,201.46		
2/15/2026	2/15/2026		05522RDK1	BACCT 2025-A1 A	4.31%	5/15/2030	2,460.29		
2/15/2026	2/15/2026		89238VAD0	TAOT 2025-C A3	4.11%	3/15/2030	2,106.38		
2/15/2026	2/15/2026		02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
2/15/2026	2/15/2026		14041NGF2	COMET 2025-A1 A	3.82%	9/15/2030	3,071.92		
2/16/2026	2/16/2026		36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	402.64		
2/16/2026	2/16/2026		362549AD9	GMCAR 2025-2 A3	4.28%	4/16/2030	873.83		
2/20/2026	2/20/2026		857477CN1	STATE STREET CORP (CALLABLE)	4.53%	2/20/2029	15,515.25		
2/21/2026	2/21/2026		43813QAD1	HAROT 2025-3 A3	4.04%	2/21/2030	2,929.00		
2/21/2026	2/21/2026		43814VAC1	HAROT 2025-1 A3	4.57%	9/21/2029	4,074.92		
2/25/2026	2/25/2026		16144MAD6	CHAOT 2025-2A A3	3.86%	10/25/2030	1,704.83		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
2/25/2026	2/25/2026		63743HFZ0	NATIONAL RURAL UTIL COOP (CALLABLE)	4.15%	8/25/2028	11,723.75		
2/26/2026	2/26/2026		17275RBR2	CISCO SYSTEMS INC (CALLABLE)	4.85%	2/26/2029	58,200.00		
2/28/2026	2/28/2026		91282CLK5	US TREASURY N/B	3.62%	8/31/2029	61,987.50		
2/28/2026	2/28/2026		91282CGQ8	US TREASURY N/B	4.00%	2/28/2030	101,300.00		
2/28/2026	2/28/2026		91282CNX5	US TREASURY N/B	3.62%	8/31/2030	73,678.13		
3/1/2026	3/25/2026		3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.37		
3/1/2026	3/25/2026		3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
3/1/2026	3/25/2026		3137HHW23	FHMS K533 A2	4.23%	12/1/2029	3,102.00		
3/1/2026	3/25/2026		3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
3/1/2026	3/25/2026		3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	5,399.63		
3/1/2026	3/25/2026		3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,590.74		
3/1/2026	3/25/2026		3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
3/1/2026	3/25/2026		3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
3/1/2026	3/25/2026		3137HH6C0	FHMS K529 A2	4.79%	9/1/2029	3,413.59		
3/1/2026	3/25/2026		3137HDV56	FHMS K524 A2	4.72%	5/1/2029	4,503.67		
3/1/2026	3/25/2026		3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
3/1/2026	3/25/2026		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)
INTEREST									
3/1/2026	3/25/2026		3137HDXL9	FHMS K526 A2	4.54%	7/1/2029	4,921.58		
3/1/2026	3/25/2026		3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,449.41		
3/1/2026	3/25/2026		3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,212.12		
3/1/2026	3/25/2026		3137HQ4U2	FHMS K555 A2	4.05%	1/1/2031	5,703.75		
3/1/2026	3/25/2026		3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,394.54		
3/1/2026	3/25/2026		3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	6,161.63		
3/1/2026	3/25/2026		3137HPU50	FHMS K553 A2	4.07%	12/1/2030	2,645.50		
3/1/2026	3/25/2026		3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,611.04		
3/1/2026	3/25/2026		3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
3/1/2026	3/25/2026		3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	3,026.09		
3/1/2026	3/25/2026		3137HFNZ4	FHMS K528 A2	4.50%	7/1/2029	1,915.90		
3/1/2026	3/25/2026		3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	4,387.50		
3/1/2026	3/25/2026		3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
3/1/2026	3/25/2026		3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	6,075.00		
3/1/2026	3/25/2026		3137HN4R6	FHMS K546 A2	4.36%	5/1/2030	3,543.31		
3/1/2026	3/25/2026		3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,553.52		
3/1/2026	3/25/2026		3137HHJL6	FHMS K530 A2	4.79%	9/1/2029	5,850.23		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
3/1/2026	3/25/2026		3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
3/1/2026	3/25/2026		3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
3/2/2026	3/2/2026		MONEY0002	MONEY MARKET FUND	0.00%		14,714.15		
3/11/2026	3/11/2026		06051GJQ3	BANK OF AMERICA CORP (CALLABLE)	1.65%	3/11/2027	17,989.30		
3/14/2026	3/14/2026		09290DAA9	BLACKROCK FUNDING INC (CALLABLE)	4.70%	3/14/2029	2,937.50		
3/14/2026	3/14/2026		437076BT8	HOME DEPOT INC (CALLABLE)	2.80%	9/14/2027	19,460.00		
3/15/2026	3/15/2026		44935JAD8	HART 2025-C A3	3.88%	4/15/2030	2,489.67		
3/15/2026	3/15/2026		89231HAD8	TAOT 2025-B A3	4.34%	11/15/2029	2,079.58		
3/15/2026	3/15/2026		02582JKV1	AMXCA 2025-4 A	4.30%	7/15/2030	3,045.83		
3/15/2026	3/15/2026		44935XAD7	HART 2025-B A3	4.36%	12/17/2029	1,308.00		
3/15/2026	3/15/2026		02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
3/15/2026	3/15/2026		89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	878.37		
3/15/2026	3/15/2026		161571HV9	CHAIT 2024-A1 A	4.60%	1/15/2029	4,504.17		
3/15/2026	3/15/2026		05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
3/15/2026	3/15/2026		14043YAD7	COPAR 2025-1 A3	3.85%	7/15/2030	1,203.12		
3/15/2026	3/15/2026		89240KAD0	TAOT 2026-A A3	3.86%	9/16/2030	1,302.75		
3/15/2026	3/15/2026		89231GAD0	TAOT 2025-D A3	3.84%	6/17/2030	2,752.00		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
3/15/2026	3/15/2026		44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,216.59		
3/15/2026	3/15/2026		05522RDK1	BACCT 2025-A1 A	4.31%	5/15/2030	2,460.29		
3/15/2026	3/15/2026		34532BAG6	FORDO 2025-B A3	3.91%	4/15/2030	1,906.12		
3/15/2026	3/15/2026		14041NGF2	COMET 2025-A1 A	3.82%	9/15/2030	3,071.92		
3/15/2026	3/15/2026		90327HAC3	USAOT 2025-A A3	3.95%	12/17/2029	1,201.46		
3/15/2026	3/15/2026		43814XAD5	HAROT 2025-4 A3	3.98%	6/17/2030	2,404.58		
3/15/2026	3/15/2026		448981AD2	HART 2026-A A3	3.79%	2/18/2031	824.33		
3/15/2026	3/15/2026		89238VAD0	TAOT 2025-C A3	4.11%	3/15/2030	2,106.38		
3/15/2026	3/15/2026		44891XAD9	HART 2025-D A3	3.99%	9/16/2030	2,493.75		
3/15/2026	3/15/2026		44935CAD3	HART 2025-A A3	4.32%	10/15/2029	3,366.00		
3/15/2026	3/15/2026		161571HZ0	CHAIT 2025-A1 A	4.16%	7/15/2030	4,142.67		
3/15/2026	3/15/2026		161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
3/15/2026	3/15/2026		02008KAC7	ALLYA 2025-1 A3	3.96%	3/15/2030	1,072.50		
3/16/2026	3/16/2026		362549AD9	GMCAR 2025-2 A3	4.28%	4/16/2030	873.83		
3/16/2026	3/16/2026		36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	372.67		
3/21/2026	3/21/2026		43814VAC1	HAROT 2025-1 A3	4.57%	9/21/2029	4,074.92		
3/21/2026	3/21/2026		43813QAD1	HAROT 2025-3 A3	4.04%	2/21/2030	2,929.00		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
3/21/2026	3/21/2026		43815CAD0	HAROT 2026-1 A3	3.78%	9/23/2030	1,299.38		
3/22/2026	3/22/2026		49177JAF9	KENVUE INC (CALLABLE)	5.05%	3/22/2028	21,462.50		
3/25/2026	3/25/2026		16144MAD6	CHAOT 2025-2A A3	3.86%	10/25/2030	1,704.83		
3/29/2026	3/29/2026		17325FBB3	CITIBANK NA (CALLABLE)	5.80%	9/29/2028	57,304.63		
3/31/2026	3/31/2026		91282CPA3	US TREASURY N/B	3.62%	9/30/2030	61,625.00		
3/31/2026	3/31/2026		91282CMU2	US TREASURY N/B	4.00%	3/31/2030	41,400.00		
Total INTEREST		0.00					1,481,054.63		0.00
MATURITY									
1/15/2026	1/15/2026	781,000.00	912797RJ8	TREASURY BILL	0.00%	1/15/2026	781,000.00		
3/24/2026	3/24/2026	550,000.00	912797TA5	TREASURY BILL	0.00%	3/24/2026	550,000.00		
Total MATURITY		1,331,000.00					1,331,000.00		0.00
PAYDOWNS									
1/1/2026	1/25/2026	1,943.25	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	1,943.25		15.37
1/1/2026	1/25/2026	1,228.71	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	1,228.71		0.02
1/1/2026	1/25/2026	53,276.42	3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	53,276.42		-307.62
1/1/2026	1/25/2026	126.35	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	126.35		1.10
1/1/2026	1/25/2026	737.70	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	737.70		5.98

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
PAYDOWNS									
1/1/2026	1/25/2026	1,478.64	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,478.64		
1/1/2026	1/25/2026	151.33	3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	151.33		
1/15/2026	1/15/2026	14,785.25	89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	14,785.25		0.89
1/15/2026	1/15/2026	22,004.30	44918CAD4	HART 2023-C A3	5.54%	10/16/2028	22,004.30		1.68
1/16/2026	1/16/2026	8,144.77	36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	8,144.77		1.02
2/1/2026	2/25/2026	741.16	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	741.16		5.81
2/1/2026	2/25/2026	1,949.78	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	1,949.78		13.99
2/1/2026	2/25/2026	52,034.26	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	52,034.26		439.60
2/1/2026	2/25/2026	1,235.40	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	1,235.40		0.02
2/1/2026	2/25/2026	1,632.60	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,632.60		
2/1/2026	2/25/2026	152.12	3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	152.12		
2/1/2026	2/25/2026	73.16	3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	73.16		-0.41
2/15/2026	2/15/2026	21,972.72	44918CAD4	HART 2023-C A3	5.54%	10/16/2028	21,972.72		1.63
2/15/2026	2/15/2026	13,893.19	89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	13,893.19		0.81
2/16/2026	2/16/2026	7,416.02	36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	7,416.02		0.91
3/1/2026	3/25/2026	124.16	3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	124.16		-0.68
3/1/2026	3/25/2026	12,281.43	3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	12,281.43		272.94

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
PAYDOWNS									
3/1/2026	3/25/2026	5,060.86	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	5,060.86		32.61
3/1/2026	3/25/2026	1,046.35	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	1,046.35		7.93
3/1/2026	3/25/2026	2,852.66	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	2,852.66		0.01
3/1/2026	3/25/2026	143.87	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	143.87		1.17
3/1/2026	3/25/2026	2,006.01	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	2,006.01		0.02
3/15/2026	3/15/2026	13,007.75	89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	13,007.75		0.73
3/15/2026	3/15/2026	20,806.32	44918CAD4	HART 2023-C A3	5.54%	10/16/2028	20,806.32		1.50
3/16/2026	3/16/2026	6,644.84	36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	6,644.84		0.79
Total PAYDOWNS		268,951.38					268,951.38		497.82
SELL									
1/5/2026	1/8/2026	160,000.00	91282CPR6	US TREASURY N/B	3.62%	12/31/2030	159,521.93		-34.30
1/6/2026	1/13/2026	705,000.00	91282CPR6	US TREASURY N/B	3.62%	12/31/2030	703,301.56		-102.46
1/7/2026	1/13/2026	970,000.00	91282CPR6	US TREASURY N/B	3.62%	12/31/2030	968,269.38		465.27
1/7/2026	1/12/2026	435,000.00	91282CPN5	US TREASURY N/B	3.50%	11/30/2030	433,230.20		-1,136.52
1/7/2026	1/9/2026	785,000.00	91282CPN5	US TREASURY N/B	3.50%	11/30/2030	781,610.44		-2,013.49
1/13/2026	1/14/2026	405,000.00	91282CMW8	US TREASURY N/B	3.75%	4/15/2028	410,616.22		-455.90
1/21/2026	1/22/2026	2,300,000.00	037833ET3	APPLE INC (CALLABLE)	4.00%	5/10/2028	2,332,913.00		13,610.34

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
SELL									
2/4/2026	2/5/2026	585,000.00	91282CKP5	US TREASURY N/B	4.62%	4/30/2029	609,160.04		16,333.15
2/4/2026	2/5/2026	475,000.00	91282CKP5	US TREASURY N/B	4.62%	4/30/2029	494,617.12		13,006.30
2/4/2026	2/5/2026	2,800,000.00	912828V98	US TREASURY N/B	2.25%	2/15/2027	2,792,928.67		-20,735.65
2/5/2026	2/9/2026	1,685,000.00	91282CMU2	US TREASURY N/B	4.00%	3/31/2030	1,729,253.67		12,716.06
2/5/2026	2/10/2026	681,666.48	3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	699,952.69		17,467.70
2/5/2026	2/10/2026	681,666.48	3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	699,739.67		17,254.68
2/9/2026	2/10/2026	470,000.00	91282CKP5	US TREASURY N/B	4.62%	4/30/2029	490,867.51		14,280.84
2/10/2026	2/13/2026	2,010,000.00	91282CKX8	US TREASURY N/B	4.25%	6/30/2029	2,064,587.45		52,169.82
2/13/2026	2/18/2026	400,000.00	912828ZN3	US TREASURY N/B	0.50%	4/30/2027	386,857.73		-3,032.82
2/20/2026	2/24/2026	475,000.00	91282CKP5	US TREASURY N/B	4.62%	4/30/2029	497,829.75		15,328.59
2/20/2026	2/24/2026	600,000.00	91282CKX8	US TREASURY N/B	4.25%	6/30/2029	617,632.12		16,115.60
3/2/2026	3/3/2026	4,000,000.00	912828ZN3	US TREASURY N/B	0.50%	4/30/2027	3,870,233.08		-32,586.21
3/6/2026	3/13/2026	1,425,000.00	91282CFU0	US TREASURY N/B	4.12%	10/31/2027	1,458,675.53		1,598.70
3/10/2026	3/13/2026	1,400,000.00	91282CQD6	US TREASURY N/B	3.50%	2/28/2031	1,386,801.29		-8,025.25
3/11/2026	3/13/2026	1,075,000.00	91282CPW5	US TREASURY N/B	3.75%	1/31/2031	1,077,508.16		1,651.50
3/11/2026	3/13/2026	1,270,000.00	91282CKX8	US TREASURY N/B	4.25%	6/30/2029	1,303,158.80		27,348.75
3/17/2026	3/18/2026	2,000,000.00	48125LRU8	JP MORGAN CHASE BANK NA (CALLABLE)	5.11%	12/8/2026	2,039,988.89		11,600.00

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
SELL									
3/17/2026	3/18/2026	550,000.00	91282CND9	US TREASURY N/B	3.75%	5/15/2028	557,867.32		-691.20
3/19/2026	3/20/2026	275,000.00	931142FN8	WALMART INC (CALLABLE)	4.35%	4/28/2030	282,606.04		3,285.35
3/19/2026	3/20/2026	750,000.00	931142FN8	WALMART INC (CALLABLE)	4.35%	4/28/2030	770,743.75		2,274.06
3/24/2026	3/27/2026	225,000.00	912828ZN3	US TREASURY N/B	0.50%	4/30/2027	217,397.27		-2,542.74
Total SELL		29,593,332.96					29,837,869.28		165,150.17

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	1/5/2026	1/8/2026	165,000.00	14913UBH2	CATERPILLAR FINL SERVICE	4.15%	1/8/2031	164,940.60	4.16%	
BUY	1/6/2026	1/13/2026	705,000.00	89158TAA7	TOTALENERGI CAP USA LLC	4.24%	1/13/2031	705,000.00	4.25%	
BUY	1/7/2026	1/12/2026	430,000.00	89236TPH2	TOYOTA MOTOR CREDIT CORP	4.20%	1/10/2031	429,866.70	4.21%	
BUY	1/7/2026	1/15/2026	780,000.00	3137HPU50	FHMS K553 A2	4.07%	12/1/2030	782,210.35	4.04%	
BUY	1/7/2026	1/13/2026	965,000.00	89158TAA7	TOTALENERGI CAP USA LLC	4.24%	1/13/2031	967,277.40	4.20%	
BUY	1/8/2026	1/9/2026	781,000.00	912797RJ8	TREASURY BILL	0.00%	1/15/2026	780,543.31	3.51%	
BUY	1/13/2026	1/21/2026	405,000.00	89240KAD0	TAOT 2026-A A3	3.86%	9/16/2030	404,965.49	3.86%	
BUY	1/21/2026	1/22/2026	2,305,000.00	91282CND9	US TREASURY N/B	3.75%	5/15/2028	2,328,169.89	3.61%	
BUY	2/4/2026	2/5/2026	1,100,000.00	61776NU43	MORGAN STANLEY PVT BANK	4.21%	2/8/2030	1,100,771.19	4.20%	
BUY	2/4/2026	2/5/2026	3,300,000.00	91282CPW5	US TREASURY N/B	3.75%	1/31/2031	3,290,107.69	3.83%	
BUY	2/4/2026	2/12/2026	1,690,000.00	3137HQ4U2	FHMS K555 A2	4.05%	1/1/2031	1,686,394.39	4.13%	
BUY	2/5/2026	2/10/2026	1,395,000.00	91282CPW5	US TREASURY N/B	3.75%	1/31/2031	1,396,390.61	3.75%	
BUY	2/9/2026	2/10/2026	525,000.00	00724PAD1	ADOBE INC (CALLABLE)	2.30%	2/1/2030	490,389.38	4.13%	
BUY	2/9/2026	2/13/2026	215,000.00	02079KBJ5	ALPHABET INC (CALLABLE)	3.70%	2/15/2029	214,219.55	3.83%	
BUY	2/10/2026	2/13/2026	1,385,000.00	02079KBJ5	ALPHABET INC (CALLABLE)	3.70%	2/15/2029	1,383,587.30	3.74%	
BUY	2/10/2026	2/13/2026	230,000.00	02079KBJ5	ALPHABET INC (CALLABLE)	3.70%	2/15/2029	229,772.30	3.74%	
BUY	2/10/2026	2/13/2026	230,000.00	02079KBJ5	ALPHABET INC (CALLABLE)	3.70%	2/15/2029	229,753.90	3.74%	
BUY	2/10/2026	2/18/2026	290,000.00	448981AD2	HART 2026-A A3	3.79%	2/18/2031	289,980.43	3.79%	

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	2/10/2026	2/18/2026	375,000.00	43815CAD0	HAROT 2026-1 A3	3.78%	9/23/2030	374,940.26	3.78%	
BUY	2/18/2026	2/24/2026	1,100,000.00	14913UBJ8	CATERPILLAR FINL SERVICE	3.75%	2/23/2029	1,098,548.00	3.80%	
BUY	3/2/2026	3/3/2026	2,500,000.00	92826CAZ5	VISA INC (CALLABLE)	4.10%	2/12/2031	2,530,129.17	3.88%	
BUY	3/2/2026	3/3/2026	1,910,000.00	91282CQD6	US TREASURY N/B	3.50%	2/28/2031	1,901,069.58	3.61%	
BUY	3/5/2026	3/13/2026	1,450,000.00	92348KFC2	VZMT 2026-1 A1A	3.94%	2/20/2031	1,449,798.16	3.94%	
BUY	3/10/2026	3/13/2026	1,390,000.00	023135DD5	AMAZON.COM INC (CALLABLE)	4.25%	3/13/2031	1,387,776.00	4.29%	
BUY	3/11/2026	3/11/2026	2,265,000.00	06051GHX0	BANK OF AMERICA CORP (CALLABLE)	2.88%	10/22/2030	2,181,094.08	4.04%	
BUY	3/11/2026	3/13/2026	1,300,000.00	79466LAR5	SALESFORCE INC (CALLABLE)	4.65%	3/15/2029	1,299,714.00	4.66%	
BUY	3/11/2026	3/13/2026	1,075,000.00	023135DD5	AMAZON.COM INC (CALLABLE)	4.25%	3/13/2031	1,071,312.75	4.33%	
BUY	3/17/2026	3/18/2026	1,990,000.00	46647PEJ1	JPMORGAN CHASE & CO (CALLABLE)	4.99%	7/22/2030	2,042,973.80	4.51%	
BUY	3/17/2026	3/24/2026	675,000.00	34532WAD7	FORDO 2026-A A3	4.05%	10/15/2030	674,871.01	4.05%	
BUY	3/18/2026	3/18/2026	550,000.00	912797TA5	TREASURY BILL	0.00%	3/24/2026	549,672.17	3.58%	
BUY	3/19/2026	3/20/2026	1,035,000.00	91282CMZ1	US TREASURY N/B	3.87%	4/30/2030	1,050,995.86	3.86%	
BUY	3/23/2026	3/27/2026	395,000.00	249672AA4	DEPOSITORY TRUST COMPANY	4.55%	3/27/2031	394,668.20	4.57%	
CALL	3/11/2026	3/11/2026	2,170,000.00	06051GJQ3	BANK OF AMERICA CORP (CALLABLE)	1.65%	3/11/2027	2,170,000.00	1.66%	
INTEREST	1/1/2026	1/25/2026		3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
INTEREST	1/1/2026	1/25/2026		3137HBPDO	FHMS K515 A2	5.40%	1/1/2029	6,075.00		
INTEREST	1/1/2026	1/25/2026		3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	3,026.09		

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	1/1/2026	1/25/2026		3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,564.38		
INTEREST	1/1/2026	1/25/2026		3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
INTEREST	1/1/2026	1/25/2026		3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
INTEREST	1/1/2026	1/25/2026		3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
INTEREST	1/1/2026	1/25/2026		3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
INTEREST	1/1/2026	1/25/2026		3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	5,251.70		
INTEREST	1/1/2026	1/25/2026		3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	5,457.95		
INTEREST	1/1/2026	1/25/2026		3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
INTEREST	1/1/2026	1/25/2026		3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,455.14		
INTEREST	1/1/2026	1/25/2026		3137HDV56	FHMS K524 A2	4.72%	5/1/2029	4,503.67		
INTEREST	1/1/2026	1/25/2026		3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,573.44		
INTEREST	1/1/2026	1/25/2026		3137HFNZ4	FHMS K528 A2	4.50%	7/1/2029	1,915.90		
INTEREST	1/1/2026	1/25/2026		3137HN4R6	FHMS K546 A2	4.36%	5/1/2030	3,543.31		
INTEREST	1/1/2026	1/25/2026		3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
INTEREST	1/1/2026	1/25/2026		3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,604.41		
INTEREST	1/1/2026	1/25/2026		3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	6,161.63		
INTEREST	1/1/2026	1/25/2026		3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,221.94		
INTEREST	1/1/2026	1/25/2026		3137HHW23	FHMS K533 A2	4.23%	12/1/2029	3,102.00		

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	1/1/2026	1/25/2026		3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.37		
INTEREST	1/1/2026	1/25/2026		3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	4,387.50		
INTEREST	1/1/2026	1/25/2026		3137HCKV3	FHMS K520 A2	5.18%	3/1/2029	3,302.25		
INTEREST	1/1/2026	1/25/2026		3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
INTEREST	1/1/2026	1/25/2026		3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	5,399.63		
INTEREST	1/1/2026	1/25/2026		3137HDXL9	FHMS K526 A2	4.54%	7/1/2029	4,921.58		
INTEREST	1/1/2026	1/25/2026		3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
INTEREST	1/1/2026	1/25/2026		3137HHJL6	FHMS K530 A2	4.79%	9/1/2029	5,850.23		
INTEREST	1/1/2026	1/25/2026		3137HH6C0	FHMS K529 A2	4.79%	9/1/2029	3,413.59		
INTEREST	1/2/2026	1/2/2026		MONEY0002	MONEY MARKET FUND	0.00%		19,127.10		
INTEREST	1/12/2026	1/12/2026		89236TKQ7	TOYOTA MOTOR CREDIT CORP	4.62%	1/12/2028	22,662.50		
INTEREST	1/14/2026	1/14/2026		24422EXB0	JOHN DEERE CAPITAL CORP	4.95%	7/14/2028	24,626.25		
INTEREST	1/15/2026	1/15/2026		43814XAD5	HAROT 2025-4 A3	3.98%	6/17/2030	2,404.58		
INTEREST	1/15/2026	1/15/2026		44891XAD9	HART 2025-D A3	3.99%	9/16/2030	2,493.75		
INTEREST	1/15/2026	1/15/2026		44935CAD3	HART 2025-A A3	4.32%	10/15/2029	3,366.00		
INTEREST	1/15/2026	1/15/2026		161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
INTEREST	1/15/2026	1/15/2026		89238VAD0	TAOT 2025-C A3	4.11%	3/15/2030	2,106.38		
INTEREST	1/15/2026	1/15/2026		87612EBM7	TARGET CORP (CALLABLE)	1.95%	1/15/2027	13,406.25		

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	1/15/2026	1/15/2026		89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,010.77		
INTEREST	1/15/2026	1/15/2026		89231GAD0	TAOT 2025-D A3	3.84%	6/17/2030	2,752.00		
INTEREST	1/15/2026	1/15/2026		02582JKV1	AMXCA 2025-4 A	4.30%	7/15/2030	3,045.83		
INTEREST	1/15/2026	1/15/2026		161571HV9	CHAIT 2024-A1 A	4.60%	1/15/2029	4,504.17		
INTEREST	1/15/2026	1/15/2026		05522RDK1	BACCT 2025-A1 A	4.31%	5/15/2030	2,460.29		
INTEREST	1/15/2026	1/15/2026		44935XAD7	HART 2025-B A3	4.36%	12/17/2029	1,308.00		
INTEREST	1/15/2026	1/15/2026		02008KAC7	ALLYA 2025-1 A3	3.96%	3/15/2030	1,072.50		
INTEREST	1/15/2026	1/15/2026		02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
INTEREST	1/15/2026	1/15/2026		34532BAG6	FORDO 2025-B A3	3.91%	4/15/2030	1,906.12		
INTEREST	1/15/2026	1/15/2026		161571HZ0	CHAIT 2025-A1 A	4.16%	7/15/2030	4,142.67		
INTEREST	1/15/2026	1/15/2026		90327HAC3	USAOT 2025-A A3	3.95%	12/17/2029	1,201.46		
INTEREST	1/15/2026	1/15/2026		89231HAD8	TAOT 2025-B A3	4.34%	11/15/2029	2,079.58		
INTEREST	1/15/2026	1/15/2026		14041NGF2	COMET 2025-A1 A	3.82%	9/15/2030	3,071.92		
INTEREST	1/15/2026	1/15/2026		05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
INTEREST	1/15/2026	1/15/2026		14043YAD7	COPAR 2025-1 A3	3.85%	7/15/2030	1,203.12		
INTEREST	1/15/2026	1/15/2026		44935JAD8	HART 2025-C A3	3.88%	4/15/2030	2,489.67		
INTEREST	1/15/2026	1/15/2026		44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,419.62		
INTEREST	1/16/2026	1/16/2026		362549AD9	GMCAR 2025-2 A3	4.28%	4/16/2030	873.83		

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	1/16/2026	1/16/2026		36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	435.56		
INTEREST	1/17/2026	1/17/2026		21684LGS5	COOPERAT RABOBANK UA/NY	5.08%	7/17/2026	34,290.00		
INTEREST	1/17/2026	1/17/2026		713448FX1	PEPSICO INC (CALLABLE)	4.50%	7/17/2029	16,200.00		
INTEREST	1/21/2026	1/21/2026		43813QAD1	HAROT 2025-3 A3	4.04%	2/21/2030	2,929.00		
INTEREST	1/21/2026	1/21/2026		43814VAC1	HAROT 2025-1 A3	4.57%	9/21/2029	4,074.92		
INTEREST	1/25/2026	1/25/2026		16144MAD6	CHAOT 2025-2A A3	3.86%	10/25/2030	1,704.83		
INTEREST	1/31/2026	1/31/2026		91282CMG3	US TREASURY N/B	4.25%	1/31/2030	33,681.25		
INTEREST	1/31/2026	1/31/2026		91282CLC3	US TREASURY N/B	4.00%	7/31/2029	4,600.00		
INTEREST	2/1/2026	2/25/2026		3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,558.96		
INTEREST	2/1/2026	2/25/2026		3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
INTEREST	2/1/2026	2/25/2026		3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
INTEREST	2/1/2026	2/25/2026		3137HPU50	FHMS K553 A2	4.07%	12/1/2030	2,645.50		
INTEREST	2/1/2026	2/25/2026		3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
INTEREST	2/1/2026	2/25/2026		3137HDXL9	FHMS K526 A2	4.54%	7/1/2029	4,921.58		
INTEREST	2/1/2026	2/25/2026		3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,452.28		
INTEREST	2/1/2026	2/25/2026		3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	5,457.34		
INTEREST	2/1/2026	2/25/2026		3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,573.00		
INTEREST	2/1/2026	2/25/2026		3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,217.04		

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	2/1/2026	2/25/2026		3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
INTEREST	2/1/2026	2/25/2026		3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
INTEREST	2/1/2026	2/25/2026		3137HN4R6	FHMS K546 A2	4.36%	5/1/2030	3,543.31		
INTEREST	2/1/2026	2/25/2026		3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,597.92		
INTEREST	2/1/2026	2/25/2026		3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,611.35		
INTEREST	2/1/2026	2/25/2026		3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	3,026.09		
INTEREST	2/1/2026	2/25/2026		3137HHW23	FHMS K533 A2	4.23%	12/1/2029	3,102.00		
INTEREST	2/1/2026	2/25/2026		3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	5,399.63		
INTEREST	2/1/2026	2/25/2026		3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
INTEREST	2/1/2026	2/25/2026		3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
INTEREST	2/1/2026	2/25/2026		3137HH6C0	FHMS K529 A2	4.79%	9/1/2029	3,413.59		
INTEREST	2/1/2026	2/25/2026		3137HCKV3	FHMS K520 A2	5.18%	3/1/2029	3,302.25		
INTEREST	2/1/2026	2/25/2026		3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
INTEREST	2/1/2026	2/25/2026		3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
INTEREST	2/1/2026	2/25/2026		3137HHJL6	FHMS K530 A2	4.79%	9/1/2029	5,850.23		
INTEREST	2/1/2026	2/25/2026		3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	4,387.50		
INTEREST	2/1/2026	2/25/2026		3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	6,161.63		
INTEREST	2/1/2026	2/25/2026		3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	6,075.00		

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	2/1/2026	2/25/2026		3137HFNZ4	FHMS K528 A2	4.50%	7/1/2029	1,915.90		
INTEREST	2/1/2026	2/25/2026		3137HDV56	FHMS K524 A2	4.72%	5/1/2029	4,503.67		
INTEREST	2/1/2026	2/25/2026		3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.37		
INTEREST	2/2/2026	2/2/2026		MONEY0002	MONEY MARKET FUND	0.00%		16,100.05		
INTEREST	2/6/2026	2/6/2026		594918BY9	MICROSOFT CORP (CALLABLE)	3.30%	2/6/2027	34,237.50		
INTEREST	2/7/2026	2/7/2026		94988J6D4	WELLS FARGO BANK NA (CALLABLE)	5.45%	8/7/2026	53,001.25		
INTEREST	2/7/2026	2/7/2026		713448GB8	PEPSICO INC (CALLABLE)	4.60%	2/7/2030	7,590.00		
INTEREST	2/10/2026	2/10/2026		69371RS64	PACCAR FINANCIAL CORP	4.95%	8/10/2028	24,131.25		
INTEREST	2/14/2026	2/14/2026		532457CQ9	ELI LILLY & CO (CALLABLE)	4.20%	8/14/2029	23,100.00		
INTEREST	2/15/2026	2/15/2026		43814XAD5	HAROT 2025-4 A3	3.98%	6/17/2030	2,404.58		
INTEREST	2/15/2026	2/15/2026		89231GAD0	TAOT 2025-D A3	3.84%	6/17/2030	2,752.00		
INTEREST	2/15/2026	2/15/2026		44935XAD7	HART 2025-B A3	4.36%	12/17/2029	1,308.00		
INTEREST	2/15/2026	2/15/2026		44935JAD8	HART 2025-C A3	3.88%	4/15/2030	2,489.67		
INTEREST	2/15/2026	2/15/2026		91282CMN8	US TREASURY N/B	4.25%	2/15/2028	2,125.00		
INTEREST	2/15/2026	2/15/2026		9128282R0	US TREASURY N/B	2.25%	8/15/2027	28,912.50		
INTEREST	2/15/2026	2/15/2026		44935CAD3	HART 2025-A A3	4.32%	10/15/2029	3,366.00		
INTEREST	2/15/2026	2/15/2026		89231HAD8	TAOT 2025-B A3	4.34%	11/15/2029	2,079.58		
INTEREST	2/15/2026	2/15/2026		44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,318.03		

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	2/15/2026	2/15/2026		44891XAD9	HART 2025-D A3	3.99%	9/16/2030	2,493.75		
INTEREST	2/15/2026	2/15/2026		161571HV9	CHAIT 2024-A1 A	4.60%	1/15/2029	4,504.17		
INTEREST	2/15/2026	2/15/2026		34532BAG6	FORDO 2025-B A3	3.91%	4/15/2030	1,906.12		
INTEREST	2/15/2026	2/15/2026		14043YAD7	COPAR 2025-1 A3	3.85%	7/15/2030	1,203.12		
INTEREST	2/15/2026	2/15/2026		161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
INTEREST	2/15/2026	2/15/2026		02582JKV1	AMXCA 2025-4 A	4.30%	7/15/2030	3,045.83		
INTEREST	2/15/2026	2/15/2026		02008KAC7	ALLYA 2025-1 A3	3.96%	3/15/2030	1,072.50		
INTEREST	2/15/2026	2/15/2026		05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
INTEREST	2/15/2026	2/15/2026		89240KAD0	TAOT 2026-A A3	3.86%	9/16/2030	1,042.20		
INTEREST	2/15/2026	2/15/2026		161571HZ0	CHAIT 2025-A1 A	4.16%	7/15/2030	4,142.67		
INTEREST	2/15/2026	2/15/2026		89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	942.51		
INTEREST	2/15/2026	2/15/2026		90327HAC3	USAOT 2025-A A3	3.95%	12/17/2029	1,201.46		
INTEREST	2/15/2026	2/15/2026		05522RDK1	BACCT 2025-A1 A	4.31%	5/15/2030	2,460.29		
INTEREST	2/15/2026	2/15/2026		89238VAD0	TAOT 2025-C A3	4.11%	3/15/2030	2,106.38		
INTEREST	2/15/2026	2/15/2026		02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
INTEREST	2/15/2026	2/15/2026		14041NGF2	COMET 2025-A1 A	3.82%	9/15/2030	3,071.92		
INTEREST	2/16/2026	2/16/2026		36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	402.64		
INTEREST	2/16/2026	2/16/2026		362549AD9	GMCAR 2025-2 A3	4.28%	4/16/2030	873.83		

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	2/20/2026	2/20/2026		857477CN1	STATE STREET CORP (CALLABLE)	4.53%	2/20/2029	15,515.25		
INTEREST	2/21/2026	2/21/2026		43813QAD1	HAROT 2025-3 A3	4.04%	2/21/2030	2,929.00		
INTEREST	2/21/2026	2/21/2026		43814VAC1	HAROT 2025-1 A3	4.57%	9/21/2029	4,074.92		
INTEREST	2/25/2026	2/25/2026		16144MAD6	CHAOT 2025-2A A3	3.86%	10/25/2030	1,704.83		
INTEREST	2/25/2026	2/25/2026		63743HFZ0	NATIONAL RURAL UTIL COOP	4.15%	8/25/2028	11,723.75		
INTEREST	2/26/2026	2/26/2026		17275RBR2	CISCO SYSTEMS INC (CALLABLE)	4.85%	2/26/2029	58,200.00		
INTEREST	2/28/2026	2/28/2026		91282CLK5	US TREASURY N/B	3.62%	8/31/2029	61,987.50		
INTEREST	2/28/2026	2/28/2026		91282CGQ8	US TREASURY N/B	4.00%	2/28/2030	101,300.00		
INTEREST	2/28/2026	2/28/2026		91282CNX5	US TREASURY N/B	3.62%	8/31/2030	73,678.13		
INTEREST	3/1/2026	3/25/2026		3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.37		
INTEREST	3/1/2026	3/25/2026		3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
INTEREST	3/1/2026	3/25/2026		3137HHW23	FHMS K533 A2	4.23%	12/1/2029	3,102.00		
INTEREST	3/1/2026	3/25/2026		3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
INTEREST	3/1/2026	3/25/2026		3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	5,399.63		
INTEREST	3/1/2026	3/25/2026		3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,590.74		
INTEREST	3/1/2026	3/25/2026		3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
INTEREST	3/1/2026	3/25/2026		3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
INTEREST	3/1/2026	3/25/2026		3137HH6C0	FHMS K529 A2	4.79%	9/1/2029	3,413.59		

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	3/1/2026	3/25/2026		3137HDV56	FHMS K524 A2	4.72%	5/1/2029	4,503.67		
INTEREST	3/1/2026	3/25/2026		3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
INTEREST	3/1/2026	3/25/2026		3137HCKV3	FHMS K520 A2	5.18%	3/1/2029	3,302.25		
INTEREST	3/1/2026	3/25/2026		3137HDXL9	FHMS K526 A2	4.54%	7/1/2029	4,921.58		
INTEREST	3/1/2026	3/25/2026		3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,449.41		
INTEREST	3/1/2026	3/25/2026		3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,212.12		
INTEREST	3/1/2026	3/25/2026		3137HQ4U2	FHMS K555 A2	4.05%	1/1/2031	5,703.75		
INTEREST	3/1/2026	3/25/2026		3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,394.54		
INTEREST	3/1/2026	3/25/2026		3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	6,161.63		
INTEREST	3/1/2026	3/25/2026		3137HPU50	FHMS K553 A2	4.07%	12/1/2030	2,645.50		
INTEREST	3/1/2026	3/25/2026		3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,611.04		
INTEREST	3/1/2026	3/25/2026		3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
INTEREST	3/1/2026	3/25/2026		3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	3,026.09		
INTEREST	3/1/2026	3/25/2026		3137HFNZ4	FHMS K528 A2	4.50%	7/1/2029	1,915.90		
INTEREST	3/1/2026	3/25/2026		3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	4,387.50		
INTEREST	3/1/2026	3/25/2026		3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
INTEREST	3/1/2026	3/25/2026		3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	6,075.00		
INTEREST	3/1/2026	3/25/2026		3137HN4R6	FHMS K546 A2	4.36%	5/1/2030	3,543.31		

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	3/1/2026	3/25/2026		3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,553.52		
INTEREST	3/1/2026	3/25/2026		3137HHJL6	FHMS K530 A2	4.79%	9/1/2029	5,850.23		
INTEREST	3/1/2026	3/25/2026		3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
INTEREST	3/1/2026	3/25/2026		3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
INTEREST	3/2/2026	3/2/2026		MONEY0002	MONEY MARKET FUND	0.00%		14,714.15		
INTEREST	3/11/2026	3/11/2026		06051GJQ3	BANK OF AMERICA CORP (CALLABLE)	1.65%	3/11/2027	17,989.30		
INTEREST	3/14/2026	3/14/2026		09290DAA9	BLACKROCK FUNDING INC	4.70%	3/14/2029	2,937.50		
INTEREST	3/14/2026	3/14/2026		437076BT8	HOME DEPOT INC (CALLABLE)	2.80%	9/14/2027	19,460.00		
INTEREST	3/15/2026	3/15/2026		44935JAD8	HART 2025-C A3	3.88%	4/15/2030	2,489.67		
INTEREST	3/15/2026	3/15/2026		89231HAD8	TAOT 2025-B A3	4.34%	11/15/2029	2,079.58		
INTEREST	3/15/2026	3/15/2026		02582JKV1	AMXCA 2025-4 A	4.30%	7/15/2030	3,045.83		
INTEREST	3/15/2026	3/15/2026		44935XAD7	HART 2025-B A3	4.36%	12/17/2029	1,308.00		
INTEREST	3/15/2026	3/15/2026		02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
INTEREST	3/15/2026	3/15/2026		89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	878.37		
INTEREST	3/15/2026	3/15/2026		161571HV9	CHAIT 2024-A1 A	4.60%	1/15/2029	4,504.17		
INTEREST	3/15/2026	3/15/2026		05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
INTEREST	3/15/2026	3/15/2026		14043YAD7	COPAR 2025-1 A3	3.85%	7/15/2030	1,203.12		
INTEREST	3/15/2026	3/15/2026		89240KAD0	TAOT 2026-A A3	3.86%	9/16/2030	1,302.75		

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	3/15/2026	3/15/2026		89231GAD0	TAOT 2025-D A3	3.84%	6/17/2030	2,752.00		
INTEREST	3/15/2026	3/15/2026		44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,216.59		
INTEREST	3/15/2026	3/15/2026		05522RDK1	BACCT 2025-A1 A	4.31%	5/15/2030	2,460.29		
INTEREST	3/15/2026	3/15/2026		34532BAG6	FORDO 2025-B A3	3.91%	4/15/2030	1,906.12		
INTEREST	3/15/2026	3/15/2026		14041NGF2	COMET 2025-A1 A	3.82%	9/15/2030	3,071.92		
INTEREST	3/15/2026	3/15/2026		90327HAC3	USAOT 2025-A A3	3.95%	12/17/2029	1,201.46		
INTEREST	3/15/2026	3/15/2026		43814XAD5	HAROT 2025-4 A3	3.98%	6/17/2030	2,404.58		
INTEREST	3/15/2026	3/15/2026		448981AD2	HART 2026-A A3	3.79%	2/18/2031	824.33		
INTEREST	3/15/2026	3/15/2026		89238VAD0	TAOT 2025-C A3	4.11%	3/15/2030	2,106.38		
INTEREST	3/15/2026	3/15/2026		44891XAD9	HART 2025-D A3	3.99%	9/16/2030	2,493.75		
INTEREST	3/15/2026	3/15/2026		44935CAD3	HART 2025-A A3	4.32%	10/15/2029	3,366.00		
INTEREST	3/15/2026	3/15/2026		161571HZ0	CHAIT 2025-A1 A	4.16%	7/15/2030	4,142.67		
INTEREST	3/15/2026	3/15/2026		161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
INTEREST	3/15/2026	3/15/2026		02008KAC7	ALLYA 2025-1 A3	3.96%	3/15/2030	1,072.50		
INTEREST	3/16/2026	3/16/2026		362549AD9	GMCAR 2025-2 A3	4.28%	4/16/2030	873.83		
INTEREST	3/16/2026	3/16/2026		36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	372.67		
INTEREST	3/21/2026	3/21/2026		43814VAC1	HAROT 2025-1 A3	4.57%	9/21/2029	4,074.92		
INTEREST	3/21/2026	3/21/2026		43813QAD1	HAROT 2025-3 A3	4.04%	2/21/2030	2,929.00		

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	3/21/2026	3/21/2026		43815CAD0	HAROT 2026-1 A3	3.78%	9/23/2030	1,299.38		
INTEREST	3/22/2026	3/22/2026		49177JAF9	KENVUE INC (CALLABLE)	5.05%	3/22/2028	21,462.50		
INTEREST	3/25/2026	3/25/2026		16144MAD6	CHAOT 2025-2A A3	3.86%	10/25/2030	1,704.83		
INTEREST	3/29/2026	3/29/2026		17325FBB3	CITIBANK NA (CALLABLE)	5.80%	9/29/2028	57,304.63		
INTEREST	3/31/2026	3/31/2026		91282CPA3	US TREASURY N/B	3.62%	9/30/2030	61,625.00		
INTEREST	3/31/2026	3/31/2026		91282CMU2	US TREASURY N/B	4.00%	3/31/2030	41,400.00		
MATURITY	1/15/2026	1/15/2026	781,000.00	912797RJ8	TREASURY BILL	0.00%	1/15/2026	781,000.00		
MATURITY	3/24/2026	3/24/2026	550,000.00	912797TA5	TREASURY BILL	0.00%	3/24/2026	550,000.00		
PAYDOWN	1/1/2026	1/25/2026	1,943.25	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	1,943.25		15.37
PAYDOWN	1/1/2026	1/25/2026	1,228.71	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	1,228.71		0.02
PAYDOWN	1/1/2026	1/25/2026	53,276.42	3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	53,276.42		-307.62
PAYDOWN	1/1/2026	1/25/2026	126.35	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	126.35		1.10
PAYDOWN	1/1/2026	1/25/2026	737.70	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	737.70		5.98
PAYDOWN	1/1/2026	1/25/2026	1,478.64	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,478.64		
PAYDOWN	1/1/2026	1/25/2026	151.33	3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	151.33		
PAYDOWN	1/15/2026	1/15/2026	14,785.25	89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	14,785.25		0.89
PAYDOWN	1/15/2026	1/15/2026	22,004.30	44918CAD4	HART 2023-C A3	5.54%	10/16/2028	22,004.30		1.68
PAYDOWN	1/16/2026	1/16/2026	8,144.77	36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	8,144.77		1.02

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)
PAYDOWN	2/1/2026	2/25/2026	741.16	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	741.16		5.81
PAYDOWN	2/1/2026	2/25/2026	1,949.78	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	1,949.78		13.99
PAYDOWN	2/1/2026	2/25/2026	52,034.26	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	52,034.26		439.60
PAYDOWN	2/1/2026	2/25/2026	1,235.40	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	1,235.40		0.02
PAYDOWN	2/1/2026	2/25/2026	1,632.60	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,632.60		
PAYDOWN	2/1/2026	2/25/2026	152.12	3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	152.12		
PAYDOWN	2/1/2026	2/25/2026	73.16	3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	73.16		-0.41
PAYDOWN	2/15/2026	2/15/2026	21,972.72	44918CAD4	HART 2023-C A3	5.54%	10/16/2028	21,972.72		1.63
PAYDOWN	2/15/2026	2/15/2026	13,893.19	89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	13,893.19		0.81
PAYDOWN	2/16/2026	2/16/2026	7,416.02	36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	7,416.02		0.91
PAYDOWN	3/1/2026	3/25/2026	124.16	3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	124.16		-0.68
PAYDOWN	3/1/2026	3/25/2026	12,281.43	3137F2LJ3	FHMS K066 A2	3.11%	6/1/2027	12,281.43		272.94
PAYDOWN	3/1/2026	3/25/2026	5,060.86	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	5,060.86		32.61
PAYDOWN	3/1/2026	3/25/2026	1,046.35	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	1,046.35		7.93
PAYDOWN	3/1/2026	3/25/2026	2,852.66	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	2,852.66		0.01
PAYDOWN	3/1/2026	3/25/2026	143.87	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	143.87		1.17
PAYDOWN	3/1/2026	3/25/2026	2,006.01	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	2,006.01		0.02
PAYDOWN	3/15/2026	3/15/2026	13,007.75	89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	13,007.75		0.73

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)
PAYDOWN	3/15/2026	3/15/2026	20,806.32	44918CAD4	HART 2023-C A3	5.54%	10/16/2028	20,806.32		1.50
PAYDOWN	3/16/2026	3/16/2026	6,644.84	36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	6,644.84		0.79
SELL	1/5/2026	1/8/2026	160,000.00	91282CPR6	US TREASURY N/B	3.62%	12/31/2030	159,521.93		-34.30
SELL	1/6/2026	1/13/2026	705,000.00	91282CPR6	US TREASURY N/B	3.62%	12/31/2030	703,301.56		-102.46
SELL	1/7/2026	1/13/2026	970,000.00	91282CPR6	US TREASURY N/B	3.62%	12/31/2030	968,269.38		465.27
SELL	1/7/2026	1/12/2026	435,000.00	91282CPN5	US TREASURY N/B	3.50%	11/30/2030	433,230.20		-1,136.52
SELL	1/7/2026	1/9/2026	785,000.00	91282CPN5	US TREASURY N/B	3.50%	11/30/2030	781,610.44		-2,013.49
SELL	1/13/2026	1/14/2026	405,000.00	91282CMW8	US TREASURY N/B	3.75%	4/15/2028	410,616.22		-455.90
SELL	1/21/2026	1/22/2026	2,300,000.00	037833ET3	APPLE INC (CALLABLE)	4.00%	5/10/2028	2,332,913.00		13,610.34
SELL	2/4/2026	2/5/2026	585,000.00	91282CKP5	US TREASURY N/B	4.62%	4/30/2029	609,160.04		16,333.15
SELL	2/4/2026	2/5/2026	475,000.00	91282CKP5	US TREASURY N/B	4.62%	4/30/2029	494,617.12		13,006.30
SELL	2/4/2026	2/5/2026	2,800,000.00	912828V98	US TREASURY N/B	2.25%	2/15/2027	2,792,928.67		-20,735.65
SELL	2/5/2026	2/9/2026	1,685,000.00	91282CMU2	US TREASURY N/B	4.00%	3/31/2030	1,729,253.67		12,716.06
SELL	2/5/2026	2/10/2026	681,666.48	3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	699,952.69		17,467.70
SELL	2/5/2026	2/10/2026	681,666.48	3137HDJJ0	FHMS K522 A2	4.80%	5/1/2029	699,739.67		17,254.68
SELL	2/9/2026	2/10/2026	470,000.00	91282CKP5	US TREASURY N/B	4.62%	4/30/2029	490,867.51		14,280.84
SELL	2/10/2026	2/13/2026	2,010,000.00	91282CKX8	US TREASURY N/B	4.25%	6/30/2029	2,064,587.45		52,169.82
SELL	2/13/2026	2/18/2026	400,000.00	912828ZN3	US TREASURY N/B	0.50%	4/30/2027	386,857.73		-3,032.82

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	2/20/2026	2/24/2026	475,000.00	91282CKP5	US TREASURY N/B	4.62%	4/30/2029	497,829.75		15,328.59
SELL	2/20/2026	2/24/2026	600,000.00	91282CKX8	US TREASURY N/B	4.25%	6/30/2029	617,632.12		16,115.60
SELL	3/2/2026	3/3/2026	4,000,000.00	912828ZN3	US TREASURY N/B	0.50%	4/30/2027	3,870,233.08		-32,586.21
SELL	3/6/2026	3/13/2026	1,425,000.00	91282CFU0	US TREASURY N/B	4.12%	10/31/2027	1,458,675.53		1,598.70
SELL	3/10/2026	3/13/2026	1,400,000.00	91282CQD6	US TREASURY N/B	3.50%	2/28/2031	1,386,801.29		-8,025.25
SELL	3/11/2026	3/13/2026	1,075,000.00	91282CPW5	US TREASURY N/B	3.75%	1/31/2031	1,077,508.16		1,651.50
SELL	3/11/2026	3/13/2026	1,270,000.00	91282CKX8	US TREASURY N/B	4.25%	6/30/2029	1,303,158.80		27,348.75
SELL	3/17/2026	3/18/2026	2,000,000.00	48125LRU8	JP MORGAN CHASE BANK NA	5.11%	12/8/2026	2,039,988.89		11,600.00
SELL	3/17/2026	3/18/2026	550,000.00	91282CND9	US TREASURY N/B	3.75%	5/15/2028	557,867.32		-691.20
SELL	3/19/2026	3/20/2026	275,000.00	931142FN8	WALMART INC (CALLABLE)	4.35%	4/28/2030	282,606.04		3,285.35
SELL	3/19/2026	3/20/2026	750,000.00	931142FN8	WALMART INC (CALLABLE)	4.35%	4/28/2030	770,743.75		2,274.06
SELL	3/24/2026	3/27/2026	225,000.00	912828ZN3	US TREASURY N/B	0.50%	4/30/2027	217,397.27		-2,542.74
TOTALS			68,269,284.34					69,970,778.81		165,647.99

Important Disclosures

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

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- 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.**
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- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

Glossary

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

Glossary

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

ORIGINATING SECTION: Administration

CONTACT: Osborn Solitei

AGENDA DATE: June 17, 2026

SUBJECT: FY 2025-26 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 2025-26 (July 1, 2025 – March 31, 2026) 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

This report was presented to the Finance Committee on May 13, 2026. The Committee recommended the report be submitted to the next regular Board meeting.

Highlights of this report include:

- › **2026 Asset Management Plan Update and FY 2026-27 Ten-Year Water System Capital Improvement Plan** – On April 15, 2026, the Board adopted the 2026 Asset Management Plan Update and FY 2026-27 Ten-Year Water System Capital Improvement Plan. The 2026 Asset Management Plan Update recommended a capital funding amount of \$16,277,000 for FY 2026-27 which has been incorporated into the proposed two-year budget.
- › **State Water Project Allocation** – On January 29, 2026, the Department of Water Resources announced an increase to the 2026 State Water Project allocation from 10% to 30% due to storms in mid-December. The allocation remains at 30% as of April 2026.

- › **Storm Damage Repair Projects** – Delays in environmental permitting for high-priority storm damage sites, the Alamo Creek Project, and Phase 1 Group A Storm Repairs, have pushed back work to at least summer 2026. The US Army Corps of Engineers successfully completed Phase 1 repairs on four high-priority bank stabilization sites along Arroyo Mocho. Phases 2 and 3 will continue into 2026 and 2027.

FUNDING:

N/A

RECOMMENDED ACTION:

Information only.

ATTACHMENT:

FY 2025-26 Unaudited Quarterly Revenue and Expenditure Report, Third Quarter



Zone 7 Water Agency Unaudited Quarterly Revenue and Expenditure Report FY 2025-26 | Third Quarter





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Report Overview

The following financial report is produced on a quarterly basis and 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) 2025-26 (July 1, 2025 – March 31, 2026) 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

Fund 100 - Water Enterprise Operations

Primary Funding Source: Water Rates

The purpose of the Water Enterprise Operations 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 water, distribution of untreated/agricultural water, and groundwater management. Activities include water treatment, water quality analysis, water resource management, groundwater recharge and protection, maintenance, and water supply engineering.

Comprehensive Fund Summary

Details of Revenue and Expenses for Fund 100

Category	FY 2026 Amended	FY 2026 YTD Actuals	FY 2026 Projected Actual	Year-End Over/ (Under) Budget
Beginning Fund Balance	\$38,704,352	\$38,704,352	\$38,704,352	-
Revenues				
Water Sales & Service	\$71,268,000	\$53,030,842	\$72,427,000	\$1,159,000
Other Revenue	\$313,000	\$580,209	\$778,000	\$465,000
Grants	\$130,000	\$14,335	\$15,000	-\$115,000
Investment Earnings	\$454,000	\$852,586	\$1,191,000	\$737,000
Total Revenues	\$72,165,000	\$54,477,971	\$74,411,000	\$2,246,000
Expenditures				
Personnel	\$21,851,000	\$16,773,039	\$22,364,000	\$513,000
Professional Services	\$4,297,652	\$2,137,807	\$3,249,000	-\$1,048,652
County Services	\$1,936,000	\$797,067	\$1,936,000	-
Insurance Services	\$900,000	\$766,323	\$900,000	-
Legal Services	\$455,000	\$259,998	\$322,000	-\$133,000
Water	\$6,355,248	\$2,409,803	\$4,987,000	-\$1,368,248
Delta Conveyance Project	\$1,650,000	\$880,000	\$1,320,000	-\$330,000
Chemicals	\$4,350,000	\$2,655,143	\$4,200,000	-\$150,000
Utilities	\$3,220,000	\$3,128,264	\$3,775,000	\$555,000
Telecommunications	\$157,000	\$144,116	\$157,000	-
Maintenance Services	\$2,427,000	\$1,798,731	\$2,427,000	-
Rental Services	\$116,000	\$92,491	\$116,000	-
Office Supplies and Other Services	\$1,050,678	\$838,053	\$1,050,678	-
Organizational Memberships and Support	\$425,752	\$373,443	\$425,752	-
Training and Travel	\$190,000	\$49,054	\$60,000	-\$130,000
Water Conservation Program	\$158,000	\$16,726	\$37,000	-\$121,000
Equipment	\$31,000	\$43,001	\$43,000	\$12,000
Debt Service	\$4,976,000	\$4,975,713	\$4,976,000	-
Capital Funding	\$17,618,000	\$12,435,821	\$16,573,000	-\$1,045,000
Total Expenditures	\$72,164,330	\$50,574,592	\$68,918,430	-\$3,245,900
Total Revenues Less Expenditures	\$670	\$3,903,379	\$5,492,570	\$5,491,900
Ending Fund Balance	\$38,705,022	\$42,607,731	\$44,196,922	\$5,491,900



*Beginning fund balance reflects audited actual.

Explanation of Major Variances

Revenue

1. **Water Sales and Service:** Year-to-date water sales revenue reflects treated water sales of approximately 25,215 acre-feet through March 31, 2026. Year-to-date revenue also includes the sale of 4,000 acre-feet of water to Westside Water Districts. The year-end projection reflects water sales trends. No additional water transfer sales are anticipated through June 30, 2026, as the agreement with Westside Water Districts expired on December 31, 2025.
2. **Other Revenue:** Year-to-date revenue is primarily made up of Department of Water Resources refunds. The year-end projection is higher than the budget due to expected Department of Water Resources refunds through June 2026.
3. **Grants:** The FY 2025-26 Budget includes planned receipt of Prop 1 Integrated Regional Water Management Program Round 2 grant proceeds for the water supply risk model enhancements and optimization project. The year-end projection is less than the budget due to the long reimbursement process. Approximately \$50,000 was received in fiscal year 2024-25 and the remaining reimbursement is expected in fiscal year 2026-27.
4. **Investment Earnings:** The FY 2025-26 Budget assumes 1.5% projected interest earnings for the fiscal year. The year-end projection exceeds the budget due to the Agency's fixed investments. The revised projected interest earnings reflect 3%.

Expenses

1. **Personnel:** Labor costs include payroll through March 31, 2026, and include a 6% cost of living adjustment (effective as of June 2025) and a vacancy rate of 11.5%. The year-end projected labor is greater than the budget due in part to newly approved longevity pay for employees reaching five and 10-year milestones with the Agency.
2. **Professional Services:** Includes professional services related to water enterprise operations. The year-end projection is less than the budget primarily due to unused contingencies (\$250K), a variety of as-needed services (~\$300K), and ongoing efforts that will continue into fiscal year 2026-27 (~\$241K).
3. **Water production costs:** Includes Water, Chemicals, and Utilities.
 - a. *Water:* The State Water Project allocation for calendar year 2025 was 50%. The current State Water Project allocation for calendar year 2026 is 30%. Year-to-date expenses primarily reflect the State Water Project conveyance costs. The year-end projection is less than the budget as no water transfers or water recovery from Kern County are likely to be needed to meet demands through June 2026.
 - b. *Chemicals and Utilities:* Year-to-date chemical expenditures are down 10% from this time last year, and utility costs are approximately twice as high compared to this time last year due to an operational shift from surface water to groundwater production in Summer 2025. Additionally, Del Valle Water Treatment Plan was offline in January and February for annual

routine maintenance. This year, the plant shutdown was extended to allow progress on the Underdrain Pump Station Upgrade Project as well as Booster Pump Station Variable Frequency Drive Replacement Project. The year-end projection reflects a planned increase in groundwater production through the next quarter. This plan is expected to increase utility and chemical costs.

4. **Delta Conveyance Project:** The Agency approved funding for pre-construction for calendar years 2026 and 2027 via Resolution No. 24-28, dated October 16, 2024. No expenses were incurred in calendar year 2025. The year-end projection reflects six months of Delta Conveyance Payments as stated in the 2026 Statement of Charges.
5. **Water Conservation Program:** The Agency's water conservation program provides rebates for approved water efficiency projects. The year-end projection reflects a slow-down in rebates as interest in this program typically peaks during droughts.
6. **Capital Funding:** The year-end projected capital funding is less than the budget as the budget assumes a 3% annual adjustment, and the actual Engineering News Record Construction Cost Index (ENRCCI) adjustment from June 2024 to June 2025 was -0.555%.

Water Supply Conditions



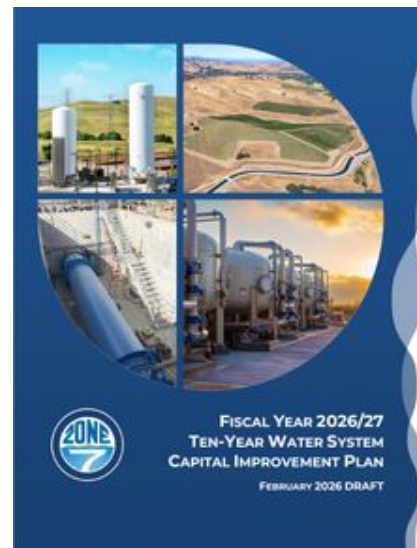
The State Water Project's final allocation for calendar year 2025 is 50% and the current State Water Project allocation for calendar year 2026 is 30% (as of April 2026). The United States Drought Monitor indicates most of California is currently experiencing abnormally dry conditions. For more information, please see the Monthly Water Inventory and Water Budget Update in the monthly Board packets.

Source: U.S. Drought Monitor

Water Enterprise Highlights

Water Transfer Sale with Westside Water Districts — The Agency, through a water transfer agreement, sold 4,000 acre feet of water to Westside Water District. This sale generated \$1.5M in revenue for the Water Enterprise Operations Fund.

2026 Asset Management Plan Update and FY 2026-27 Ten-Year Water System Capital Improvement Plan — On April 15, 2026, the Board adopted the 2026 Asset Management Plan and Ten-Year Water System Capital Improvement Plan. The Capital Improvement Plan is a strategic planning document that identifies the prioritized investment plan for FY 2026-27 through FY 2035-36 to provide the water supply facilities and programs relied upon to achieve the Agency's operational goals and policy objectives. To ensure long-term funding stability, the Asset Management Plan Update recommended an annual capital funding amount of \$16,277,000 from the Water Enterprise Operations Fund to the Water Enterprise Renewal / Replacement and System-Wide Improvements Fund beginning in FY 2026-27, with future annual adjustments for inflation. This annual funding amount was approved with the adoption of Resolution No. 26-30.



Fund 100 Reserves Breakdown

Per Initiative No. 21 of the Agency's Strategic Plan, the Agency shall maintain target levels of reserves, where applicable. Fund 100 reserves are projected to be fully funded at the target level by June 30, 2026. The table below compares minimum, target, and maximum reserves to the projected year-end reserves.

Fund 100 Reserves	Minimum	Target	Maximum	FY 2025-26 Projected Actual
Operating Reserves¹	\$8,867,000	\$13,301,000	\$17,734,000	\$13,301,000
Emergency Reserves²	6,871,000	8,588,000	10,306,000	8,588,000
Reserve for Economic Uncertainties³	3,741,000	5,611,000	7,481,000	5,611,000
Water Reliability Fund⁴	-	-	-	14,507,000
Subtotal	\$19,479,000	\$27,500,000	\$35,521,000	\$42,007,000
Pension Trust Fund⁵				2,190,000
Ending Fund Balance				\$44,197,000
Less: Estimated Budget Carryover for Ongoing Efforts				(241,000)
Net Ending Fund Balance				\$43,956,000

Note: Values rounded to the thousands.

¹The FY 2025-26 Q3 projected FYE Operating Reserve is funded at the target level of 90 days of FY 2025-26 budgeted operating expenses.

²The FY 2025-26 Q3 projected FYE Emergency Reserve is funded at the target level of 2.5% of FY 2024-25 Water Enterprise assets.

³The FY 2025-26 Q3 projected FYE Reserve for Economic Uncertainties is funded at 15% of FY 2025-26 budgeted volume-based water sales revenue.

⁴The Board established the Water Reliability Reserve via Resolution No. 25-47, dated June 18, 2025. The Water Reliability Reserve provides flexibility and agility to address water supply challenges and opportunities. The reserve has no assigned minimum, target, or maximum amount. This reserve holds the balance of funds once target levels are achieved.

⁵The FY 2025-26 Budget plans a one-time contribution of \$100K in addition to the planned annual contribution for FY 2025-26 of \$150K. The additional on-time contribution will be realized in FY 2026-27.

Fund 120 - Water Renewal/Replacement and System-wide Improvements

Primary Funding Source: Water Rates via capital funding 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.

Comprehensive Fund Summary

Details of Revenue and Expenses for Fund 120

Category	FY 2026 Amended	FY 2026 YTD Actuals	FY 2026 Projected Actual	Year-End Over/(Under) Budget
Beginning Fund Balance	\$89,592,777	\$89,592,777	\$89,592,777	-
Revenues				
Other Revenue	\$2,000	\$2,059,714	\$2,060,000	\$2,058,000
Investment Earnings	\$812,000	\$2,243,094	\$2,743,000	\$1,931,000
Capital Funding	\$17,398,000	\$12,265,083	\$16,353,000	-\$1,045,000
Total Revenues	\$18,212,000	\$16,567,890	\$21,156,000	\$2,944,000
Expenditures				
Personnel	\$2,819,013	\$1,481,840	\$1,873,000	-\$946,013
Professional Services	\$29,000	\$18,404	\$29,000	-
Capital Projects	\$25,454,746	\$4,125,126	\$11,341,000	-\$14,113,746
Total Expenditures	\$28,302,759	\$5,625,370	\$13,243,000	-\$15,059,759
Total Revenues Less Expenditures	-\$10,090,759	\$10,942,520	\$7,913,000	\$18,003,759
Ending Fund Balance	\$79,502,018	\$100,535,297	\$97,505,777	\$18,003,759

*Beginning fund balance reflects audited actual.

Explanation of Variances

Revenue

1. **Other Revenue:** The year-to-date actual is made up of a \$250K cash settlement and a \$500K land credit from the City of Pleasanton as well as the \$1.3M DuPont class action settlement payment for per- and polyfluoroalkyl substances (PFAS) contamination. The year-end projection reflects actuals.
2. **Investment Earnings:** The FY 2025-26 Budget assumes 1.5% projected interest earnings for the fiscal year. The year-end projection exceeds the budget due to the Agency's fixed investments. The year-end projection reflects 3% interest earnings.
3. **Capital Funding:** The year-end projected actual capital funding is less than the budget as the budget assumed an annual adjustment of 3%. The ENRCCI adjustment from June 2024 to June 2025 was -0.555%.

Expenses

1. **Personnel:** Year-to-date labor includes payroll through March 31, 2026. The year-end projection reflects trends. A 6% cost of living adjustment took effect in June 2025.
2. **Capital Projects:** The budget includes approved capital projects for FY 2025-26 and ongoing capital projects for the water system. The year-end projection is less than the budget due to the multi-year nature of capital projects. The following major capital projects are in process and will continue into next fiscal year:
 - a. Del Valle Water Treatment Plant HVAC and Fire Alarm Control Panel
 - b. Mocho Wells PFAS Treatment Facility
 - c. Patterson Pass Water Treatment Plant HVAC and Clearwell Improvements
 - d. Silver Oaks Pump Station Replacement
 - e. Stoneridge PFAS Treatment Facility Power and Resource Pooling Authority (PWRPA) Improvements
 - f. Wells & Mocho Groundwater Demineralization Plant Electrical Replacement/Upgrades

Capital Project Highlights

2026 Asset Management Plan Update and the FY 2026-27 Ten-Year Water System Capital Improvement Plan

— On April 15, 2026, the Board adopted the 2026 Asset Management Plan and Ten-Year Water System Capital Improvement Plan. The Capital Improvement Plan is a strategic planning document that identifies the prioritized investment plan for FY 2026-27 through FY 2035-36 to provide the water supply facilities and programs relied upon to achieve the Agency's operational goals and policy objectives. The Fund 120 Ten-Year Capital Improvement Plan totals \$408M, supported by a \$16.3M annual capital funding amount (adjusted annually by inflation). More information on the Agency's Capital Improvement Plan can be found [here](#).

In addition, the Agency has a variety of water system capital improvement projects scheduled to be completed by the end of the fiscal year. A few of these projects are highlighted below:

Del Valle Water Treatment Plant (DVWTP) Booster Pump Station Variable Frequency Drive (VFD) and Underdrain Pump Station Project

— The DVWTP Booster Pump Station VFD and Underdrain Pump Station project included the replacement of the two variable frequency drives at the booster pump station and replacement of the submersible pumps at the underdrain pump station. This work included a new ~500-foot electrical duct bank, Electrical Room 3 modifications, a new local control panel, two new pumps, and various other appurtenances.

Groundwater Regional Well Project Feasibility Study

— To diversify groundwater production and develop new wells to meet future demand, Zone 7 is partnering with the City of Pleasanton to install new wells in a portion of the Bernal subbasin. To evaluate feasibility, three test wells were constructed and tested for water quality, capacity, and aquifer sustainability. Test results and subsequent groundwater modeling were used to evaluate the technical feasibility of these locations as permanent supply wells. The study concluded that it is feasible to install two municipal production wells in Hansen and Tennis parks that would produce sufficient yield to cover the City's groundwater production quota and Zone 7's additional production needs. At the City of Pleasanton's April 21, 2026, City Council meeting, staff recommended moving forward to jointly develop the Regional Groundwater Facilities Project with Zone 7.

Stoneridge Well Emergency Repair

— The purpose of this project is to rehabilitate and replace pump assembly and associated appurtenances and make other necessary improvements to the Stoneridge well, as identified through investigations and surveys. The well was experiencing pressure fluctuations and operating at an amperage that exceeded the motor's rating. Staff found that continued operation at this level may pose a significant risk to failure of the pump and/or motor. Because of this determination, the well was considered only for emergency operations. Work on this project commenced in January 2026. Since then, the contractor has completed the removal of the existing motor, column pipe, pump shaft, and well pump and has sent the materials to the contractor's facilities for testing. The improvements are expected to improve water production reliability and increase operational flexibility.



DVWTP Booster Pump Station VFD and Underdrain Pump Station Project - Completion March 2026



Groundwater Regional Well Project: Tennis & Community Park, Pleasanton



Stoneridge Well Emergency Repair - Well Pump Reinstallation

Fund 120 Capital Projects in Process

The table below summarizes the major water renewal/replacement and system-wide improvement projects in process. For more information on capital projects, please see the Capital Projects Status Report in the February 18, 2026, Board meeting agenda packet.

Project	Total Estimated Cost	Fund 120 Share	Status	Estimated In-Service Date
Asset Management Program and 10-Year CIP Update	\$1,160,000	\$902,000	Adopted	April 15, 2026
Del Valle and Patterson Pass Water Treatment Plant HVAC and Improvements	\$12,100,000	\$12,100,000	Preliminary Design	Summer 2028
Del Valle Water Treatment Plant Booster Pump Station Variable Frequency Drive and Underdrain Pump Station Replacement	\$1,910,000	\$1,910,000	Construction	Spring 2026
Del Valle Water Treatment Plant Master Plan	\$688,000	\$688,000	Planning	Fall 2026
Electric Vehicle Chargers	\$651,000	\$651,000	Pre-construction	Spring 2026
Joint Regional Groundwater Development Project — Feasibility Study and Test Wells*	\$2,700,000	\$1,350,000	Completed	N/A
Mocho PFAS Treatment Plant**	\$51,500,000	\$51,500,000	Planning / Design	Summer 2028
Silver Oaks Pump Station	\$20,000,000	\$16,000,000	Planning	Fall 2028
Stoneridge PFAS Treatment Plant	\$16,300,000	\$16,300,000	Functional Completion	PWRPA Power Switchover Winter 2026
Stoneridge Well Emergency Repair	\$560,000	\$560,000	In-process	Spring 2026
Transmission System Plan and Hydraulic Model Update	\$931,000	\$698,000	In-process	Summer 2027
Wells and Mocho Groundwater Demineralization Plant Electrical Upgrades/Replacements	\$7,300,000	\$7,300,000	In-process	Spring 2027
Total	\$115,800,000	\$109,959,000		

* This effort was funded 50% by the City of Pleasanton.

**The total project cost for the Mocho PFAS Treatment Plant is estimated to cost between \$35.3M and \$52M. The project is anticipated to be partially funded by external funding sources.

Fund 120 Reserves Breakdown

The table below compares the FY 2025-26 Amended Budget ending reserve balances to the projected ending reserve balances.

Fund 120 Reserves	FY 25-26 Amended Budget	FY 25-26 Projected Actual
Debt Service Rate Stabilization Reserve	\$6,300,000	\$6,300,000
Pension Trust	64,000	57,000
Designated for Capital Projects Reserve¹	62,560,000	91,149,000
Total	\$68,924,000	\$97,506,000
<i>Less: Estimated Budget Carryover for Multi-Year Capital Projects</i>		<i>(10,929,000)</i>
Net Fund Balance	\$68,924,000	\$86,577,000

Note: Values are rounded to the thousands.

¹Reserve is designated for capital projects to fund water system renewal/replacement and system-wide improvement projects.

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.

The Agency's cost of importing water from the Department of Water Resources is funded through the State Water Facilities Fund. This includes repayment of voter-approved, State-incurred, long-term debt.

Comprehensive Fund Summary

Details of Revenues and Expenses for Fund 110

Category	FY 2026 Amended	FY 2026 YTD Actuals	FY 2026 Projected Actual	Year-End Over/(Under) Budget
Beginning Fund Balance	\$57,911,111	\$57,911,111	\$57,911,111	-
Revenues				
Water Sales & Service	\$2,995,000	\$2,695,751	\$2,696,000	-\$299,000
Property Taxes	\$22,201,000	\$12,778,155	\$22,201,000	-
Other Revenue	\$3,675,000	\$2,707,105	\$3,675,000	-
Investment Earnings	\$784,000	\$1,360,560	\$2,033,000	\$1,249,000
Total Revenues	\$29,655,000	\$19,541,570	\$30,605,000	\$950,000
Expenditures				
Professional Services	\$16,000	\$18,916	\$19,000	\$3,000
Water	\$31,236,000	\$27,142,177	\$29,076,000	-\$2,160,000
Total Expenditures	\$31,252,000	\$27,161,093	\$29,095,000	-\$2,157,000
Total Revenues Less Expenditures	-\$1,597,000	-\$7,619,523	\$1,510,000	\$3,107,000
Ending Fund Balance	\$56,314,111	\$50,291,588	\$59,421,111	\$3,107,000

*Beginning fund balance reflects audited actual.

Explanation of Major Variances

Revenue

- Water Sales & Service:** Year-to-date actual reflects the receipt of the Dougherty Valley Surcharge. The year-end projection reflects year-to-date actuals.
- Property Taxes:** FY 2025-26 budgeted revenue is made up of planned property tax collections from the property tax override. The year-to-date actual revenue reflects the first installment of property tax. The second installment will be reflected in the fourth quarter report. The year-end projection reflects the budget.
- Other Revenue:** FY 2025-26 budgeted other revenue includes estimated refunds from the Department of Water Resources. The year-end projection reflects the budget.



4. **Investment Earnings:** The FY 2025-26 Budget assumes 1.5% projected interest earnings for the fiscal year. The year-end projection exceeds the budget due to the Agency's fixed investments. The revised projected interest earnings reflect 3%.

Expenses

1. **Water:** The FY 2025-26 budgeted expenses include the Department of Water Resources fixed charges. Transportation capital charges and the improvement portion of the South Bay Aqueduct Improvement and Enlargement Project debt service payments are paid in January /July and March/September, respectively. The year-end projection is less than the budget as it reflects the anticipated payments through June 2026 based on the actual 2026 Statement of Charges.

State Water Project Highlights

State Water Project Allocation – On January 29, 2026, the Department of Water Resources announced an increase to the calendar year 2026 State Water Project allocation from 10% to 30% due to storms in mid-December 2025. The allocation remains at 30% as of April 2026.



Bethany Reservoir, Alameda County - March 2026

Source: California Department of Water Resources

Fund 110 Reserves Breakdown

The following table compares the FY 2025-26 Amended Budget ending reserve balance to the projected ending reserve balance at June 30, 2026. 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 25-26 Amended Budget	FY 25-26 Projected Actual
Operating Reserve	\$56,314,111	\$59,421,111
Total Reserve	\$56,314,111	\$59,421,111

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 for 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.

Comprehensive Fund Summary

Details of Revenue and Expenses for Fund 130

Category	FY 2026 Amended	FY 2026 YTD Actuals	FY 2026 Projected Actual	Year-End Over/(Under) Budget
Beginning Fund Balance	\$78,681,415	\$78,681,415	\$78,681,415	-
Revenues				
Connection/Development Fees	\$10,000,000	\$13,448,643	\$20,326,000	\$10,326,000
Other Revenue	\$3,000,000	\$1,629,156	\$3,000,000	-
Investment Earnings	\$835,000	\$1,890,121	\$2,256,000	\$1,421,000
Total Revenues	\$13,835,000	\$16,967,920	\$25,582,000	\$11,747,000
Expenditures				
Personnel	\$255,166	\$264,203	\$300,000	\$44,834
Professional Services	\$50,000	\$68,213	\$69,000	\$19,000
Legal Services	\$92,000	\$13,191	\$25,000	-\$67,000
Water	\$17,400,000	\$15,674,874	\$16,425,000	-\$975,000
Capital Projects	\$2,737,502	\$209,729	\$966,166	-\$1,771,336
Debt Service	\$1,100,000	\$821,469	\$1,100,000	-
Total Expenditures	\$21,634,668	\$17,051,680	\$18,885,166	-\$2,749,502
Total Revenues Less Expenditures	-\$7,799,668	-\$83,759	\$6,696,834	\$14,496,502
Ending Fund Balance	\$70,881,747	\$78,597,656	\$85,378,249	\$14,496,502

*Beginning fund balance reflects audited actual.



Explanation of Major Variances

Revenue

1. **Connection/Development Fees:** Year-to-date revenue is made up of water connection fees from approximately 354 connections through February 2026. Connections received in March 2026 will be reflected in the fourth quarter report. The connection fee revenue received to-date is primarily from the Dublin San Ramon Services District service area. The year-end projection exceeds budget and plans for an additional 226 water connections, the majority projected to come from the City of Livermore and the Dublin San Ramon Services District.
2. **Other Revenue:** FY 2025-26 budgeted other revenue is estimated refunds from the Department of Water Resources. The year-end projection reflects the budget.
3. **Investment Earnings:** The FY 2025-26 Budget assumes 1.5% projected interest earnings for the fiscal year. The year-end projection exceeds the budget due to the Agency's fixed investments. The revised projected interest earnings reflect 3%.

Expenses

1. **Personnel:** Includes this fund's share of payroll through March 31, 2026, for capital expansion projects. A 6% cost of living adjustment took effect in June 2025. The year-end projection reflects trends.
2. **Water:** Year-to-date expenses are made up of the first installment of the South Bay Aqueduct Enlargement debt service payments (paid in September and March). The year-end projection reflects the first and second installment payments per the 2026 Statement of Charges.
3. **Capital Projects:** Includes approved capital expansion projects for FY 2025-26. The year-end projection is less than budget due to the multi-year nature of projects. For example, the Chain of Lakes Conveyance System and Silver Oaks Pump Station Replacement project will continue into next fiscal year.
4. **Debt Service:** Reflects the Fund 130 portion of the Water Revenue Bonds, 2018 Series A debt service. The bonds refunded the Agency's obligations in connection with the Cawelo Water District Certificates of Participation, Series 2006.

Ongoing Development Highlights

The primary revenue source for Fund 130 is water connection fees from new development within the service area. While the connection fee revenue received through the third quarter of FY 2025-26 primarily came from new connections in the Dublin San Ramon Services District, the City of Livermore is currently underway with numerous developments around the Agency's headquarters. The images below show the ongoing development within the City of Livermore, specifically development as part of the Isabel Neighborhood Plan. The City of Livermore is also developing at Arroyo Crossing on Las Positas Road.



Triad Place, City of Livermore
April 2026



Serenity, City of Livermore
April 2026

Historical Water Connection Fee Collections

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26 Projected Actual
Connection Fee Revenue	\$22,461,926	\$13,609,527	\$19,669,510	\$17,023,624	\$11,860,411	\$22,940,368	\$20,326,000
Number of New Connections	796	470	643	535	340	672	580

Expansion Capital Project Highlights

South Bay Aqueduct — The largest expense in Fund 130 is the Agency's annual debt obligations for the South Bay Aqueduct improvements and enlargement by the California Department of Water Resources. The project involved expansion of the South Bay Aqueduct to convey 130 cubic feet per second of water through Reach 1 and 80 cubic feet per second through Reaches 2 through 4. The project also included the construction of the Dyer Reservoir, a 425-acre-foot raw water reservoir located near Dyer Road.

Sites Reservoir Project — Sites Reservoir is a proposed 1.5 million acre foot off stream reservoir designed to adapt to changing climate conditions, providing a more flexible water supply for California. As a rain-fed storage solution, Sites Reservoir will be able to capture water from extreme storm events, which can be used by communities, farms, and the environment when water is more scarce. The Agency has been participating in the planning phase of the project since 2017. The FY 2025-26 budget reflects planned staff time for Phase 2.



Dyer Reservoir

Source: Department of Water Resources



Sites Reservoir Project Map

Fund 130 Reserves Breakdown

The table below compares the FY 2025-26 Amended Budget ending reserve balances to the projected ending reserve balances.

Fund 130 Reserves	FY 25-26 Amended Budget	FY 25-26 Projected Actual
Sinking Funds¹	\$31,540,000	\$31,540,000
Debt Service Rate Stabilization Reserve	2,300,000	2,300,000
Designated for Capital Projects Reserve²	25,756,000	51,521,000
Pension Trust Fund	17,000	17,000
Total Reserves	\$59,613,000	\$85,378,000
<i>Less: Estimated Budget Carryover for Multi-Year Expansion Projects</i>		<i>(776,000)</i>
Net Fund Balance		\$84,602,000

Note: Values are rounded to the nearest thousand.

¹Reserve established by the Board to fund South Bay Aqueduct debt service payments that continue after the Agency's service area is built-out.

²Reserve designated for capital projects to fund expansion capital improvement projects over the next ten years.

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 receives 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 supports 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 also supports renewal/replacement and improvement projects for the existing flood protection system.

Comprehensive Fund Summary

Details of Revenues and Expenses for Fund 200

Category	FY 2026 Amended	FY 2026 YTD Actuals	FY 2026 Projected Actual	Year-End Over/(Under) Budget
Beginning Fund Balance	\$33,637,946	\$33,637,946	\$33,637,946	-
Revenues				
Property Taxes	\$13,077,000	\$8,245,814	\$13,077,000	-
Other Revenue	\$236,000	\$738,931	\$740,000	\$504,000
Investment Earnings	\$180,000	\$742,683	\$1,037,000	\$857,000
Total Revenues	\$13,493,000	\$9,727,429	\$14,854,000	\$1,361,000
Expenditures				
Personnel	\$3,208,000	\$2,566,095	\$3,008,000	-\$200,000
Professional Services	\$4,140,162	\$1,196,906	\$2,506,000	-\$1,634,162
County Services	\$110,500	\$112,015	\$150,000	\$39,500
Legal Services	-	\$10,050	\$18,000	\$18,000
Telecommunications	\$6,000	\$3,534	\$10,000	\$4,000
Maintenance Services	\$20,812,141	\$1,756,505	\$4,963,000	-\$15,849,141
Rental Services	-	\$11,413	\$20,000	\$20,000
Office Supplies and Other Services	\$840,322	\$514,277	\$755,500	-\$84,822
Organizational Memberships and Support	\$91,300	\$63,425	\$91,300	-
Training and Travel	\$27,000	\$2,332	\$15,000	-\$12,000
Equipment	\$35,000	-	\$35,000	-
Capital Funding	\$16,000	\$10,513	\$16,000	-
Total Expenditures	\$29,286,425	\$6,247,065	\$11,587,800	-\$17,698,625
Total Revenues Less Expenditures	-\$15,793,425	\$3,480,364	\$3,266,200	\$19,059,625
Ending Fund Balance	\$17,844,521	\$37,118,310	\$36,904,146	\$19,059,625

*Beginning fund balance reflects audited actual.



Explanation of Major Variances

Revenue

1. **Property Tax:** FY 2025-26 budgeted revenue is made up of planned property tax collections. The year-to-date actual reflects the first installment of property tax received in December 2025. The second installment will be reflected in the fourth quarter report. The year-end projection reflects the budget and is also reflective of the property tax estimate for FY 2025-26 provided by the County and projected prior year property tax collections.
2. **Other Revenue:** Year-to-date revenue comprises reimbursement from FEMA and Cal OES for completed 2023 emergency storm repair projects.
3. **Investment Earnings:** The FY 2025-26 Budget assumes 1.5% projected interest earnings for the fiscal year. The year-end projection exceeds the budget due to the Agency's fixed investments. The revised projected interest earnings reflect 3%.

Expenses

1. **Personnel:** Labor costs include this fund's share of payroll through March 31, 2026. The year-end projection reflects the budget. A 6% cost of living adjustment took effect in June 2025.
2. **Professional Services:** The FY 2025-26 Budget includes ongoing project costs for the Flood Management Plan Phase 2A as well as a variety of on-call services for flood-related engineering, permitting, and planning services. The year-end projection is less than the budget primarily due to the multi-year nature of the Flood Management Plan (\$610K), unspent as-needed services (\$300K), as well as unspent contingency (\$500K).
3. **Maintenance Services:** The FY 2025-26 Budget includes routine flood engineering repair services and approximately \$10.7M for planned flood emergency projects. The year-end projection is less than budget due to delayed storm repair projects from environmental permitting delays. Storm repairs planned for summer 2025 have been shifted to summer of 2026. Construction on several sites is scheduled to begin in June 2026.

The Agency is in the process of developing and implementing a Flood Management Plan to direct the Agency's future flood maintenance activities and capital projects. Per Resolution No. 22-73, dated August 17, 2022, the Board adopted the Flood Management Plan Phase 1. Flood Management Plan Phase 2A professional and project management services were approved at the February 15, 2023, Board meeting.

The following table lists major projects that are in-process.

Project	Total Cost	Fund 200 Share	Status	In-service
Alamo Creek Bank Stabilization Pilot Project ¹	\$6.1M	\$1.5M	Permits pending	Winter 2026
2022-23 Storm Damage High Priority Repairs	\$2.4M	\$2.4M	Permits received	Fall 2026
2023 Storm Damage Repairs – Phase 1A/1B	\$24.9M	\$24.9M	Permits received	Fall 2026/Fall 2027

¹DWR has awarded approximately \$3.9M in grants through the Floodplain Management, Protection, and Risk Awareness (FMPRA) Grant program.

Flood Operations and Maintenance Highlights

Flood Maintenance — Each summer the Agency uses goat grazing services at its flood protection facilities for vegetation maintenance to abate fire fuels and maintain channel capacity. This summer, 176 acres of flood control facilities were grazed by goats. The goats are currently grazing in the City of Livermore and will be active through June 2026.

Rehabilitation Project — In November 2025, the U.S. Army Corps of Engineers completed Phase 1 of the Rehabilitation Project, successfully repairing four high-priority bank stabilization sites along Arroyo Mocho near West Las Positas Boulevard in Pleasanton. Phases 2 and 3 will address a total of 41 additional bank repair sites, 21 sites in Pleasanton planned for construction in 2026, followed by 20 sites in Dublin anticipated in 2027. Design for Phases 2 and 3 is complete, and the construction contract is currently out for bid. Environmental permit applications have been submitted to the appropriate regulatory agencies and are currently under review.

Storm Damage Repair Project Delays — Due to delays in environmental permitting for high-priority storm damage sites, the Alamo Creek Project, Phase 1A Storm Repairs, and US Army Corps of Engineers storm sites, work has been pushed to summer 2026.



**Flood Maintenance Goat Grazing -
Summer 2025**



**US Army Corps of Engineers
Rehabilitation Project**



**Future Storm Damage Repairs -
Line H-N at Vasco**

Fund 200 Reserves Breakdown

The table below compares the FY 2025-26 Amended Budget ending reserve balance to the projected ending reserve balance.

Fund 200 Reserves	FY 25-26 Amended Budget	FY 25-26 Projected Actual
Operating Reserves¹	\$9,548,000	\$9,548,000
Designated for Capital Projects Reserve²	-	\$27,118,000
Section 115 Pension Trust	228,000	238,000
Total Reserves	\$9,776,000	\$36,904,000
<i>Less: Estimated Budget Carryovers for Multi-Year Projects</i>		<i>(5,843,000)</i>
Net Fund Balance		\$31,061,000

Note: Values are rounded to the thousand.

¹ This fund may be routinely utilized 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.

² Per the Agency's Reserve Policy, there is no minimum or maximum level required for the Flood capital projects reserve.

Fund 210 - Flood Protection Development Impact Fee

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, land and right of way acquisition, environmental review, permitting, and construction for drainage projects.

Comprehensive Fund Summary

Details of Revenues and Expenses for Fund 210

Category	FY 2026 Amended	FY 2026 YTD Actuals	FY 2026 Projected Actual	Year-End Over/(Under) Budget
Beginning Fund Balance	\$85,092,017	\$85,092,017	\$85,092,017	-
Revenues				
Connection/Development Fees	\$1,500,000	\$815,977	\$2,000,000	\$500,000
Other Revenue	\$25,000	-	\$25,000	-
Investment Earnings	\$1,187,000	\$1,870,085	\$2,559,000	\$1,372,000
Total Revenues	\$2,712,000	\$2,686,062	\$4,584,000	\$1,872,000
Expenditures				
Personnel	\$160,641	\$57,589	\$62,000	-\$98,641
Professional Services	\$1,636,304	\$422,671	\$965,000	-\$671,304
Capital Projects	\$500,000	-	-	-\$500,000
Total Expenditures	\$2,296,945	\$480,259	\$1,027,000	-\$1,269,945
Total Revenues Less Expenditures	\$415,055	\$2,205,802	\$3,557,000	\$3,141,945
Ending Fund Balance	\$85,507,072	\$87,297,819	\$88,649,017	\$3,141,945

*Beginning fund balance reflects audited actual.

Explanation of Major Variances

Revenue

- Connection/Development Fees:** Development impact fees are 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-to-date actual reflects revenue received from the City of Livermore. The year-end projection is greater than the budget as it reflects the increased development primarily within the City of Livermore.
- Investment Earnings:** The FY 2025-26 Budget assumes 1.5% projected interest earnings for the fiscal year. The year-end projection exceeds the budget due to the Agency's fixed investments. The revised projected interest earnings reflect 3%.



Expenses

1. **Personnel:** Includes flood staff labor for flood expansion projects through March 31, 2026. The year-end projection reflects the budget.
2. **Professional Services:** Primarily includes professional service expenses for the Flood Management Plan Phase 2A. The year-end projection is less than the budget as the Flood Management Plan will continue through next fiscal year.
3. **Capital Projects:** The budget consists of contingency funds for unforeseen projects or emergencies. No major capital projects are budgeted this year.

The Agency is in the process of developing and implementing a Flood Management Plan to direct the Agency's future flood maintenance activities and capital projects. Per Resolution No. 22-73, dated August 17, 2022, the Board adopted the Flood Management Plan Phase 1. Flood Management Plan Phase 2A professional and project management services were approved at the Board meeting on February 15, 2023.

Fund 210 Reserves Breakdown

The following table and chart compare the FY 2025-26 Amended Budget ending reserve balance to the projected ending reserve balance.

Fund 210 Reserves	FY 25-26 Amended Budget	FY 25-26 Projected Actual
Capital Projects Reserve	\$83,715,000	\$88,649,000
Total Reserves	\$83,715,000	\$88,649,000
<i>Less: Estimated Budget Carryovers for Multi-Year Projects</i>		<i>(427,000)</i>
Net Fund Balance		\$88,222,000

Note: Values are rounded to the thousand.