

AGENDA
IRVINE RANCH WATER DISTRICT
FINANCE AND PERSONNEL COMMITTEE MEETING
TUESDAY, OCTOBER 6, 2026

This meeting will be held in-person at the District's headquarters located at 15600 Sand Canyon Avenue, Irvine, California. The meeting will also be broadcasted via Webex for those wanting to observe the meeting virtually.

To observe this meeting virtually, please join online using the link and information below:

Via Web: <https://irwd.webex.com/irwd/j.php?MTID=mae8cc59475619d4fa5be6da7cfa0d4dc>

Meeting number (access code): 2482 661 2661

Meeting password: bRBBRdhj984

As courtesy to the other participants, please mute your phone when you are not speaking.

PLEASE NOTE: Participants joining the meeting will be placed into the Webex lobby when the Committee enters closed session. Participants who remain in the "lobby" will automatically be returned to the open session of the Committee once the closed session has concluded. Participants who join the meeting while the Committee is in closed session will receive a notice that the meeting has been locked. They will be able to join the meeting once the closed session has concluded.

CALL TO ORDER 3:30 p.m.

<u>ATTENDANCE</u>	Committee Chair:	Dan Ferons	_____
	Committee Member:	Doug Reinhart	_____

<u>ALSO PRESENT</u>	Paul Cook	_____	Neveen Adly	_____
	Wendy Chambers	_____	Kevin Burton	_____
	Paul Weghorst	_____	Christopher Smithson	_____
	Lance Kaneshiro	_____	Tiffany Mitcham	_____
	Eileen Lin	_____	Jennifer Davis	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

PUBLIC COMMENT NOTICE

If you wish to address the Committee orally on any item, you may attend the meeting in person and submit a "speaker slip" to the Committee Chair. Forms are provided at the front of the Committee Room. Public comments are limited to three minutes per speaker on each subject. If you wish to submit written comments to the Committee, please submit your public comment in advance of the meeting by emailing comments@irwd.com before 10:30 a.m. on Tuesday, October 6, 2026, and your remarks will be added to the record at the meeting.

COMMUNICATIONS

1. Notes: Adly
2. Public Comments
3. Determine the need to discuss and/or take action on item(s) introduced, which came to the attention of the District subsequent to the agenda being posted.
4. Determine which items may be approved without discussion.

INFORMATION

- | | |
|--|--|
| 5. <u>VALUES RECOGNITION PROGRAM QUARTERLY UPDATE – SRADER / MITCHAM</u>

Recommendation: Receive and file. | |
| 6. <u>MONTHLY INVESTMENT AND DEBT REVIEW – ROCHA / DAVIS / ADLY</u>

Recommendation: Receive and file. | |
| 7. <u>ENERGY SURCHARGE METHODOLOGY – ZANETTI / SMITHSON / ADLY</u>

Recommendation: Receive and file. | |
| 8. <u>CONNECTION FEE STUDY – DAVIS / SMITHSON / ADLY</u>

Recommendation: | |
| 9. <u>INFORMATION TECHNOLOGY PROJECT STATUS REPORT – KANESHIRO / ADLY</u>

Recommendation: Receive and file. | |

OTHER BUSINESS

10. Directors' Comments
11. Adjourn

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Committee in connection with a matter subject to discussion or consideration at an open meeting of the Committee are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Committee Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available at the entrance of the meeting room at the District Office. The Irvine Ranch Water District Committee Room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.), please contact the District Secretary at (949) 453-5300 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in an alternative format upon written request to the District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

October 6, 2026
Prepared by: L. Srader
Submitted by: T. Mitcham
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

VALUES RECOGNITION PROGRAM QUARTERLY UPDATE

SUMMARY:

This item presents the activities within IRWD's Values Recognition Program through the first quarter of Fiscal Year (FY) 2026-27.

BACKGROUND:

IRWD's Values Recognition Program recognizes employees who exhibit outstanding performance, depicting efforts above and beyond the requirements of their positions and aligning with / exemplifying IRWD's Values.

During the first quarter of FY 2026-27, six (6) Values Recognition Award nominations totaling \$520 were received, involving ten (10) IRWD employees. As described in Exhibit "A", the awards include employees from Technical Services, Operations, and Finance and Administration.

Exhibit "A" summarizes the Values Recognition Awards for the first quarter of FY 2026-27.

FISCAL IMPACTS:

The District's annual budget for FY 2026-27 is \$260,000 for this program, of which \$520 was distributed for performance recognition as of September 30, 2026.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

Receive and file.

LISTS OF EXHIBITS:

Exhibit "A" – Values Recognition Program Update for the First Quarter of FY 2026-27

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Exhibit "A"

VALUES RECOGNITION PROGRAM QUARTERLY UPDATE Fiscal Year 2026-2027 Q1 July 2026 to September 2026



Nomination Date	Employee Name	Values Demonstrated	Award Type	Award Amount
7/22/2026	Carson McKinstry Sunny Zhao	Carson McKinstry and Sunny Zhao demonstrated outstanding teamwork by helping Water Operations review historical engineering plans and maps found in the Operations library and other storage locations. Together, they reviewed more than 150 historical plans and compared them with the District's existing digital records. They identified over 60 plans that required scanning and inclusion in the District's records management system, helping preserve historical records and ensure critical information is available to support the operation and maintenance of District assets. Carson and Sunny's collaboration and attention to detail exemplify IRWD's values of Teamwork and Collaboration.	Gift Cards \$30	\$60
7/28/2026	Alan Aguilar	On July 14, 2026, Alan Aguilar was driving a District vehicle when he came upon a vehicle accident. He immediately noticed smoke coming from the vehicles, and the drivers were still inside. Recognizing that assistance might be needed, Alan put on his work gloves and approached the first vehicle to check on the driver. The driver gave him a thumbs-up, so Alan went to the second vehicle to make sure that driver was also okay. The second driver opened the door and appeared unharmed. Alan then returned to the first vehicle and realized the driver could not exit because he was trapped inside. Although Alan could not open the driver's side door, he was able to open the rear passenger door. He calmly instructed the driver to move into the back seat and exit through the rear door. He remained with the driver, helped him safely out of the vehicle, and made sure he did not fall onto the concrete. Alan also assisted him with his shoes before ensuring he was safely away from the vehicle. He demonstrated exceptional integrity, kindness, initiative, and customer care by stopping to assist individuals in a potentially dangerous situation. Rather than simply driving past the accident, Alan took the initiative to assess the situation and provide hands-on assistance to someone who could not safely exit his vehicle. His willingness to help a member of the public, even when it was outside his normal job responsibilities, reflects positively on both Alan and the District and exemplifies IRWD's Values of Customer Care, Respect, and Kindness.	Payroll Check	\$250
8/11/2026	Giti Radvar Theo Sanchez	On August 8, 2026, IRWD's contractor constructed an interconnection between two recycled water systems at the Eastwood Recycled Water Pump Station. This work occurred on a Saturday to minimize disruptions to the recycled water conveyance system. Both Giti Radvar and Theo Sanchez, on their own initiative, visited the site for a few hours to ensure the shutdown went well and to help resolve issues the contractor encountered during the shutdown. Both had an interest in the project's success because Giti is managing the Syphon Reservoir Improvement Project that is relying on this connection, and Theo is the project manager for the interconnection project. With their involvement, the shutdown was completed ahead of schedule. Giti and Theo exemplify IRWD's Value of Accountability.	Gift Cards \$30	\$60
8/27/2026	Jacob McFarland Jared Pennington	On July 29, 2026, MWRP Plant Operations lost two (2) engines, one to excessive vibration and one to high oil pressure. In this instance, Jacob McFarland and Jared Pennington not only identified and corrected the Operational issue but also used their unique, specialized knowledge of these engines to implement the correction. They then trained the Operations staff on how to manage this scenario. Some engine parts had also failed; these parts were unavailable in the warehouse. It would've been easier to report that they didn't have the parts they needed, but instead Jacob and Jared innovated a parts solution by borrowing spares from engines down in other areas of our system. The customer benefited measurably by avoiding a process disruption and the need to go to long-term storage. These are critical pieces of equipment since pump 4 was out for scheduled overhaul and pump 3 was not keeping up with demand. The Operations Manager contacted Mechanical Services to discuss options and notify them that this repair is a CM50/emergency. Operations and Mechanical coordinated to troubleshoot, repair, and verify operation safely and on time. Staff stayed late to complete the work. Jacob and Jared exemplify IRWD's Values of Innovation and Accountability.	Gift Cards \$30	\$60
8/31/2026	Crystal Luna	Crystal Luna demonstrated exceptional teamwork, collaboration, and customer service by stepping in to assist with the urgent execution of key escrow agreements for the Syphon Reservoir Mitigation Project. The agreements required an electronic signature through Adobe Sign and needed to be completed that evening to ensure they could be executed and funded on time, allowing the project to mobilize on schedule and remain in compliance with permit conditions. After 5:30 p.m., when most staff had already left for the day, Crystal overheard a request for assistance and immediately offered to help. When it became apparent that the requestor's computer did not have the necessary Adobe Sign functionality, Crystal took ownership of the process, offering to prepare and send the documents, remain available until they were signed, and ensure the completed agreements were returned and forwarded appropriately. Crystal was patient, kind, and incredibly helpful during a time-sensitive and stressful situation. Her willingness to step in, stay late, and see the process through to completion was instrumental in meeting a critical project deadline. Crystal's actions exemplified IRWD's values of Teamwork, Collaboration, and Customer Service, and her support made a meaningful difference in ensuring the project could move forward as planned.	Gift Cards \$30	\$30
9/21/2026	Manny Alvarez Brian Botello	Over the past several months, Manny Alvarez and Brian Botello developed standards for Bluebeam, a tool the Engineering Department and other internal staff use to review deliverables. They developed written documents for consultants and IRWD project managers that improve how we use the tool, communicate with one another, and keep IRWD/Consultants accountable. Today, their efforts reached a milestone when they conducted in-person training for the engineers in the Department. Manny and Brian's pursuit of this opportunity to establish Bluebeam standards and share their value with other engineers in the Department goes above and beyond their normal duties and deserves recognition. Manny and Brian exemplify IRWD's Value of Opportunity.	Gift Cards \$30	\$60
			Quarter Totals	Aggregate
First Quarter Totals			10	\$520
Second Quarter Totals				
Third Quarter Totals				
Fourth Quarter Totals				
FISCAL YEAR TO DATE TOTAL			10	\$520

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October 6, 2026

Prepared by: D. Rocha / J. Davis

Submitted by: N. Adly

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

MONTHLY INVESTMENT AND DEBT REVIEW

SUMMARY:

The following items are submitted for the Committee's review and consideration:

- The Investment Portfolio Summary Report as of September 25, 2026, as outlined in Exhibit "A";
- The U.S. Treasury Yield Curve as of September 25, 2026, as shown in Exhibit "B";
- The Summary of Fixed and Variable Debt as of September 25, 2026, as outlined in Exhibit "C"; and
- The Summary of Variable Rate Debt Rates as of September 25, 2026, as outlined in Exhibit "D".

BACKGROUND:

Investment Portfolio:

Due to the timing of the Committee meeting, the final rate of return for September is not available. Preliminary calculations indicate the rate of return for the fixed income investment portfolio was 4.09%, which was a 0.03% increase from August's rate of return.

Debt Portfolio:

As of September 25, 2026, IRWD's weighted average all-in variable rate for debt was 2.96%, which is an increase of 0.82% from August's rate of 2.14%. Including IRWD's weighted average fixed rate bond issues and the negative cash accruals from fixed payer interest rate swaps (which hedge a portion of the District's variable rate debt), the total average debt rate was 3.31%, an increase of 0.41% from August's rate of 2.90%. The increase is due to higher average rates for the District's variable rate debt as well as an increase to the weighted average fixed rate from 3.25% to 3.98% resulting from the 2026 Certificate of Participation Issuance.

FISCAL IMPACTS:

Fiscal impacts are outlined above and included in the exhibits provided.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit “A” – Investment Portfolio Summary as of September 25, 2026

Exhibit “B” – Yield Curve as of September 25, 2026

Exhibit “C” – Summary of Fixed and Variable Debt as of September 25, 2026

Exhibit “D” – Summary of Variable Rate Debt Rates as of September 25, 2026



Dashboard (497447)

09/01/2026 - 09/25/2026

Irvine Ranch Water District (491783)

Dated: 09/29/2026

Portfolio Summary

	Irvine Ranch Water District	Grand Total
Par Value	543,615,027.57	543,615,027.57
Principal Cost	537,706,225.26	537,706,225.26
Book Value	537,706,225.26	537,706,225.26
Market Value	529,883,503.14	529,883,503.14
Unrealized Gain/Loss	-7,822,722.12	-7,822,722.12
Accrued Interest	3,193,832.48	3,193,832.48

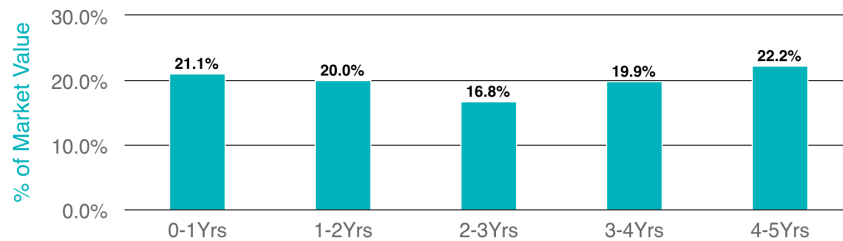
Footnotes: 1,2,3

Portfolio Characteristics

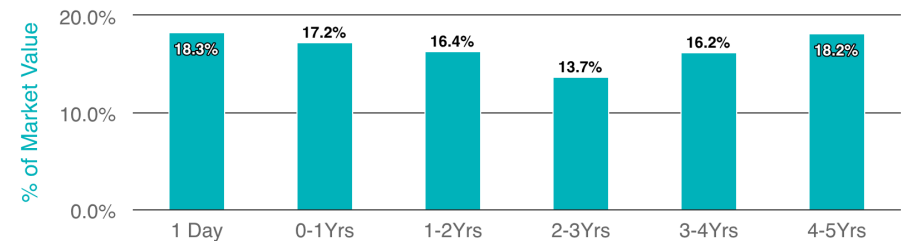
	Irvine Ranch Water District	Grand Total
Weighted Average Maturity	2.056	2.056
Portfolio Effective Duration	1.943	1.943
Weighted Average Life	1.941	1.941
Average Credit Rating	AA	AA
Yield at Cost	4.09	4.09

Footnotes: 1,2,3

Maturity Distribution (Excl. Cash & Equiv.)



Maturity Distribution (All)





Dashboard (497447)

09/01/2026 - 09/25/2026

Irvine Ranch Water District (491783)

Dated: 09/29/2026

Asset Allocation

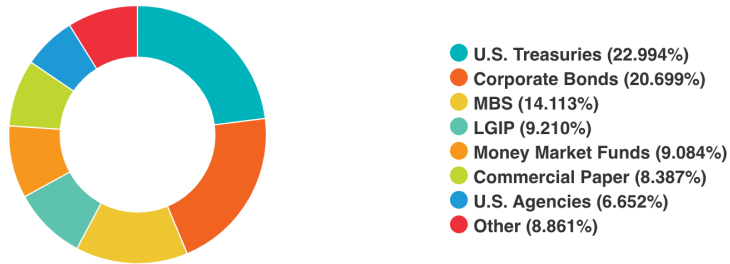


Chart calculated by: % of Market Value

Credit Quality



Chart calculated by: % of Market Value

Issuer Concentration

Issuer Concentration	Ending Current Units	Ending Book Value	% of Ending Book Value
Other	214,895,895.54	212,046,169.44	39.435%
USA	129,900,000.00	128,034,414.86	23.811%
(CALAIF) California LAIF	48,799,807.18	48,799,807.18	9.076%
The Bank of New York Mellon Corporation	48,136,371.71	48,136,371.71	8.952%
Federal Home Loan Mortgage Corporation	47,484,953.14	46,949,797.19	8.731%
Federal National Mortgage Association	37,498,000.00	36,678,551.88	6.821%
New York Life Insurance Company	16,900,000.00	17,061,113.00	3.173%

Total	543,615,027.57	537,706,225.26	100.000%
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*Other is the total of individual issuer concentrations below 3.0%



Portfolio Detail Committee and Board (478363)

Irvine Ranch Water District (491783)

Base Currency: USD As of 09/25/2026

Dated: 09/29/2026

Issuer, Description	Asset Type, Identifier	Yield at Cost, Average Credit Rating	Par Value, Principal Cost	Book Value, Market Value	Unrealized Gain/Loss, Final Maturity
Dreyfus Government Cash Management Fund BNY DREYFUS GVT CM INV	Money Market Funds 262006307	3.49 AAA	48,136,371.71 48,136,371.71	48,136,371.71 48,136,371.71	0.00 09/25/2026
California LAIF California LAIF	LGIP CALAIF	--- NA	48,799,807.18 48,799,807.18	48,799,807.18 48,799,807.18	0.00 09/25/2026
JPMorgan Chase & Co. JPMORGAN CHASE & CO	Corporate Bonds 46625HRV4	3.76 A	3,000,000.00 2,982,990.00	2,982,990.00 3,000,000.00	17,010.00 10/01/2026
Ventura County Public Financing Authority VENTURA CNTY CALIF PUB FING AUTH LEASE REV	Municipal Bonds 923078CW7	3.79 AA+	3,000,000.00 2,946,540.00	2,946,540.00 2,992,443.00	45,903.00 11/01/2026
Lloyds Bank Corporate Markets plc Lloyds Bank Corporate Markets plc	Commercial Paper 53948BLH0	3.76 A-1	8,000,000.00 7,782,840.00	7,782,840.00 7,957,706.67	174,866.67 11/17/2026
Citibank, N.A. CITIBANK NA	Corporate Bonds 17325FBC1	3.75 A+	5,000,000.00 5,069,650.00	5,069,650.00 5,005,350.00	-64,300.00 12/04/2026
Walmart Inc. Walmart Inc.	Commercial Paper 93114FMJ5	4.15 A-1+	5,000,000.00 4,944,763.89	4,944,763.89 4,947,041.67	2,277.78 12/28/2026
Private Export Funding Corporation PRIVATE EXPORT FUNDING CORP	U.S. Agencies 74274TAL4	3.72 AA	6,500,000.00 6,553,209.00	6,553,209.00 6,484,985.00	-68,224.00 02/07/2027
Verto Capital I Verto Capital I	Commercial Paper 92544XPN1	4.21 A-1	5,000,000.00 4,896,427.78	4,896,427.78 4,914,738.89	18,311.11 02/22/2027
MUFG Bank, Ltd., New York Branch MUFG Bank, Ltd., New York Branch	Commercial Paper 62479MQK2	4.28 A-1	5,000,000.00 4,896,413.89	4,896,413.89 4,898,741.67	2,327.78 03/19/2027
Bank of America Corporation BANK OF AMERICA CORPORATION	Corporate Bonds 06055JPX1	3.86 A-	5,000,000.00 5,000,000.00	5,000,000.00 4,972,700.00	-27,300.00 03/23/2027
New York Life Global Funding NEW YORK LIFE GLOBAL FUNDING	Corporate Bonds 64952WEQ2	3.71 AA+	5,000,000.00 4,972,150.00	4,972,150.00 4,964,100.00	-8,050.00 04/07/2027
MUFG Bank, Ltd., New York Branch MUFG Bank, Ltd., New York Branch	Commercial Paper 62479MRK1	4.41 A-1	5,000,000.00 4,875,180.56	4,875,180.56 4,877,569.45	2,388.89 04/19/2027
State of Oregon OREGON ST	Municipal Bonds 68609TWF1	3.67 AA+	2,395,000.00 2,323,341.60	2,323,341.60 2,350,869.73	27,528.13 05/01/2027
Credit Agricole Corporate And Investment Bank, New York Branch Credit Agricole Corporate And Investment Bank, New	Commercial Paper 22533USM6	4.20 A-1	7,500,000.00 7,272,758.33	7,272,758.33 7,299,043.75	26,285.42 05/21/2027
USA UNITED STATES TREASURY	U.S. Treasuries 91282CKV2	4.22 AA+	5,000,000.00 5,044,921.88	5,044,921.88 5,005,859.40	-39,062.48 06/15/2027
City of Huntington Beach, California HUNTINGTON BEACH CALIF PENSION OBLIG	Municipal Bonds 446201AF2	3.73 AA+	2,100,000.00 2,040,360.00	2,040,360.00 2,055,803.40	15,443.40 06/15/2027
USA UNITED STATES TREASURY	U.S. Treasuries 91282CKZ3	4.16 AA+	5,000,000.00 5,027,343.75	5,027,343.75 4,994,531.25	-32,812.50 07/15/2027
USA UNITED STATES TREASURY	U.S. Treasuries 91282CFH9	4.30 AA+	5,000,000.00 4,854,687.50	4,854,687.50 4,934,179.70	79,492.20 08/31/2027
BofA Securities, Inc. BofA Securities, Inc.	Commercial Paper 06054PWW4	4.77 A-1	10,000,000.00 9,538,680.56	9,538,680.56 9,545,000.00	6,319.44 09/21/2027
USA UNITED STATES TREASURY	U.S. Treasuries 91282CFM8	4.19 AA+	5,000,000.00 4,988,476.57	4,988,476.57 4,975,976.55	-12,500.01 09/30/2027
State Street Corporation STATE STREET CORPORATION	Corporate Bonds 857477CP6	3.71 A	5,000,000.00 5,050,750.00	5,050,750.00 4,977,700.00	-73,050.00 10/22/2027
USA UNITED STATES TREASURY	U.S. Treasuries 91282CPE5	4.57 AA+	5,000,000.00 4,942,968.75	4,942,968.75 4,938,867.20	-4,101.55 10/31/2027
USA UNITED STATES TREASURY	U.S. Treasuries 9128283F5	4.57 AA+	10,000,000.00 9,742,968.75	9,742,968.75 9,733,593.80	-9,374.95 11/15/2027
New York Life Global Funding NEW YORK LIFE GLOBAL FUNDING	Corporate Bonds 64952WFL2	3.87 AA+	3,000,000.00 3,028,860.00	3,028,860.00 2,978,100.00	-50,760.00 12/13/2027
USA UNITED STATES TREASURY	U.S. Treasuries 91282CPS4	4.62 AA+	7,000,000.00 6,892,812.50	6,892,812.50 6,886,796.91	-6,015.59 12/31/2027
New York Life Global Funding NEW YORK LIFE GLOBAL FUNDING	Corporate Bonds 64952WEY5	3.88 AA+	3,000,000.00 3,055,260.00	3,055,260.00 2,991,090.00	-64,170.00 01/09/2028
Caterpillar Financial Services Corporation CATERPILLAR FINANCIAL SERVICES CORP	Corporate Bonds 14913UBF6	3.72 A	5,000,000.00 4,998,250.00	4,998,250.00 4,924,600.00	-73,650.00 01/10/2028
USA UNITED STATES TREASURY	U.S. Treasuries 9128283W8	4.23 AA+	5,000,000.00 4,783,593.75	4,783,593.75 4,867,382.80	83,789.05 02/15/2028
USA UNITED STATES TREASURY	U.S. Treasuries 9128283W8	4.66 AA+	5,000,000.00 4,872,265.63	4,872,265.63 4,867,382.80	-4,882.83 02/15/2028



Portfolio Detail Committee and Board (478363)

Irvine Ranch Water District (491783)

Base Currency: USD As of 09/25/2026

Dated: 09/29/2026

Issuer, Description	Asset Type, Identifier	Yield at Cost, Average Credit Rating	Par Value, Principal Cost	Book Value, Market Value	Unrealized Gain/Loss, Final Maturity
NORTHWESTERN MUTUAL GLOBAL FUNDING	Corporate Bonds	3.91	5,000,000.00	5,059,750.00	-98,900.00
NORTHWESTERN MUTUAL GLOBAL FUNDING	66815L2V0	AA+	5,059,750.00	4,960,850.00	03/21/2028
Pacific Life Global Funding II	Corporate Bonds	3.96	2,450,000.00	2,498,485.50	-62,377.00
PACIFIC LIFE GLOBAL FUNDING II	6944PL2S7	AA-	2,498,485.50	2,436,108.50	04/04/2028
USA	U.S. Treasuries	4.15	5,000,000.00	4,496,484.38	234,570.32
UNITED STATES TREASURY	91282CBZ3	AA+	4,496,484.38	4,731,054.70	04/30/2028
USA	U.S. Treasuries	4.70	3,000,000.00	2,841,445.31	-2,812.49
UNITED STATES TREASURY	91282CBZ3	AA+	2,841,445.31	2,838,632.82	04/30/2028
Schlumberger Holdings Corporation	Corporate Bonds	4.25	5,000,000.00	4,965,650.00	-63,000.00
SCHLUMBERGER HOLDINGS CORP	806851AK7	A-	4,965,650.00	4,902,650.00	05/17/2028
USA	U.S. Treasuries	4.39	10,000,000.00	9,900,000.00	-23,046.90
UNITED STATES TREASURY	91282CHQ7	AA+	9,900,000.00	9,876,953.10	07/31/2028
USA	U.S. Treasuries	3.85	5,000,000.00	4,820,312.50	4,882.80
UNITED STATES TREASURY	9128284V9	AA+	4,820,312.50	4,825,195.30	08/15/2028
Federal Home Loan Mortgage Corporation	MBS	4.31	3,440,203.00	3,488,446.47	-60,093.83
FHMS K-510 A2	3137HB3D4	AA+	3,488,446.47	3,428,352.64	10/25/2028
Ventura County Public Financing Authority	Municipal Bonds	3.79	4,000,000.00	3,806,760.00	-49,640.00
VENTURA CNTY CALIF PUB FING AUTH LEASE REV	923078CY3	AA+	3,806,760.00	3,757,120.00	11/01/2028
Private Export Funding Corporation	U.S. Agencies	3.57	5,000,000.00	5,100,100.00	-192,850.00
PRIVATE EXPORT FUNDING CORP	742651EA6	AA+	5,100,100.00	4,907,250.00	12/15/2028
Federal Home Loan Mortgage Corporation	MBS	3.74	4,152,652.49	4,145,839.58	-111,197.08
FHMS K-087 A2	3137FKUP9	AA+	4,145,839.58	4,034,642.49	12/25/2028
Federal Home Loan Mortgage Corporation	MBS	3.77	129,770.39	129,435.82	-3,353.24
FHMS K-087 A2	3137FKUP9	AA+	129,435.82	126,082.58	12/25/2028
PepsiCo, Inc.	Corporate Bonds	3.82	5,000,000.00	5,038,350.00	-141,800.00
PEPSICO, INC.	713448GL6	A+	5,038,350.00	4,896,550.00	01/15/2029
USA	U.S. Treasuries	3.85	5,000,000.00	5,025,585.94	-123,242.19
UNITED STATES TREASURY	91282CJW2	AA+	5,025,585.94	4,902,343.75	01/31/2029
Federal Farm Credit Banks Funding Corporation	U.S. Agencies	3.87	5,000,000.00	5,022,850.00	-133,550.00
FEDERAL FARM CREDIT BANKS FUNDING CORP	3133ER6D8	AA+	5,022,850.00	4,889,300.00	03/07/2029
WF Card Issuance Trust	Asset-Backed Securities	4.08	5,000,000.00	4,999,299.00	-118,543.45
WFCIT 2026-1 A	92970QAK1	AAA	4,999,299.00	4,880,755.55	04/16/2029
Federal Home Loan Mortgage Corporation	MBS	3.70	4,877,114.05	4,756,519.82	-126,274.07
FHMS K-093 A2	3137FMCR1	AA+	4,756,519.82	4,630,245.75	05/25/2029
Metropolitan Life Global Funding I	Corporate Bonds	4.11	1,000,000.00	966,290.00	-25,490.00
METROPOLITAN LIFE GLOBAL FUNDING I	59217GDC0	AA-	966,290.00	940,800.00	06/17/2029
Toyota Motor Credit Corporation	Corporate Bonds	3.97	3,000,000.00	3,046,320.00	-108,300.00
TOYOTA MOTOR CREDIT CORP	89236TKD6	A+	3,046,320.00	2,938,020.00	06/29/2029
Federal Home Loan Mortgage Corporation	MBS	3.79	5,000,000.00	4,780,078.13	-126,319.78
FHMS K-097 A2	3137FNX54	AA+	4,780,078.13	4,653,758.35	07/25/2029
Chase Auto Owner Trust 2024-4	Asset-Backed Securities	3.85	2,410,707.71	2,435,097.29	-20,677.29
CHAOT 244 A3	16144YAC2	AAA	2,435,097.29	2,414,420.01	07/25/2029
Eli Lilly and Company	Corporate Bonds	3.89	5,000,000.00	5,049,950.00	-170,750.00
ELI LILLY AND COMPANY	532457CQ9	AA-	5,049,950.00	4,879,200.00	08/14/2029
Metropolitan Life Global Funding I	Corporate Bonds	4.75	8,500,000.00	8,500,000.00	-155,040.00
METROPOLITAN LIFE GLOBAL FUNDING I	592179KX2	AA-	8,500,000.00	8,344,960.00	08/24/2029
Chase Auto Owner Trust 2024-5	Asset-Backed Securities	3.84	3,190,187.83	3,201,154.10	-20,971.53
CHAOT 245 A3	16144QAC9	AAA	3,201,154.10	3,180,182.57	08/27/2029
COMET 24-A1	Asset-Backed Securities	3.77	5,000,000.00	5,012,500.00	-46,581.25
COMET 2024-1 A	14041NGE5	AAA	5,012,500.00	4,965,918.75	09/17/2029
State of Hawaii	Municipal Bonds	4.39	1,000,000.00	988,980.00	-19,889.00
HAWAII ST	419792R99	AA	988,980.00	969,091.00	10/01/2029
USA	U.S. Treasuries	4.01	5,000,000.00	4,997,656.25	-130,468.75
UNITED STATES TREASURY	91282CFT3	AA+	4,997,656.25	4,867,187.50	10/31/2029
Federal Home Loan Mortgage Corporation	MBS	3.52	897,443.22	825,332.25	-6,135.13
FHMS K-X04 A2X	3137FWHK9	AA+	825,332.25	819,197.12	11/25/2029
USA	U.S. Treasuries	3.97	5,000,000.00	5,031,250.00	-150,000.00
UNITED STATES TREASURY	91282CMA6	AA+	5,031,250.00	4,881,250.00	11/30/2029
Federal Home Loan Mortgage Corporation	MBS	4.22	5,000,000.00	5,065,039.06	-174,808.36
FH WN5182	3132XKXL6	AA+	5,065,039.06	4,890,230.70	12/01/2029



Portfolio Detail Committee and Board (478363)

Irvine Ranch Water District (491783)

Base Currency: USD As of 09/25/2026

Dated: 09/29/2026

Issuer, Description	Asset Type, Identifier	Yield at Cost, Average Credit Rating	Par Value, Principal Cost	Book Value, Market Value	Unrealized Gain/Loss, Final Maturity
New York Life Global Funding NEW YORK LIFE GLOBAL FUNDING	Corporate Bonds 64952WFK4	4.10 AA+	5,900,000.00 6,004,843.00	6,004,843.00 5,764,005.00	-240,838.00 12/05/2029
Federal Home Loan Mortgage Corporation FHMS K-539 A2	MBS 3137HKXJ8	3.89 AA+	5,000,000.00 5,082,421.88	5,082,421.88 4,871,532.00	-210,889.88 01/25/2030
USA UNITED STATES TREASURY	U.S. Treasuries 91282CGQ8	3.98 AA+	5,000,000.00 5,004,687.50	5,004,687.50 4,852,343.75	-152,343.75 02/28/2030
USA UNITED STATES TREASURY	U.S. Treasuries 91282CMU2	3.99 AA+	5,000,000.00 5,002,148.44	5,002,148.44 4,848,437.50	-153,710.94 03/31/2030
USA UNITED STATES TREASURY	U.S. Treasuries 91282CMZ1	4.68 AA+	6,000,000.00 5,840,625.00	5,840,625.00 5,789,531.28	-51,093.72 04/30/2030
Chevron Corporation CHEVRON CORP	Corporate Bonds 166764BY5	4.04 AA-	6,000,000.00 5,572,080.00	5,572,080.00 5,406,240.00	-165,840.00 05/11/2030
USA UNITED STATES TREASURY	U.S. Treasuries 91282CNK3	3.82 AA+	7,500,000.00 7,519,628.91	7,519,628.91 7,223,437.50	-296,191.41 06/30/2030
Federal Home Loan Mortgage Corporation FHMS K-544 A2	MBS 3137HMCE8	4.44 AA+	5,370,000.00 5,320,075.78	5,320,075.78 5,187,926.18	-132,149.60 07/25/2030
USA UNITED STATES TREASURY	U.S. Treasuries 91282CHR5	3.68 AA+	5,000,000.00 5,069,726.56	5,069,726.56 4,832,421.90	-237,304.66 07/31/2030
Tennessee Valley Authority TENNESSEE VALLEY AUTHORITY	U.S. Agencies 880591FE7	3.95 AA+	5,000,000.00 4,984,075.00	4,984,075.00 4,801,000.00	-183,075.00 08/01/2030
Federal National Mortgage Association FN BZ4585	MBS 3140Q0CX8	4.00 AA+	2,588,000.00 2,599,221.41	2,599,221.41 2,487,749.89	-111,471.52 08/01/2030
Covina-Valley California Unified School District COVINA-VALLEY CALIF UNI SCH DIST	Municipal Bonds 223093VT9	3.94 AA	1,300,000.00 1,222,039.00	1,222,039.00 1,181,079.90	-40,959.10 08/01/2030
Federal National Mortgage Association FN BZ4801	MBS 3140Q0KP6	4.04 AA+	6,410,000.00 6,459,076.56	6,459,076.56 6,167,970.64	-291,105.92 09/01/2030
Federal Home Loan Mortgage Corporation FH WN1753	MBS 3132XF5P9	4.58 AA+	6,300,000.00 6,150,621.09	6,150,621.09 6,134,061.09	-16,560.00 09/01/2030
John Deere Capital Corporation JOHN DEERE CAPITAL CORP	Corporate Bonds 24422EYF0	4.11 A	5,000,000.00 5,057,600.00	5,057,600.00 4,824,100.00	-233,500.00 10/15/2030
Citibank Credit Card Issuance Trust 2018-A7 CCCIT 2018-A7 A7	Asset-Backed Securities 17305EGS8	3.85 AAA	6,500,000.00 6,518,789.06	6,518,789.06 6,358,261.84	-160,527.21 10/15/2030
Federal National Mortgage Association FN BM6468	MBS 3140JBFJ0	4.00 AA+	5,500,000.00 4,868,359.38	4,868,359.38 4,717,745.50	-150,613.88 11/01/2030
Federal National Mortgage Association FN BZ5364	MBS 3140Q06A5	4.03 AA+	5,250,000.00 5,236,464.84	5,236,464.84 4,994,426.64	-242,038.20 11/01/2030
Meta Platforms, Inc. META PLATFORMS INC	Corporate Bonds 30303MAB8	4.17 AA-	5,000,000.00 5,005,950.00	5,005,950.00 4,755,050.00	-250,900.00 11/15/2030
Carmax Auto Owner Trust 2025-4 CARMX 2025-4 A3	Asset-Backed Securities 14320HAD8	3.91 AAA	5,000,000.00 5,011,132.81	5,011,132.81 4,921,559.80	-89,573.01 12/16/2030
Metropolitan Life Global Funding I METROPOLITAN LIFE GLOBAL FUNDING I	Corporate Bonds 59217GUF8	4.35 AA-	5,000,000.00 5,001,100.00	5,001,100.00 4,769,550.00	-231,550.00 01/12/2031
Federal National Mortgage Association FEDERAL NATIONAL MORTGAGE ASSOCIATION	U.S. Agencies 3136GCG90	3.88 AA+	1,750,000.00 1,750,000.00	1,750,000.00 1,649,305.00	-100,695.00 01/27/2031
Federal National Mortgage Association FN BZ6395	MBS 3140Q2C97	4.01 AA+	6,000,000.00 5,951,953.13	5,951,953.13 5,672,204.58	-279,748.55 02/01/2031
Federal Farm Credit Banks Funding Corporation FEDERAL FARM CREDIT BANKS FUNDING CORP	U.S. Agencies 3133EMPE6	4.41 AA+	9,350,000.00 8,180,502.00	8,180,502.00 7,919,356.50	-261,145.50 02/03/2031
Novartis Capital Corporation NOVARTIS CAPITAL CORP	Corporate Bonds 66989HBG2	4.33 AA-	4,700,000.00 4,714,946.00	4,714,946.00 4,514,726.00	-200,220.00 03/18/2031
T-Mobile Us Trust 2026-2 TMUST 262 A	Asset-Backed Securities 87268UAA5	4.66 AAA	7,000,000.00 7,023,789.06	7,023,789.06 6,924,331.96	-99,457.10 03/20/2031
Protective Life Global Funding PROTECTIVE LIFE GLOBAL FUNDING	Corporate Bonds 74368CCE2	4.72 AA-	5,000,000.00 5,023,650.00	5,023,650.00 4,822,600.00	-201,050.00 04/14/2031
Federal Home Loan Mortgage Corporation FEDERAL HOME LOAN MORTGAGE CORP	U.S. Agencies 3134HCL80	4.48 AA+	4,860,000.00 4,787,100.00	4,787,100.00 4,599,212.40	-187,887.60 04/30/2031
Federal Home Loan Mortgage Corporation FH WA3349	MBS 3132WW5K4	4.67 AA+	2,457,769.99 2,418,887.31	2,418,887.31 2,418,887.31	0.00 05/01/2031
Meta Platforms, Inc. META PLATFORMS INC	Corporate Bonds 30303MAF9	5.06 AA-	7,000,000.00 6,850,900.00	6,850,900.00 6,712,930.00	-137,970.00 05/15/2031



Portfolio Detail Committee and Board (478363)

Irvine Ranch Water District (491783)

Base Currency: USD As of 09/25/2026

Dated: 09/29/2026

<i>Issuer, Description</i>	<i>Asset Type, Identifier</i>	<i>Yield at Cost, Average Credit Rating</i>	<i>Par Value, Principal Cost</i>	<i>Book Value, Market Value</i>	<i>Unrealized Gain/Loss, Final Maturity</i>
USA UNITED STATES TREASURY	U.S. Treasuries 91282CQX2	4.30 AA+	6,400,000.00 6,350,750.00	6,350,750.00 6,169,500.03	-181,249.97 06/30/2031
Federal National Mortgage Association FN BZ7642	MBS 3140Q3P42	4.69 AA+	5,000,000.00 4,875,781.25	4,875,781.25 4,748,600.15	-127,181.10 08/01/2031
Federal National Mortgage Association FN BZ1840	MBS 3140NWB3	4.66 AA+	5,000,000.00 4,937,695.31	4,937,695.31 4,796,783.10	-140,912.21 09/01/2031
---	---	4.09	543,615,027.57	537,706,225.26	-7,822,722.12
---	---	AA	537,706,225.26	529,883,503.14	10/15/2028

* Weighted by: Market Value. * Holdings Displayed by: Lot.



MEEDER

PUBLIC FUNDS

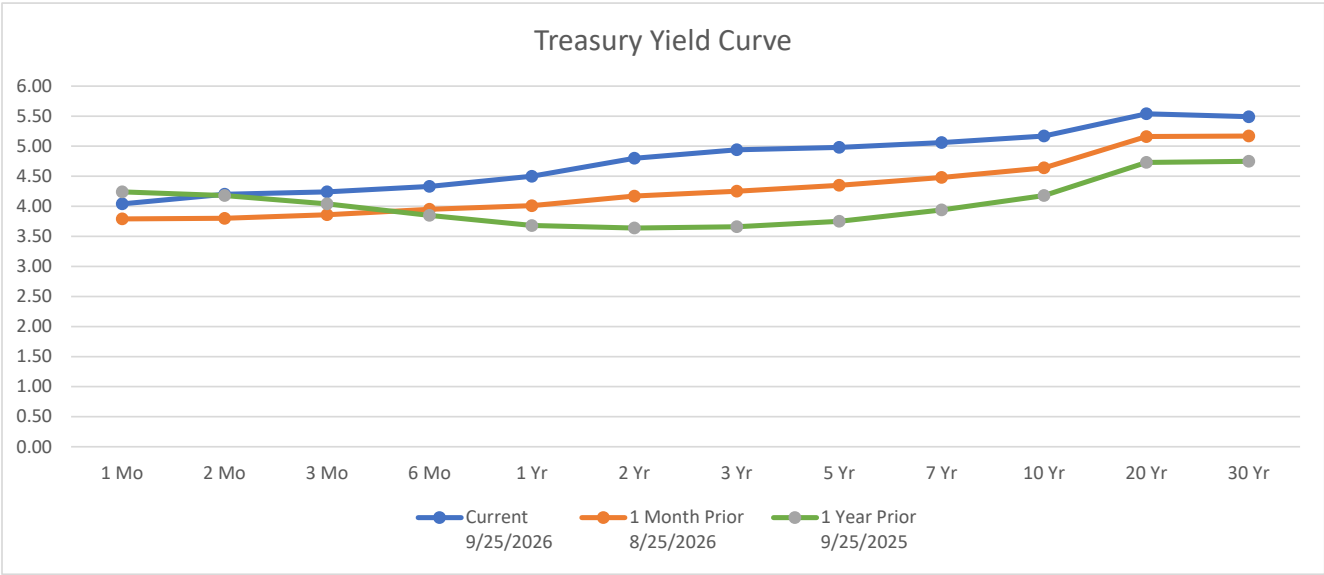
Report: Investment Activity Committee and Board Report (475776)
 Account: Irvine Ranch Water District (491783)
 Date: 09/01/2026 - 09/25/2026

* Does not Lock Down

Identifier	Security Description	Yield to Maturity	Coupon Rate	Trade Date	Settle Date	Final Maturity	Amount	Transaction Type
262006307	BNY DREYFUS GVT CM:INV	---	3.490	---	---	09/25/2026	(106,817,761.23)	Buy
262006307	BNY DREYFUS GVT CM:INV	---	3.490	---	---	09/25/2026	59,763,530.85	Sell
3137FKUP9	FH-K087-A2	---	3.771	09/01/2026	09/01/2026	12/25/2028	4,980.20	Principal Paydown
3137FMCR1	FH-K093-A2	---	2.982	09/01/2026	09/01/2026	05/25/2029	5,680.10	Principal Paydown
3137FCHK9	FH-KX04-A2X	---	1.088	09/01/2026	09/01/2026	11/25/2029	2,193.90	Principal Paydown
21687BJ10	Coöperatieve Rabobank U.A., New York Branch 0.0 09/01/2026	0.000	0.000	09/01/2026	09/01/2026	09/01/2026	5,000,000.00	Maturity
3132WW5K4	FH WA3349	---	4.300	09/01/2026	09/01/2026	05/01/2031	1,471.28	Principal Paydown
3140NWB3	FN BZ1840	---	4.380	08/27/2026	09/01/2026	09/01/2031	(4,937,695.31)	Buy
52953HJA9	Lexington Parker Capital Co. LLC 0.0 09/10/2026	0.000	0.000	09/10/2026	09/10/2026	09/10/2026	5,525,000.00	Maturity
91282CMZ1	US TREASURY 3.875 04/30/30	4.746	3.875	09/11/2026	09/14/2026	04/30/2030	(5,927,180.71)	Buy
CALAIF	California LAIF	---	0.000	09/17/2026	09/17/2026	09/25/2026	(30,000,000.00)	Buy
06054PWM4	BOFA SECURITIES 09/21/27	4.756	0.000	09/21/2026	09/21/2026	09/21/2027	(9,538,680.56)	Buy
9128283F5	US TREASURY 2.250 11/15/27	4.597	2.250	09/21/2026	09/22/2026	11/15/2027	(9,822,452.45)	Buy
9128283W8	US TREASURY 2.750 02/15/28	4.676	2.750	09/21/2026	09/22/2026	02/15/2028	(4,886,464.00)	Buy
91282CBZ3	US TREASURY 1.250 04/30/28	4.715	1.250	09/21/2026	09/22/2026	04/30/2028	(2,856,221.13)	Buy
91282CPE5	US TREASURY 3.500 10/31/27	4.589	3.500	09/21/2026	09/22/2026	10/31/2027	(5,011,922.55)	Buy
91282CPS4	US TREASURY 3.375 12/31/27	4.648	3.375	09/21/2026	09/22/2026	12/31/2027	(6,946,739.13)	Buy
62479MQK2	MUFG BANK NY 03/19/27	4.255	0.000	09/21/2026	09/22/2026	03/19/2027	(4,896,413.89)	Buy
62479MRK1	MUFG BANK NY 04/19/27	4.389	0.000	09/21/2026	09/22/2026	04/19/2027	(4,875,180.56)	Buy
93114FMU5	WALMART 12/28/26	4.103	0.000	09/21/2026	09/22/2026	12/28/2026	(4,944,763.89)	Buy
CALAIF	California LAIF	---	0.000	09/24/2026	09/24/2026	09/25/2026	11,000,000.00	Sell
16144YAC2	CAOT-244-A3	---	4.940	09/25/2026	09/25/2026	07/25/2029	217,176.17	Principal Paydown
16144QAC9	CAOT-245-A3	---	4.180	09/25/2026	09/25/2026	08/27/2029	254,031.27	Principal Paydown

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Exhibit "B"

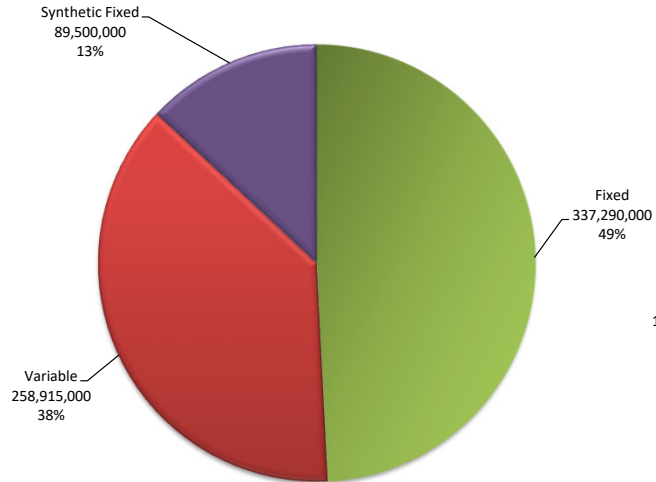


Tenor	Current 9/25/2026	1 Month Prior 8/25/2026	1 Year Prior 9/25/2025
1 Mo	4.04	3.79	4.24
2 Mo	4.20	3.80	4.18
3 Mo	4.24	3.86	4.04
6 Mo	4.33	3.95	3.85
1 Yr	4.50	4.01	3.68
2 Yr	4.80	4.17	3.64
3 Yr	4.94	4.25	3.66
5 Yr	4.98	4.35	3.75
7 Yr	5.06	4.48	3.94
10 Yr	5.17	4.64	4.18
20 Yr	5.54	5.16	4.73
30 Yr	5.49	5.17	4.75

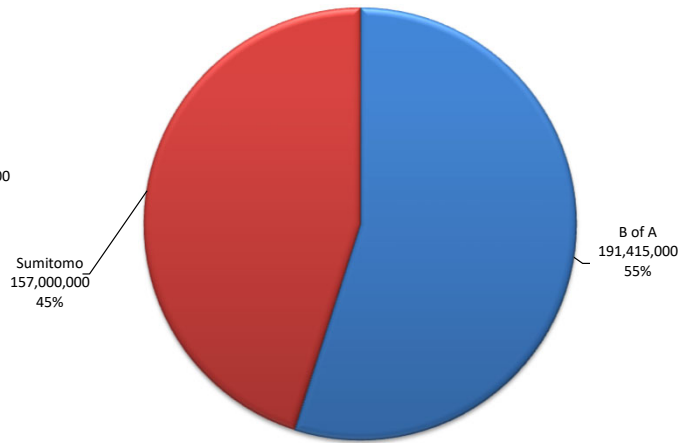
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Exhibit "C"
Irvine Ranch Water District
Summary of Fixed and Variable Rate Debt
September 2026

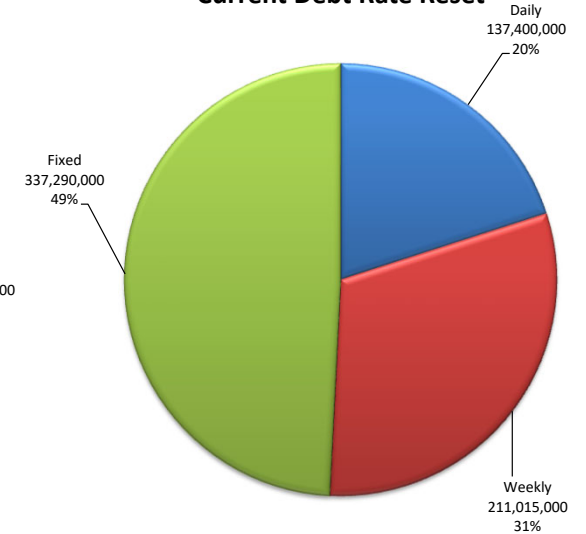
Current Debt Mix By Type



Letters of Credit / Support



Current Debt Rate Reset



Outstanding Par by Series

Series	Issue Date	Maturity Date	Remaining Principal	Percent	Letter of Credit/Support	Rmkt Agent	Mode	Reset
Series 2008-A Refunding	04/24/08	07/01/35	\$32,000,000	4.67%	Sumitomo	BAML	Variable	Weekly
Series 2025-A Refunding	07/15/25	05/01/40	\$125,000,000	18.23%	Sumitomo	BAML	Variable	Weekly
Series 2026-A	08/20/26	02/01/56	\$54,015,000	7.88%	B of A	BAML	Variable	Weekly
Series 2011-A-1 Refunding	04/15/11	10/01/37	\$34,440,000	5.02%	B of A	Goldman	Variable	Daily
Series 2011-A-2 Refunding	04/15/11	10/01/37	\$22,960,000	3.35%	B of A	Goldman	Variable	Daily
Series 2009 - A	06/04/09	10/01/41	\$40,000,000	5.83%	B of A	US Bank	Variable	Daily
Series 2009 - B	06/04/09	10/01/41	\$40,000,000	5.83%	B of A	Goldman	Variable	Daily
2026 COPS	09/17/26	03/01/56	\$198,895,000	29.01%	N/A	N/A	Fixed	Fixed
Series 2025-B Refunding	07/15/25	05/01/35	\$54,755,000	7.99%	N/A	N/A	Fixed	Fixed
Series 2026-B Refunding	08/20/26	02/01/46	\$83,640,000	12.20%	N/A	N/A	Fixed	Fixed
Total			\$685,705,000	100.00%				

IRVINE RANCH WATER DISTRICT
SUMMARY OF FIXED & VARIABLE RATE DEBT

September-26

Daily																								
Weekly																								
GENERAL BOND INFORMATION							LETTER OF CREDIT INFORMATION										TRUSTEE INFORMATION							
VARIABLE RATE ISSUES	Issue Date	Maturity Date	Principal Payment Date	Payment Date	Original Par Amount	Remaining Principal	Letter of Credit	Reimbursement Agreement Date	L/C Exp. Date	Prior Letter of Credit Bank	MOODYS	S&P	FITCH	LOC Stated Amount	LOC Fee	Annual LOC Cost	Rmkt Agent	Reset	Rmkt Fees	Annual Cost	Trustee			
SERIES 2008-A Refunding	04/24/08	07/01/35	Jul 1	5th Bus. Day	\$60,215,000	\$32,000,000	SUMITOMO	04/01/11	03/13/28	SUMITOMO	A1/P-1	A/A-1	A/F1	\$32,473,425	0.3400%	\$110,410	BAML	WED	0.07%	\$22,400	BANK OF NY			
SERIES 2025-A Refunding	07/15/25	05/01/40	May 1, 2035	1st Bus. Day	\$125,000,000	\$125,000,000	SUMITOMO	07/01/25	07/25/29	SUMITOMO	NA	A/A	A/F1	\$127,054,795	0.3150%	\$400,223	BAML	WED	0.07%	\$87,500	US BANK			
SERIES 2026-A	08/20/26	02/01/56	Feb 1, 2041	1st Bus. Day	\$54,015,000	\$54,015,000	B of A	08/01/26	08/20/30	SUMITOMO	NA	A+/A-1	AA/F1+	\$54,902,918	0.3400%	\$186,670	BAML	WED	0.07%	\$37,811	US BANK			
SERIES 2011-A-1 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$60,545,000	\$34,440,000	B of A	02/01/24	02/08/27	B of A	Aa1/VMIG1	A+/A-1	AAA/F1+	\$34,824,973	0.3200%	\$111,440	Goldman	DAILY	0.07%	\$24,108	BANK OF NY			
SERIES 2011-A-2 Refunding	04/15/11	10/01/37	Oct 1	1st Bus. Day	\$40,370,000	\$22,960,000	B of A	02/01/24	02/08/27	B of A	Aa1/VMIG1	A+/A-1	AAA/F1+	\$23,216,649	0.3200%	\$74,293	Goldman	DAILY	0.07%	\$16,072	BANK OF NY			
SERIES 2009 - A	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$40,000,000	B of A	04/01/25	05/01/28	US BANK	Aa1/VMIG1	A+/A-1	AAA/F1+	\$40,447,123	0.3400%	\$137,520	US Bank	DAILY	0.07%	\$28,000	US BANK			
SERIES 2009 - B	06/04/09	10/01/41	Oct 1	1st Bus. Day	\$75,000,000	\$40,000,000	B of A	04/01/11	05/01/28	B of A	Aa1/VMIG1	A+/A-1	AAA/F1+	\$40,447,123	0.3400%	\$137,520	Goldman	DAILY	0.07%	\$28,000	US BANK			
					\$490,145,000	\$348,415,000	SUB-TOTAL VARIABLE RATE DEBT										\$353,367,005 0.3277% \$1,158,076							
															(Wt. Avg)					0.07% \$243,891				
FIXED RATE ISSUES																								
2026 COPS	09/17/26	03/01/56	Mar 1, 2027	Mar/Sept	\$198,895,000	\$198,895,000	N/A	N/A	N/A	N/A	NR	AAA	AAA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	US BANK			
SERIES 2025B Refunding	07/15/25	05/01/35	May 1	May/Nov	\$57,890,000	\$54,755,000	N/A	N/A	N/A	N/A	NR	AAA	AAA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	US BANK			
SERIES 2026B Refunding	08/20/26	02/01/46	Feb 1, 2027	Feb/Aug	\$83,640,000	\$83,640,000	N/A	N/A	N/A	N/A	NR	AAA	AAA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	US BANK			
					\$340,425,000	\$337,290,000	SUB-TOTAL FIXED RATE DEBT																	
					\$830,570,000	\$685,705,000	TOTAL- FIXED & VARIABLE RATE DEBT																	
Remarketing Agents							GO VS COP's																	
Goldman	97,400,000	28%	GO:	486,810,000	71%																			
BAML	211,015,000	61%	COPS:	198,895,000	29%																			
US Bank	40,000,000	11%	Total	685,705,000																				
348,415,000																								
LOC Banks							Breakdown Between Variable & Fixed Rate Mode																	
SUMITOMO	157,000,000	45%	Daily Issues	137,400,000	20%																			
BANK OF AMERICA	191,415,000	55%	Weekly Issues	211,015,000	31%																			
			Sub-Total	348,415,000																				
			Fixed Rate Issues	337,290,000	49%																			
			Sub-Total - Fixed	337,290,000																				
			TOTAL DEBT																					
			FIXED & VAR.	685,705,000	100%																			

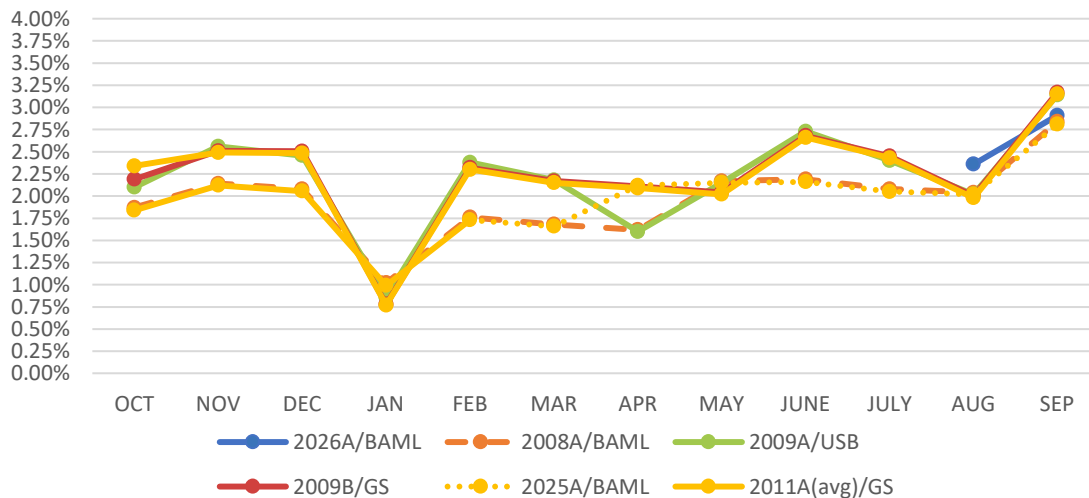
Exhibit "D"

Irvine Ranch Water District

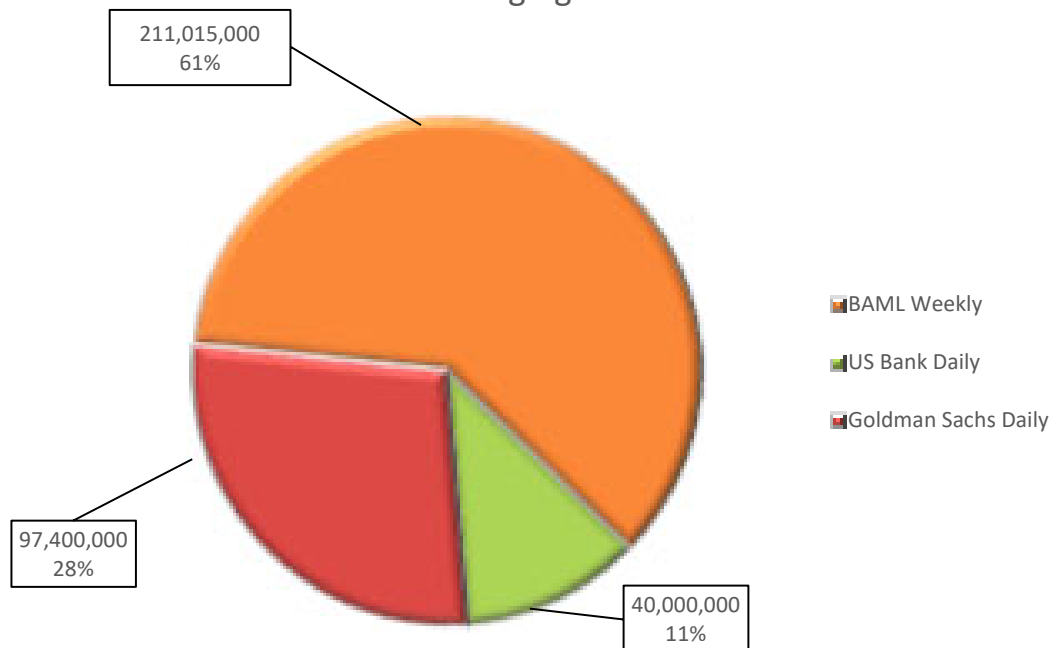
Summary of Remarketing Performance

September 2026

All-in Variable Rate



Total Outstanding Principal By Remarketing Agent



SUMMARY OF DEBT RATES

Sep-26

Cusips	4636324K2	4636324Q9	4636324R7	4636324D8	4636325R6	4636326D6
Rmkt Agent Mode	GOLDMAN DAILY	GOLDMAN DAILY	GOLDMAN DAILY	MERRILL LYNCH WEEKLY	MERRILL LYNCH WEEKLY	MERRILL LYNCH WEEKLY
Bond Issue	2009 - B	2011 A-1	2011 A-2	2008-A	2025 - A Ref	2026 - A
Par Amount	40,000,000	34,440,000	22,960,000	32,000,000	125,000,000	54,015,000
LOC Bank	BOFA	BOFA	BOFA	Sumitomo	Sumitomo	BOFA
Reset				Wednesday	Wednesday	Wednesday
9/1/2026	1.10%	1.10%	1.10%	1.90%	1.90%	1.95%
9/2/2026	0.90%	0.90%	0.90%	1.90%	1.90%	1.95%
9/3/2026	2.00%	2.00%	2.00%	1.40%	1.40%	1.45%
9/4/2026	2.75%	2.75%	2.75%	1.40%	1.40%	1.45%
9/5/2026	2.75%	2.75%	2.75%	1.40%	1.40%	1.45%
9/6/2026	2.75%	2.75%	2.75%	1.40%	1.40%	1.45%
9/7/2026	2.75%	2.75%	2.75%	1.40%	1.40%	1.45%
9/8/2026	2.15%	2.15%	2.15%	1.40%	1.40%	1.45%
9/9/2026	2.20%	2.20%	2.20%	1.40%	1.40%	1.45%
9/10/2026	2.70%	2.70%	2.70%	2.35%	2.35%	2.45%
9/11/2026	3.00%	3.00%	3.00%	2.35%	2.35%	2.45%
9/12/2026	3.00%	3.00%	3.00%	2.35%	2.35%	2.45%
9/13/2026	3.00%	3.00%	3.00%	2.35%	2.35%	2.45%
9/14/2026	2.70%	2.70%	2.70%	2.35%	2.35%	2.45%
9/15/2026	2.60%	2.60%	2.60%	2.35%	2.35%	2.45%
9/16/2026	2.75%	2.75%	2.75%	2.35%	2.35%	2.45%
9/17/2026	3.25%	3.25%	3.25%	2.95%	2.95%	3.05%
9/18/2026	3.35%	3.35%	3.35%	2.95%	2.95%	3.05%
9/19/2026	3.35%	3.35%	3.35%	2.95%	2.95%	3.05%
9/20/2026	3.35%	3.35%	3.35%	2.95%	2.95%	3.05%
9/21/2026	3.05%	3.05%	3.05%	2.95%	2.95%	3.05%
9/22/2026	2.75%	2.75%	2.75%	2.95%	2.95%	3.05%
9/23/2026	2.75%	2.75%	2.75%	2.95%	2.95%	3.05%
9/24/2026	3.00%	3.00%	3.00%	3.15%	3.15%	3.20%
9/25/2026	3.40%	3.40%	3.40%	3.15%	3.15%	3.20%
Avg Interest Rates	2.76%	2.76%	2.76%	2.43%	2.43%	2.50%
Rmkt Fee	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%
LOC Fee	0.34%	0.32%	0.32%	0.34%	0.32%	0.34%
All-In Rate	3.17%	3.15%	3.15%	2.84%	2.81%	2.91%
Par Amount	97,400,000			211,015,000		

Interest Rate Mode	Percent of Total Variable Rate Debt	Par Outstanding	Weighted All-In Average Rate	Base Rate Average
Daily	39.44%	137,400,000	3.15%	2.75%
Weekly	60.56%	211,015,000	2.84%	2.44%
	100.00%	\$348,415,000	2.96%	2.56%
Fixed				
COPS 2026	58.97%	198,895,000	4.33%	
SERIES 2025 B	16.23%	54,755,000	2.77%	
SERIES 2026 B	24.80%	83,640,000	3.94%	
	100.00%	\$337,290,000	3.98%	
All-In Debt Rate Including \$60 Million Notional Amount of Swaps				3.31%

REMARKETING AGENT PERFORMANCE COMPARISON

Sep-26

Daily Variable Rate Comparison	
Goldman Sachs vs US Bank	
Date	
9/1/2026	-0.15%
9/2/2026	0.00%
9/3/2026	0.65%
9/4/2026	0.00%
9/5/2026	0.00%
9/6/2026	0.00%
9/7/2026	0.00%
9/8/2026	-0.25%
9/9/2026	0.00%
9/10/2026	0.05%
9/11/2026	0.15%
9/12/2026	0.15%
9/13/2026	0.15%
9/14/2026	0.10%
9/15/2026	0.00%
9/16/2026	0.05%
9/17/2026	0.05%
9/18/2026	0.00%
9/19/2026	0.00%
9/20/2026	0.00%
9/21/2026	0.05%
9/22/2026	0.05%
9/23/2026	0.00%
9/24/2026	-0.05%
9/25/2026	0.00%
Average Spread	0.03%

Rmkt Agent	GS / US Bank
Mode	Daily
Bond Issue	2011A & 2009B / 2009A
Par Amount	\$61.1MM & \$42.5MM / \$42.5MM
LOC Bank	Bank of America / Bank of America ⁽¹⁾

(1) The Letter of Credit bank for the Series 2009A was substituted from US Bank to Bank of America on April 3, 2025.

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October 6, 2026
Prepared by: E. Zanetti
Submitted by: C. Smithson / N. Adly
Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

ENERGY SURCHARGE METHODOLOGY

SUMMARY:

Just over ten years ago, IRWD retained HDR Engineering to work with staff to generate the enhanced Embedded Energy Tool (EET). The goal was to integrate source data and quantify the energy intensity of District operations. One of the planned direct benefits was to support the calculation of pumping surcharge rates for the potable and recycled systems.

Recently, HDR has been working with IRWD to update the methodology and simplify the process associated with setting pumping surcharge rates for customers at different elevations within the District's service area. The results varied from the previous study because the source data could fluctuate significantly.

Based on this review, staff developed an updated methodology that estimates pumping energy requirements based on the relationship between pump station flow and total dynamic head (TDH). District-wide pumping energy factors and the average cost of electricity are then used to estimate the incremental energy cost of delivering water to each storage tank. The proposed approach provides a simpler, more consistent, and transparent basis for calculating pumping surcharges.

BACKGROUND:

Since 2015, the IRWD has used an approach to calculate the pumping surcharge for potable and recycled (non-potable) water distribution systems that included energy demands and water usage. This methodology relied on calculating the energy cost intensity of individual pump stations and tracing those costs through the water distribution system.

While this approach provided a detailed representation of pumping costs, it required consistent and accurate data from multiple sources for each pump station. In addition, calculated surcharges could be influenced by operational conditions that include which water sources and facilities were used to serve a particular pressure zone during the analysis period.

These factors made the methodology too complex to maintain and could result in variations in pumping surcharges due to changes in system operations rather than changes in the underlying cost of pumping water.

Staff therefore evaluated a simplified approach based on the physical relationship between the volume of water pumped and the TDH. The updated methodology uses validated pump station data to develop District-wide pumping energy factors, which are applied consistently to estimate the energy required to deliver water to each storage tank altitude.

Additional technical details regarding the analysis and methodology are provided in the technical memorandum as Exhibit “A”. Staff will provide a more detailed explanation that is outlined in the PowerPoint included as Exhibit “B”.

Next Steps:

Following the Finance and Personnel Committee meeting, staff will update the technical memo with feedback from the Committee. HDR is currently reviewing the technical memo and any updates will be included. The modifications will then be utilized in the rate setting process for the biennial budget process that kicks off in January 2027. The changes will be included in the budget presentations made to the Finance and Personnel Committee and the Board.

FISCAL IMPACTS:

There is no fiscal impact on the current budget as there are no recommended changes. The updated pumping surcharge methodology is proposed for implementation as part of the FY 2027-28 and FY 2028-29 rate-setting process.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit “A” – Pumping Surcharge Technical Memo

Exhibit “B” – Pumping Surcharge Calculation Methodology Draft Presentation

DRAFT

Technical Memorandum: Determination of IRWD Pumping Surcharges

The purpose of the memo is to identify and allocate pumping surcharge costs for Irvine Ranch Water District (District) customers in locations that cause the District to incur additional pumping costs to supply their water. Pumping surcharges are based on the actual prevailing energy costs and vary depending upon the cost to pump water to the area served. Details as to how these costs are calculated and allocated to pumping surcharge areas are described in this memo. IRWD's rate structure, including pumping surcharge costs, complies with Proposition 218's cost-of-service and proportionality principles.

Since 2015, the District has used an approach to calculate the pumping surcharge for potable and recycled (non-potable) water distribution systems that included the following:

- Calculated pumping cost intensity for each pump station (\$/ccf);
- Estimated pressure zone cost intensity (PZCI)¹, which is the flow-weighted pumping cost intensity to bring water from water sources to a pressure zone (\$/ccf); and
- Estimated pumping surcharge for pressure zone, which is equal to the PZCI of the pressure zone minus PZCI of base pressure zone in low elevations with no surcharge (\$/ccf).
- Grouped pressure zones with similar pumping surcharges into surcharge areas (SAs). Each SA had a single pumping surcharge that reflected the flow-weighted pumping surcharge of the included pressure zones.

NEW METHODOLOGY

The original approach, based on cost intensities for each pump station, is complicated to calculate and therefore the District has developed a revised, simplified methodology to calculate pumping surcharges based on the following:

- Pump station electricity use is directly proportional to pump station flow rate and total dynamic head (TDH). TDH is the sum of the static head (vertical distance fluid is pumped) and dynamic head (the energy lost to friction and fluid motion).
- Instead of cost intensity calculations for each pump station, a District-wide pumping energy factor is established based on this proportionality between electricity use, flow rate and TDH, using validated data from pump stations across the District.

¹ Potable water distribution system pressure zones range from Zone 1 Central Irvine to Zone 11 Santiago Canyon. Recycled water distribution system pressure zones range from Zone A North and South to Zone H Coast.

- A higher water storage tank elevation means higher TDH and more electricity needed to pump water into the storage tank. Therefore, a pressure zone pumping surcharge is calculated using the District-wide pumping energy factor and the difference between the elevation of the highest water storage tank serving the pressure zone and a baseline elevation above which the District seeks to charge customers a pumping surcharge.²

Data Validation to Develop District-Wide Pumping Energy Factor

The District examined the following 15-minute interval data from FY24 thru FY26 at its pump stations:

- Electricity usage in kilowatt-hour (kWh) provided by Utility API.³
- TDH in feet of water (feet) provided as the difference between the pump station's suction pressure and discharge pressure, as provided by the District's Supervisory Control and Data Acquisition (SCADA) system.
- Flow in acre-feet (AF) provided by the District's SCADA system.

Validated 15-minute interval data had to meet the following screening criteria:

- Electricity usage data must be from electricity accounts serving pump stations exclusively (no additional extra loads such as a treatment plant);
- Electricity usage data must demonstrate an exact match between electricity usage (kWh) in monthly bills and the 15-minute interval data summed over the monthly billing period; and
- Electricity usage, flow and TDH data must be from intervals when the pump station was running, estimated as:
 - At least 10 kWh used in the 15-minute interval.
 - At least 0.0005 AF of flow in the 15-minute interval.
 - At least 3.333 feet of TDH in the 15-minute interval
 - At least 10 AF*feet (the product of flow and TDH)

This data screening exercise led to roughly 400,000 validated 15-minute intervals from 16 potable water pumping stations and 7 recycled water pumping stations.

² This concept of a pumping surcharge directly proportional to storage tank elevation is founded in the notion that all IRWD potable customers benefit from our lowest cost potable water source – drawn from the Dyer Road groundwater well field – that also happens to be our lowest elevation water source. The same holds true for recycled water, whereby the low-cost, low elevation source is Michelson Water Recycling Plant.

³ Utility API provides Southern California Edison (SCE) billing data in a digitized format, including 15-minute interval electricity usage data.

Calculation of District-Wide Pumping Energy Factor and Pressure Zone Surcharges for the Potable Water Distribution System

The District established a pumping energy factor for potable pump stations, K_{pep} , that reflects a proportionality between pump energy use, flow, and TDH (as shown in Equation 1 below):

$$K_{pep} = \frac{\sum_{i=1}^n \frac{kWh_i}{V_i \times TDH_i}}{n}$$

Equation 1: District-Wide Pumping Energy Factor for Potable Pump Stations

Whereby,

K_{pep} = District-wide pumping energy factor (kWh/AF-feet) for potable pump stations

i = validated 15-minute intervals of data from potable pump stations

n = total number of validated 15-minute intervals from potable pump stations

kWh_i = electricity (kWh) used at potable pump station during validated 15-minute interval i

V_i = volume of water (AF) pumped at potable pump station during validated 15-minute interval i

TDH_i = total dynamic head (feet) measured at potable pump station during validated 15-minute interval i

To establish a pumping surcharge for a potable pressure zone, Equation 2 is used:

$$PS_k = K_{pep} \times (TE_k - BE_p) \times C_p \div 435.6$$

Equation 2: Pumping Surcharge for a Potable Pressure Zone

Whereby,

PS_k = pumping surcharge for potable pressure zone k (\$/ccf)

k = IRWD potable pressure zones (range from Zone 1 Central Irvine to Zone 11 Santiago Canyon)

TE_k = high water level of water storage tank reservoir servicing the potable pressure zone k in feet above sea level (feet)⁴

BE_p = benchmark elevation (above which IRWD charges a pumping surcharge) in feet above sea level (feet) for the potable water distribution system

⁴ For pressure zones not served by a water storage tank, the hydraulic grade line for the pressure zone was used instead.

C_p = estimated median FY 27-28 price of electricity used by IRWD potable pump stations (\$0.31/kWh)
 435.6 ccf per AF (conversion factor)

Calculation of District-Wide Pumping Energy Factor and Pressure Zone Surcharges for the Recycled Water Distribution System

Using the same calculation as for the potable pump stations, the District established a pumping energy factor for recycled pump stations, K_{per} , that reflects a proportionality between recycled pump energy use, flow, and TDH (as shown in Equation 3 below):

$$K_{per} = \frac{\sum_{j=1}^t \frac{kWh_j}{V_j \times TDH_j}}{t}$$

Equation 3: District-Wide Pumping Energy Factor for Recycled Pump Stations

Whereby,

K_{per} = District wide pumping energy factor (kWh/AF-foot) for recycled pump stations

j = validated 15-minute intervals of data from recycled pump stations

t = total number of validated 15-minute intervals from recycled pump stations

kWh_j = electricity (kWh) used by recycled pump station during validated 15-minute interval j

V_j = volume of water (AF) pumped at recycled pump station during validated 15-minute interval j

TDH_j = total dynamic head (feet) measured at recycled pump station during validated 15-minute interval j

To establish a pumping surcharge for a recycled pressure zone, Equation 4 is used:

$$PS_l = K_{per} \times (TE_l - BE_r) \times C_r \div 435.6$$

Equation 4: Pumping Surcharge for Recycled Pressure Zones

Whereby,

PS_l = pumping surcharge for recycled pressure zone l (\$/ccf)

l = IRWD recycled pressure zones (range from Zone A North and South to Zone H Coast)

TE_l = high water level of water storage tank reservoir servicing the recycled pressure zone l in feet above sea level (feet)

BE_r = benchmark elevation (above which IRWD charges a pumping surcharge) in feet above sea level (feet) for the recycled water distribution system
 C_r = estimated FY 27-28 median price of electricity used by IRWD recycled pump stations (\$0.31/kWh)
435.6 ccf per AF (conversion factor)

RESULTS

Potable Water Pumping Surcharges for Pressure Zones and Surcharge Areas

As detailed in Equation 1, a District-wide pumping energy factor for potable pumping stations was calculated as 1.69 kWh/AF-feet. Using Equation 2, pumping surcharges for each potable pressure zone were calculated and the results are shown in Figure 1 below. 30 potable pressure zone labels are shown on the x-axis. The corresponding tank elevation (thick green columns) and pumping surcharge (thin blue columns) for each potable pressure zone are quantified in the left and right y-axes, respectively. The tank elevation for three Zone 4 pressure zones, 640 feet, was selected as the benchmark tank elevation (above which a pumping surcharge would be assessed) because it represents a natural tank elevation plateau before tank elevations rise.

There are ten pressure zones with tank elevations equal to or below the benchmark tank elevation of 640 feet and are grouped into the “base area” that does not receive a pumping surcharge. There are twenty potable pressure zones with tank elevations above the benchmark elevation of 640 feet. The pumping surcharges for those twenty zones range from:

- \$0.12/ccf for Zone 5 – SNC/ORH (tank elevation 736 feet)
- \$1.68/ccf for Zone 11 – Santiago Canyon (tank elevation 1,960 feet)

As shown in Figure 1, these twenty potable pressure zone pumping surcharges were grouped into six surcharge areas (SAs). SAs allow the District to ease administrative burdens by charging one pumping surcharge for pressure zones with similar pumping surcharges. Pressure zones were grouped into SAs so that the lowest pressure zone pumping surcharge in the SA had to be greater than 75% of the highest pressure zone pumping surcharge in the SA. Applying this rule, SA 1 and SA 6 were each comprised of a single pressure zone while the other SAs were formed from multiple pressure zones.

Figure 2 shows the tank elevations and pumping surcharges, both weighted by potable water demand in the pressure zone, for the SAs. The six potable SAs have pumping surcharges ranging from \$0.12/ccf for SA 1 to \$1.68 for SA 6. And finally, Figure 3 provides a map showing the location of the different SAs and how small the potable SAs are compared to the potable base area, which does not receive pumping surcharges.

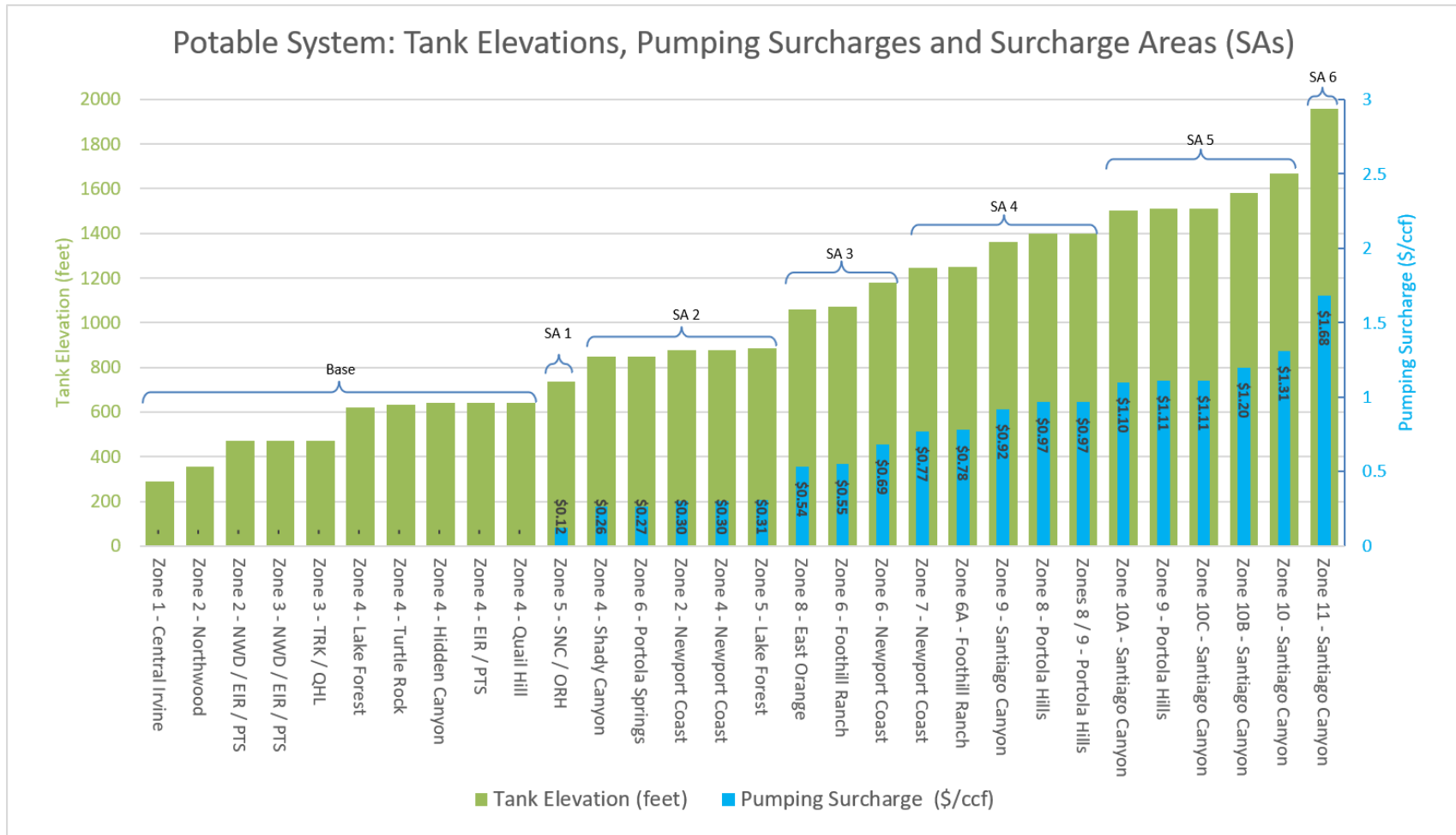


Figure 1: Potable Water Tank Elevations, Pumping Surcharge, and Surcharge Areas

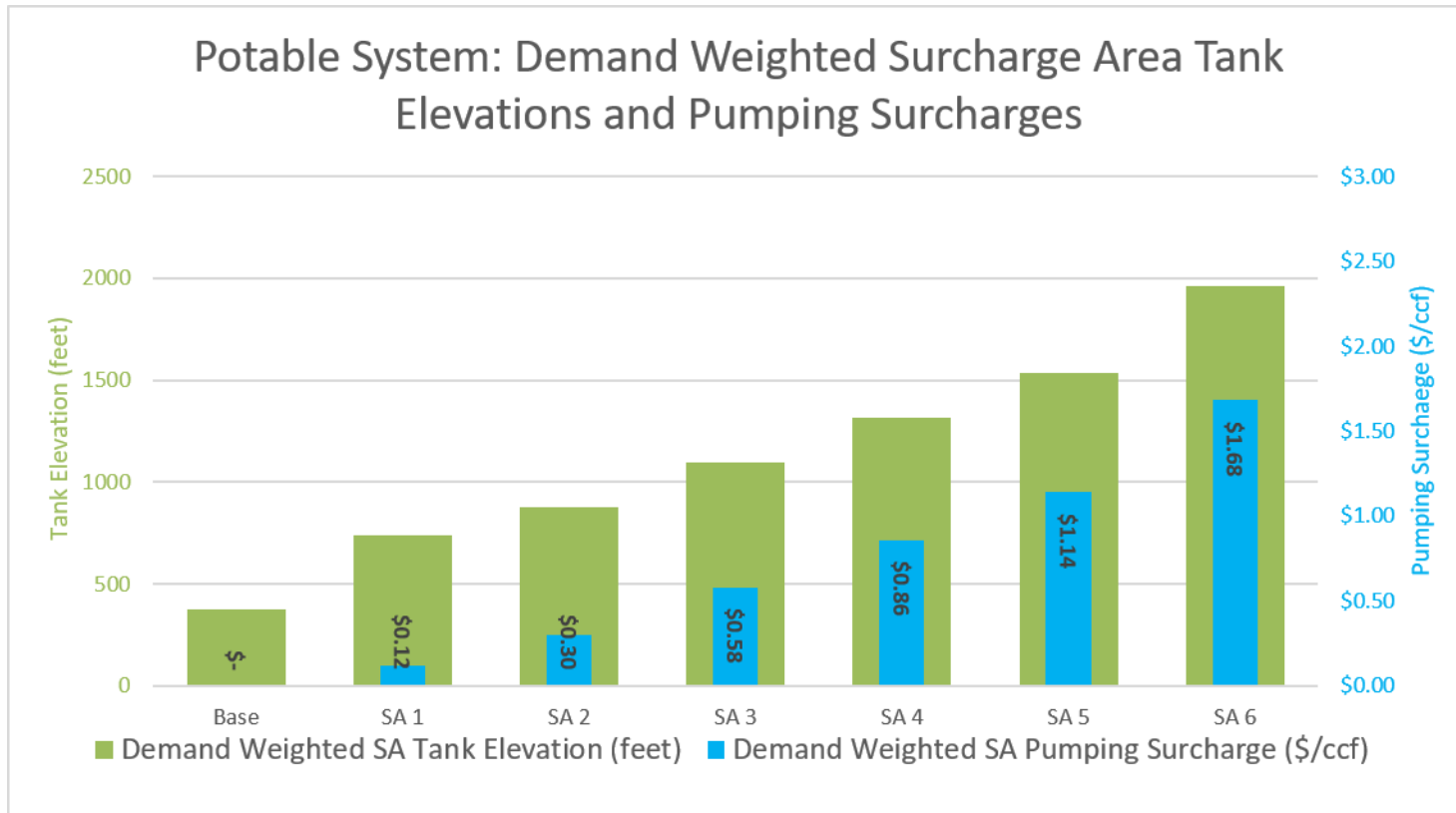


Figure 2: Potable Demand Weighted Surcharge Area Tank Elevations and Pumping Surcharges

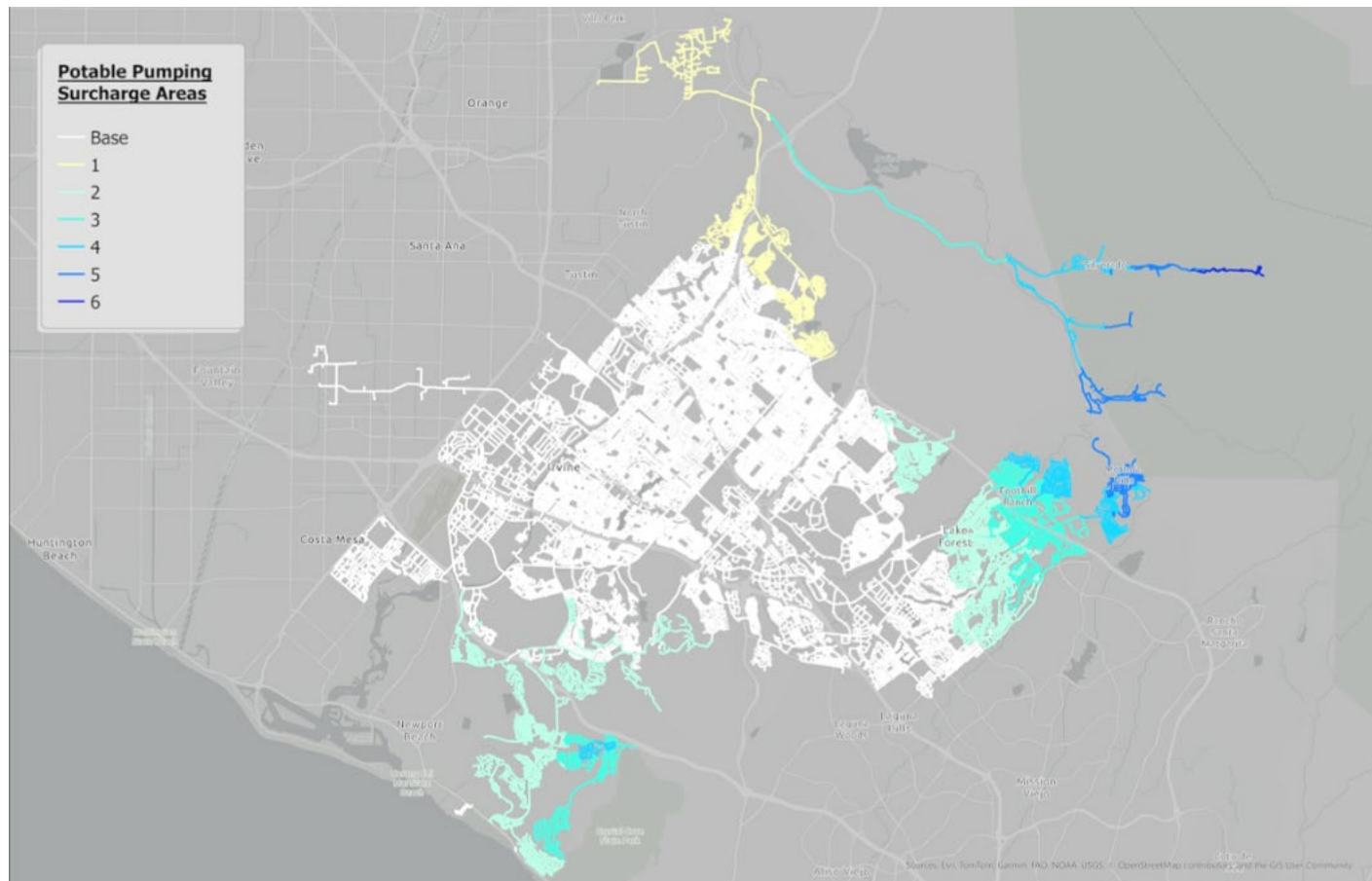


Figure 3: Map of Potable System Surcharge Areas

Recycled Water Pumping Surcharges for Pressure Zones and Surcharge Areas

As detailed in Equation 3, a District-wide pumping energy factor for recycled pumping stations was calculated as 1.67 kWh/AF-feet. Using Equation 4Equation 2, pumping surcharges for each recycled pressure zone were calculated and the results are shown in Figure 4 below. 13 recycled pressure zone labels are on the x-axis. The corresponding tank elevation (thick green columns) and pumping surcharge (thin blue columns) are quantified in the left and right y-axes, respectively. A benchmark elevation of 653 feet, the tank elevation for the Zone C Hidden Hills pressure zone, was selected as the benchmark tank elevation (above which a pumping surcharge would be assessed) as it represents the last pressure zone in a natural tank elevation plateau before tank elevations rise.

There are six pressure zones with tank elevations equal to or below the benchmark tank elevation of 653 feet and are grouped into the “base area” that does not receive a pumping surcharge. There are seven recycled pressure zones with tank elevations above the benchmark elevation of 653 feet. The pumping surcharges for these seven zones range from:

- \$0.06/ccf for Santiago Hills Zone C+ (tank elevation 700 feet)
- \$0.85/ccf for Zone H Coast (tank elevation 1,330 feet)

Recycled pressure zone pumping surcharges are less than potable pressure zone pumping surcharges because the elevation of the recycled water tanks is much lower than the corresponding potable water tanks.

As shown in Figure 4, these seven recycled pressure zone pumping surcharges were grouped into five surcharge areas (SAs). As with the potable pressure zones, recycled pressure zones were grouped into SAs so that the lowest pressure zone pumping surcharge in the SA had to be greater than 75% of the highest pressure zone pumping surcharge in the SA. Applying this rule, SA 1, SA 2, and SA 4 were each comprised of a single pressure zone while the other two SAs were formed from multiple pressure zones.

Figure 5 shows the tank elevations and pumping surcharges, weighted by recycled water demand in the pressure zone, for the SAs. The five recycled SAs have pumping surcharges ranging from \$0.06/ccf for SA 1 to \$0.67 for SA 5. And finally, Figure 6 provides a map showing the location of the different recycled SAs and, similar to potable systems, how small the recycled SAs are compared to the recycled base area, which does not receive pumping surcharges.

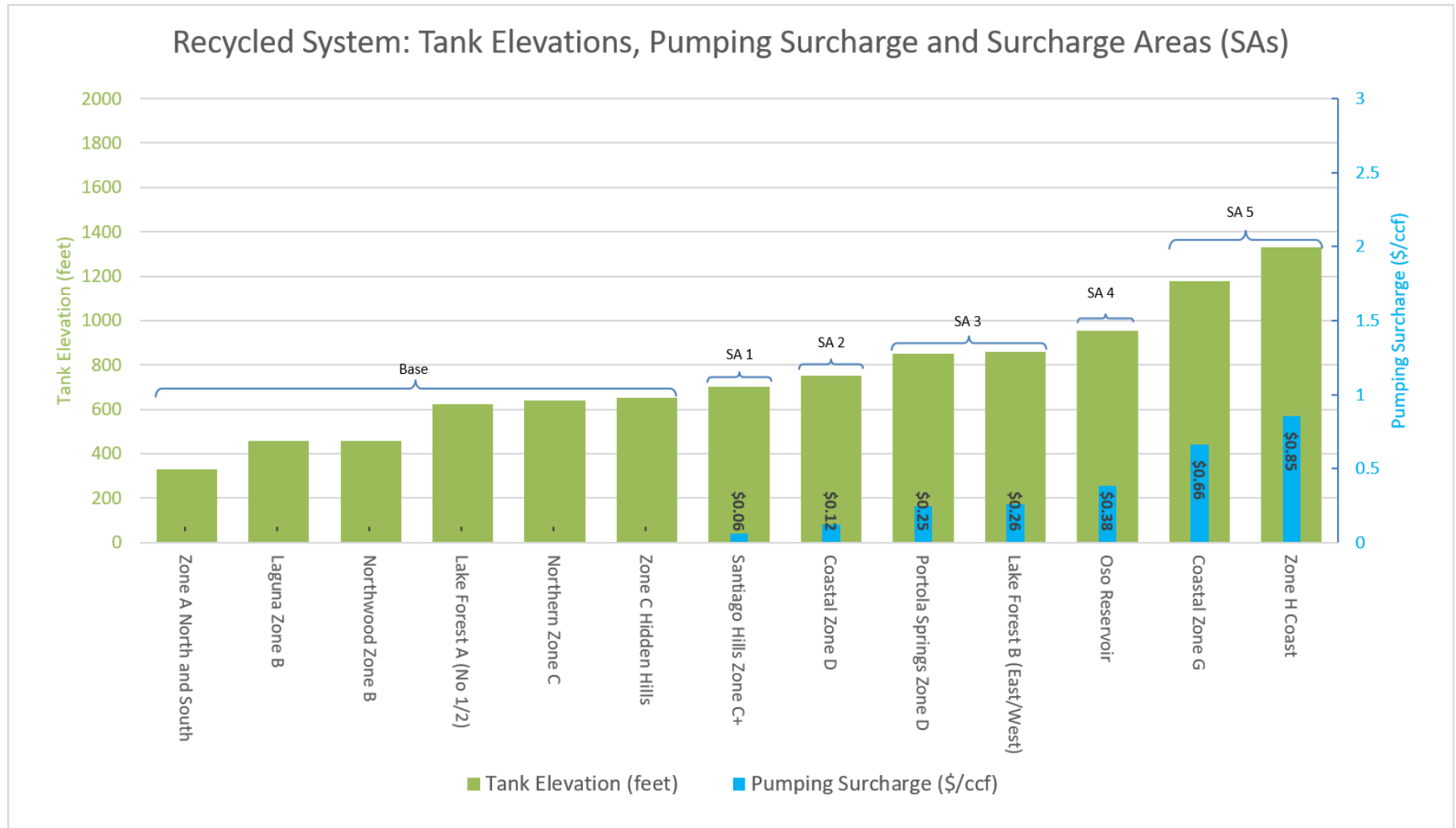


Figure 4: Recycled Water Tank Elevations, Pumping Surcharge, and Surcharge Areas

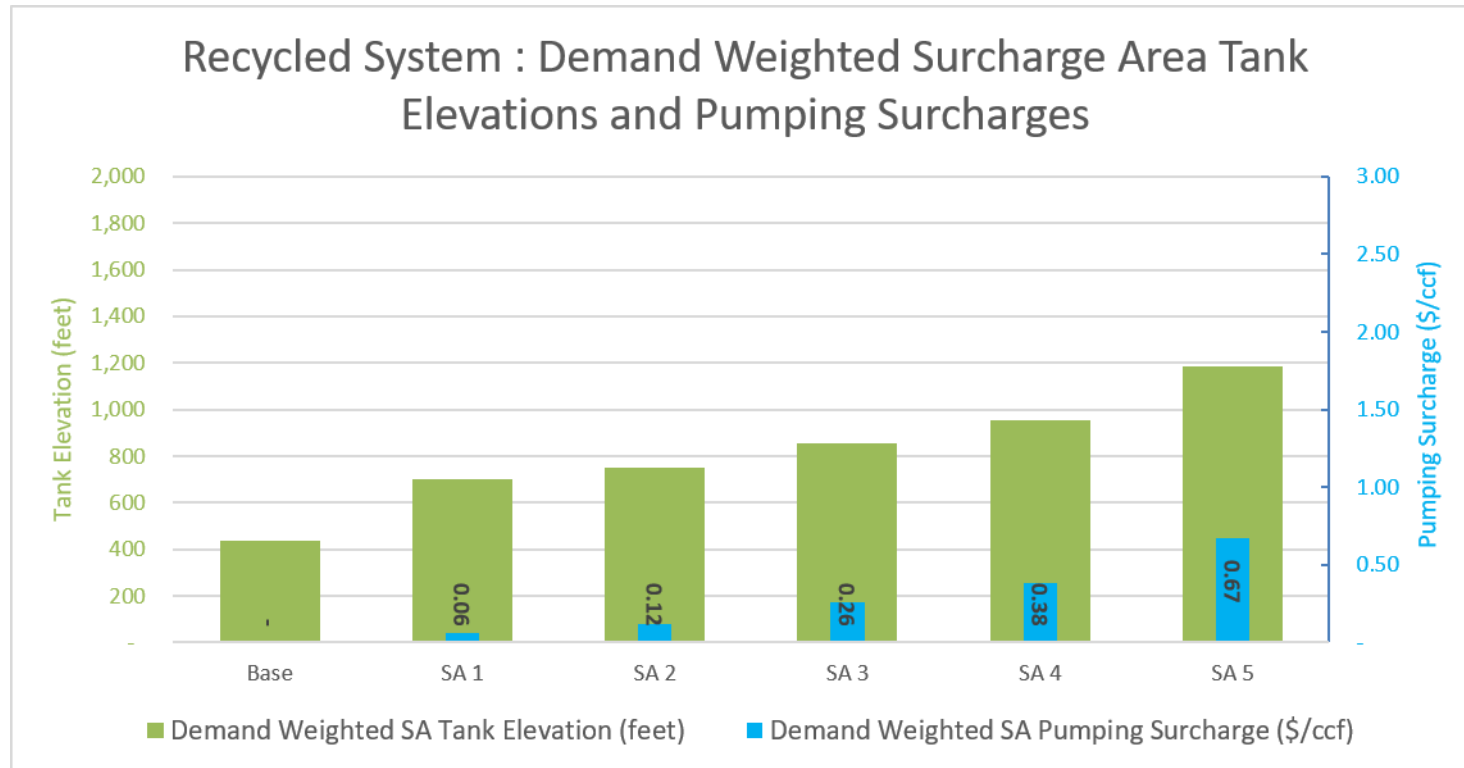


Figure 5: Recycled Demand Weighted Surcharge Area Tank Elevations and Pumping Surcharges

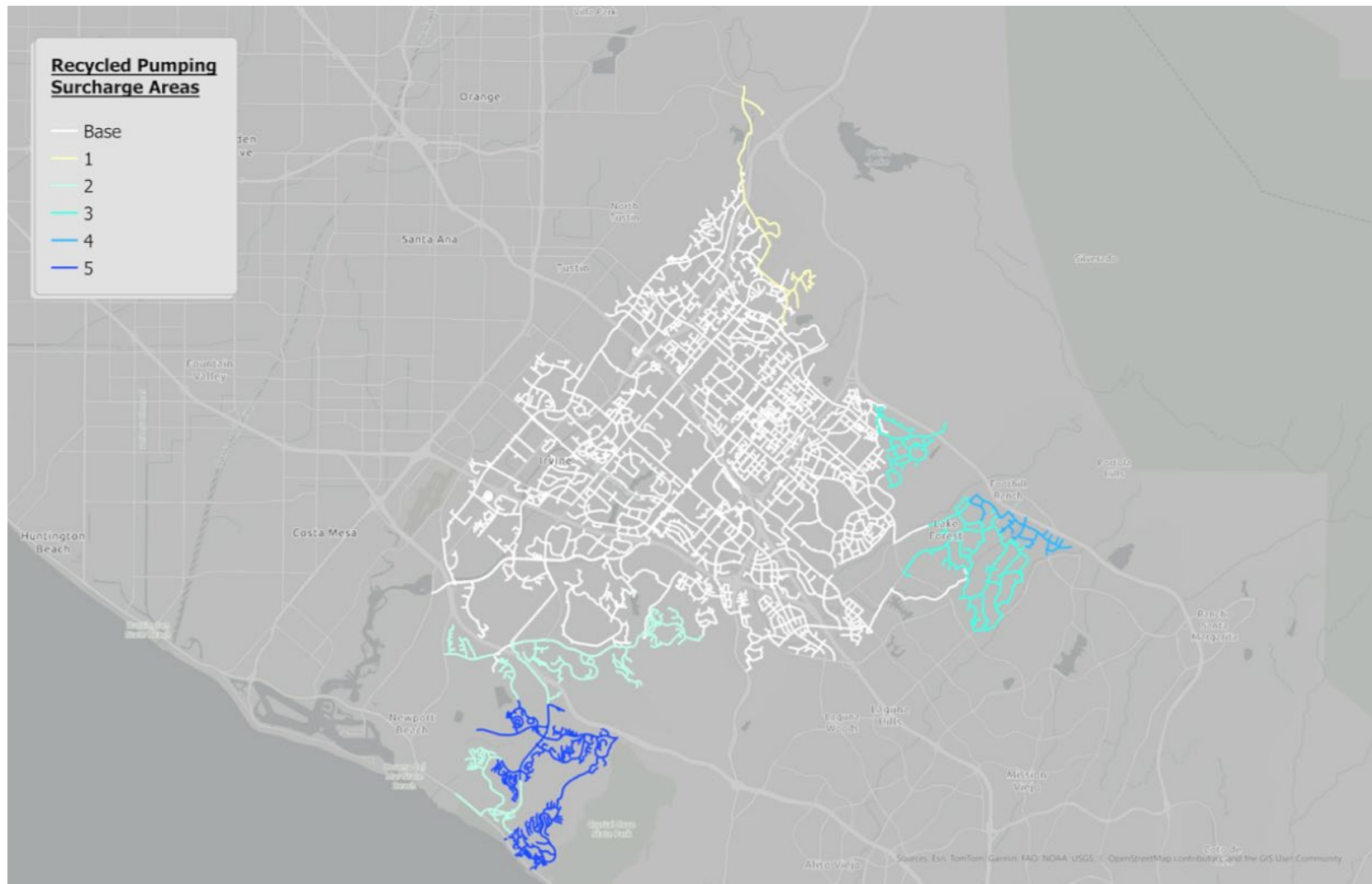


Figure 6: Map of Recycled System SurchARGE Areas

REVENUE PROJECTIONS

Table 1 below shows the projected annual revenue – totaling over \$2 million – of the potable SA pumping surcharges based on annual potable demand. This revenue is generated when only 22% of potable demand is subjected to a pumping surcharge.

Similarly, in Table 2 below shows the projected annual revenue – totaling just under \$900 thousand – of the recycled SA pumping surcharges based on annual recycled demand. This revenue is generated when only 28% of recycled demand is subjected to a pumping surcharge.

Potable Surcharge Area (SA)	Potable SA Pumping Surcharge (\$/ccf)	Annual Potable Demand (AF)	% Demand	Annual Potable Pumping Surcharge Revenue (\$)
Base	\$ -	41,374	77.7%	\$ -
SA 1	\$ 0.12	1,701	3.2%	\$ 90,603
SA 2	\$ 0.30	5,933	11.1%	\$ 778,340
SA 3	\$ 0.58	2,313	4.3%	\$ 585,716
SA 4	\$ 0.86	1,394	2.6%	\$ 522,171
SA 5	\$ 1.14	500	0.9%	\$ 248,199
SA 6	\$ 1.68	14	0.0%	\$ 10,578
	Total	53,228	100.0%	\$ 2,235,606

Table 1: Projected Potable Pumping Surcharge Revenue

Recycled Surcharge Area (SA)	Recycled SA Pumping Surcharge (\$/ccf)	Annual Recycled Demand (AF)	% Demand	Annual Recycled Pumping Surcharge Revenue (\$)
Base	\$ -	19,039	71.7%	\$ -
SA 1	\$ 0.06	1,365	5.1%	\$ 35,180
SA 2	\$ 0.12	2,412	9.1%	\$ 128,326
SA 3	\$ 0.26	1,702	6.4%	\$ 189,599
SA 4	\$ 0.38	457	1.7%	\$ 75,714
SA 5	\$ 0.67	1,566	5.9%	\$ 459,081
	Total	26,542	100.0%	\$ 887,901

Table 2: Projected Recycled Pumping Surcharge Revenue

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IRWD PUMPING SURCHARGE CALCULATION METHODOLOGY

FINANCE & PERSONNEL COMMITTEE
OCTOBER 6, 2026

DRAFT

1

1

AGENDA

1. Current Pumping Surcharge Methodology
2. New Approach
3. Results
4. Considering Rate Impacts
5. Questions



2

2



CURRENT PUMPING SURCHARGE METHODOLOGY

3

3

CURRENT PUMPING SURCHARGE METHODOLOGY

- Estimated since early 2000s
- A pumping surcharge is added for customers in locations that cause IRWD to incur additional pumping costs to supply their water.
- Current methodology:
 - Calculated pumping costs (\$/ccf) for each pump station
 - Estimated pressure zone cost intensity (PZCI)* - flow-weighted pumping costs to bring water to zone (\$/ccf)
 - Estimated Pumping surcharge - PZCI of surcharge zone minus PZCI of base zones (no surcharge)
- Relied on perfect data, which did not exist.

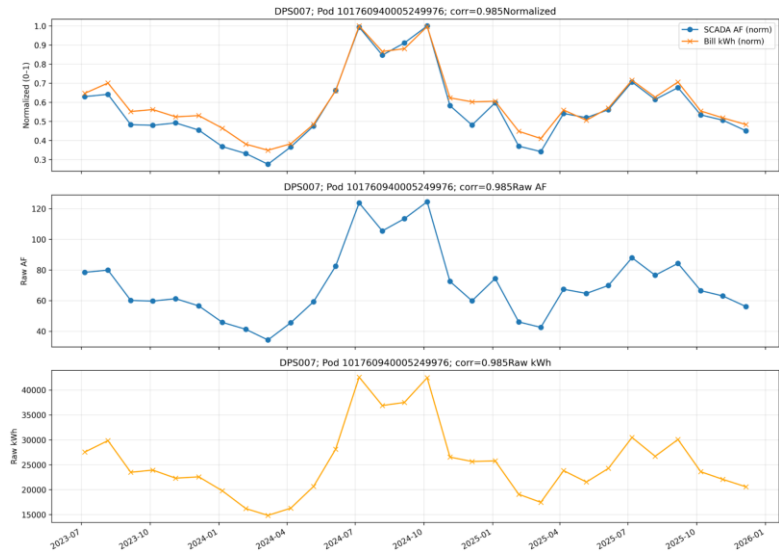
*Pressure zone range from Zone 1 Central Irvine to Zone 11 Santiago Canyon for potable

4

4

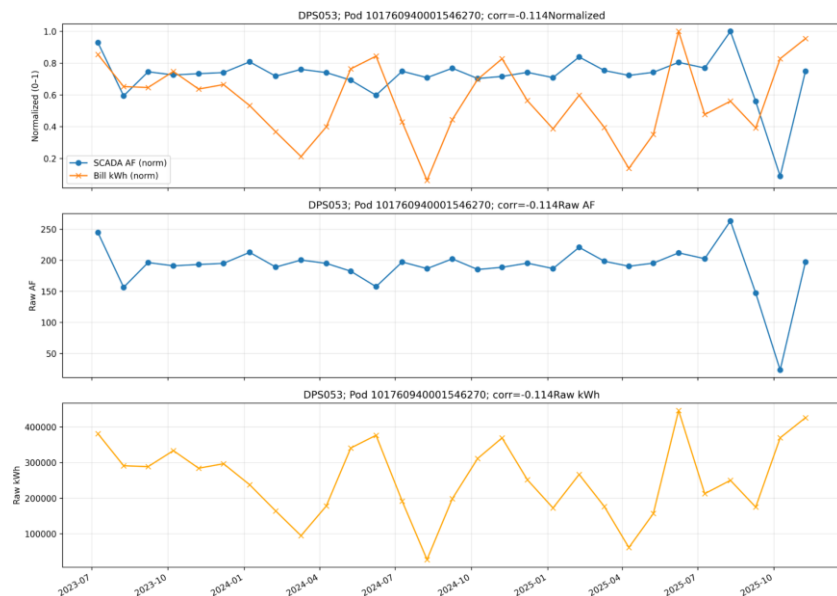
COMPARED FLOW AND ELECTRICITY USE AT PUMPS

Foothill Zn 6-6A PS (DPS 007)
had excellent correlation



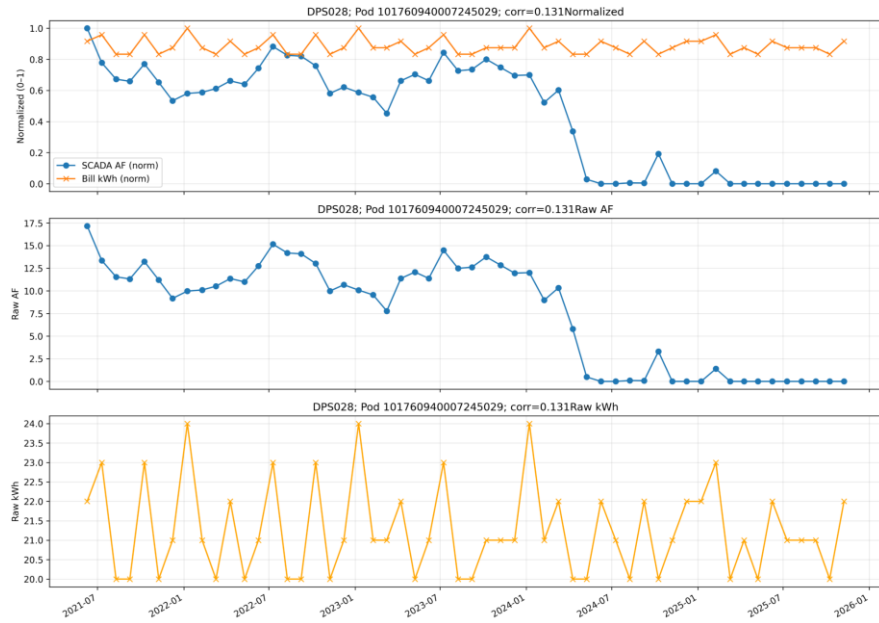
COMPARED FLOW AND ELECTRICITY USE AT PUMPS

IDP Product PS
(DPS 053)
correlation not
good because
included IDP
treatment use in
kWh readings



COMPARED FLOW AND ELECTRICITY USE AT PUMPS

Quail Hill Zn
3-4 PS
(DPS 028)
correlation
suspect data



NEW APPROACH

NEW APPROACH

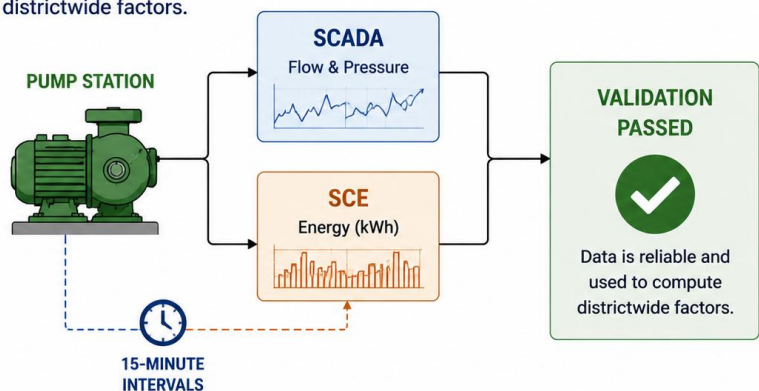
- Based on:
 - Pump electricity proportional to flow and head
 - District-wide pump efficiency and pump costs
 - Storage tank elevation defines surcharge
- Steps include:
 - Validate Data
 - Calculate District-Wide Factors
 - Calculate Pumping Surcharge for Each Tank
 - Group Storage Tanks into Surcharge Areas

VALIDATE DATA

Only pump stations and SCE meters that pass SCADA & SCE data quality validation are used to develop districtwide factors.

WE USE ONLY:

- ✓ 15-minute intervals
- ✓ SCADA flow data quality checks
- ✓ SCADA pressure data quality checks
- ✓ SCE interval energy data quality checks
- ✓ SCADA-SCE comparison (Flow & Energy)



CALCULATE DISTRICT-WIDE FACTORS

Using validated 15-minute interval data from all qualifying pumps and SCE meters, we calculate two districtwide factors that are applied consistently across the district.

1 K_{pe} FACTOR (PUMPING ENERGY FACTOR)

Represents the average energy required to lift water per unit of flow per unit of head.

$$K_{pe} = \frac{\text{kWh}}{(\text{AF} \times \Delta H)} \quad (\text{kWh} / \text{AF} \cdot \text{ft})$$

Where:

- AF = acre-feet
- ΔH = head added by pump (ft)



Includes all validated 15-minute intervals from pumps and meters that pass SCADA & SCE data quality validation.



2 ENERGY COST

Represents the median cost of energy (\$/kWh) from validated SCE meters serving pumps.

$$C_{kWh} = \$/\text{kWh} \quad (\$ / \text{kWh})$$

Where:

C_{kWh} = energy cost (\$/kWh)

Median using kWh from validated SCE meters.

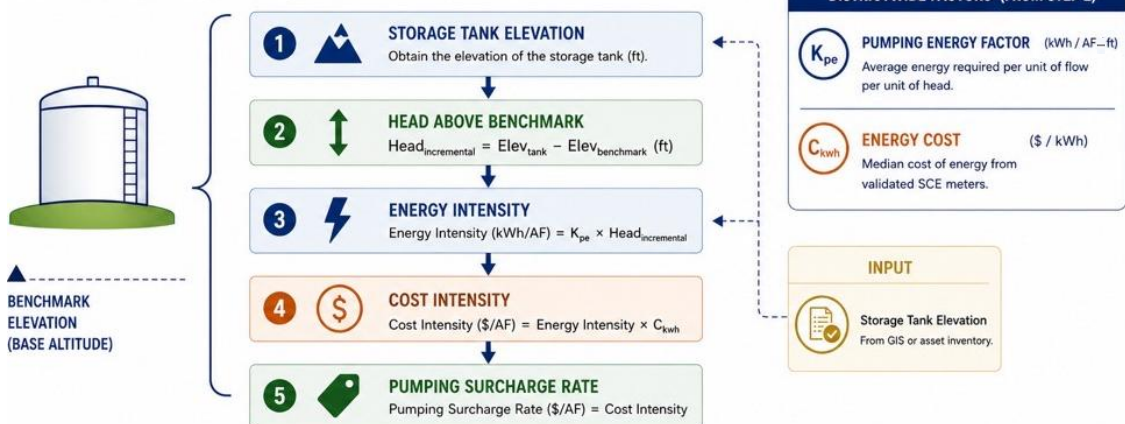


Uses only SCE meters with good data quality serving pump stations.

K_{pe} : 1.69 kWh/(AF*feet) for potable; 1.67 kWh/(AF*feet) for recycled
 C_{kWh} : \$0.31/kWh for potable; \$0.31/kWh for recycled

CALCULATE PUMPING SURCHARGE FOR EACH TANK

For each storage tank, use the tank elevation to calculate the head above the benchmark and derive the pumping surcharge rate.



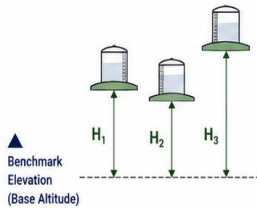
- Looked for natural elevation plateau to establish benchmark elevation

GROUP STORAGE TANKS INTO SURCHARGE AREAS

We group storage tanks with similar elevations to create a manageable number of pumping surcharge areas (target 4–5 areas). Each area is assigned a demand-weighted representative elevation.

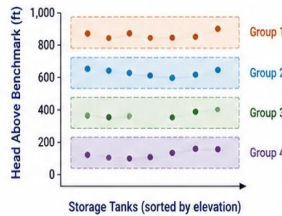
1 CALCULATE HEAD ABOVE BENCHMARK FOR EVERY TANK

Using benchmark elevation (base altitude).



2 GROUP TANKS WITH SIMILAR ELEVATIONS

Tanks with close head values are grouped together.



3 COMPUTE AREA ELEVATION USING DEMAND-WEIGHTED AVERAGE

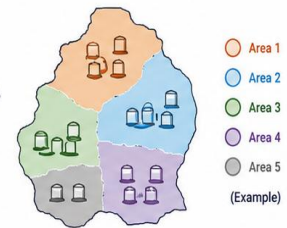
The representative elevation for each group is weighted by customer demand.

$$\text{Elevation}_{\text{area}} = \frac{\sum (\text{Demand}_i \times \text{Elev}_i)}{\sum \text{Demand}_i}$$

Where:
 Demand_i = customer demand served by tank i (AF)
 Elev_i = elevation of tank i (ft)

4 CREATE APPROXIMATELY 4–5 PUMPING SURCHARGE AREAS

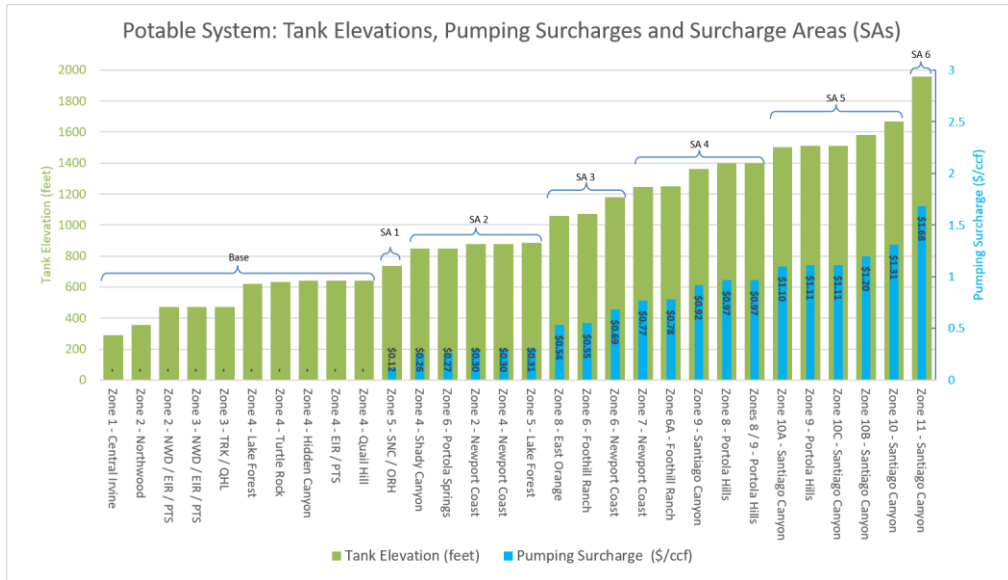
Each area will have one representative elevation and one pumping surcharge rate.



Pressure zones were grouped into SAs so that the lowest pressure zone pumping surcharge in the SA had to be greater than 75% of the highest pressure zone pumping surcharge in the SA.

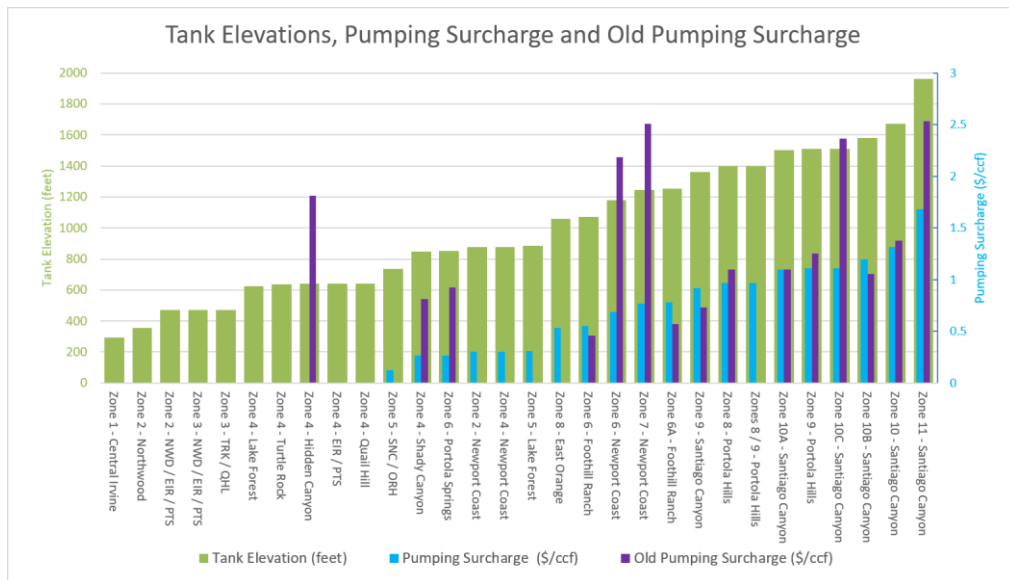
RESULTS

POTABLE WATER RESULTS BY PRESSURE ZONE



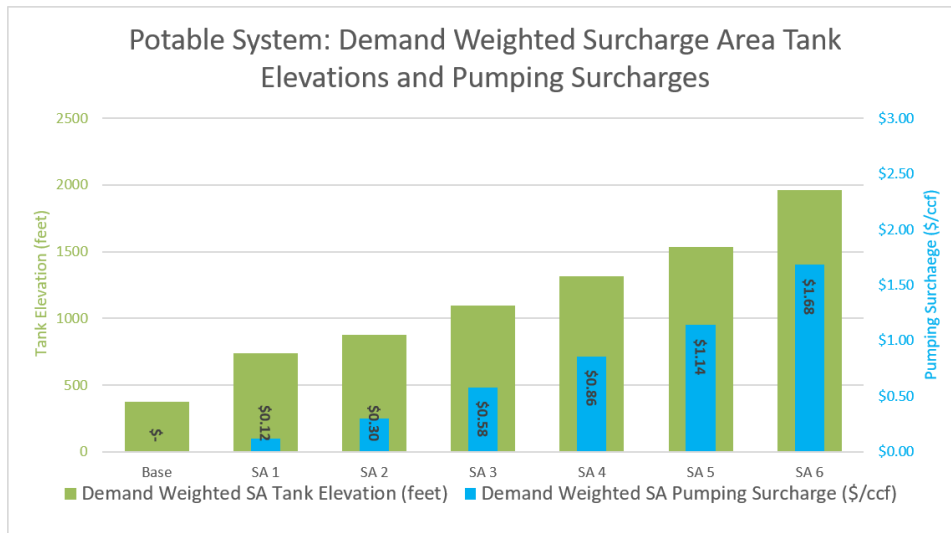
15

POTABLE WATER - COMPARISON TO PAST CHARGES



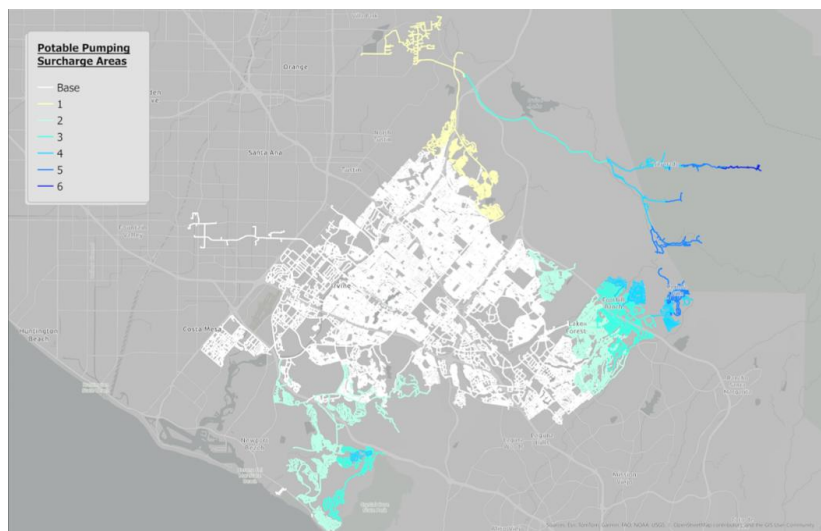
16

POTABLE WATER RESULTS BY SURCHARGE AREA



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POTABLE PUMPING SURCHARGE AREAS

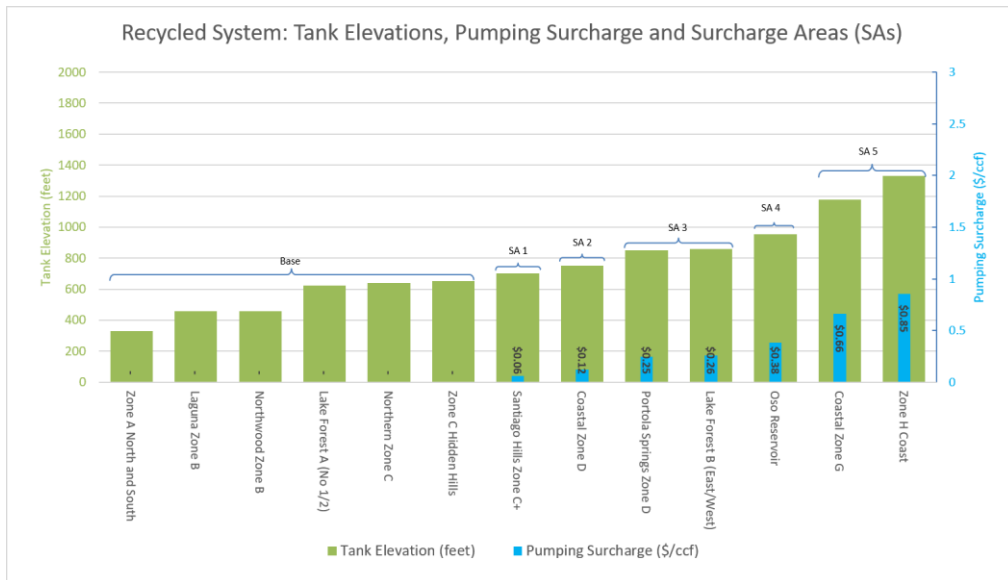


18

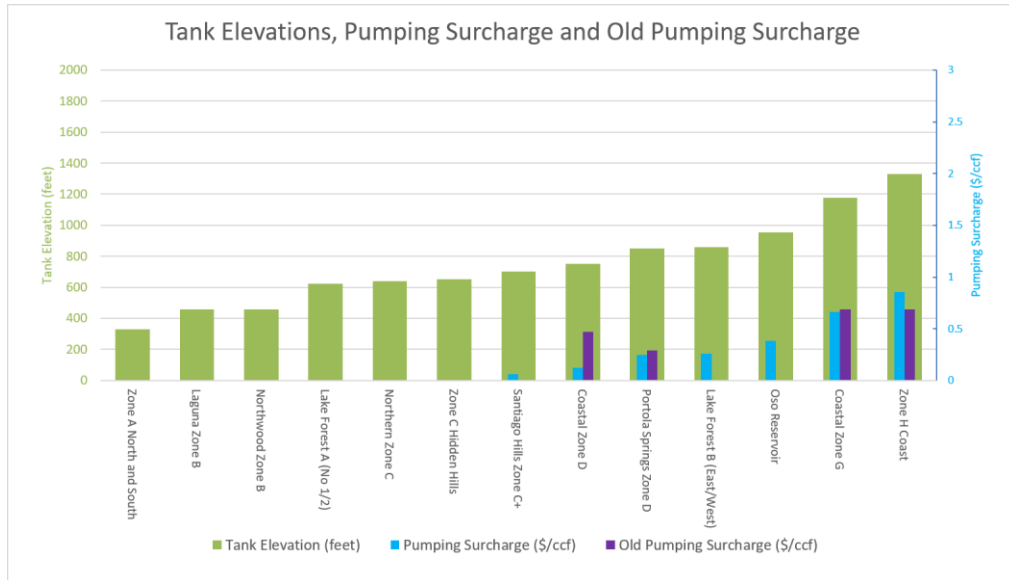
POTABLE PUMPING SURCHARGE REVENUE PROJECTION

Surcharge Area	Area Pumping Surcharge (\$/ccf)	Annual Demand (AF)	% Demand	Annual Revenue (\$)
Base	\$ -	41,374	77.7%	\$ -
SA 1	\$ 0.12	1,701	3.2%	\$ 90,603
SA 2	\$ 0.30	5,933	11.1%	\$ 778,340
SA 3	\$ 0.58	2,313	4.3%	\$ 585,716
SA 4	\$ 0.86	1,394	2.6%	\$ 522,171
SA 5	\$ 1.14	500	0.9%	\$ 248,199
SA6	\$ 1.68	14	0.0%	\$ 10,578
	Total	53,228	100.0%	\$ 2,235,606

RECYCLED WATER RESULTS BY PRESSURE ZONE

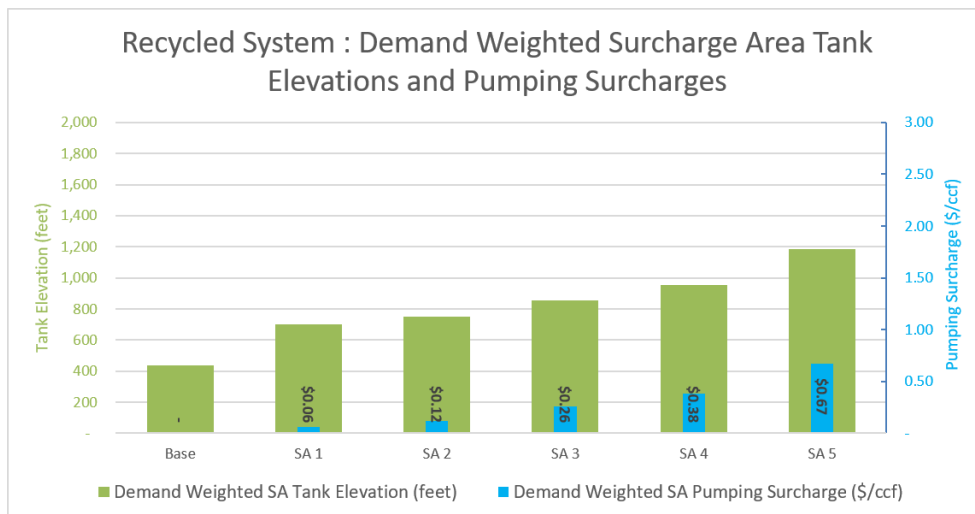


RECYCLED WATER - COMPARISON TO PAST CHARGES



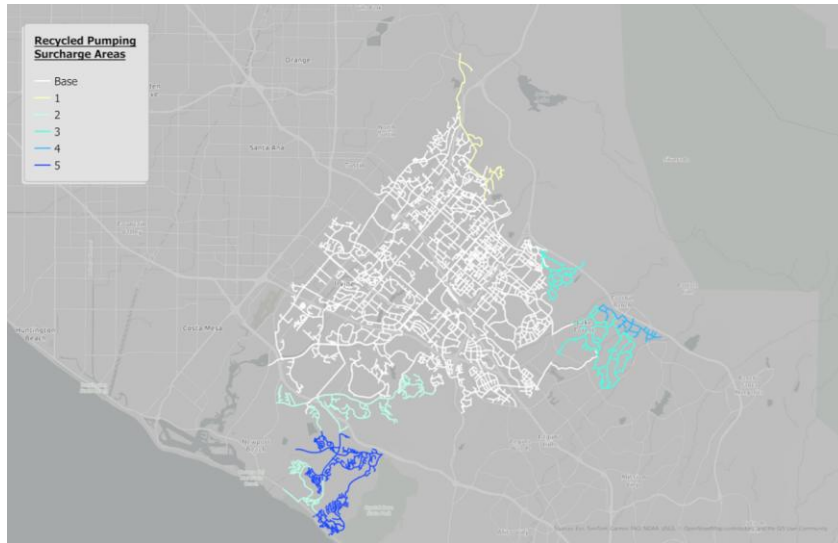
21

RECYCLED WATER RESULTS BY SURCHARGE AREA



22

RECYCLED PUMPING SURCHARGE AREAS



RECYCLED PUMPING SURCHARGE REVENUE PROJECTION

Surcharge Area	Area Pumping Surcharge (\$/ccf)	Annual Demand (AF)	Demand %	Annual Revenue (\$)
Base	\$ -	19,039	71.7%	-
SA 1	\$ 0.06	1,365	5.1%	\$ 35,180
SA 2	\$ 0.12	2,412	9.1%	\$ 128,326
SA 3	\$ 0.26	1,702	6.4%	\$ 189,599
SA 4	\$ 0.38	457	1.7%	\$ 75,714
SA 5	\$ 0.67	1,566	5.9%	\$ 459,081
	Total	26,542	100.0%	\$ 887,901



CONSIDERING RATE IMPACT ALTERNATIVES

25

25

PUMPING SURCHARGE REVENUE PROJECTION

Sector	Operating Expense	Budgeted Pumping Surcharge (PS) Revenue	New Estimated PS Revenue	Reduced Revenue Estimate	Portion Remaining to be Funded
(thousands)					
Potable	\$4,294	\$2,449	\$ 2,236	(\$213)	\$2,058
Recycled	\$2,496	\$1,132	\$ 888	(\$244)	\$1,608

Sector	Operating Expense	Adjusted PS Revenue	Shortfall	Fixed Service Charge Revenue (FSC) Addition
(thousands)				
Potable	\$4,294	\$2,236	\$2,058	\$0.80 per month
Recycled	\$2,496	\$888	\$1,608	Both FSC and Commodity

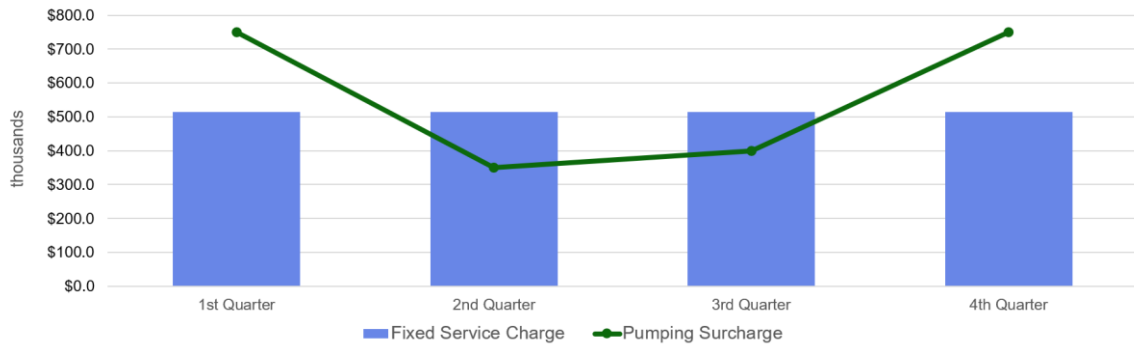
26

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FUNDING THE COST OF PUMPING

Sector	Annual Estimated Shortfall	Proposed PS Revenue	Current Strategy
(thousands)			
Potable	\$4,294	\$ 2,236	(FSC) \$2,058
Recycled	\$2,496	\$ 1,608	Blend FSC and Commodity

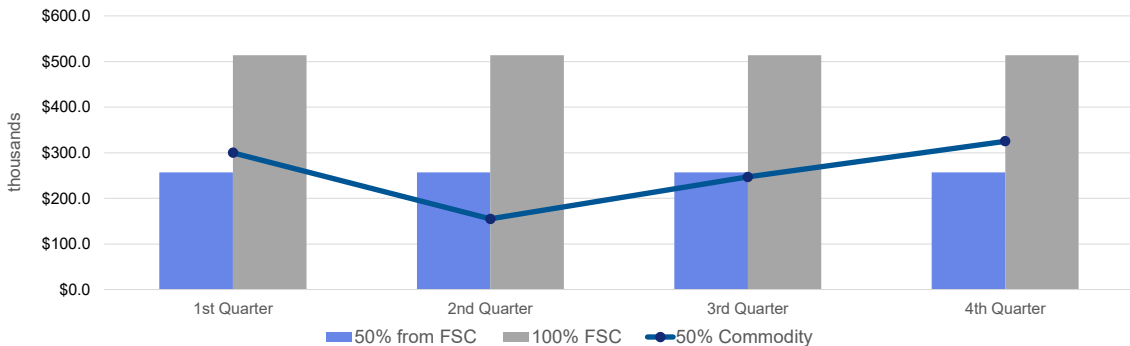
Pumping Surcharge Revenue and Fixed Service Charge Revenue
(Potable)



FUNDING THE COST OF POTABLE PUMPING

Sector	Shortfall	FSC \$.05 = \$135,000	Commodity \$.01 = \$235,000
(thousands)			
Funding 100%	\$2,058	\$0.80 of \$15.60 / Month	\$0.10 added to each Tier
Funding 50%	\$2,058	\$0.40 of \$15.60 / Month	\$0.05 added to each Tier

Commodity vs. Fixed Service Charge Revenue
(Potable)



NEXT STEPS

1. Apply feedback from the Committee on:
 - Pumping Surcharge Zones
 - Funding the differential
2. Receive feedback from HDR on the Technical Memorandum.
3. Include the modifications in the rate setting process.
4. Include adjusted rate methodology in budget presentations.
5. Set rates for FY 2027-28 and FY 2028-29 using updated approach.



QUESTIONS

Note: This page is intentionally left blank.

October 6, 2026

Prepared by: J. Davis / C. Smithson

Submitted by: N. Adly

Approved by: Paul A. Cook 

FINANCE AND PERSONNEL COMMITTEE

CONNECTION FEE STUDY

SUMMARY:

IRWD staff, legal counsel, and consultant, NewGen Strategies and Solutions, prepared the Phase I Connection Fee Evaluation, which is provided as Exhibit “A”. The evaluation reviewed the District’s overall connection fee framework and identified opportunities to enhance the fee structure while maintaining its transparency and legal defensibility.

BACKGROUND:

The purpose of the connection fee study is to evaluate IRWD’s connection fee rate-setting process and assess key components of the connection fee structure. Currently, growth-related capital costs within IRWD’s developing Improvement Districts are shared equally, with 50% of the costs recovered from developers through connection fees and the remaining 50% funded by property owners through property taxes supporting General Obligation bonds.

NewGen completed a comprehensive assessment of the District’s connection fee process, including its historical origins, current operational framework, legal compliance, and emerging structural pressures. At the Committee meeting, a representative from NewGen will present the Connection Fee Evaluation Findings and Recommendations, utilizing the draft powerpoint provided as Exhibit “B”. The presentation will address the following:

- Phase I Findings
- Structural Pressures on the Current Framework
- Recommendation 1: Continue Phase-ins for Large Fee Changes
- Recommendation 2: Buy-In for Redevelopment and Densification
- Draft Buy-In Fee Basis and Valuation
- Next Steps and Requested Input

FISCAL IMPACTS:

There is no impact to the Fiscal Year 2026-2027. Impacts for future Fiscal Years will be determined during the next connection fee rate setting cycle.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file

LIST OF EXHIBITS:

Exhibit “A” – Phase I Connection Fee Evaluation

Exhibit “B” – Connection Fee Evaluation Findings and Recommendations Draft Powerpoint

REPORT

PHASE I CONNECTION FEE EVALUATION

SEPTEMBER 2026



Irvine Ranch
WATER DISTRICT

Prepared for:
Christopher Smithson – Director of Financial
Planning & Data Analytics
15600 Sand Canyon Avenue
Irvine, CA 92618

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Executive Summary

Irvine Ranch Water District (IRWD or District) has one of California's most institutionally disciplined capital funding frameworks. Since the 1970s, when Brown and Caldwell first established the District's capital financing strategy, IRWD has operated under a structure designed to equitably share growth-related infrastructure costs between developers and property owners. This evaluation provides a comprehensive assessment of that framework: its historical origins, current operational mechanics, legal compliance posture, and the emerging structural pressures that make this study both timely and necessary.

Background

IRWD's capital program operates at meaningful scale. As of February 2026, the District's active asset base comprises 11,683 assets with an original cost basis of approximately \$3.4 billion across potable water, recycled water, and sewer systems, supported by an active capital improvement program of approximately \$139 million in active project balances as of June 30, 2025; this figure represents the cumulative balance of 119 active capital projects rather than an annual expenditure level. The connection fee framework is a primary funding mechanism for this investment and must keep pace with the scale and complexity of the system it supports.

Historical Foundation and the 50/50 Framework

The District's capital funding strategy traces to a 1977 Financial Requirements Study that established the principle still in use today: growth-related capital costs within developing Improvement Districts are shared equally — 50% recovered from developers through connection fees, and 50% funded by property owners through General Obligation bond-backed property taxes. A 1983 Financial Policy Review refined this further, establishing that regional capital costs were allocated only to developing IDs based on their projected share of ultimate demand at buildout, while fully built-out IDs bore no additional regional capital allocation. This allocation approach has since been modified; under current practice, approximately 70 percent of regional capital costs are allocated to developed IDs. The Long-Term Capital Funding Plan was formalized in 2014 through a collaborative process with the Board and major developers, producing the Enterprise Model that serves as the authoritative fee-setting tool today.

Current Connection Fee Schedule

The District currently sets fees biannually for ten actively developing Improvement Districts, with per-unit fees ranging from approximately \$3,678 (ID 153/253) to \$14,682 (ID 112a/212a) at current rates and reaching as high as \$25,581 in certain IDs at full buildout projections. Several notable features characterize the current schedule. ID 112a/212a must recover 100% of its allocated capital through connection fees because the underlying parcel is publicly owned and carries no assessed land value, resulting in significantly higher per-unit fees than other IDs. IDs 185/285 and 188/288 more than doubled in fees in FY 2025-26 due to the addition of Santiago Dam Outlet costs, with total project costs from FY 2025-26 forward estimated at \$442.4 million — illustrating the Enterprise Model's sensitivity to large CIP additions. ID 153/253 carries among the lowest fees in the schedule in part because native water revenue from an Irvine Company agreement offsets a portion of capital costs. IDs 125/225 have been designated fully built out, with future fees anticipated only from redevelopment activity.

Emerging Structural Pressures

The 50/50 framework faces three structural pressures that are creating increasing tension with its original design. First, RHNA-driven redevelopment is shifting development patterns toward high-density infill and demolition-replacement rather than greenfield construction, raising complex questions about incremental versus replacement demand and the applicability of the standard per-unit fee basis to multifamily and mixed-use projects. Second, large capital program additions can drive substantial single-cycle fee changes. The Santiago Dam Outlet addition, which produced fee increases exceeding 100% in a single cycle, is more of an anomaly than a recurring pattern; even so, the episode demonstrates the Enterprise Model's sensitivity to large capital additions, and the Board's adoption of two-year smoothing alternatives for select IDs provides a practical mitigation. Third, as IDs approach buildout, the forward incremental capital program shrinks even as the system benefit received by new connections remains constant. Under the current forward-only methodology, there is no mechanism to recover the proportionate value of existing system capacity from late-connecting customers, a dynamic that will intensify as more IDs transition to build-out status. A related long-term question concerns replacement capital in substantially built-out IDs, where the 1983 policy framework provides less clear guidance as aging regional assets approach end of useful life.

Alignment with AWWA M1

Evaluation against AWWA Manual M1 (8th Edition, 2026)—the industry-standard framework for water rates, fees, and charges—reveals significant areas of alignment. IRWD clearly separates capital and operating costs, grounds fees in a documented cost-of-service analysis, plans over a long-term horizon through each ID's buildout date, and engages development stakeholders collaboratively in the fee-setting process. These practices are directly consistent with M1's core principles. Two areas present opportunities for enhancement:

- Formalizing the District's existing Land Use and Water Use Factors table as a documented ERU/EDU conversion framework; M1 identifies demand-based scaling as the appropriate basis for equitable allocation across development types.
- Strengthening the cost escalation methodology to improve fee stability and better distinguish genuine CIP scope additions from cost re-estimation.

Legal Compliance

NewGen's review of the Nexus Study (June 30, 2025), Board Action Calendar, fee-setting presentations, Enterprise Model architecture, and Key Rate Setting Factors report finds that IRWD's connection fee program is substantively compliant with applicable California law. The District satisfies the requirements of the Mitigation Fee Act (Government Code §66013), Proposition 26, and the rational nexus doctrine. Fee purpose and use are clearly documented; the Nexus Study provides the core nexus documentation; proportionality analysis operates at the ID level consistent with the nexus standard; and the Board's fee adoption process, including public notice and findings of proportionality on the record, is consistent with AB 2536 disclosure requirements.

Opportunities to Strengthen Defensibility and Transparency

While the program is fundamentally sound, NewGen has identified four areas where documentation, methodology characterization, and transparency practices can be enhanced.

- The Nexus Study should explicitly characterize the fee calculation methodology using M1's analytical framework, identifying the incremental cost component driving ongoing fee-setting within established IDs and the buy-in component applied when new IDs are established, to strengthen the legal record.
- The District's existing Land Use and Water Use Factors table should be formalized as the documented basis for EDU conversion factors, providing the transparent, demand-based proportionality documentation that M1 recommends and that will be increasingly important as RHNA-driven multifamily and mixed-use development grows.
- The revenue offset categories reflected in the Enterprise Model, including AMP, LRP, and LPP credits, should be supported by explicit cost-causation documentation to reduce legal challenge risk and improve Board and public transparency.
- As the development community diversifies toward smaller infill builders with less familiarity with IRWD's process, the District should consider expanding its engagement and public documentation practices consistent with M1's transparency principles.

The findings and opportunities identified in this report establish the analytical foundation for the remaining tasks in this engagement. The structural questions raised will be addressed in the subsequent phases of this study as NewGen works with IRWD staff to evaluate potential framework enhancements and develop recommendations for the Board's consideration.

SECTION 1

EVALUATION OF IRWD'S CONNECTION FEE FRAMEWORK

Background and Purpose

Irvine Ranch Water District has built one of the most institutionally disciplined capital funding frameworks among California water agencies. Since the 1970s, when Brown and Caldwell first formalized the District's capital financing strategy, IRWD has operated under a structure designed to equitably share growth-related capital costs between developers and property owners. This section documents NewGen's evaluation of that framework including its origins, components, current operational mechanics, and the emerging pressures that make this study both timely and necessary.

The purpose of this evaluation is to serve as the analytical foundation for all subsequent tasks. A thorough understanding of how capital costs are currently identified, allocated, and recovered is essential before recommendations are offered regarding fee structures, cost allocation methods, or model enhancements. NewGen reviewed the Connection Fees and Property Taxes Nexus Study (June 30, 2025), the FY 2025-26 and FY 2026-27 Board Action Calendar and supporting exhibits, the July 14, 2025 Board presentation, and the Key Rate Setting Factors report. NewGen also reviewed the District's historical buy-in cost model developed for the MCAS-Tustin (ID 113/213) development, which documents the methodology applied when that Improvement District was established, as well as the District's Land Use and Water Use Factors table (September 2012), which provides the demand characterization data underlying the District's planning and fee-setting work.

IRWD's capital program operates at meaningful scale. As of February 2026, the District's active asset base comprises 11,683 assets with an original cost basis of approximately \$3.4 billion across potable, recycled water, and sewer systems, with an active capital improvement program totaling approximately \$139 million in active project balances as of June 30, 2025; this figure represents the cumulative balance of 119 active capital projects rather than an annual expenditure level. This context underscores both the significance of the connection fee framework as a funding mechanism and the importance of ensuring that fee-setting methodology keeps pace with the scale and complexity of the system it supports.

Historical Foundation of IRWD Connection Fees

IRWD's capital funding strategy traces to a 1977 Financial Requirements Study prepared by Brown and Caldwell. That study established the conceptual architecture that remains in use today: growth-related capital costs within developing Improvement Districts (IDs) are shared equally between developers through connection fees and property owners through General Obligation (GO) bond-backed property taxes. This 50/50 cost-sharing principle has guided every subsequent iteration of the District's Long-Term Capital Funding Plan (LTFP).

A 1983 Financial Policy Review further refined the framework, establishing that capital costs for facilities serving the entire District are allocated only to developing or undeveloped IDs, on the basis of projected ultimate demand. Under this framework, substantially built-out IDs neither generate the need for new capacity nor bear its cost. Regional water and sewer projects are allocated to developing IDs based on

Section 1

their projected share of total regional demand at buildout; local capital is assigned directly to the IDs those facilities serve.

A notable feature of the framework has been its treatment of existing system value when new Improvement Districts are formed. When a new developing ID is established, new development connecting to that system has access to capacity that prior ratepayers and taxpayers funded through years of prior capital investment. The District's historical practice has addressed this through a "buy-in" component: the escalated, depreciation-adjusted value of existing regional facilities is calculated and allocated to the new ID in proportion to its projected share of ultimate system demand. This buy-in amount – representing the new development's proportionate share of the existing system's undepreciated value – is incorporated into the connection fee alongside the incremental costs of future capital improvements planned to serve the new ID. Notably, the buy-in component cannot be funded with General Obligation bond proceeds; because it represents the value of facilities that have already been constructed and financed, it is recoverable only through connection fees. Asset values used in buy-in calculations have historically been escalated from original cost using the Engineering News Record (ENR) construction cost index, then adjusted for accumulated depreciation over assumed useful lives, with the resulting net value reflecting the remaining investment available to serve new connections. Applied on an ID-specific basis as each district has been established, this methodology reflects the cost-of-service principles that AWWA M1 describes for the buy-in component of connection fees.

The LTFP was formalized in 2014 through a collaborative process involving IRWD staff, the Board of Directors, and key local developers, producing the Enterprise Model that has served as the authoritative tool for biennial fee-setting ever since.

Improvement District Structure

The Improvement District (ID) framework is the geographic foundation of IRWD's capital funding system. IDs are subareas of the District's service territory, defined separately for water, sewer, and recycled water systems, allowing capital costs to be allocated based on the specific infrastructure needs and development status of each subarea.

Developing IDs are those that still contain significant undeveloped land and therefore generate the need for new capacity investments. Historically, fully developed IDs were not allocated any new regional capital costs; under current practice, however, approximately 70 percent of regional capital costs are allocated to developed IDs. An important structural feature is the overlay/underlay relationship among certain IDs, where an overlay ID inherits a portion of the GO property tax obligations established for a consolidated underlay ID – a layering that the Enterprise Model tracks explicitly.

The table below demonstrates the current status of IRWD's IDs as of the 2013 Capital Funding Model:

Table 1-1
IRWD Improvement Districts

Actively Developing	Developed
112/212 – Great Park Neighborhoods (El Toro Base)	110/210 – Older Development Areas Excluded from IDs
112a/212a – Orange County 100-Acre Parcel	111/222 - Area Excluded from IDs (No GO Authority)
113/213 – Former Tustin Marine Base	125/225 – Underlay ⁽¹⁾
125/240 – Newport Coast	154 - Baker Canyon / SCWD #2
153/253 – Irvine	155 - Silverado Canyon
185/285 – Lake Forest Opportunity Study Area	156 - Orange Park Acres
188/288 – Portola	SAH - Santa Ana Heights

(1) Consolidation of IDs 120/121/220/221, 130/230, 135/235, 140, 150/250, 160/161/260/261, 182/282, 184,284, 186/286 as a part of 2013 Capital Funding Model.

Figures 1-1 and 1-2 illustrate the boundaries and overlay/underlay relationships of the IDs.

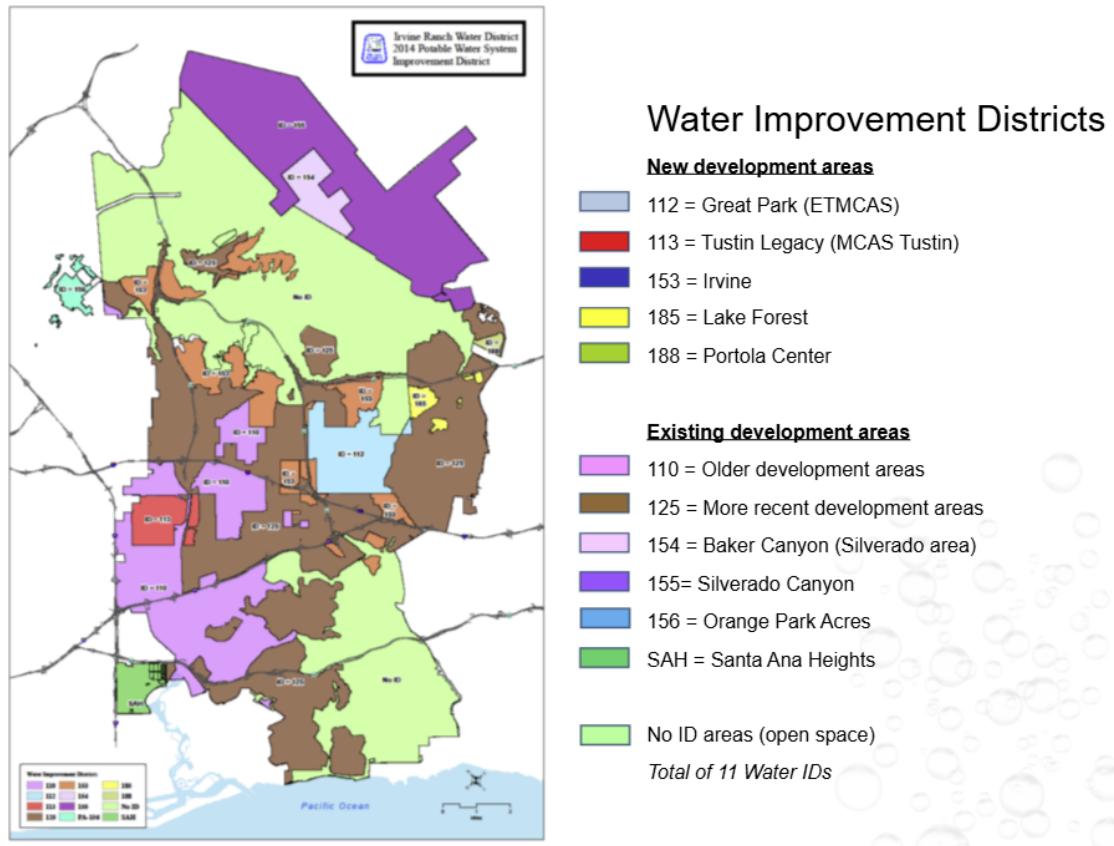


Figure 1-1: Water Improvement District Boundaries

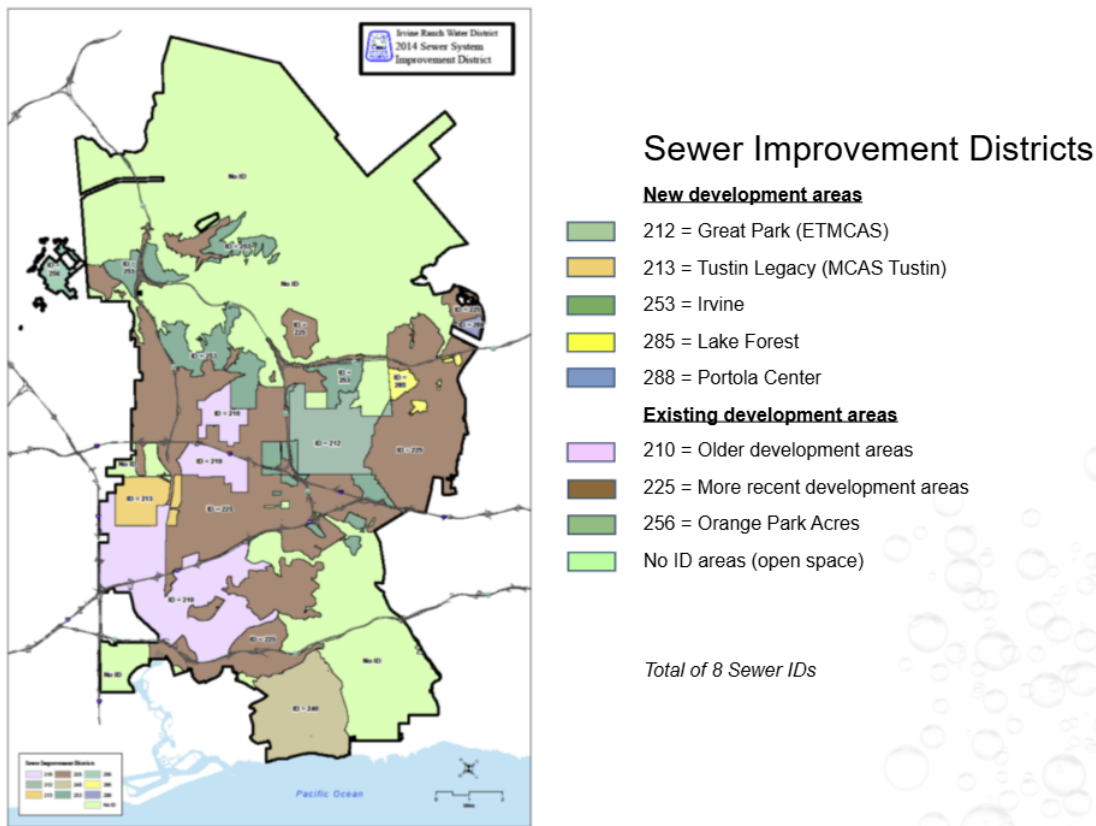


Figure 1-2: Sewer Improvement District Boundaries

IRWD's Enterprise Models

The Enterprise Models (Models) are the computational engine through which IRWD translates its capital funding policy into specific connection fee rates and GO property tax levels. The Models integrate the following primary inputs for each developing ID:

- Fund balances at the beginning of each fiscal year, reflecting accumulated connection fee and tax revenue net of prior capital expenditures and debt service;
- Capital improvement program (CIP) estimates from the approved capital budget, with cost escalation applied using the Engineering News Record (ENR) construction cost index for Los Angeles;
- Debt service estimates based on existing GO bonds, anticipated future bond issuances, and interest rate assumptions;
- Assessed valuations by ID provided by the County of Orange, with projections for future growth;
- Development unit projections, including residential units and commercial uses, provided in part by major developers through a collaborative annual process; and
- Revenue and grant offsets such as native water revenue from the Irvine Lake agreement and project reimbursements.

The Models project all variables forward to the anticipated buildout date of each ID – a horizon extending approximately through 2060 for most developing IDs. This long-term perspective ensures that intergenerational equity is built into the fee structure. The Models produce an Analysis of Changes report for each ID, which is the primary technical document supporting the Board's biennial fee-setting resolution.

Current Connection Fees

Connection fees vary substantially across IRWD's IDs, reflecting differences in capital programs, development stage, fund balance position, and infrastructure complexity. Table 1-1 summarizes the Board-adopted FY 2025-26 and projected FY 2026-27 connection fees for each developing ID.

Table 1-2
IRWD Connection Fees

Improvement District	FY 2024-25 Adopted	FY 2025-26 Adopted	FY 2026-27 Projected	Change FY24-25 to FY25-26
111/222	\$13,836	\$17,295	\$17,814	\$3,459
112/212	\$7,981	\$9,856	\$12,172	\$1,875
112a/212a	\$14,682	\$19,380	\$25,581	\$4,698
113/213	\$10,781	\$14,770	\$15,214	\$3,989
125/240	\$8,568	\$10,775	\$11,099	\$2,207
125/225	\$8,341	\$10,426	\$10,739	\$2,085
153/253	\$3,678	\$4,083	\$4,532	\$405
153/253 PA 30	\$10,482	\$11,635	\$11,984	\$1,153
256 OPA	\$7,630	\$8,622	\$8,881	\$992
185/285	\$7,175	\$14,350	\$14,781	\$7,175
188/288	\$5,358	\$11,734	\$12,086	\$6,376

Several features of the current schedule merit particular attention:

- ID 112a/212a (Orange County): Because this property is publicly owned, it carries no assessed land value and therefore no GO tax authority. Connection fees must recover 100% of the capital cost allocated to this development, resulting in significantly higher per-unit fees than comparable IDs.
- IDs 185/285 and 188/288: These IDs doubled or more than doubled in FY 2025-26 due to updated CIP assumptions including addition of Santiago Dam Outlet costs, with total project costs from FY 2025-26 forward estimated at \$442.4 million. This illustrates the sensitivity of the Enterprise Model to large capital program additions and underscores the importance of fee-smoothing mechanisms. These IDs also provide an example of the “last man standing” dynamic that emerges as an ID nears buildout: a shrinking base of remaining future connections must absorb late-arriving capital costs, concentrating fee impacts on the final units to connect.
- ID 153/253: Fees are among the lowest in the schedule in part because native water revenue from the Irvine Lake agreement with the Irvine Company offsets a portion of capital costs. The agreement (July 2019) provides annual credits based on assumed sales of 3,800 acre-feet per year at escalating rates, with a final reconciliation scheduled for 2038 upon Santiago Dam completion.

Section 1

In addition, golf course revenue of approximately \$1.0 million provides a further offset that reduces capital costs allocated to this area.

- IDs 125/225: Designated fully built out in the Key Rate Setting Factors report, with future fees anticipated from redevelopment only – an early example of the lifecycle transition facing the District more broadly.

IRWD's 50/50 Framework

The 50/50 cost-sharing framework has served IRWD well for decades. Sharing costs between developers and property owners reflects the reality that new infrastructure benefits both groups, and the collaborative LTFP development process-built acceptance and long-term stability. However, three structural shifts are creating increasing tension with the original design.

- **RHNA-Driven Redevelopment:** Regional Housing Needs Allocations are driving high-density infill and redevelopment across Orange County. New residential units will increasingly be added through demolition and replacement of lower density uses rather than greenfield construction. This creates complex questions about incremental versus replacement demand, potential credits for prior connections, and the applicability of the standard per-unit fee basis to multifamily and mixed-use projects.
- **CIP Volatility:** The FY 2025-26 cycle demonstrated that a single large capital addition – the Santiago Dam Outlet – can produce fee increases exceeding 100% in some IDs. The Board's adoption of the two-year smoothing alternative for IDs 112/212 and 153/253 reflects a practical response, but the underlying volatility risk remains as the CIP continues to evolve.
- **Buildout and End-of-Period Connections:** As individual IDs approach buildout, the forward incremental capital program shrinks — yet late-connecting customers receive immediate access to the full value of the existing regional system on the same basis as customers who connected decades earlier. Under the current forward-only methodology, there is no mechanism to recover the proportionate value of existing system capacity from these late connections. As the active CIP diminishes in mature IDs, the connection fee diminishes with it, even as the system benefit received by new connections remains constant. This dynamic will intensify as more IDs transition to built-out status.

A related long-term question concerns replacement capital in substantially built-out IDs. Under the District's current funding framework, replacement capital is funded on a District-wide basis through user rates, while new capital is funded through connection fees and bond proceeds. As the District's infrastructure from the 1970s and 1980s approaches end of useful life, maintaining a clear and well-documented distinction between rate-funded replacement and fee-funded new capital, particularly for projects that combine replacement with capacity upsizing, will become increasingly material to the financial integrity of the enterprise.

Comparison with AWWA Principles

The AWWA Manual M1, Principles of Water Rates, Fees, and Charges (8th Edition, 2026), provides the water industry's standard framework for rate and fee design. Evaluating IRWD's capital funding approach against M1 reveals significant areas of alignment as well as opportunities for refinement.

M1 establishes that connection fees (sometimes called System Development Charges or Capacity Charges) are one-time charges on new development to recover the cost of providing system capacity. The manual identifies equivalent residential unit (ERU) frameworks as the standard basis for scaling fees across different development types and specifically notes that meter capacity ratios and demand-based scaling are the appropriate tools for equitable allocation.

Areas of Strong Alignment with M1

- **Cost Segregation:** M1 is explicit that connection fees must recover capital costs only, not operating costs, and that the two must be clearly separated. IRWD's Enterprise Model directs connection fee revenue exclusively to capital within developing IDs, with operating costs recovered through rates.
- **Cost-Based Fee Setting:** M1 emphasizes that fees must be grounded in documented cost-of-service analysis. IRWD's Nexus Study, together with the Analysis of Changes and ID-specific modeling, provides a documented, cost-based foundation consistent with this principle.
- **Long-Term Planning Horizon:** M1 recognizes that capital financing requires a forward-looking perspective. IRWD's practice of projecting revenues and expenditures through each ID's buildout date ensures intergenerational equity is built into the fee structure.
- **Stakeholder Engagement:** M1 recommends involving development stakeholders in fee-setting. IRWD's annual engagement with major developers, including collaborative development projection updates and two-year fee alternatives, directly reflects this principle.

Areas for Enhancement Relative to M1

- **ERU/EDU Forecasting:** M1 provides detailed guidance on ERU frameworks as the basis for scaling fees across different development types, noting that meter capacity ratios and demand characteristics should be the foundation for equitable cost allocation. The District maintains a detailed Land Use and Water Use Factors table (last revised September 2012) that assigns local interior and exterior demand values, irrigation factors, and irrigation demand rates to more than 50 land use codes across residential, commercial, industrial, institutional, open space, and agricultural categories. Incorporating more detailed ERU/EDU forecasting into the Enterprise Models would align IRWD's Connection Fee methodology with the M1 framework.
- **Cost Escalation and Inflation Projection:** M1 recognizes that connection fees depend on forward-looking capital cost estimates and that the reliability of those estimates is central to fee stability and defensibility. IRWD applies ENR-based escalation to both the buy-in asset valuation and the forward CIP. The FY 2025-26 cycle showed that when escalation understates realized cost growth, the correction surfaces as a large step Enterprise Models would increase in a later cycle, as in the Santiago Dam adjustment. Strengthening the escalation methodology, for example by distinguishing genuine scope additions from cost re-estimation, applying project-specific escalation to long-lead projects, and re-basing escalation assumptions more frequently, would improve fee stability and the defensibility of the cost basis. Because the buy-in also relies on ENR trending, escalation refinements should be applied consistently across both fee components to ensure the District's ability to right-size Connection Fees based on expected development.

SECTION 2

POLICY, LEGAL DEFENSIBILITY, AND TRANSPARENCY REVIEW

Purpose and Scope

This section presents NewGen’s review of the policies, procedures, documentation practices, and regulatory compliance framework governing IRWD’s capital funding and connection fee program. The review examines the relevant legal authorities, the District’s current documentation and transparency practices, and the alignment between IRWD’s fee-setting methodology and applicable California law.

The goal is not solely to confirm that IRWD is compliant – though that assessment is made – but to identify specific opportunities to strengthen the framework so that it better withstands legal scrutiny, communicates more effectively to the Board and public, and remains defensible as development patterns evolve.

Governing Legal Framework

California’s Mitigation Fee Act (AB 1600)

IRWD’s connection fees are regulated primarily by California’s Mitigation Fee Act, codified in Government Code Sections 66000 et seq. (the “Act”), passed by the State Legislature in 1987. The Act establishes the framework within which California public agencies may impose impact fees to recover costs incurred in providing services related to land development.

Government Code Section 66013 provides specific requirements for fees related to water and sewer connections and capacity charges. The District must: establish the purpose of the fee; identify the use to which it will be put; demonstrate a reasonable relationship between the fee’s use and the development project; demonstrate a reasonable relationship between the need for the public facility and the type of development; and demonstrate a reasonable relationship between the fee amount and the cost of the public facility attributable to the development. The Board must make all required findings available for public inspection.

California Assembly Bill 2536 (AB 2536) further specifies evaluation standards and disclosure requirements, including the requirement that IRWD make its nexus study and supporting calculations available to the public and that the Board place the required findings of proportionality on the record at the time fees are adopted.

Proposition 26

Passed by California voters in November 2010, Proposition 26 amended the California Constitution to require that levies, charges, or exactions imposed by local government either fall within a specified exemption or be subject to voter approval as a tax. For water and sewer connection fees, the relevant exemption requires that the fee be demonstrably tied to the cost of providing the specific capacity being purchased. IRWD’s connection fees must therefore reflect documented, proportionate cost recovery. Any fee that exceeds the reasonable estimated cost attributable to the specific development could be challenged as an unlawful tax.

The Rational Nexus Requirement

Underlying all California connection fee law is the rational nexus doctrine. Under this standard, IRWD must demonstrate: a clear connection between new development and the infrastructure improvements needed to serve it; identification and quantification of the cost of those improvements; and apportionment of those costs to new development in proportion to the benefits received. The annual Nexus Study is the primary instrument through which the District documents compliance with this requirement.

AWWA M1 reinforces this framework through its cost-of-service principles, which require that connection fees be grounded in a documented cost-of-service methodology that allocates costs to customer and development classes based on actual demands. M1's guidance provides an industry-recognized analytical framework that, when followed, strengthens the rational nexus documentation supporting the District's fees.

Current Compliance Assessment

Based on NewGen's review of the Nexus Study (June 30, 2025), the July 14, 2025 Board Action Calendar, fee-setting presentations, the Enterprise Model architecture, and the Key Rate Setting Factors report, the District's connection fee program is substantively compliant with applicable California law.

Fee Purpose and Use

IRWD clearly identifies the purpose of its connection fees: to recover capital infrastructure costs associated with new development connecting to the District's water and sewer systems, and to fund new development's proportionate share of capacity investments within its Improvement District. Fund balances maintained for each ID are separately accounted and reported, consistent with the Mitigation Fee Act's restricted fund requirements.

Nexus Documentation

The annual Nexus Study provides the core nexus documentation for the fee program. It describes the capital funding structure, the Enterprise Model methodology, and the Analysis of Changes for each ID showing the connection between capital expenditures and development activity. The Board staff report further supports the nexus by describing, for each ID, the specific factors driving fee changes from the prior cycle. This narrative transparency exceeds the minimum required by law.

Proportionality

IRWD's proportionality analysis operates at the Improvement District level, allocating capital costs to each ID based on its projected share of ultimate system demand. For regional water and sewer facilities, costs are allocated only to developing IDs in proportion to their projected share of total regional demand at buildout. For local facilities, costs are assigned directly to the IDs they serve. This two-tier allocation approach is technically sound and consistent with the nexus standard.

AB 2536 Disclosure

The District's biennial fee-setting process involves public notice, Board action on a public agenda, and the required findings of proportionality on the record. The Nexus Study and supporting exhibits are available for public inspection. These practices are consistent with AB 2536's disclosure requirements.

Opportunities to Strengthen Legal Defensibility and Transparency

While IRWD's program is fundamentally sound and compliant, NewGen has identified six areas where documentation, methodology characterization, and transparency practices can be strengthened.

Opportunity 1: Characterize the Fee Calculation Methodology in M1 Terms

IRWD's Nexus Study describes how the Enterprise Model works but does not explicitly characterize the underlying fee calculation methodology using the industry-recognized framework described in AWWA M1. M1 establishes the relationship between system value, system capacity, and new customer capacity demands as the analytical foundation for defensible connection fees. IRWD's approach – projecting the capital requirements needed to serve future development within each ID and allocating those forward-looking costs to connecting developers – is consistent with the incremental cost method described in M1. M1 also recognizes a buy-in component, which recovers the new development's proportionate share of the undepreciated value of existing system capacity. The District has historically applied buy-in calculations on an ID-specific basis as new Improvement Districts have been formed, using ENR-escalated and depreciation-adjusted asset values allocated to the new ID in proportion to its projected share of ultimate system demand. Explicitly characterizing both the incremental and buy-in components in the Nexus Study, and explaining why the incremental approach is the primary driver for ongoing fee-setting within established IDs, would strengthen the legal record and more fully align the District's documentation with M1's analytical framework.

Opportunity 2: Develop a Formal EDU/ERU Framework

The District already maintains a detailed Land Use and Water Use Factors table (last revised September 2012) that provides per-unit local interior demand, local exterior demand, total local demand, percentage irrigated area, and irrigation demand factor values for more than 50 land use codes. The table spans a broad range of residential densities (from rural density at 0.3 du/acre through high-rise at 40 du/acre), commercial categories (general office, community and regional commercial, hotel, institutional, hospital, school), industrial uses (light and heavy), and open space and agricultural designations. This dataset represents the empirical demand characterization work already embedded in IRWD's planning infrastructure.

Formalizing this table as the documented basis for EDU conversion factors – expressing each land use category's total local demand as a ratio relative to a defined baseline residential unit – would transform existing analytical work into the kind of transparent, defensible EDU methodology that M1 recommends. This approach would also provide the Board with the documented proportionality findings needed to address multifamily and commercial development types as they become more prevalent under RHNA-driven redevelopment conditions.

An EDU framework addresses demand proportionality but does not by itself resolve a companion question raised in District review: how capital costs for facility upsizing and replacement should be equitably allocated among existing customers, new development, and intensification of existing dwelling units and

commercial properties. NewGen recommends pairing the EDU framework with a cost classification protocol that assigns each project, or each separable component of a project, to one of three categories. Replacement in kind, which restores existing capacity for existing customers, would be funded District-wide through user rates. Capacity expansion, including the incremental portion of upsized facilities, would be funded through connection fees allocated to new and intensifying development in proportion to incremental EDU demand. Hybrid projects that combine replacement with upsizing would be allocated between the two funding sources based on the ratio of added capacity to total project capacity, a standard M1 allocation technique. Under this protocol, redevelopment and intensification projects would pay connection fees on the net increase in EDUs, with credit for the demand associated with the prior use, ensuring that existing customers do not subsidize growth and that new development does not pay for the renewal of facilities it did not consume.

Opportunity 3: Clarify Revenue Offset Documentation

IRWD's Enterprise Model incorporates several categories of revenue that offset connection fee requirements within each Improvement District, including grants, Agreements for Municipal Projects (AMP), Local Reimbursement Programs (LRP), Local Participation Programs (LPP), interest earnings, and — for ID 153/253 — native water revenue under the Irvine Lake agreement. For fees to be fully defensible under Proposition 26 and the Mitigation Fee Act, every revenue offset applied against a fee obligation must carry a documented cost-causation basis that demonstrates the offset reduces the capital cost attributable to new development rather than shifting that cost to others. While the native water revenue offset and interest earnings are clearly defined, the treatment of AMP, LRP, and LPP credits in the model is less explicitly documented. Formalizing the definition, cost-causation basis, and calculation methodology for each revenue offset category would reduce the documentation risk in any fee challenge and improve the transparency of the fee-setting process for the Board and public.

Opportunity 4: Developer Engagement and Public Transparency

One of IRWD's notable strengths is its collaborative approach to fee-setting. The District engages its major developers — particularly FivePoint Communities (IDs 112/212) and the Irvine Company (IDs 153/253) — directly in the annual modeling and fee-setting process. The Board presentation confirms that this transparent, collaborative process has been consistent since the Board adopted the LTFP in 2013-14.

As the development community broadens to include smaller builders participating in RHNA-compliance infill projects, and as land sales by existing owners bring new participants into the District's fee-setting process, the District should consider whether its engagement practices need to expand. Smaller builders and parties acquiring land from existing owners may have less familiarity with IRWD's process and would benefit from more accessible public documentation of how fees are calculated, consistent with AWWA M1's transparency principles.

Opportunity 5: Automated Model Update Procedure

The annual Enterprise Model update process presents an opportunity to improve efficiency and strengthen the documentation trail supporting the District's biennial fee-setting cycle. Currently, key model inputs are populated through manual data entry sourced from IRWD's ERP system and related financial reports. Establishing structured data linkages between the Model and standardized ERP output reports would allow the Model to be refreshed each year by importing or referencing those reports directly, reducing the staff time required to prepare the fee-setting documentation at the start of each update cycle. This approach would also create a clear and traceable connection between the Model's

inputs and the District's authoritative financial records, supporting a more streamlined annual roll forward process as the developing Improvement Districts continue their progression toward buildout. Over time, a more automated input structure would make it easier to onboard new staff into the fee-setting workflow and to demonstrate to the Board and public the direct lineage between adopted budgets and the rates that flow from the Model.

Compliance Assessment Summary

Table 2-1
IRWD Connection Fee Compliance Assessment Summary

Legal / Policy Requirement	NewGen Observation
Mitigation Fee Act – Gov. Code §66013	Compliant. Nexus Study prepared annually. Fee purpose, use, and proportionality documented at the ID level.
Proposition 26 (Cost-Based Fee)	Compliant. Fees are cost-based and tied to documented capital programs. Proportionality supported by ID-level Enterprise Model.
Rational Nexus (AB 1600)	Compliant. Connection between development and capital need is documented. Regional and local cost allocation proportionate to projected demand.
AB 2536 Disclosure Requirements	Compliant. Nexus Study and supporting exhibits available for public inspection. Board findings made on the record.
Fee Methodology Characterization (M1)	Enhancement Opportunity. Methodology not explicitly characterized in AWWA M1 methodology terms. Doing so will help understanding and justification.
EDU / ERU Forecasting (M1)	Enhancement Opportunity. Per-residential-unit fee basis lacks formal demand-based EDU conversion documentation as M1 recommends.
Revenue Offset Documentation	Enhancement Opportunity. AMP, LRP, and LPP offsets in the Enterprise Model lack explicit cost-causation documentation. Defining each offset's basis and calculation methodology would reduce legal challenge risk.
Developer Engagement / Transparency	Strength. Robust annual engagement with major developers. Opportunity to expand as development profile diversifies toward infill and redevelopment.
Enterprise Model Updates	Enhancement Opportunity. Potential for automation of annual model roll, input data via links to ERP. Highly dependent on IT infrastructure for implementation.



THANK YOU!

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Exhibit "B"



Irvine Ranch Water District | Finance and Personnel Committee | October 6, 2026

CONNECTION FEE EVALUATION FINDINGS AND RECOMMENDATIONS

Draft

NewGen
Strategies & Solutions

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PURPOSE AND AGENDA

Purpose:

Present findings from the Phase 1 connection fee evaluation and get feedback on the recommended approach to recovering buy-in costs from redevelopment.

Agenda:

1. Phase I Findings
2. Structural Pressures on the Current Framework
3. Recommendation 1: Continue Phase-ins for Large Fee Changes
4. Recommendation 2: Buy-In for Redevelopment and Densification
5. Draft Buy-In Fee Basis and Valuation
6. Next Steps and Requested Input

Note: All numbers are based on current capital project program and asset listing and are subject to change.

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PHASE I FINDINGS: A SOUND AND COMPLIANT FRAMEWORK

Alignment with American Water Works Association (AWWA) Manual M1

- **Cost segregation:** connection fees fund capital only; operations are recovered through rates.
- **Cost-based fees:** documented Nexus Study, Enterprise Model, and Analysis of Changes for each Improvement District (ID).
- **Long-term horizon:** fees are projected through each ID's buildout, building in intergenerational equity.
- **Collaborative process:** biennial fee setting with developer engagement, consistent since the Long-Term Capital Funding Plan was adopted in 2014.

Legal compliance

- Substantively compliant with the Mitigation Fee Act (Government Code Section 66013), Proposition 26, the rational nexus standard, and Assembly Bill 2536 (AB 2536) disclosure requirements.

Bottom line:

No structural overhaul is needed. Targeted enhancements will keep the framework durable.

THREE STRUCTURAL PRESSURES ON THE FRAMEWORK

The framework is sound. Three shifts are testing the assumptions it was built on.

PRESSURE

1. Capital Program Volatility

Fees for IDs 185/285 and 188/288 doubled or more in fiscal year (FY) 2025-26 with the addition of Santiago Dam Improvements costs.



IMPLICATION

Implication: Fee Spike Exposure

Large single-cycle jumps strain predictability for builders; smoothing to date has been case by case, not adopted policy.

2. RHNA-Driven Redevelopment

Regional Housing Needs Allocation (RHNA) requirements are shifting growth to high-density infill and demolition-replacement beyond master plan land uses.



Implication: Fee Basis Gap

Unplanned densification uses capacity the plan did not assign to it; the per-unit greenfield fee basis does not translate cleanly.

3. Improvement Districts Reaching Buildout

As the new capital program shrinks, fees fall even though new connections receive the same system benefit in the undeveloped IDs.



Implication: Forward-Only Limitation

A forward-only fee cannot recover existing system value from late connections and redevelopment; the last units to connect absorb late-arriving costs.

RECOMMENDATION 1: CONTINUE TO PHASE-IN LARGE FEE CHANGES

Potential Guidelines

- Substantial increases in a fee-setting cycle should warrant a consideration of phase-in.
 - Amounts deferred by the phase-in are trued up within each Improvement District; total cost recovery is unchanged.
- Non-substantial increases should be effective immediately

Consistent with Past Practice

- Two-year smoothing the Board applied to IDs 112/212 and 153/253.
- Keeps fees predictable for builders as the capital program evolves.

ID 185/285 EXAMPLE

+100%

single-cycle increase adopted in FY 2025-26

*\$7,175 to \$14,350 per dwelling unit
driver: Santiago Dam Improvement addition*

WITH 3-YEAR PHASE-IN

3 steps

equal annual increases to the same endpoint

\$9,567 | \$11,958 | \$14,350

RECOMMENDATION 2: CONSIDER A BUY-IN FEE FOR REDEVELOPMENT AND DENSIFICATION

The approach, measured in Equivalent Dwelling Units (EDUs)

- **Capacity already contemplated for the site:** pays the standard Enterprise Model fee for its Improvement District, with credit for capacity already paid for. No change.
- **Unplanned EDUs:** EDUs proposed beyond the capacity contemplated for the site pay a buy-in fee for their share of the existing system already serving the site.
- **Where Unplanned EDUs require new capacity:** the incremental component applies as well; AWWA Manual M1 calls this the combined or hybrid approach (i.e., buy-in + incremental).

Why a buy-in basis for redevelopment is equitable

- Redevelopment would be defined as the alteration, renovation, or expansion of an existing development that could result in a significant change in water and sewer systems demand if property use is shifted.
- Planned connections paid, or will pay, fees under specific buildout assumptions; unplanned density paying only incremental costs would not be paying on the same basis.
- Buy-in revenue funds capacity for growth the master plan did not anticipate; it cannot be funded with General Obligation (GO) bond proceeds.

Core formula:

Buy-In Fee = Existing System Value per EDU × Unplanned EDUs

Unplanned EDUs = Proposed EDUs – EDUs Contemplated for the Site (credited in full)

BUY-IN FEE STEP 1: DETERMINE EXISTING SYSTEM VALUE

Valuation Method	What It Measures	Pros	Cons
OCLD: Original Cost Less Depreciation	Historical cost of assets, net of accumulated depreciation (net book value)	Objective and tied to audited records; reflects remaining useful life; highly defensible	Understates aged assets; ignores ENR and current replacement economics
OC: Original Cost	Gross historical cost as recorded, with no depreciation applied	Simple; based on verifiable book records; no depreciation judgment needed	Overstates aged assets; ignores ENR; new users pay for consumed asset life
RCNLD: Replacement Cost New Less Depreciation	Cost to rebuild at today's prices, less depreciation for age and condition	Reflects current replacement economics and remaining life; balanced view	Requires engineering estimates and depreciation assumptions; more subjective
RCN: Replacement Cost New	Full cost to replace all assets at current prices, with no depreciation	Captures true cost of new capacity; strong equity basis for new users	Highest values; ignores age and condition; higher than what existing users funded

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WATER SYSTEM ASSET VALUES (DRAFT)

Asset Category (\$ in millions)	RCNLD
Buildings and Structures	\$337
Easements	\$34
Land	\$64
Machinery and Equipment	\$88
Transmission and Distribution	\$1,149
Vehicles	\$8
Water Rights	\$3
Total System Value	\$1,682

Includes Potable and Treatment, and Untreated asset categories. Values are draft and before buy-in adjustments; columns may not sum to totals due to rounding.

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SEWER AND RECYCLING SYSTEM ASSET VALUES (DRAFT)

Asset Category (\$ in millions)	RCNLD
Buildings and Structures	\$400
Easements	\$2
Land	\$30
Machinery and Equipment	\$108
OCSJ Joint Works Facilities	\$787
Collections, Transmission, and Distribution	\$1,358
Total System Value	\$2,686

Includes Sewer and Recycled assets. OCSJ: Orange County Sanitation District. Values are draft and before buy-in adjustments; columns may not sum to totals due to rounding.

KEY CONSIDERATIONS IN APPLYING THE BUY-IN METHOD

Adjustments that reconcile gross system value to the equity basis funded by existing ratepayers.

1. Contributions in Aid of Construction (CIAC)

Exclude assets contributed at no cost, such as developer contributions.

4. Outstanding Debt Deduction

May deduct outstanding debt principal as a credit to one-time fees, recover debt over time.

2. Grant & Partner Funding

Remove assets funded by grants or third parties.

5. Cash & Reserves

Consider adding unrestricted cash and fund balances to reflect present-day system equity.

3. Remaining Available Capacity Approach

Base the fee only on capacity available to serve growth.

None of these adjustments are reflected in the initial fee calculations.

Adjustments 1–4 would likely **decrease** the buy-in fee.

BUY-IN STEP 2: DETERMINE SYSTEM CAPACITY

Consideration for Capacity Assumptions

- **Strength of Assumption:** The underlying assumptions resulting in an EDU number that acts as the denominator in the Buy-In Fee calculation should represent the strongest position for a fee that must survive challenge.
- **Equalization Basis:** Meter Equivalent Units (MEUs) = translates the diverse customer base of IRWD into a standard level of service, i.e., ¾" Meters (30 gallons per minute). This translates directly to the M1 standard Equivalent Dwelling Unit (EDU) approach.

IRWD Account Data + Planned Growth

- Part 1: Actual number of accounts being provided service by IRWD, stated in MEUs
 - The input is based on real data (number of meters by size).
- Part 2: Additional MEUs used in the Enterprise Models
 - The input is what IRWD already uses to estimate future growth for the purpose of Connection Fees.

Bottom line:

- **The recommended capacity basis for Water is 193,220 MEU's, while the Wastewater is 174,911 MEU's, the detail of which is demonstrated on the following slides.**

WATER SYSTEM CAPACITY VALUES (DRAFT)

*MEU's based on a base
Gallons per minute
(GPM) flow factor of 30
for a ¾" meter.*

Meter Type	GPM	MEU Factor	Residential	Non- Residential	Total Potable Accounts	Planned Expansion	Total MEU's
5/8" Disc	20	0.67	64,860	5,155	70,015	2,114	48,086
3/4" Disc	30	1.00	11,247	335	11,582	349	11,931
1" Disc	50	1.67	31,886	1,374	33,260	1,003	57,105
1 1/2" Disc	120	4.00	2,309	1,788	4,097	123	16,880
1 1/2" Single Jet	100	3.33	1	0	1	0	3
2" Disc	160	5.33	1,937	3,476	5,413	162	29,733
2" Single Jet	160	5.33	0	0	0	0	0
2" Turbo	250	8.33	212	490	702	20	6,017
3" Turbo	650	21.67	72	329	401	12	8,948
4" Turbo	1,250	41.67	78	122	200	6	8,583
4" Turbo Omni F-2	1,000	33.33	0	1	1	0	33
6" Turbo	2,500	83.33	14	25	39	0	3,250
6" Turbo Omni F-2	2,000	66.67	1	2	3	0	200
8" Mag Meter	4,974	165.80	0	0	0	0	0
8" Turbo	3,500	116.67	4	6	10	0	1,167
8" Turbo Omni F-2	3,500	116.67	1	0	1	0	117
10" Turbo	7,000	233.33	0	5	5	0	1,167
Total			112,622	13,108	125,730	21,056	193,220

SEWER SYSTEM CAPACITY VALUES (DRAFT)

*MEU's based on a base
Gallons per minute
(GPM) flow factor of 30
for a ¾" meter.*

Meter Type	GPM	MEU Factor	Residential	Non- Residential	Total Current Accounts	Planned Expansion	Total MEU's
5/8" Disc	20	0.67	64,860	484	65,344	1,974	44,879
3/4" Disc	30	1.00	11,247	200	11,447	345	11,792
1" Disc	50	1.67	31,886	986	32,872	994	56,443
1 1/2" Disc	120	4.00	2,309	1,245	3,554	110	14,658
1 1/2" Single Jet	100	3.33	1	0	1	0	3
2" Disc	160	5.33	1,937	2,492	4,429	138	24,357
2" Single Jet	160	5.33	0	0	0	0	0
2" Turbo	250	8.33	212	344	556	17	4,777
3" Turbo	650	21.67	72	153	225	7	5,034
4" Turbo	1,250	41.67	78	105	183	6	7,890
4" Turbo Omni F-2	1,000	33.33	0	1	1	0	31
6" Turbo	2,500	83.33	14	19	33	0	2,734
6" Turbo Omni F-2	2,000	66.67	1	2	3	0	192
8" Mag Meter	4,974	165.80	0	0	0	0	0
8" Turbo	3,500	116.67	4	6	10	0	1,125
8" Turbo Omni F-2	3,500	116.67	1	0	1	0	117
10" Turbo	7,000	233.33	0	4	4	0	878
Total			112,622	6,042	118,664	3,591	174,911

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MEU TO EDU CONVERSION – CONSISTENT BASIS FOR CAPACITY

The buy-in basis is set in MEUs and the fee is applied per EDU; both should measure the same unit of capacity.

Meter Equivalent Unit (MEU)

IRWD's basis. Each meter counts by its **flow capacity** relative to a standard ¾-inch meter (30 gpm); a 1-inch meter (50 gpm) is 1.67 MEUs.



Equivalent Dwelling Unit (EDU)

AWWA Manual M1 basis. Each customer counts by its **capacity allocation relative to one single-family dwelling**, the standard unit of service.

Same concept: both convert a diverse customer base into one standard unit of service. Fee basis (MEU) can be applied per EDU.

1 Set the basis in MEUs

RCNLD value ÷ total MEUs
(193,220 water; 174,911 sewer)



2 Align the unit basis

Buy-in cost per MEU equals buy-in
cost per EDU.



3 Apply the fee per EDU

Fee = unplanned EDUs × buy-in
cost per EDU.

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DEMAND FACTORS TO EDUS – MEDIUM DENSITY EXAMPLE

A Medium Density project of 20 dwelling units on 4 acres, sized with IRWD's Table 3-1 demand factors.

Example: Medium Density (code 1163)

20 dwelling units (DU) on 4 acres, or 5 DU per acre.
Total indoor and outdoor demand: **10,840 gpd**



EDU basis: 700 gpd¹

Demand of one single-family dwelling: Low Density (code 1131) at 650 gpd local plus 50 gpd irrigation.

1 Indoor: 4,500 gpd

20 DU × 225 gpd per DU



2 Outdoor: 6,340 gpd

20 DU × 205 gpd = 4,100
4 ac × 20% × 2,800 gpd = 2,240



3 Demand: 15.5 EDUs

10,840 gpd ÷ 700 gpd per EDU,
whatever meter serves the site

Why this matters: IRWD's existing demand factors, already used to set a new connection's indoor and outdoor demand, translate cleanly to EDUs regardless of meter size.

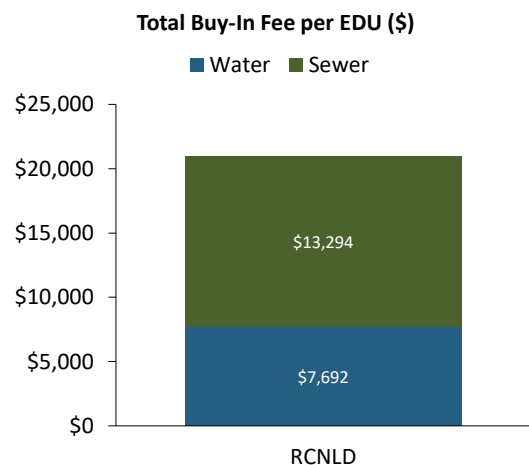
¹ Illustrative example. Irrigation per DU: ¼ acre × 8% irrigated × 2,500 gpd per acre. Source: IRWD Table 3-1, Land Use and Water Use Factors (September 2012).

DRAFT BUY-IN FEES BY VALUATION METHODOLOGY

Valuation Methodology	Water \$/EDU	Sewer \$/EDU	Total \$/EDU
RCNLD	\$7,692	\$13,294	\$20,986

Recommended basis: RCNLD at \$20,986 per EDU combined (DRAFT)

Consistent with the District's historical buy-in practice: Engineering News Record (ENR) escalated cost less depreciation.



HOW THE PIECES FIT TOGETHER

Each type of demand pays on a consistent, documented basis.

Planned Development in Developing Improvement Districts

No change: Enterprise Model incremental fees, set biennially with the 50/50 developer and property tax split. The phase-in policy shapes the path of large increases.

Redevelopment and Unplanned Densification

Buy-in fee on Unplanned EDUs, meaning proposed EDUs above the capacity contemplated for the site, at the adopted valuation basis. Contemplated capacity pays the standard ID fee, with credit for capacity already paid for. The incremental component is added where facilities must be upsized.

Replacement of Existing Assets

No connection fee role: replacement remains rate-funded District-wide. Hybrid replacement-plus-up sizing projects are split by the ratio of added capacity to total capacity.

NEXT STEPS AND REQUESTED INPUT

Requested Committee input:

1. Valuation basis: direction to develop the buy-in on the RCNLD basis.
2. Redevelopment: buy-in on Unplanned EDUs with full credit for capacity contemplated for the site.

What comes next:

- Finalize buy-in value: contributed capital, grants, debt, reserves, and remaining capacity.
- Formalize EDU conversion factors from the District's Land Use and Water Use Factors table.
- Restate the Nexus Study methodology in AWWA Manual M1 terms; refine cost escalation.
- Develop final calculations and an implementation schedule.

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October 6, 2026

Prepared by: L. Kaneshiro

Submitted by: N. Adly

Approved by: Paul A. Cook



FINANCE AND PERSONNEL COMMITTEE

INFORMATION TECHNOLOGY PROJECT STATUS REPORT

SUMMARY:

Provided for the Committee's review is a list of projects on which Information Technology Department staff is currently working.

BACKGROUND:

Information Technology periodically submits a project status report for the Committee's review. The current project status report is provided as Exhibit "A".

FISCAL IMPACTS:

The fiscal impacts are shown in Exhibit "A".

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act (CEQA), Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

Exhibit "A" – Information Technology Project Status

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Exhibit “A”

Information Technology Project Status Report

October 6, 2026

Project Name	Project Summary	Schedule		Project Budget	Status
Business Software Projects	Implement new enterprise business software (Workday ERP, SpryPoint CIS, and OpenGov LaMPS) to replace Oracle EBS and CC&B.	Start Complete	11/25 6/27	\$24,000,000	The Workday ERP project remains on track. The Architect and Configure stage has been completed. The project is now in the End-to-End Test phase, which includes testing processes across workstreams and integrations. Key upcoming activities include parallel testing, training, and deployment. The SpryPoint CIS project is currently on track. The Analysis Phase, initial configuration, and two rounds of core team training have been completed. The project is now in the Assembly Phase, which includes testing and integrations. Key upcoming activities include validation, training, and deployment. The OpenGov LaMPS project is currently on track. The project is finalizing the Validation Specification Document, and integration designs with GIS, SpryPoint, and Workday. In addition to individual project activities, weekly PMO calls are held with ERP, CIS, and LaMPS project leaders to coordinate activities. An Intranet site is updated monthly to provide all employees with project information. Go-live dates for the three projects are on track for March/April 2027, which will be followed by three months of post go-live support.

Project Name	Project Summary	Schedule		Project Budget	Status
GIS Enhancements (IRWD Target Activities 14d and 14g)	14d. High-accuracy data collection technology 14g. Drone policies and procedures to support water loss prevention initiatives	Start Complete	3/26 8/26	Internal	These two Target Activities have been completed. The GIS Drone program continues to expand use cases.
Maximo Upgrade, Phase 2 (IRWD Target Activity 14f)	Explore enhancing the new Maximo Application Suite (MAS) with predictive maintenance, reliability centered maintenance, and Watsonx AI capabilities.	Start Complete	7/26 9/26	\$40,000	This Target Activity has been completed. Maximo Upgrade Phase 2 included discovery workshops for education, analysis, and scoping of predictive maintenance, reliability centered maintenance, and Watsonx AI capabilities. The team is now planning for a Phase 3, which will include implementation of selected Phase 2 recommendations.
Microsoft Teams Telephone	Replace the existing external telephone interface with Microsoft Teams Telephone	Start Complete	3/26 8/26	Internal	This has been completed. Telephone users are now using Microsoft Teams Telephone.
Artificial Intelligence (AI) Governance	Develop and implement AI governance framework to reduce risks to IRWD	Start Complete	5/26 8/26	Internal	An AI Task Force, consisting of participants from multiple departments, has been established to govern AI deployments at IRWD. The AI Task Force has created AI Guidelines, AI Governance Handbook, and AI Fact Sheet for Contractors, which are being used to manage related processes.

Project Name	Project Summary	Schedule		Project Budget	Status
Audio/Visual Upgrades	Modernize and upgrade A/V technology.	Start Complete	9/26 12/26	\$65,000	<u>Sand Canyon Break Room</u> The A/V equipment in the Sand Canyon Break Room is being upgraded to enable it to be an extension of the Board Room and Sand Canyon Room AV system. <u>Adventure and Discovery Rooms</u> The A/V system in the Adventure and Discovery Rooms is being redesigned to modernize and simplify use, including replacing two controllers with a single controller.

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