UPPER WATER
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

248 E. Foothill Blvd., Suite 200
Monrovia, CA, 91016 | P: 626-443-2297 | E: info@usgvmwd.org | upperwater.org

Administration and Finance Committee Meeting and Special Meeting of the Board of Directors

Tuesday, September 02, 2025
4:30 P.M.

Committee Members:
Jennifer Santana, Chair
Charles Treviño, Vice-Chair

*The Administration and Finance Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Administration and Finance Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. To preserve the function of the Committee as advisory to the Board, members of the Board who are not assigned to the Administration and Finance Committee will not vote on matters before the Committee.

Communications

1. Call to Order
2. Public Comment

Discussion/Action

3. Quarterly Investment Update – June 30, 2025 (*A representative from Chandler Asset Management will provide a presentation.)*
4. Proposed Amendments to the Investment Policy *(Staff memorandum enclosed.)*
5. Yearend Financial Report – June 30, 2025
6. Water Rates and Charges for CY 2026 *(Staff memorandum and Ordinance 25-3 enclosed.)*

Oral Reports

7. FY 2024/2025 Audit Schedule

Other Matters

8.

Adjournment

Next Meeting: Tuesday, October 07, 2025 at 4:30 p.m.

American Disabilities Act Compliance (Government Code Section 54954.2(a))
To request special assistance to participate in this meeting, please contact the District office at (626) 443-2297.

INVESTMENT REPORT

Upper San Gabriel Valley Municipal Water District | As of June 30, 2025

CHANDLER ASSET MANAGEMENT | chandlerasset.com

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact clientservice@chandlerasset.com

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CHANDLER ASSET MANAGEMENT

CHANDLER
ASSET MANAGEMENT

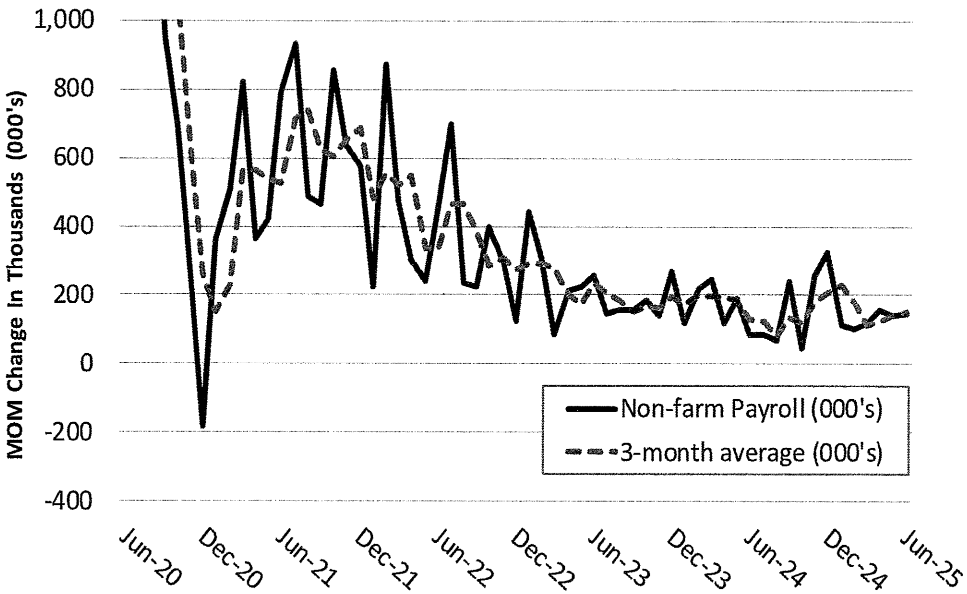
ECONOMIC UPDATE

- Recent economic data suggest slower growth in 2025 and greater market uncertainty as the effects of fiscal policy unfold. Inflationary trends have subsided, but some components remain sticky, and core levels remain above the Fed's target. The labor market reflects improved balance between supply and demand for workers. While job creation has been robust, continuing jobless claims remain elevated. Given the economic outlook, we expect gradual normalization of monetary policy and a steepening yield curve.

- As broadly anticipated, the Federal Open Market Committee (FOMC) left the Federal Funds Rate unchanged at the range of 4.25 - 4.50% at the June meeting. Fed Chair Powell continued to emphasize the Committee's "wait and see" approach amidst economic uncertainty that remains elevated but diminished. Federal Reserve officials continued to pencil in two rate cuts in 2025.

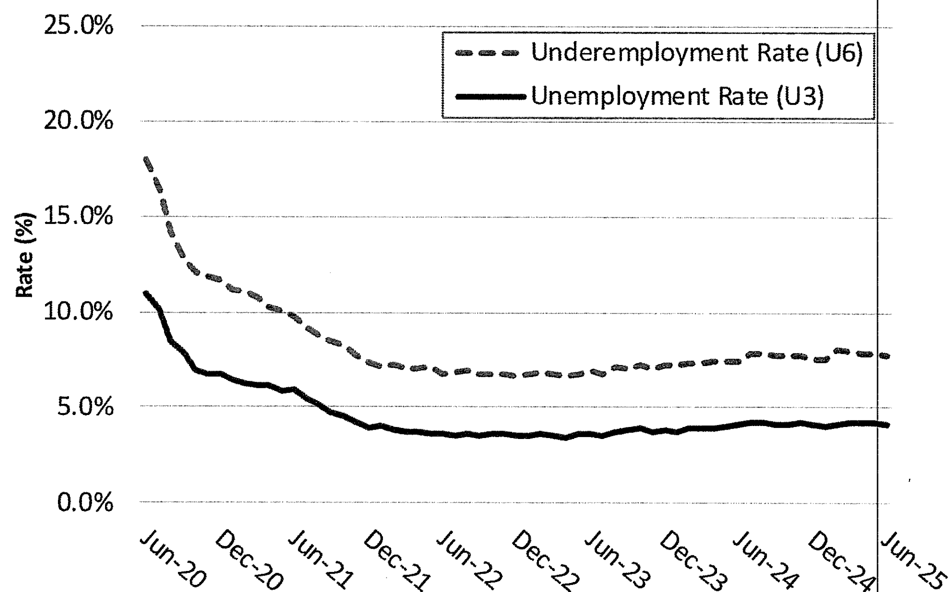
- US Treasury yields declined in June. The 2-year Treasury yield fell 18 basis points to 3.72%, the 5-year Treasury dropped 17 basis points to 3.80%, and the 10-year Treasury yield also declined 17 basis points to 4.23%. The spread between the 2-year and 10-year Treasury yield points on the curve edged up to +51 basis points at June month-end versus +50 basis points at May month-end. The spread between the 2-year Treasury and 10-year Treasury yield one year ago was -36 basis points. The spread between the 3-month and 10-year Treasury yield points on the curve was -7 basis points in June, versus -6 basis points in May.

Nonfarm Payroll (000's)



Source: US Department of Labor

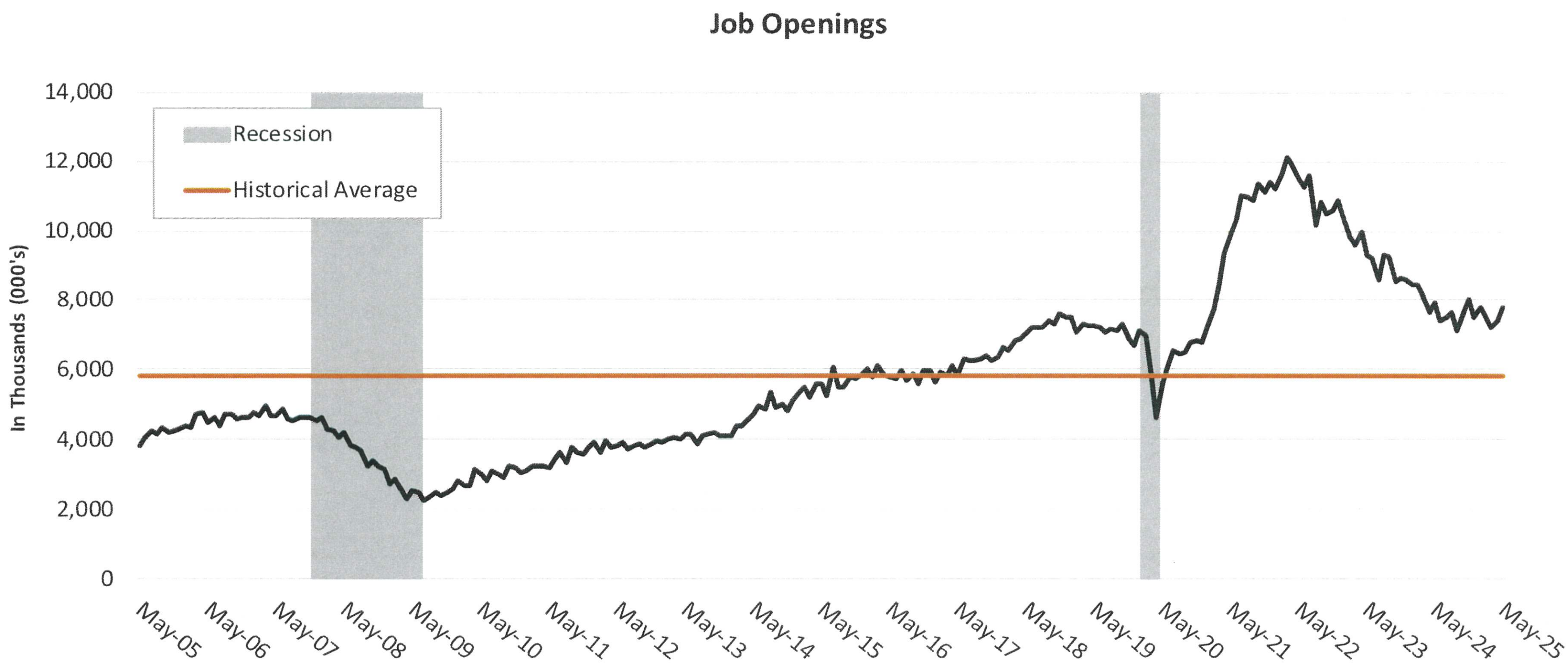
Unemployment Rate



Source: US Department of Labor

The U.S. economy added 147,000 jobs in June, exceeding consensus expectations, and the last two months were revised up by 16,000. Gains were primarily driven by state and local government education, while job growth in service sectors languished. The three-month moving average and six-month moving average payrolls totaled 150,000 and 130,000 respectively. The unemployment rate declined to 4.1% in June from 4.2% in May, due to a shrinking labor force. The labor participation rate dipped to 62.3%, remaining below the pre-pandemic level of 63.3%. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons dropped to 7.7% in June. Average hourly earnings fell slightly, marking a 3.7% year-over-year increase.

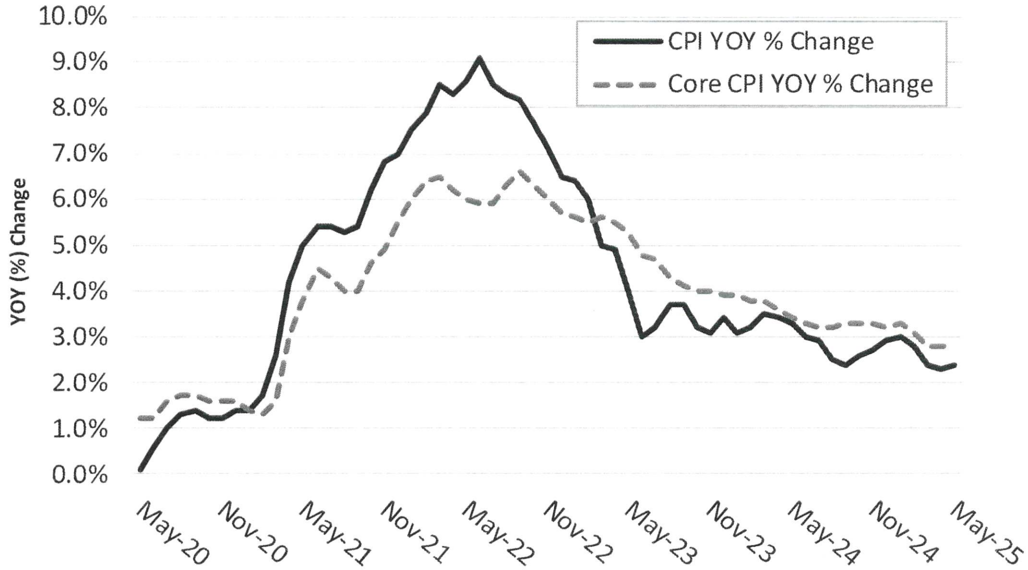
JOB OPENINGS & LABOR TURNOVER SURVEY



Source: US Department of Labor

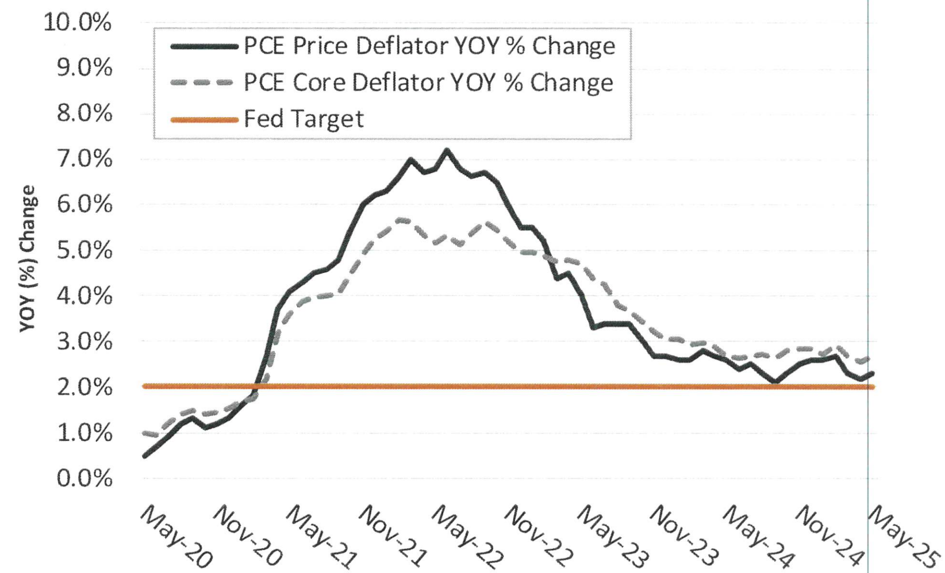
The Labor Department's Job Openings and Labor Turnover Survey (JOLTS) unexpectedly rose to 7.77 million new job openings in May from 7.40 million in April. Layoffs declined and the quits rate increased. Job openings indicate a ratio of approximately 1.1 jobs for each unemployed individual, representing a relatively balanced labor market.

Consumer Price Index (CPI)



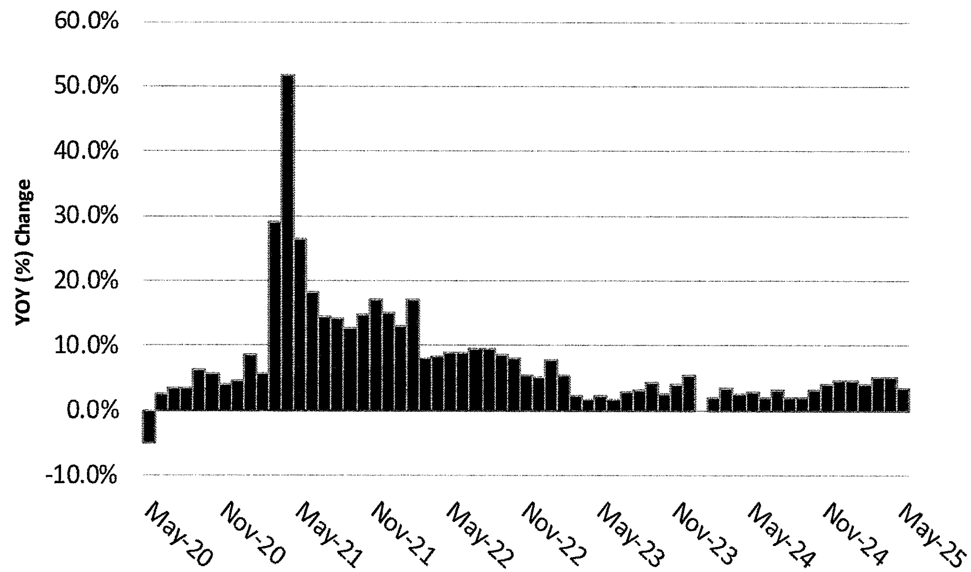
Source: US Department of Labor

Personal Consumption Expenditures (PCE)

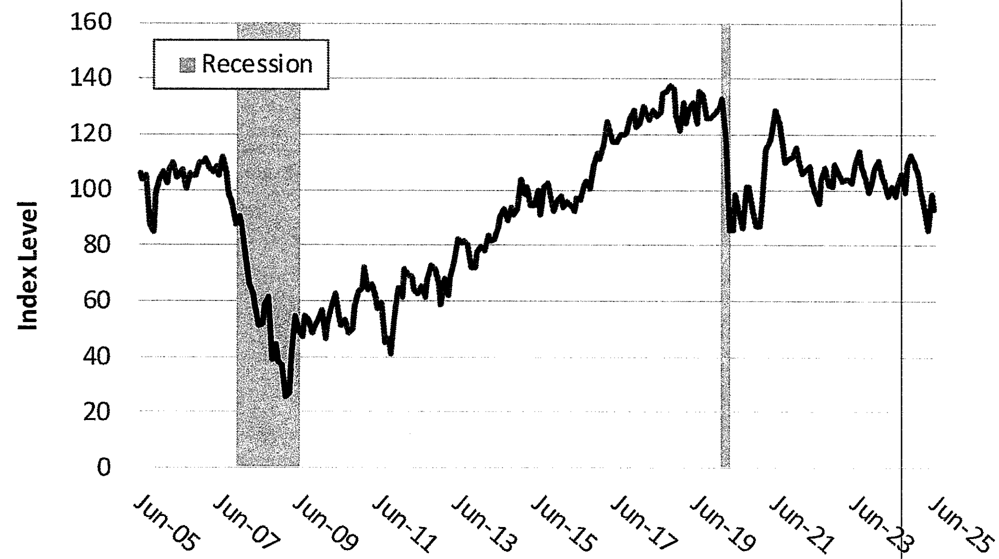


Source: US Department of Commerce

In May, the Consumer Price Index (CPI) cooled slightly more than consensus expectations. The headline CPI increased 0.1% month-over-month and rose 2.4% year-over-year, while the Core CPI rose 0.1% month-over-month and 2.8% year-over-year. The Personal Consumption Expenditures (PCE) price index increased 0.1% month-over-month and rose 2.3% year-over-year in May. The Core PCE deflator, which excludes food and energy and is the Fed's preferred gauge, increased 0.2% month-over-month and 2.7% year-over-year, up from April's 2.6% year-over-year increase. Inflation is hovering above the Fed's 2% target.

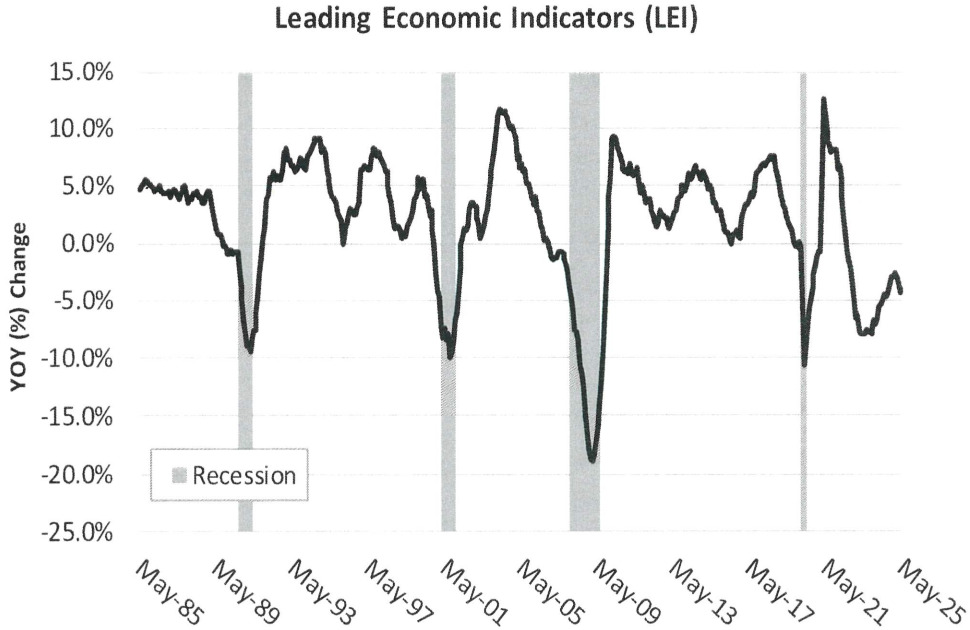


Source: US Department of Commerce

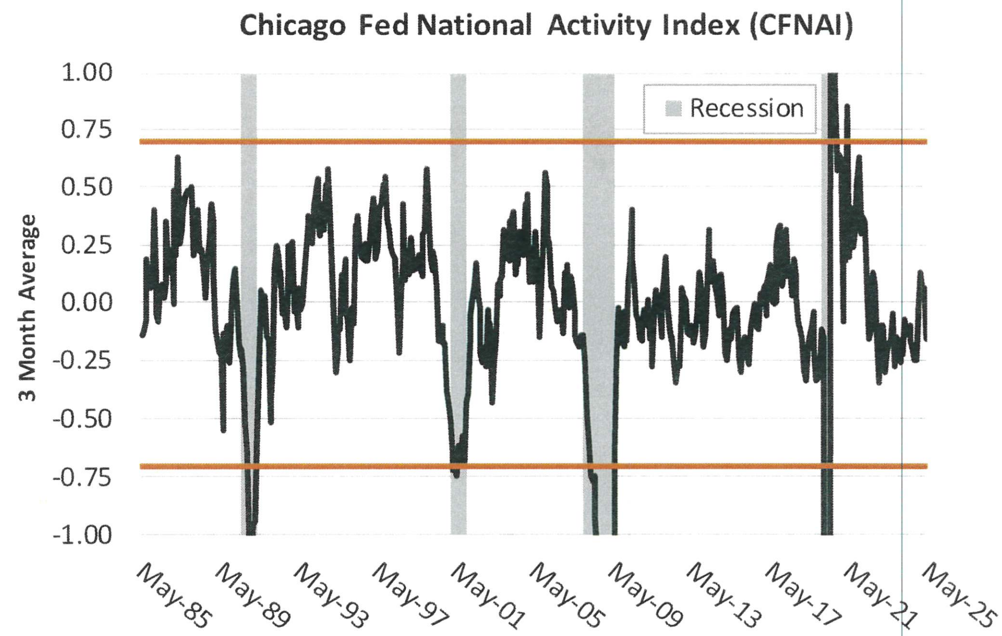


Source: The Conference Board
All time high is 144.70 (1/31/00); All time low is 25.30 (2/28/09)

Advance Retail Sales were down 0.9% month-over-month in May, further slowing from a downwardly revised -0.1% in April. Declines were led by auto sales, building materials, garden equipment and supplies, and spending at restaurants and bars fell by the most since early 2023. Control group sales, which feed into GDP, were the only bright spot in the report, with a 0.4% increase. On a year-over-year basis, Retail Sales grew 3.3% in May following a 5.0% increase in April. The Conference Board's Consumer Confidence Index dropped to 93.0 in June from 98.4 in May, as consumers' assessment of both the current situation and future expectations for income and labor markets soured. While the consumer has been resilient, elevated inflation expectations, concerns about trade policies and tariffs, and general economic and policy uncertainty could pose potential risks to future spending.

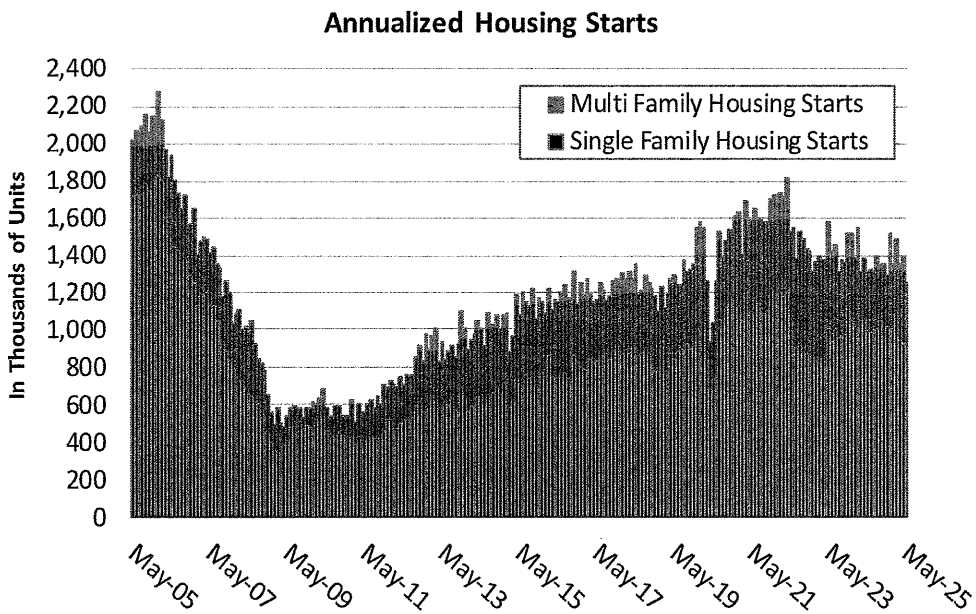


Source: The Conference Board

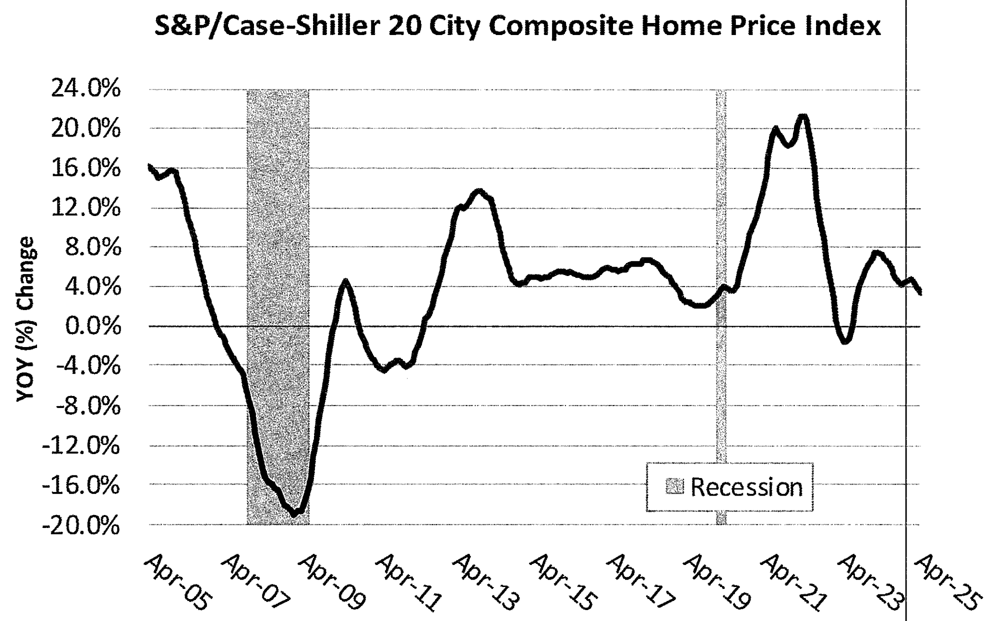


Source: Federal Reserve Bank of Chicago

The Conference Board's Leading Economic Index (LEI) fell by 0.1% in May, following a downwardly revised 1.4% decline in April. The LEI decreased by 4.0% year-over-year. The rebound in the stock market was the primary positive contributor, offset by consumer pessimism, weak new orders in manufacturing, the second consecutive month of rising initial unemployment claims, and a drop in housing permits. The Chicago Fed National Activity Index (CFNAI) improved to -0.28 in May from a downwardly revised -0.36 in April. The three-month moving average dropped to -0.16 in May from 0.06 in April, indicating slightly below trend growth.



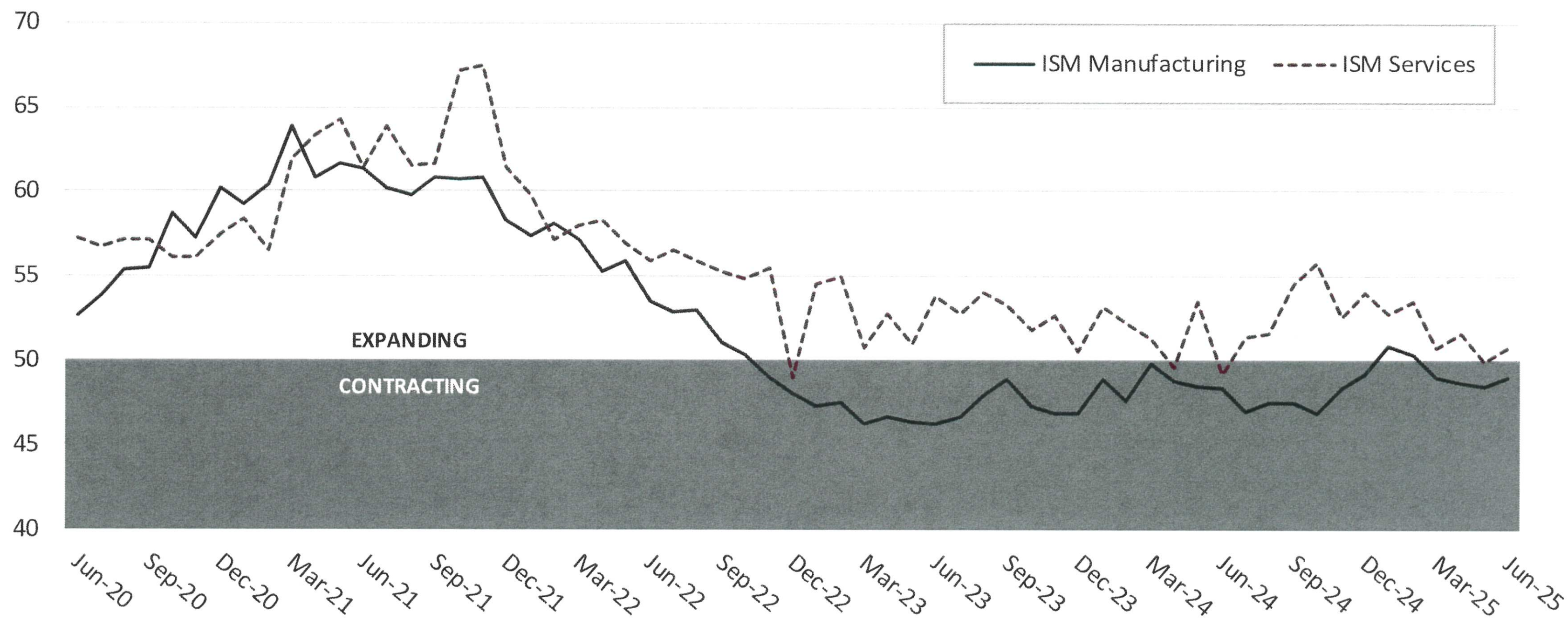
Source: US Department of Commerce



Source: S&P

Housing starts declined 9.8% month-over-month in May to a seasonally adjusted annual rate of 1.256 million units. Single family starts increased 0.4% above the revised April figures, whereas multi-family starts fell -30.4%. Total starts dropped 4.6% compared to May 2024. Homebuilder confidence is shaky due to elevated mortgage rates, affordability constraints, and a weakening economic outlook. The Freddie Mac 30-year fixed rate mortgage averaged approximately 6.8% in June. According to the Case-Shiller 20-City Home Price Index, housing prices rose 3.4% year-over-year in April, compared to 4.1% in March. Limited inventory, elevated mortgage rates, and lack of affordability continue to weigh on the housing market.

Institute of Supply Management (ISM) Surveys

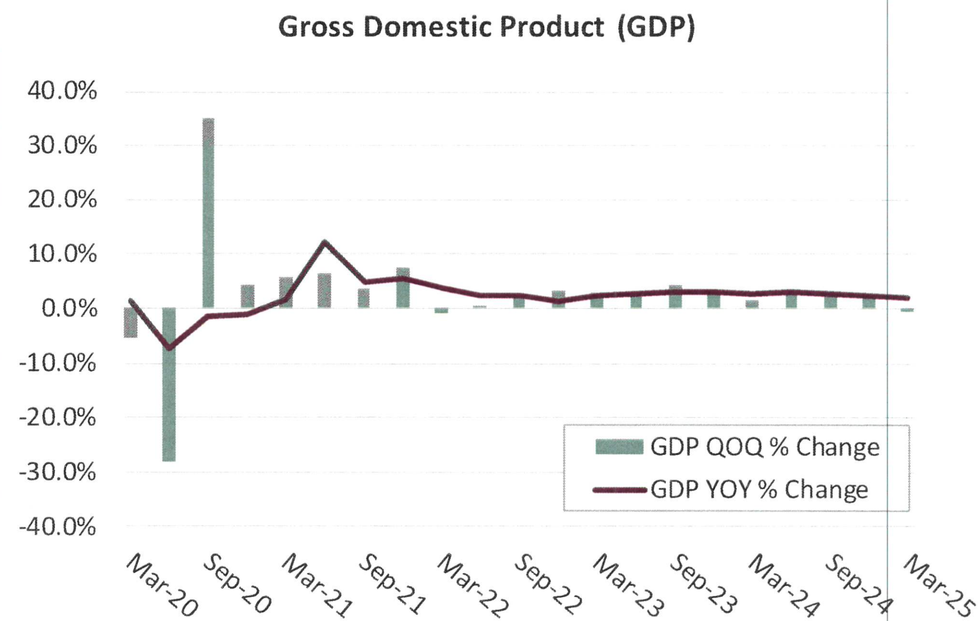


Source: Institute for Supply Management

The Institute for Supply Management (ISM) Manufacturing index edged up to 49.0 in June from 48.5 in May, indicating a continuation of modest contraction in the sector. Inventories and production improved as companies worked through backlogs, while employment and new orders contracted. The ISM Services index increased to 50.8 in June from 49.9 in May, as new orders improved. However, ongoing concerns about the impact of tariffs remain. A reading over 50 indicates expansion, while a reading under 50 indicates contraction.

Components of GDP	6/24	9/24	12/24	3/25
Personal Consumption Expenditures	1.9%	2.5%	2.7%	0.3%
Gross Private Domestic Investment	1.5%	0.2%	-1.0%	3.9%
Net Exports and Imports	-0.9%	-0.4%	0.3%	-4.6%
Federal Government Expenditures	0.3%	0.6%	0.3%	-0.3%
State and Local (Consumption and Gross Investment)	0.3%	0.3%	0.3%	0.2%
Total	**3.0%**	**3.1%**	**2.5%**	**-0.5%**

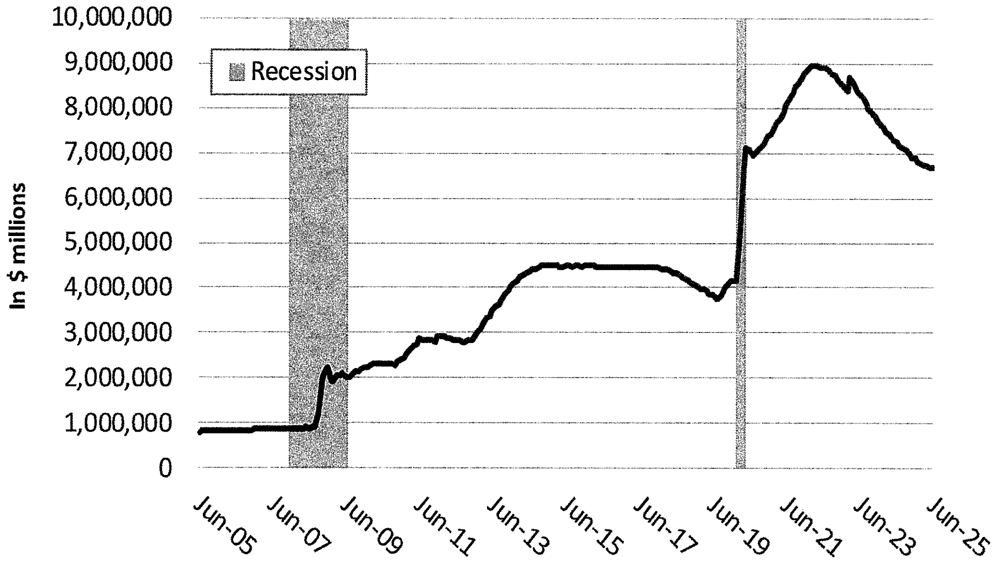
Source: US Department of Commerce



Source: US Department of Commerce

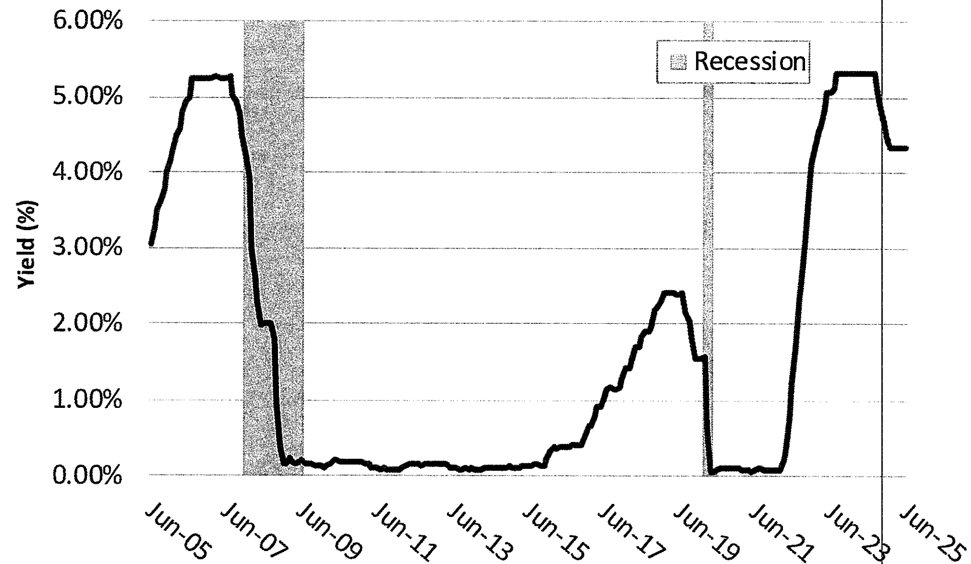
Real GDP decreased at an annualized rate of 0.5% in the first quarter of 2025, according to the third and final estimate from the Bureau of Economic Analysis, a downward revision from the previously estimated 0.2% decline. This marks the first negative quarter since 2022. The primary driver of the downward revision was weaker personal consumption expenditures. Net exports remained the primary drag on growth, as imports rose sharply in anticipation of higher tariffs. Gross investment contributed positively, powered by business decisions to get ahead of possible cost increases. The consensus projection calls for 2.1% growth for the second quarter and 1.5% for the full year 2025.

Federal Reserve Balance Sheet Assets



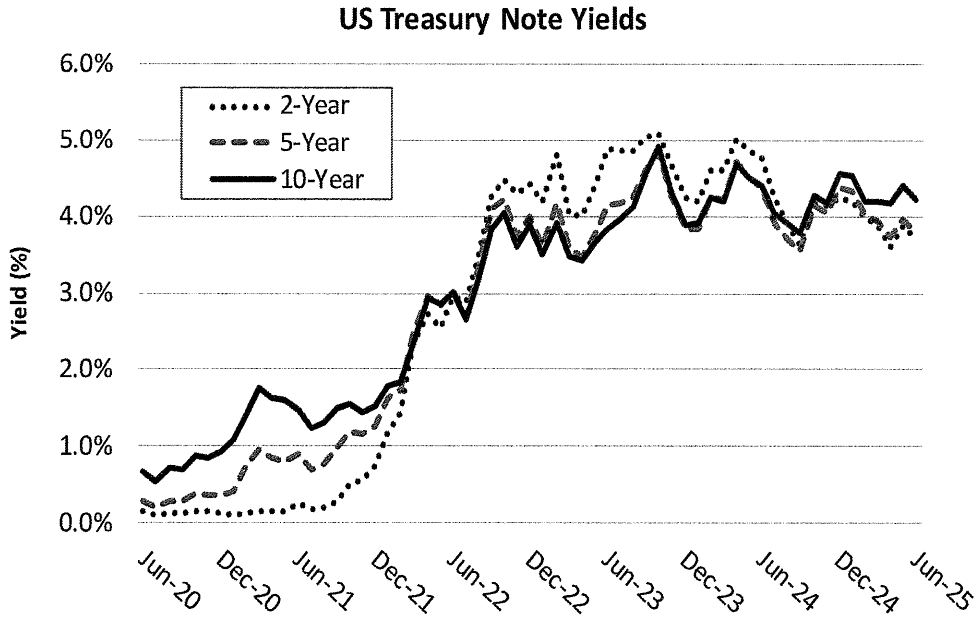
Source: Federal Reserve

Effective Federal Funds Rate

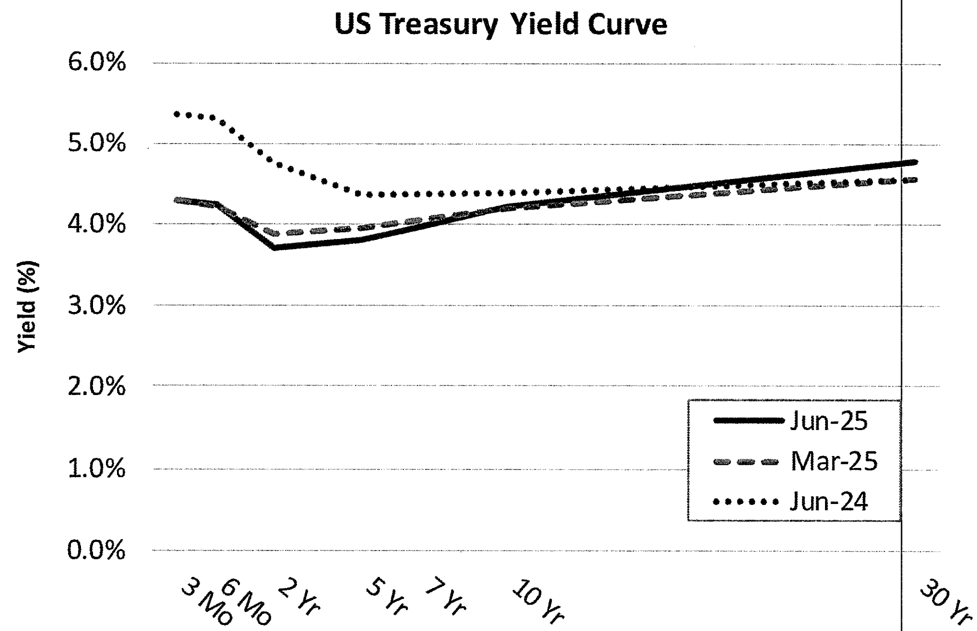


Source: Bloomberg

As broadly anticipated, the Federal Open Market Committee (FOMC) left the Federal Funds Rate unchanged at the range of 4.25 - 4.50% at the June meeting. In the Summary of Economic Projections (SEP), Federal Reserve officials continued to pencil in two rate cuts in 2025, while downgrading estimates for economic growth and raising forecasts for both unemployment and inflation this year. The statement indicated that uncertainty about the economic outlook remained elevated but had diminished. The monthly redemption cap on Treasuries will remain at $5 billion, while the cap on agencies and mortgage-backed securities will be maintained at $35 billion. Since the Fed began its Quantitative Tightening campaign in June 2022, securities holdings have declined by about $2.2 trillion to approximately $6.7 trillion.



Source: Bloomberg



Source: Bloomberg

At the end of June, the 2-year Treasury yield was 103 basis points lower, and the 10-Year Treasury yield was 17 basis points lower, year-over-year. The spread between the 2-year and 10-year Treasury yield points on the curve edged up to +51 basis points at June month-end versus +50 basis points at May month-end. The recent yield curve inversion which began in July 2022 was historically long. The average historical spread (since 2005) is about +99 basis points. The spread between the 3-month and 10-year Treasury yield points on the curve was -7 basis points in June, versus -6 basis points in May.

CHANDLER ASSET MANAGEMENT

ACCOUNT PROFILE

OBJECTIVES

Investment Objectives

The investment objectives of the Upper San Gabriel Valley Municipal Water District are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet all disbursement requirements; and third, to earn an acceptable rate of return after first considering safety of principal and liquidity.

Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return through a market cycle that is equal to or above the return on the benchmark index.

Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.

CHANDLER ASSET MANAGEMENT

Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
COLLATERALIZED BANK DEPOSITS				
Max Maturity (Years)	1.0	0.0	Compliant	
Min Rating (F1 by Fitch if > FDIC Limit)	0.0	0.0	Compliant	
COLLATERALIZED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)				
Max Maturity (Years)	1.0	0.0	Compliant	
Min Rating (F1 by Fitch if > FDIC Limit)	0.0	0.0	Compliant	
CORPORATE MEDIUM TERM NOTES				
Max % (MV)	30.0	2.8	Compliant	
Max % Issuer (MV)	5.0	1.2	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A- by 1 if < 2 Years; AA- if > 2 Years)	0.0	0.0	Compliant	
FDIC INSURED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)				
Max Maturity (Years)	1	0.0	Compliant	
FEDERAL AGENCIES				
Max % (MV)	60.0	27.5	Compliant	
Max Maturity (Years)	5	3	Compliant	
LOCAL AGENCY INVESTMENT FUND (LAIF)				
Max Concentration (MV)	75.0	0.0	Compliant	
LOCAL GOVERNMENT INVESTMENT POOL (LGIP)				
Max % (MV)	100.0	0.0	Compliant	
MONEY MARKET MUTUAL FUNDS				
Max % (MV)	20.0	22.7	Not Compliant	Client Directed
Max % Issuer (MV)	20.0	22.7	Not Compliant	Client Directed
Min Rating (AAA by 2)	0.0	0.0	Compliant	
NEGOTIABLE CERTIFICATES OF DEPOSIT (NCD)				
Max % (MV)	30.0	0.0	Compliant	
Max Maturity (Years)	1	0.0	Compliant	
Min Rating (F1 by Fitch if > FDIC Limit)	0.0	0.0	Compliant	

STATEMENT OF COMPLIANCE

Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
SUPRANATIONAL OBLIGATIONS				
Max % (MV)	30.0	2.8	Compliant	
Max % Issuer (MV)	10.0	1.8	Compliant	
Max Maturity (Years)	5	1	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
U.S. TREASURIES				
Max % (MV)	100.0	44.1	Compliant	
Max Maturity (Years)	5	4	Compliant	

PORTFOLIO CHARACTERISTICS

CHANDLER ASSET MANAGEMENT

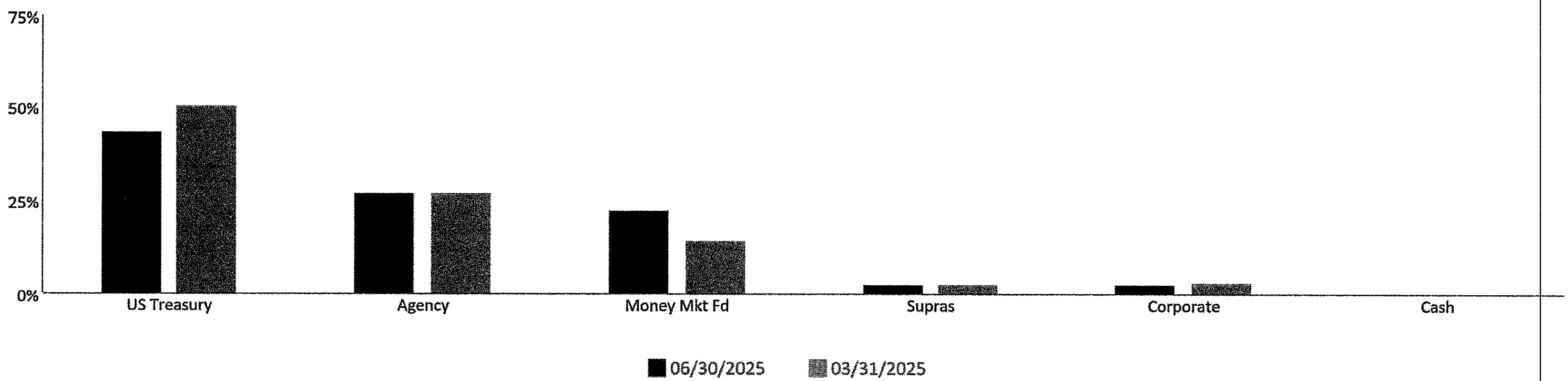
Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

	Benchmark*	6/30/2025 Portfolio	3/31/2025 Portfolio
Average Maturity (yrs)	1.42	1.08	1.29
Average Modified Duration	1.36	1.01	1.21
Average Purchase Yield		4.25%	4.24%
Average Market Yield	3.86%	3.97%	4.04%
Average Quality**	AA+	AA+	AAA
Total Market Value		5,655,387	5,595,453

*Benchmark: ICE BofA 0-3 Year US Treasury Index
**The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

SECTOR DISTRIBUTION

Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

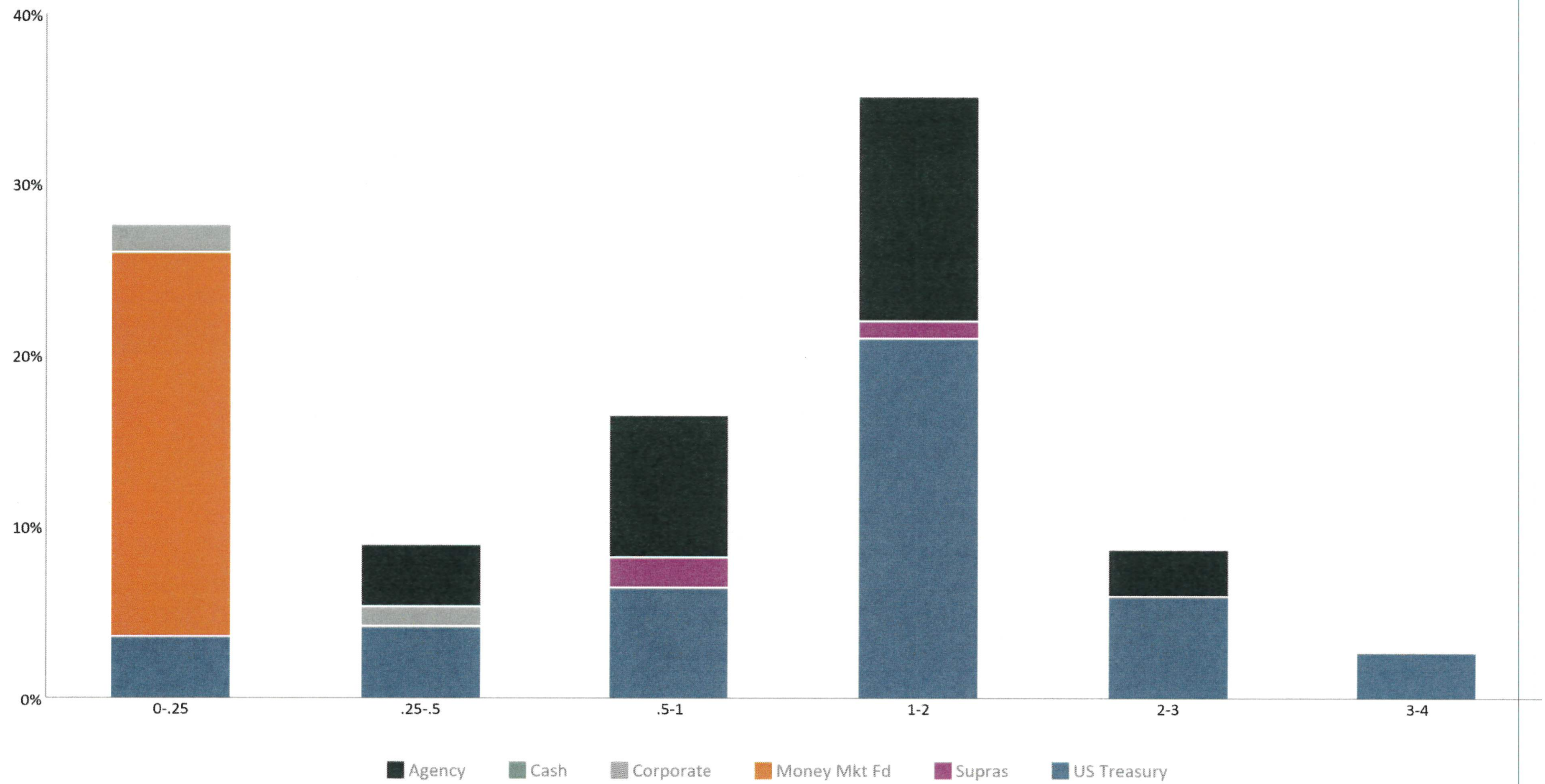


Sector as a Percentage of Market Value

Sector	06/30/2025	03/31/2025
US Treasury	44.14%	50.87%
Agency	27.52%	27.83%
Money Mkt Fd	22.74%	14.77%
Supras	2.78%	2.81%
Corporate	2.76%	3.68%
Cash	0.06%	0.04%

DURATION ALLOCATION

Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

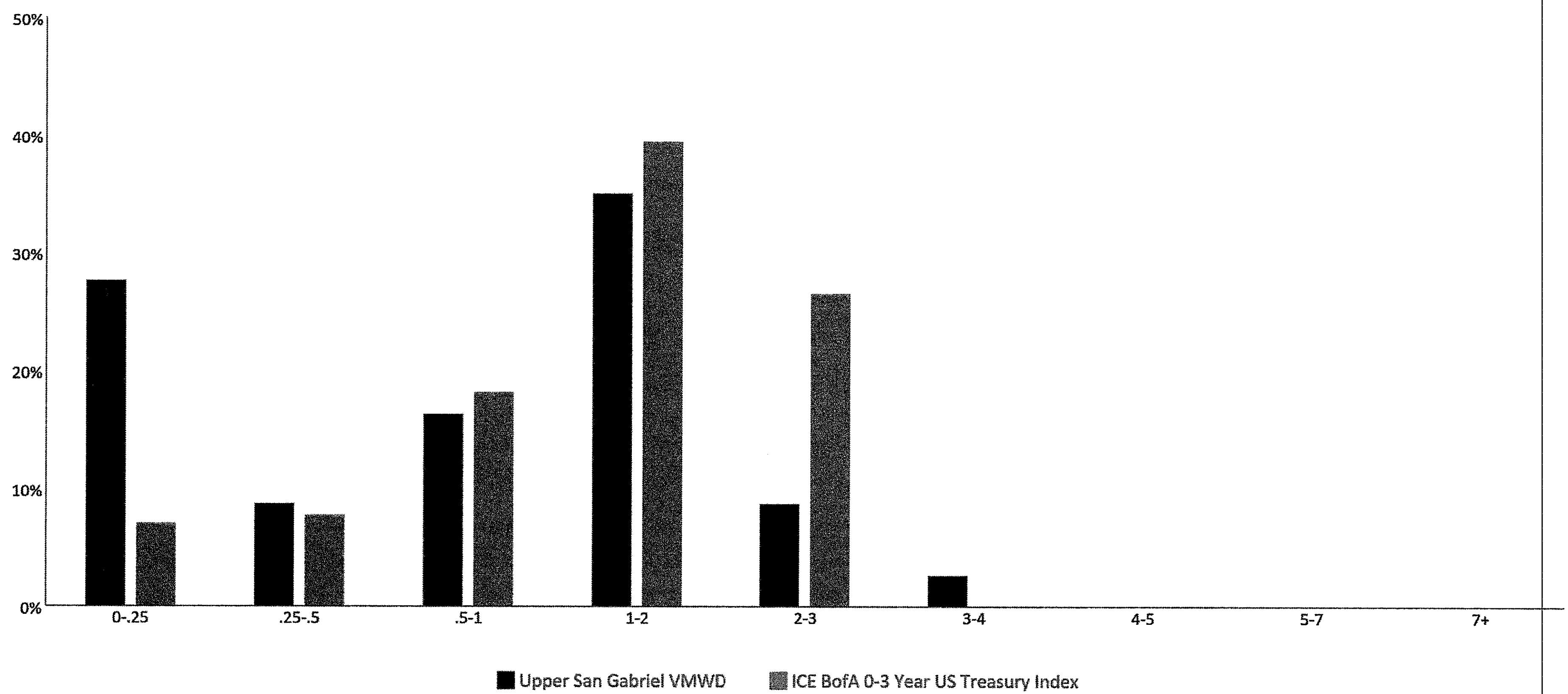


	0-.25	.25-.5	.5-1	1-2	2-3	3-4	4-5	5-7	7+
06/30/2025	27.8%	9.0%	16.5%	35.2%	8.8%	2.7%	0.0%	0.0%	0.0%

DURATION DISTRIBUTION

Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

Portfolio Compared to the Benchmark



	0-.25	.25-.5	.5-1	1-2	2-3	3-4	4-5	5-7	7+
Portfolio	27.8%	9.0%	16.5%	35.2%	8.8%	2.7%	0.0%	0.0%	0.0%
ICE BofA 0-3 Year US Treasury Index	7.3%	8.0%	18.3%	39.7%	26.7%	0.0%	0.0%	0.0%	0.0%

ISSUERS

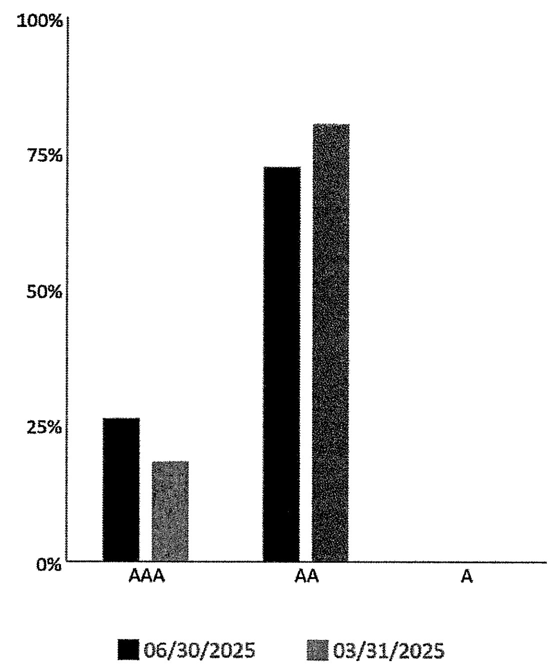
Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

Issuer	Investment Type	% Portfolio
Government of The United States	US Treasury	44.14%
First American Govt Oblig fund	Money Mkt Fd	22.74%
Farm Credit System	Agency	21.29%
Federal Home Loan Banks	Agency	6.23%
Inter-American Development Bank	Supras	1.79%
Walmart Inc.	Corporate	1.16%
Microsoft Corporation	Corporate	1.15%
International Finance Corporation	Supras	0.99%
Colgate-Palmolive Company	Corporate	0.44%
Cash	Cash	0.06%
TOTAL		**100.00%**

QUALITY DISTRIBUTION

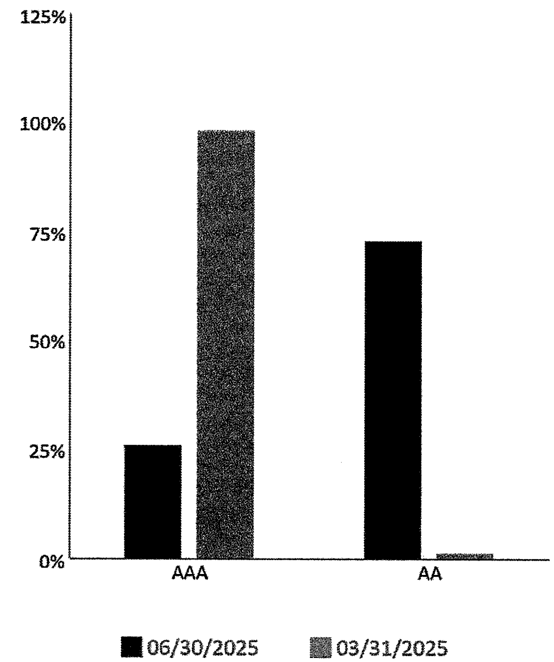
Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

S&P Rating



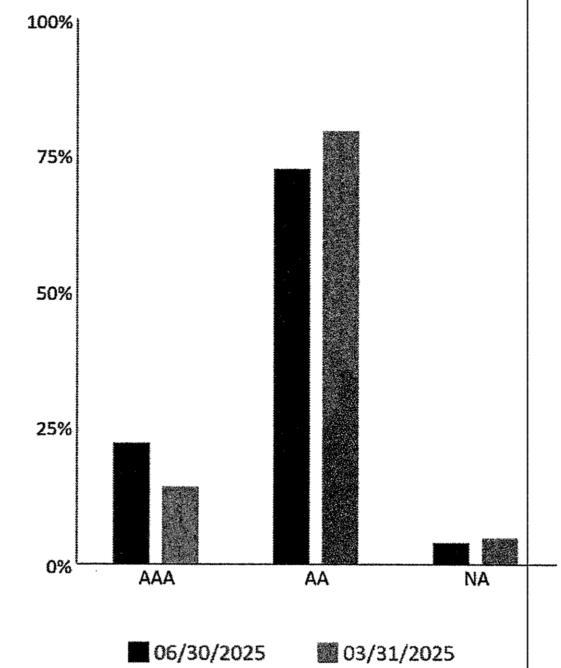
Rating	06/30/2025	03/31/2025
AAA	26.6%	18.7%
AA	73.0%	80.9%
A	0.4%	0.4%

Moody's Rating



Rating	06/30/2025	03/31/2025
AAA	26.55%	98.39%
AA	73.45%	1.61%

Fitch Rating

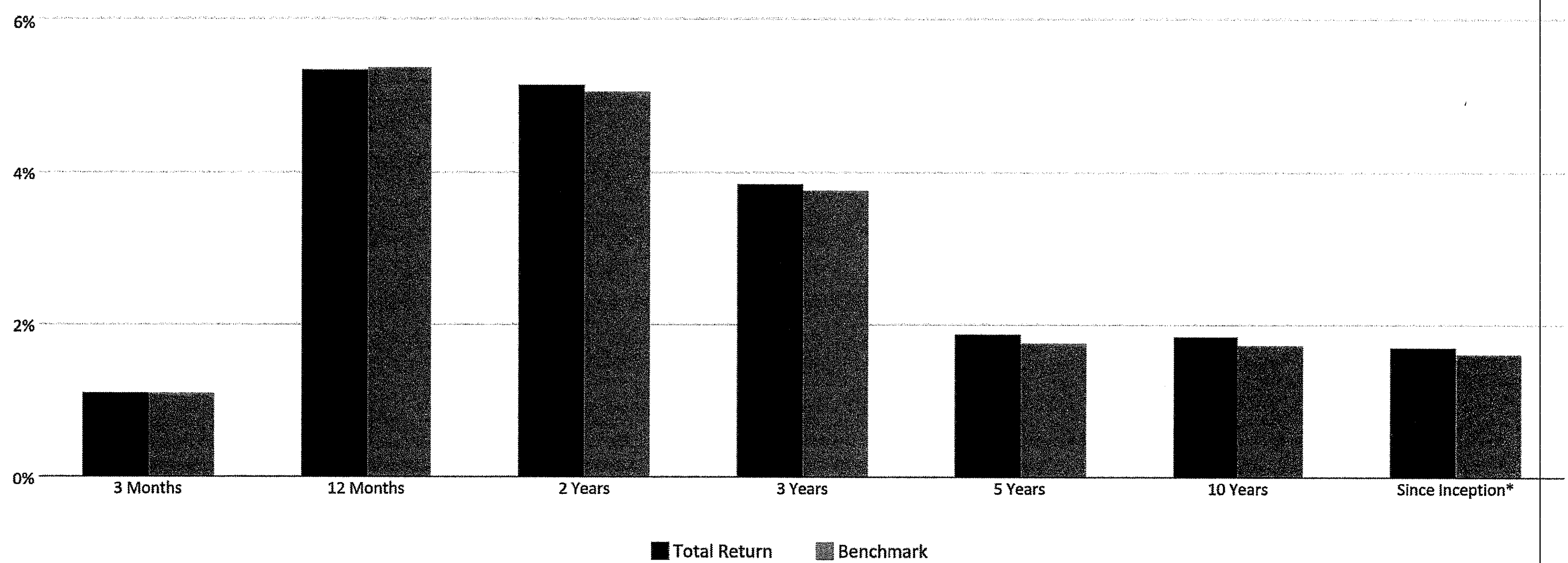


Rating	06/30/2025	03/31/2025
AAA	22.62%	14.68%
AA	73.00%	79.98%
NA	4.38%	5.34%

INVESTMENT PERFORMANCE

Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

Total Rate of Return : Inception | 06/01/2014



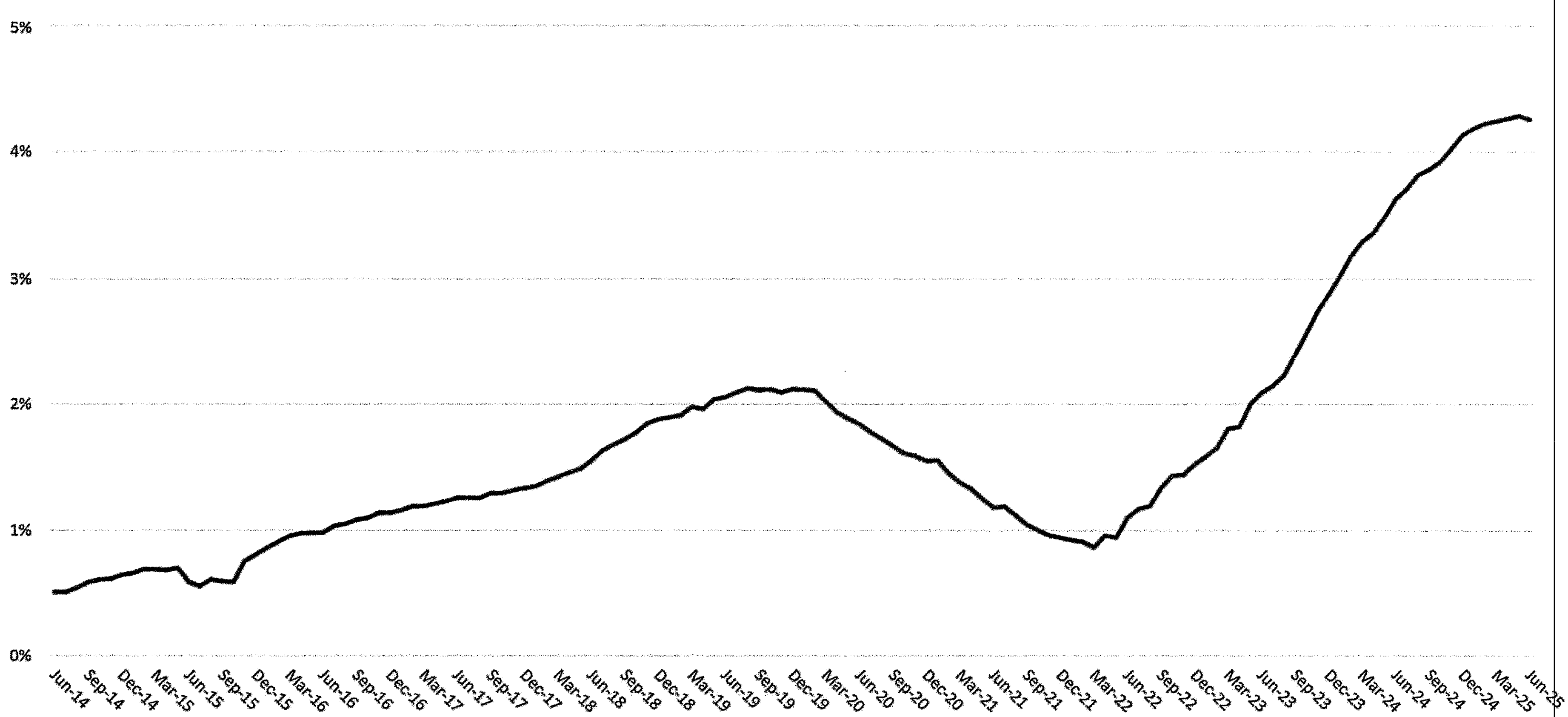
	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
TOTAL RATE OF RETURN							
Upper San Gabriel VMWD	1.11%	5.36%	5.16%	3.86%	1.88%	1.85%	1.73%
Benchmark	*1.12%*	*5.41%*	*5.10%*	*3.77%*	*1.77%*	*1.73%*	*1.64%*

*Periods over 1 year are annualized.
Benchmark: ICE BofA 0-3 Year US Treasury Index
Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

HISTORICAL AVERAGE PURCHASE YIELD

Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

Purchase Yield as of 06/30/25 = 4.25%



CHANDLER
ASSET MANAGEMENT

PORTFOLIO HOLDINGS

CHANDLER ASSET MANAGEMENT

Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
AGENCY									
3133EPC37	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.875 11/13/2025	100,000.00	11/27/2023 4.93%	99,891.00 99,979.45	100.19 4.33%	100,188.07 650.00	1.79% 208.62	Aa1/AA+ AA+	0.37 0.36
3133EPL37	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.625 12/08/2025	100,000.00	12/18/2023 4.50%	100,230.00 100,051.11	100.13 4.31%	100,128.06 295.49	1.78% 76.95	Aa1/AA+ AA+	0.44 0.43
3133EPW68	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.125 01/22/2026	100,000.00	01/24/2024 4.40%	99,490.00 99,856.39	99.95 4.21%	99,952.93 1,821.88	1.78% 96.55	Aa1/AA+ AA+	0.56 0.54
3133EN7J3	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.875 02/02/2026	69,000.00	02/15/2023 4.51%	67,798.71 68,760.19	99.79 4.24%	68,852.03 1,106.64	1.23% 91.85	Aa1/AA+ AA+	0.59 0.56
3133EPCF0	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.5 03/02/2026	100,000.00	03/23/2023 3.97%	101,445.00 100,328.29	100.22 4.15%	100,224.87 1,487.50	1.79% (103.41)	Aa1/AA+ AA+	0.67 0.65
3133EPFT7	FEDERAL FARM CREDIT BANKS FUNDING CORP 3.75 04/13/2026	100,000.00	04/10/2023 3.99%	99,332.00 99,825.69	99.70 4.14%	99,699.12 812.50	1.78% (126.57)	Aa1/AA+ AA+	0.79 0.76
3130AWLZ1	FEDERAL HOME LOAN BANKS 4.75 06/12/2026	90,000.00	07/19/2023 4.45%	90,720.00 90,235.46	100.63 4.07%	90,564.54 225.63	1.61% 329.08	Aa1/AA+ AA+	0.95 0.92
3133EPZY4	FEDERAL FARM CREDIT BANKS FUNDING CORP 5.0 07/30/2026	100,000.00	10/30/2023 5.01%	99,970.00 99,988.22	100.85 4.18%	100,849.79 2,097.22	1.80% 861.57	Aa1/AA+ AA+	1.08 1.02
3133EPUW3	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.75 09/01/2026	95,000.00	10/23/2023 4.99%	94,392.00 94,751.09	100.83 4.01%	95,786.34 1,504.17	1.71% 1,035.25	Aa1/AA+ AA+	1.17 1.11
3130AXU63	FEDERAL HOME LOAN BANKS 4.625 11/17/2026	105,000.00	11/16/2023 4.69%	104,814.15 104,914.54	100.87 3.96%	105,917.00 593.54	1.89% 1,002.47	Aa1/AA+ AA+	1.38 1.32
3133EP6K6	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.5 03/26/2027	125,000.00	03/25/2024 4.45%	125,181.25 125,104.78	101.11 3.83%	126,390.77 1,484.38	2.25% 1,285.99	Aa1/AA+ AA+	1.74 1.64
3133ERFJ5	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.5 05/20/2027	100,000.00	05/23/2024 4.80%	99,184.50 99,485.73	101.30 3.78%	101,303.38 512.50	1.81% 1,817.65	Aa1/AA+ AA+	1.89 1.79
3133ERMB4	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.25 07/23/2027	100,000.00	07/22/2024 4.34%	99,752.00 99,829.68	100.79 3.85%	100,785.10 1,865.28	1.80% 955.41	Aa1/AA+ AA+	2.06 1.92
3133ERNP2	FEDERAL FARM CREDIT BANKS FUNDING CORP 4.0 08/06/2027	100,000.00	08/22/2024 3.86%	100,383.00 100,272.15	100.40 3.80%	100,399.57 1,611.11	1.79% 127.42	Aa1/AA+ AA+	2.10 1.96
3130AWTR1	FEDERAL HOME LOAN BANKS 4.375 09/08/2028	150,000.00	09/15/2023 4.51%	149,059.50 149,396.98	101.97 3.71%	152,948.92 2,059.90	2.73% 3,551.94	Aa1/AA+ AA+	3.19 2.92
Total Agency		**1,534,000.00**	**4.49%**	**1,531,643.11 1,532,779.74**	**100.66 4.02%**	**1,543,990.50 18,127.71**	**27.52% 11,210.76**		**1.36 1.28**

Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
CASH									
CCYUSD	Receivable	3,602.74	--	3,602.74 3,602.74	1.00 0.00%	3,602.74 0.00	0.06% 0.00	Aaa/AAA AAA	0.00 0.00
Total Cash		**3,602.74**		**3,602.74 3,602.74**	**1.00 0.00%**	**3,602.74 0.00**	**0.06% 0.00**		**0.00 0.00**
CORPORATE									
194162AM5	COLGATE-PALMOLIVE CO 3.1 08/15/2025	25,000.00	08/01/2022 3.13%	24,977.00 24,999.26	99.81 4.62%	24,952.18 292.78	0.44% (47.08)	Aa3/A+ NA	0.13 0.12
931142EW9	WALMART INC 3.9 09/09/2025	65,000.00	-- 3.84%	65,103.50 65,006.73	99.91 4.33%	64,941.50 788.67	1.16% (65.24)	Aa2/AA AA	0.19 0.19
594918BJ2	MICROSOFT CORP 3.125 11/03/2025	65,000.00	01/24/2023 4.28%	63,051.30 64,759.30	99.57 4.40%	64,717.81 327.26	1.15% (41.50)	Aaa/AAA NA	0.34 0.33
Total Corporate		**155,000.00**	**3.91%**	**153,131.80 154,765.30**	**99.75 4.41%**	**154,611.49 1,408.70**	**2.76% (153.81)**		**0.25 0.24**
MONEY MARKET FUND									
31846V203	FIRST AMER:GVT OBLG Y	1,275,412.15	-- 3.96%	1,275,412.15 1,275,412.15	1.00 3.96%	1,275,412.15 0.00	22.74% 0.00	Aaa/AAAm AAA	0.00 0.00
Total Money Market Fund		**1,275,412.15**	**3.96%**	**1,275,412.15 1,275,412.15**	**1.00 3.96%**	**1,275,412.15 0.00**	**22.74% 0.00**		**0.00 0.00**
SUPRANATIONAL									
4581X0EK0	INTER-AMERICAN DEVELOPMENT BANK 4.5 05/15/2026	100,000.00	06/27/2023 4.53%	99,923.00 99,976.55	100.36 4.07%	100,356.69 575.00	1.79% 380.15	Aaa/AAA NA	0.87 0.84
45950KDF4	INTERNATIONAL FINANCE CORP 4.375 01/15/2027	55,000.00	11/29/2023 4.49%	54,820.70 54,911.14	100.74 3.87%	55,409.00 1,109.80	0.99% 497.87	Aaa/AAA NA	1.54 1.45
Total Supranational		**155,000.00**	**4.52%**	**154,743.70 154,887.69**	**100.49 4.00%**	**155,765.70 1,684.80**	**2.78% 878.01**		**1.11 1.06**

Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
US TREASURY									
91282CEY3	UNITED STATES TREASURY 3.0 07/15/2025	100,000.00	09/29/2022 4.26%	96,667.97 99,954.22	99.95 4.33%	99,946.55 1,383.98	1.78% (7.67)	Aa1/AA+ AA+	0.04 0.04
91282CFE6	UNITED STATES TREASURY 3.125 08/15/2025	100,000.00	05/31/2023 4.32%	97,503.91 99,860.64	99.83 4.45%	99,829.32 1,174.03	1.78% (31.32)	Aa1/AA+ AA+	0.13 0.12
91282CFP1	UNITED STATES TREASURY 4.25 10/15/2025	120,000.00	12/12/2022 4.15%	120,318.75 120,032.58	99.97 4.31%	119,966.02 1,072.95	2.14% (66.57)	Aa1/AA+ AA+	0.29 0.29
91282CGA3	UNITED STATES TREASURY 4.0 12/15/2025	120,000.00	12/15/2022 3.95%	120,150.00 120,022.88	99.92 4.16%	119,909.77 209.84	2.14% (113.11)	Aa1/AA+ AA+	0.46 0.45
91282CGE5	UNITED STATES TREASURY 3.875 01/15/2026	100,000.00	-- 4.33%	99,214.45 99,767.28	99.87 4.13%	99,865.23 1,787.64	1.78% 97.96	Aa1/AA+ AA+	0.54 0.52
91282CKB6	UNITED STATES TREASURY 4.625 02/28/2026	125,000.00	03/25/2024 4.63%	124,980.47 124,993.29	100.28 4.19%	125,347.90 1,932.32	2.23% 354.61	Aa1/AA+ AA+	0.67 0.64
91282CHB0	UNITED STATES TREASURY 3.625 05/15/2026	140,000.00	05/23/2023 3.98%	138,610.94 139,593.63	99.63 4.06%	139,480.47 648.17	2.49% (113.16)	Aa1/AA+ AA+	0.87 0.85
91282CHU8	UNITED STATES TREASURY 4.375 08/15/2026	100,000.00	08/24/2023 4.69%	99,144.53 99,677.03	100.43 3.97%	100,433.59 1,643.65	1.79% 756.56	Aa1/AA+ AA+	1.13 1.07
91282CHY0	UNITED STATES TREASURY 4.625 09/15/2026	125,000.00	09/15/2023 4.72%	124,682.62 124,871.94	100.80 3.93%	126,005.86 1,696.67	2.25% 1,133.92	Aa1/AA+ AA+	1.21 1.15
91282CLS8	UNITED STATES TREASURY 4.125 10/31/2026	100,000.00	11/26/2024 4.29%	99,691.41 99,786.23	100.28 3.91%	100,277.34 694.97	1.79% 491.12	Aa1/AA+ AA+	1.34 1.28
91282CJP7	UNITED STATES TREASURY 4.375 12/15/2026	120,000.00	09/25/2024 3.53%	122,151.56 121,413.12	100.75 3.84%	120,895.31 229.51	2.16% (517.81)	Aa1/AA+ AA+	1.46 1.40
91282CJT9	UNITED STATES TREASURY 4.0 01/15/2027	125,000.00	01/31/2024 4.00%	124,985.35 124,992.36	100.24 3.84%	125,297.85 2,306.63	2.23% 305.49	Aa1/AA+ AA+	1.54 1.45
91282CKE0	UNITED STATES TREASURY 4.25 03/15/2027	125,000.00	04/25/2024 4.86%	122,954.10 123,791.50	100.76 3.78%	125,947.27 1,559.10	2.25% 2,155.76	Aa1/AA+ AA+	1.71 1.61
91282CKJ9	UNITED STATES TREASURY 4.5 04/15/2027	125,000.00	04/25/2024 4.85%	123,793.95 124,273.48	101.25 3.77%	126,557.62 1,183.40	2.26% 2,284.14	Aa1/AA+ AA+	1.79 1.69
91282CKV2	UNITED STATES TREASURY 4.625 06/15/2027	150,000.00	06/26/2024 4.51%	150,462.89 150,305.17	101.66 3.74%	152,484.45 303.28	2.72% 2,179.28	Aa1/AA+ AA+	1.96 1.86
91282CKZ3	UNITED STATES TREASURY 4.375 07/15/2027	100,000.00	07/22/2024 4.30%	100,218.75 100,149.72	101.25 3.73%	101,246.09 2,018.30	1.80% 1,096.37	Aa1/AA+ AA+	2.04 1.90

HOLDINGS REPORT

CHANDLER ASSET MANAGEMENT

Upper San Gabriel Valley Municipal Water District | Account #10214 | As of June 30, 2025

Cusip	Security Description	Par Value/ Units	Purchase Date Purchase Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody's/ S&P/ Fitch	Maturity Duration
91282CLG4	UNITED STATES TREASURY 3.75 08/15/2027	100,000.00	08/22/2024 3.82%	99,812.50 99,866.32	100.05 3.73%	100,046.88 1,408.84	1.78% 180.56	Aa1/AA+ AA+	2.13 2.00
91282CLL3	UNITED STATES TREASURY 3.375 09/15/2027	120,000.00	09/25/2024 3.48%	119,653.13 119,742.09	99.31 3.70%	119,170.31 1,188.59	2.12% (571.77)	Aa1/AA+ AA+	2.21 2.09
91282CLQ2	UNITED STATES TREASURY 3.875 10/15/2027	100,000.00	10/23/2024 4.02%	99,593.75 99,687.27	100.35 3.71%	100,347.66 815.23	1.79% 660.39	Aa1/AA+ AA+	2.29 2.16
91282CLX7	UNITED STATES TREASURY 4.125 11/15/2027	120,000.00	11/26/2024 4.23%	119,643.75 119,714.80	100.93 3.71%	121,110.94 632.20	2.16% 1,396.13	Aa1/AA+ AA+	2.38 2.23
91282CMA6	UNITED STATES TREASURY 4.125 11/30/2029	150,000.00	12/19/2024 4.40%	148,154.30 148,351.54	101.47 3.76%	152,203.20 524.08	2.71% 3,851.66	Aa1/AA+ AA+	4.42 4.00
Total US Treasury		**2,465,000.00**	**4.26%**	**2,452,389.08 2,460,847.10**	**100.47 3.93%**	**2,476,369.62 24,413.37**	**44.14% 15,522.52**		**1.51 1.42**
Total Portfolio		**5,588,014.89**	**4.25%**	**5,570,922.58 5,582,294.71**	**77.82 3.97%**	**5,609,752.19 45,634.59**	**100.00% 27,457.48**		**1.08 1.01**
Total Market Value + Accrued						**5,655,386.78**			

UPPER WATER
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

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MEMORANDUM

ITEM 4.
ACTION

DATE: September 2, 2025

TO: Administration and Finance Committee and the Board of Directors

FROM: General Manager

SUBJECT: Amendments to the District's Investment Policy

Recommendation
Staff recommends that the Board of Directors approve the proposed amendments to Upper Water's Investment Policy.

Background
Section 53600 et seq. of the California Government Code (CGC) requires public agency governing bodies to periodically review their investment policies. This review allows public agencies to incorporate statutory changes and adopt other updates deemed necessary to ensure sound investment practices. Upper Water's Investment Policy, in order of priority, follows the three fundamental principles of safety of principal, liquidity and return on investment. The Policy also mandates that all investment activities adhere to the prudent investor standard.

Each year, working with District Counsel and Chandler Asset Management (Chandler), Upper Water reviews the Investment Policy for any changes required by statute. This year, the proposed amendments include cleanup of some sections of the policy as well as the addition of joint powers authority (JPA) pools to the list of authorized investments in 3.2.7 (f).

A copy of the District's Investment Policy is attached showing the proposed redlined changes.

Attachment

Upper San Gabriel Valley Municipal Water District **MANUAL OF POLICIES**			
Subject	**Policy Number**	**Date Adopted**	**Date Revised**
INVESTMENT POLICY	**3.2**		**Last adopted on: 08-14-24**

Purpose

3.2.1 Investments by the General Manager under the supervision of the Treasurer pursuant to the delegation hereby made by this Statement of Investment Policy are limited to those instruments specified by the Board as defined in this Statement of Investment Policy.

Background

3.2.2 In accordance with Section 53600 et seq. of the Government Code of the State of California, the authority to invest public funds is expressly delegated to the Board of Directors for subsequent re-delegation to the General Manager with coordination and approval of~~under the supervision of~~ the Treasurer.

Policy

3.2.3 In order of priority, three fundamental criteria shall be followed in the investment program:

(a) Safety of Principal - Investments shall be undertaken in a manner which first seeks to ensure the preservation of principal in the portfolio. Each investment transaction shall be entered into after taking into consideration the quality of the issuer, the underlying security or collateral, and diversification of the portfolio. Market risk shall be reduced by limiting the average maturity of the portfolio, the maximum maturity of any one security, and by performing continuous cash flow analysis to avoid the need to sell securities prior to maturity.

(b) Liquidity - In an effort to ensure that the Upper ~~District~~Water's portfolio will be sufficiently liquid to meet current and anticipated operating requirements, a cash flow analysis will be performed on an ongoing basis. Investments shall be made so that the maturity date is compatible with cash flow needs and safety of principal.

(c) Return on Investment - Investments shall be undertaken to produce an acceptable rate of return after first considering safety of principal and liquidity and the prudent investor standard.

3.2.4 All investment activity shall be consistent with the prudent investor standard.

3.2.5 Prudent Investor Standard: As applicable to Upper ~~District~~Water, the prudent investor standard is a standard of conduct whereby any person authorized to make investment decisions on behalf of the Upper District acts with care, skill, prudence and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the Upper ~~District~~Water, that a prudent person acting in like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and meet the liquidity needs of the Upper ~~District~~Water.

3.2.6 Portfolio: Any reference to the portfolio shall mean the total of the Upper ~~District~~Water's cash and securities under management by the General Manager with approval~~under the supervision~~ of the Treasurer, excluding cash and securities held in escrow or trust on behalf of the Upper ~~District~~Water. The General Manager may invest in any security authorized for investment under the State law, subject to the limitations described below. All percentage holding limitations and credit quality minimums apply at the time of purchase.

(a) Maturity Limitations

(1) The General Manager is authorized to invest the Upper ~~District~~Water's fund balances up to a maximum term of five years from the date of trade settlement. Special trust funds shall not be subject to the five-year maximum maturity. The General Manager is therefore authorized to invest special trust funds in excess of five years. These funds include~~, but are not limited to the following~~:

Employees' Deferred Compensation Fund.

(2) For certain instruments, the term of the investment is limited by market convention or as otherwise prescribed herein.

(3) Not more than 20% of the portfolio shall consist of securities with a term to maturity in excess of three years, after deducting those Funds noted in 1a.

(b) Investment Transactions

(1) Information concerning investment opportunities and market developments will be gained by maintaining contact with the financial community.

(2) Annually the General Manager shall transmit a copy of the current Statement of Investment Policy to the investment management agent(s) or approved dealers. The investment management agent(s) or each dealer is required to return a signed statement indicating receipt and understanding of the Upper ~~District~~Water's investment policies.

(3) Prohibited investments include inverse floaters, range notes, interest only strips derived from a pool of mortgages (Collateralized Mortgage Obligations), securities with a forward settlement date exceeding 45 days from the time of the investment, and any security that could result in zero interest accrual if held to maturity. (Zero interest accrual means the security has the potential to realize zero earnings depending upon the structure of the security. Zero coupon bonds and similar investments that start at a level below the face value are legal because their value does increase).

(c) Portfolio Adjustments

(1) Should an investment percentage of portfolio limitation be exceeded due to an incident such as a fluctuation in portfolio size, the affected securities may be held to maturity to avoid losses.

(2) When no loss is indicated, the General Manager shall consider reconstructing the portfolio basing his decision in part on the expected length of time the portfolio will be imbalanced.

(3) Should a security held in the portfolio be downgraded below the minimum criteria included in this Statement of Investment Policy, the General Manager shall use discretion in determining whether to sell or hold the security based on its maturity, the outlook for the issuer, and other relevant factors.

(d) Safekeeping

(1) All securities transactions entered into by the Upper ~~District~~Water shall be conducted

on a delivery versus payment (DVP) basis, with the exception of non-deliverable securities; money market mutual funds, time deposits, and local government investment pools.

(2) Securities will be held by an independent custodian designated by the General Manager and held in safekeeping pursuant to a safekeeping agreement.

(3) All financial institutions that provide safekeeping services for the Upper ~~District~~Water shall be required to provide reports or safekeeping receipts directly to the General Manager to verify securities taken into their possession.

3.2.7 Authorized Investments:

(a) U.S. Government and Agencies:

(1) Investments in U.S. Treasury obligations shall not be subject to any limitations.

(2) Investments in direct obligations of Federal Agencies guaranteed by the U.S. Government shall not be subject to any limitations.

(3) Investments in Federal Agency obligations that do not have a guarantee by the U.S. Government shall not exceed 60% of all investments in effect immediately after any such investment is made.

(b) Demand and Time Deposits/Certificates of Deposits: For purposes of this policy, collateralized demand deposits and time deposits shall be considered investments.

The following criteria will be used in evaluating financial institutions and form of collateral to determine eligibility for deposits:

(1) The financial institution must have been in existence for at least five years.

(2) Eligibility for deposits shall be limited to those financial institutions that maintain a rating equivalent to "F1" by Fitch or better. Credit requirements may be waived for any time deposit that is federally insured.

(3) The deposit shall not exceed the shareholders' equity of any depository bank. For the purposes of this constraint, shareholders' equity shall be deemed to include capital notes and debentures.

(4) The deposit shall not exceed the total of the net worth of any depository savings and loan association, except that deposits not exceeding a total of five hundred thousand dollars ($500,000) may be made to a savings and loan association without regard to the net worth of that depository, if such deposits are insured or secured as required by law.

(5) In order to secure such demand deposits, the financial institution shall maintain in the collateral pool, securities having a market value of at least 10% in excess of the total amount deposited.

(6) Promissory notes secured by real estate mortgages or deeds of trust may not be accepted as collateral.

(7) Purchased time deposits will be limited to a maximum maturity of one year.

(c) Corporate Notes and Bonds - Restrictions are as follows:

(1) Investment in corporate notes and bonds are limited to corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

(2) Corporate notes and bonds eligible for investment under this subdivision shall be rated in a rating category of at least "A" or its equivalent or better by a nationally recognized statistical rating organization (NRSRO). Maturities greater than two years

must be rated "AA" or its equivalent or better.

(3) Purchases of corporate notes and bonds may not exceed 30% of the portfolio.

(4) Purchases of corporate notes and bonds will be limited to a maximum maturity of five years.

(5) Purchases of corporate notes and bonds from a single issuer may not exceed 5% of the portfolio.

(d) Local Agency Investment Fund Deposits: Deposits for the purpose of investment in the Local Agency Investment Fund of the State Treasury may be made up to the maximum amount permitted by State Treasury policy.

(e) Local Government Investment Pools

(f) Shares of Beneficial Interest i~~I~~ssued by a j~~J~~oint p~~P~~owers ~~A~~authority (JPA), provided that:

(1) The JPA is organized pursuant to California Government Code Section 6509.7 and invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive.

(2) Each share shall represent an equal proportional interest in the underlying pool of securities owned by the JPA.

~~(1)~~(3) The JPA has retained an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (q).

(g~~f~~) Money Market Mutual Funds: Registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:

(1) Such Funds meet either of the following criteria:

- Have attained the highest ranking provided by not less than two (2) NRSROs; or
- Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of $500 million.
- No more than 20% of the total portfolio may be invested in money market funds.

(h~~g~~) Supranationals:

(1) Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation or Inter-American Development Bank.

(2) The securities are rated in a rating category of "AA" or equivalent or higher by a NRSRO.

(3) No more than 30% of the portfolio may be invested in these securities.

(4) No more than 10% of the portfolio may be invested in a single issuer.

(5) The maximum maturity does not exceed 5 years.

(i~~h~~) Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations from issuers not defined in section (a) of the Authorized Investments section of this policy, provided that:

(1) The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO.

(2) No more than 20% of the total portfolio may be invested in these securities

(3) No more than 5% of the total portfolio may be invested in any single Asset-Backed or

Commercial Mortgage security issuer.

(4) The maximum maturity does not exceed five (5) years.

3.2.8 In accordance with Administrative Code Section 5114, the General Manager shall submit a monthly report to the Board of Directors via the Treasurer indicating the type of investment, issuer, and date of maturity, and shall provide the par value, current market value of all securities, rates of interest, and expected yield to maturity, along with a statement that the Upper ~~District~~Water has adequate funds to meet its cash flow requirements for the next six months. The report shall also include a statement of compliance with the investment policy, or manner in which the portfolio is not in compliance along with a timetable for resolution. The General Manager shall also submit a monthly summary report to the Board of Directors via the Treasurer showing investment activity, including yield and earnings, and the status of cash by depository. These monthly reports shall be submitted within 30 days following the end of the month covered by the report.

3.2.9 The General Manager and the Treasurer shall monitor or cause to be monitored the extent to which financial institutions with which the Upper ~~District~~Water maintains deposits or investments are consistent with the Upper ~~District~~Water's policies regarding business activities within countries that may jeopardize the safety and liquidity of Upper ~~District~~Water funds or violate other Upper ~~District~~Water policies. Such matters shall be reported to the Budget Committee or as part of the General Manager's monthly report.

3.2.10 The Treasurer may, at any time, temporarily further restrict the securities approved for investment as deemed appropriate, subject to ratification by the Board of Directors at the next scheduled Board meeting.

248 E. Foothill Blvd., Suite 200
Monrovia, CA, 91016

P: 626-443-2297

E: info@usgvmwd.org

MEMORANDUM

ITEM 6.
ACTION

DATE: September 2, 2025

TO: Administration and Finance Committee and the Board of Directors

FROM: General Manager

SUBJECT: Adoption of Water Rates and Charges for Calendar Year 2026

Recommendation

Staff recommends that the Board of Directors approve the proposed water rates and charges summarized in Table 1 and adopt Ordinance No. 25-3, Repealing Ordinance No. 24-2 and Adopting the Water Rates and Charges for Calendar Year 2026 (Attachment).

Background

In June 2024, the Board of Director adopted Upper Water's biennial budget for fiscal years 2024/25 and 2025/26 which includes:

a. Projected treated water sales – 3,000 AF per year
b. Minimum untreated water sales needed – 44,000 AF in FY 2024/25 and 52,000 AF in FY 2025/26
c. Net MWD Readiness to Serve (RTS) charge - $2.62 million in FY 2024/25 and $3.27 million in FY 2025/26
d. Upper Water surcharge - unchanged at $103 per AF
e. Net income from operations - - $184 thousand in FY 2024/25 and $203 thousand in FY 2025/26
f. Debt service coverage ratio - 123% in FY 2024/25 and 126% in FY 2025/26
g. Capital expenditures - $197 thousand per year
h. Change in Reserves – $13,000 outflow in FY 2024/25 and $6,000 inflow in FY 2025/26

Following discussions with the Main San Gabriel Basin Watermaster (Watermaster) and the producers, the Board approved an amendment to the FY 2024/25 budget in October 2024 to reflect a significant reduction in projected untreated water sales. To address the resulting revenue shortfall, the Board of Directors also authorized the use of reserves and directed the General Manager to negotiate a purchase letter agreement with Watermaster for full-service water purchases for fiscal years 2024/25 and 2025/26 This agreement was intended to provide Upper Water with a stable source of fixed revenue while also providing Watermaster a cost effective and predictable means of meeting and managing its share of Metropolitan's readiness-to-serve (RTS) charge.

In April 2025, Upper Water and Watermaster executed an agreement under which Watermaster will pay the gross RTS charge allocable to untreated water purchases and USG-5 deliveries. In return, Upper Water agreed to waive the per acre-foot surcharge on untreated water purchased by Watermaster with Water Resource Development Assessment (RDA) funds and to defer implementation of a new RTS charge until FY 2025/26. With this agreement in place, the anticipated $5.36 million reduction in surcharge revenue from untreated water sales will be substantially offset by approximately $5.32 million in fixed RTS charge revenue from imported water sales. As a result, the District's net operating income is not expected to be significantly affected.

The proposed rates and charges for calendar year 2026 along with adopted rates for the past four years are presented in Table 1 below.

Table 1. Upper District Rates

	Effective 01/01/22	Effective 01/01/23	Effective 01/01/24	Effective 01/01/25	Proposed 01/01/26	CY 2026 % Increase
Full Service Treated Tier 1						
MWD	1,143	1,209	1,256	1,395	1,528	9.53%
Upper District Surcharge	103	103	103	103	103	
Upper District Rate	1,246	1,312	1,359	1,498	1,631	8.88%
Full Service Untreated Tier 1						
MWD	799	855	903	912	984	7.89%
Upper District Surcharge	103	103	103	103	103	
Upper District Rate	902	958	1,006	1,015	1,087	7.09%
Capacity Charge (per CFS)	$ 12,200	$ 10,600	$ 11,200	$ 13,000	$ 14,500	11.54%
RTS Charge (in millions)	$ -	$ -	$ -	$ 5.11	$ 5.96	16.63%

Attachment

ORDINANCE NO. 25-3

AN ORDINANCE OF THE BOARD OF DIRECTORS OF UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT REPEALING ORDINANCE NO. 24-2 AND ADOPTING WATER RATES AND CHARGES FOR CALENDAR YEAR 2026

WHEREAS, the Metropolitan Water District of Southern California ("MWD" herein) has adopted water rates and charges for its classes and conditions of service effective January 1, 2026 and the Upper San Gabriel Valley Municipal Water District ("Upper District" herein) wishes to reflect MWD's new rates and charges in the water rates and charges of the Upper District; and

WHEREAS, MWD has established charges in its rate structure including a Readiness-to-Serve (RTS) Charge, Capacity Charge, and Commodity Charges; and

WHEREAS, the RTS Charge is adopted by MWD and charged to its member agencies to recover capital expenditures for infrastructure projects needed to provide emergency storage capacity and available capacity needed to maintain reliable deliveries during outages and service interruptions and during periods of hydrologic variability; and

WHEREAS, Upper District requested that MWD continue its standby charge in Upper District's service area with the intention that the above referenced RTS Charge be paid in whole or in part from the funds generated from said standby charge for Calendar Year 2026; and

WHEREAS, the standby charge collected by MWD in Upper District's service area is no longer sufficient to fully recover Upper District's share of the RTS charge; and

WHEREAS, clean water is essential to public health and safety and necessary to improve the quality of life of residents within Upper District's service area; and

WHEREAS, the Board of Directors has reviewed and determined the revenue requirements for the Fiscal Year 2025-26 Operating and Capital Budget; and

WHEREAS, the Board of Directors has determined to allocate costs on a fair and equitable basis to all customers it serves, while also ensuring the District is able to recover its cost of providing service while maintaining financial stability; and

WHEREAS, in the adoption of this Ordinance, the Upper District desires to adjust certain water rates and service charges for 2026.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF UPPER DISTRICT ORDAINS AS FOLLOWS:

Section 1. The above recitals are all true and correct and are incorporated herein by reference.

Section 2. Ordinance No. 24-2, adopted on October 9, 2024, is hereby repealed.

Section 3. The water rate increases are necessary and reasonable to fund the administration, operation, maintenance, and improvements of the District's water system.

Section 4. The following water rates are established and will remain effective for Calendar Year 2026:

Normal Supply Rates

	Rate and Charges
Class of Service	
Full Service – Treated	$1,631 per AF
Full Service – Untreated	$1,087 per AF
Recycled Water Service	By Contract
Capacity Charge	$14,500 per CFS
MWD Readiness-to-Serve Charge	$5.96 million
Minimum Service Connection Charge (per year)	$1,450
Groundwater Replenishment Ready-to-Serve	$42 per CFS/$6,300 per month

Section 5. Description of Service Classes:

Full Service Treated

For Calendar Year 2026, the Upper District's treated water deliveries will be sold at the rate of $1,631 per acre-foot (subject to alternative pricing imposed under MWD's Water Supply Allocation during droughts).

Full Service Untreated

Full Service untreated deliveries will be billed at the rate of $1,087 per acre-foot effective January 1, 2026 (subject to alternative pricing imposed under MWD's Water Supply Allocation during droughts).

Annual Capacity Charges

The Full Service rate per acre-foot assumes a reasonable and normal annual maximum daily average capacity usage per acre-foot of water deliveries. Upper District will pass through MWD's capacity charge for use of the imported water distribution system during the May through September time period, as determined by MWD. For Calendar Year 2026, MWD's capacity charge will be calculated at $14,500 for each CFS of peak capacity utilized during the period of May through September period for the three calendar years ending 2024.

Annual MWD Readiness-to-Serve Charge

Beginning July 1, 2025, MWD's readiness-to-serve charge (RTS) will be passed through and allocated to producers and the Main San Gabriel Basin Watermaster (Watermaster) based on a ten-fiscal year rolling average of imported water purchases. As set forth in the letter agreement between Upper Water and Watermaster, Watermaster will pay the gross RTS for the following water purchases: RDA II water, producer cyclic water, replacement water and USG-5 deliveries. All other USG connections will be billed their proportionate share of the MWD RTS charge, net of the standby charge collected by MWD in Upper Water's service area.

Section 6. Each groundwater replenishment customer shall pay Upper District a monthly ready-to-serve charge in addition to the water rate for groundwater replenishment service. This monthly ready-to-serve charge will be $42 for each cubic foot per second of groundwater replenishment service connection capacity, at an amount not-to-exceed $6,300 per month, payable in advance.

Section 7. A minimum charge, equivalent to ten percent (10%) or one-tenth (1/10) of the value of one CFS of capacity ($14,500) and amounting to $1,450 per year effective January 1, 2026, will be billed to the sub-agencies prorated on a monthly basis irrespective of the amount of water used.

Section 8. All sales, deliveries and availability of water at the rates established herein shall be subject to the ability of the Upper District to sell, deliver and make available such water under operating conditions determined by the General Manager of Upper District and of MWD, and subject to the water service regulations of Upper District and of MWD. All agencies that purchase treated or untreated water must comply with all rules, requirements, and regulations of Upper District's Urban Water Management Plan adopted on or about June 2020 and any amendments or supplements thereto.

Section 9. The Board of Directors finds the rates, fees, and charges set forth herein are for the purpose of meeting operating expenses, including employee wages and benefits; purchasing or leasing of supplies, equipment or materials; meeting financial reserve needs and requirements; obtaining funds for capital projects necessary to maintain service within existing service areas, and obtaining funds to meet long-term debt costs. None of the rates, fees, and charges described above exceed the reasonable cost of providing the service for which the rate, fee, or charge is levied.

Section 10. The Board of Directors recognizes that Southern California is facing water supply challenges arising from both reccurring droughts and environmental factors. These factors have created uncertainty regarding the reliability of all sources of water for the foreseeable future. As such, the Board reserves the authority to modify, alter, or suspend any or all sections of this resolution as determined prudent to properly respond to new developments in water supply circumstances.

Section 11. The Secretary of Upper District shall cause a copy of this Ordinance to be mailed to all current purchasers of water from Upper District including the users of water replenishment service connections.

INTRODUCED AND ADOPTED this 10th day of September 2025.

SANTANA:

FELLOW:

GARCIA:

CHAVEZ:

TREVIÑO:

____
Jennifer Santana, President

ATTEST:

____
Ed Chavez, Secretary

(SEAL)

APPROVED AS TO FORM:

____
Steven P. O'Neill, District Counsel