



**SANTA FE IRRIGATION DISTRICT
ADMINISTRATIVE AND FINANCE
COMMITTEE**

Santa Fe Irrigation District
5920 Linea del Cielo
Rancho Santa Fe, California 92067
Safety Center

BOARD OF DIRECTORS

Michael T. Hogan
PRESIDENT
Sandra Johnson
VICE PRESIDENT
Dana Frieauf
Andy Menshek
Ken Westphal

Albert C. Lau, P. E.
GENERAL MANAGER

**TUESDAY, JANUARY 6, 2026
9:00 a.m.**

Assistance for the disabled: The District meeting facility is accessible to persons using wheelchairs and others with disabilities. Agendas are available in large print. Materials in alternative formats and other accommodations will be made available upon request. Please make your request for alternative format or other accommodations, to the Board Secretary at 858-756-2424 or via email to cmcdowell@sfdwater.org. Providing at least 72 hours' notice prior to the meeting will help to ensure availability.

This meeting will be held at the above date, time, and location, and Committee members and members of the public may attend in person. Members of the public may also attend virtually. Additional details on in-person participation and virtual public participation are below. Please note that in the event of technical issues that disrupt the livestream of the meeting, the meeting will continue, unless otherwise required by law, such as when a Director is attending the meeting remotely pursuant to certain provisions of the Brown Act.

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Instructions for Members of the Public Who Wish to Address the Administrative and Finance Committee: Individuals may address the Committee during Oral Communications (for items not appearing on the posted agenda which are within the subject matter jurisdiction of the District) and regarding items listed on the posted agenda during the deliberation of the agenda item, as follows:

A. Instructions for Making Public Comment for Those Attending In-Person:

Members of the public desiring to address the Committee in-person for either items appearing on the posted agenda or during Oral Communications (for items not appearing on the posted agenda which are within the subject matter jurisdiction of the District) are asked to complete a speaker's card, available at the table near the entrance and present it to the Board Secretary prior to the start of the meeting. Speakers are asked to state their name, address, and topic, and to observe a time limit of three (3) minutes each.

B. Making Public Comment for Those Not Attending In-Person:

Members of the public who wish to address the Committee under Oral Communications or on specific agenda items **who are not attending in person** may do so as instructed below:

1. To provide **verbal comments during the meeting**, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video conference by computer or mobile phone, use the "Raise Hand" feature. This will notify the Board Secretary that you wish to speak during Oral Communications or on a specific agenda item. If joining the meeting using the Zoom dial-in number, you can raise your hand by pressing *9. Speakers are asked to state their name, address, and topic, and to observe a time limit of three (3) minutes each.
2. You may send **written comments** to the Board Secretary for receipt **no later than 7:30 am on January 6, 2026**, to be read during the appropriate portion of the meeting. Written comments must be limited to 300 words/ have a reading limit of 3 minutes for each comment and emailed to cmcdowell@sfidwater.org, mailed to the attention of Celina McDowell, Board Secretary, SFID, P. O. Box 409, Rancho Santa Fe, CA 92067, or physically deposited in the District's payment drop box located in the public parking lot at the District's Administrative Office at 5920 Linea del Cielo, Rancho Santa Fe, California 92067.

ROLL CALL - CALL MEETING TO ORDER

ITEMS TO BE ADDED TO THE AGENDA

(Government Code Section 54954.2)

ORAL COMMUNICATIONS ON ITEMS NOT APPEARING ON THE AGENDA

Opportunity for members of the public to address the Committee (Government Code Section 54954.3) Individuals may address the Committee regarding items not appearing on the posted agenda, which are within the subject matter jurisdiction of the Committee, at any time. Comments and inquiries pertaining to items listed on the agenda will be received during the deliberation of the agenda item. Speakers are asked to state their name, address, and topic, and to observe a time limit of three (3) minutes each. Members of the public desiring to address the Committee are asked to complete a speaker's card, available at the table near the entrance, and present it to the Board Secretary prior to the start of the meeting.

ACTION AND DISCUSSION ITEMS

1. Minutes from December 9, 2025, Administrative and Finance Committee Meeting (pages 4-7)
2. Directors' and General Manager's Expenses (page 8) *(will be distributed at the meeting)*
3. Monthly Investment Transaction Report (page 9) *(will be distributed at the meeting)*
4. Quarterly Treasurer's Report (page 10) *(will be distributed at the meeting)*
5. Annual Update to District Investment Policy (pages 11-31)
6. Recommend Adopting Resolution No. 26-01, Revising the District's Capacity Fee Revision to Establish Potable Water Service (pages 32-49)
7. Review and Discuss Future Agenda Items (pages 50-51)

REPORTS

8. Administrative Services Report (verbal)
9. Public Communications and Outreach Report (verbal)
10. General Manager's Report (verbal)
11. Committee Members' Comments (verbal)

INFORMATION ITEMS – None

CLOSED SESSION – None

ADJOURN

The next scheduled Administrative and Finance Committee meeting is on Tuesday, February 10, 2026, at 9:00 a.m.

**MINUTES
ADMINISTRATIVE AND FINANCE COMMITTEE MEETING
Santa Fe Irrigation District**

December 9, 2025
Santa Fe Irrigation District
5920 Linea del Cielo
Rancho Santa Fe, CA 92067

PRESENT: Chair Dana Frieauf, Vice President Sandra Johnson, Director of Administrative Services Seth Gates, Board Secretary Celina McDowell, Public Communications Officer Teresa Penunuri, and Management Analyst Mackenzie Christie were present. One member of the public is also present.

CALL MEETING TO ORDER

Chair Frieauf called the meeting to order at 9:02 a.m.

ITEMS TO BE ADDED TO THE AGENDA – None

ORAL COMMUNICATIONS – None

ACTION AND DISCUSSION ITEMS

1. Minutes from November 11, 2025, Administrative and Finance Committee Meeting

The Committee approved of the minutes as presented.

2. Directors' and General Manager's Expenses

The Committee reviewed and approved the expenses as submitted.

3. Monthly Investment Transaction Report

DAS Gates presented an update on recent investment activity, noting that several maturing securities and CDs temporarily reduced reported cash balances due to funds in transit. Additional reporting details will be added next month to better highlight these timing differences.

DAS Gates responded to questions from the Committee, which expressed appreciation for the clarification and noted that they look forward to the revised reporting format next month.

The Committee reviewed and approved the report as submitted.

4. Leak Credit Policy Review and Discussion

Ms. Ruehle, a resident of Fairbanks Ranch, provided a comment regarding the equity, consistency and financial reality of leak credit policy.

DAS Gates presented the item utilizing a PowerPoint presentation and responded to questions from the Committee. DAS Gates provided an overview and more detailed information on the following items:

- Background
- Requirements for a Leak Credit
- Appeal of Ms. Ruehle
- Considerations

The Committee asked Staff to confirm if other District leak credit amounts have been changed since last surveyed in 2020.

The Committee expressed sincere empathy for Ms. Ruehle's situation. However, in the interest of fairness and consistency, recognizing that not all customers have pools and that pool leaks are generally noticeable, they must adhere to the established policy.

After discussion, the Committee recommended that the existing policy not be modified and directed staff to move the item for full Board consideration at their regular December meeting for discussion.

5. Recommend the Board of Directors Adopt Resolution No. 25-20, Revisions to District Engineering and Administrative Fees, and Establish Cost of Equipment Use

DAS Gates presented the item utilizing a PowerPoint presentation, providing background information, and responded to questions from the Committee. DAS Gates provided detailed information on the following items:

- Background
- Miscellaneous Fees
- Engineering Fees
- Cost of Equipment Use
- Late Fees/Delinquent Accounts

DAS Gates updated the Committee on the revisions made following General Counsel's review, noting that these changes will be presented at the upcoming Board meeting. DAS Gates also reported that the proposal for updated capacity fees is scheduled to be presented in the first quarter of 2026.

After discussion, the Committee concurred with the Staff's recommendation and directed Staff to move the item for full Board consideration at their regular December meeting for discussion.

Chair Friehauf called for a recess at 10:41 a.m. and reconvened at 10:46 a.m.

6. Permanent Special Agriculture Rate (PSAR) Update

PCO Penunuri reported that the San Diego County Water Authority approved a new framework for the updated PSAR rate, with final pricing to be determined during next year's budget process. The SDCWA Board unanimously supported continuing the program due to its value in sustaining local agriculture and maintaining regional water demand. The District currently have 37 customers participating in the program, and staff will continue outreach efforts in promoting available rebate programs.

After discussion, the Committee directed staff to move the item for full Board consideration at their regular December meeting for discussion.

7. Review and Discuss Future Agenda Items

The Committee reviewed and approved the future agenda items as presented.

Director Friehauf noted that she will be unavailable for the July 2026 Administrative and Finance Committee meeting and will need to cancel that meeting.

REPORTS

8. ADMINISTRATIVE SERVICES REPORT

DAS Gates reported that the District received a \$237,000 award for the SCADA upgrade and commended MA Christie and IT Manager Kogan for leading the application effort.

9. PUBLIC COMMUNICATIONS AND OUTREACH REPORT

PCO Penunuri reported on the following items:

- SFID and OMWD are coordinating a rain barrel workshop on January 24th, along with additional outreach activities.
- Staff continue conducting rate-related outreach through HOA newsletters in advance of the January billing cycle.

- Planning is underway for a community workshop on upcoming upgrades at the Larrick Reservoir.
- Ongoing community outreach is being conducted for capital improvement projects in the Sun Valley area and for the solar project.

10. GENERAL MANAGER'S REPORT

GM Lau wished everyone Happy Holidays.

11. COMMITTEE MEMBERS' COMMENTS

None

INFORMATION ITEMS

None

CLOSED SESSION

None

ADJOURN

Chair Frieauf adjourned the meeting at 11:02 a.m.

Dana Frieauf, Chair

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The mission of Santa Fe Irrigation District is to meet the water supply needs of all its customers — safely, sustainably, reliably, and cost-effectively.

BOARD REPORT

TO: Administrative & Finance Committee

FROM: Albert C. Lau, P. E.

INITIATED BY: Seth Gates, Director of Administrative Services

DATE: January 6, 2026

SUBJECT: Annual Update to District Investment Policy

Strategic Focus Area:

GOAL 5. Sustainable and Effectively Managed Finances

Recommendation:

Recommend adoption of revised Investment Policy ("Policy")

Alternatives:

N/A

Discussion:

Annually, the Board of Directors is required to review and approve the Policy in accordance with Government Code §53600. The Policy is reviewed by District Staff and the District's General Counsel to ensure compliance with any changes in investment regulations. General Counsel has performed its review and made one minor revision to commercial paper to align with California Government Code section §53601(h), which extended the maximum length of this investment from 270 to 397 days under SB595 (section 7 of investments in the Policy). This change was made to align investment law with current market practices and liquidity needs for agencies. Available commercial

paper commonly has maturities beyond 270 days (often up to about one year), and extending the authorized maturity to 397 days gives local agencies more flexibility to invest in a broader set of high-quality commercial paper that matches actual issuance practices.

Additionally, Staff made changes to the Policy to clean up language and to align the written text of medium-term notes to the addendum, which previously conflicted each other. Prior to this change, medium-term notes requirements in the Policy's text stated:

Medium-Term Notes issued by 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, with a final maturity not exceeding five years from the date of purchase and rated in a rating category of "A" or its equivalent or better by Standard & Poor's, Moody's or Fitch.

An "A" rating by Standard & Poor's is the middle-range for "upper medium grade" investments and aligns with California Government Code section §53601(k). However, the addendum stated that the quality requirements were "AA- or Aa3". The "A" rating explicitly stated in the text is the Standard & Poor's rating criteria, where the "AA-" is a rating that is produced by Fitch. This Fitch rating is two grades higher than the Standard & Poor's criteria. Additionally, the "Aa3" is a rating produced by Moody's and is also 2 grades higher than the Standard & Poor's criteria, equal to that of the "AA-" produced by Fitch. To align the text and addendum with California Government Code requirements, the text has been modified to the following (with red-line changes):

Medium-Term Notes issued by 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, with a final maturity not exceeding five years from the date of purchase and rated in a rating category of "A" ~~or its equivalent~~ or better by Standard & Poor's ~~or Fitch~~ , or A2 by Moody's ~~or Fitch~~.

The addendum also now reflects this updated requirement.

Staff also updated the "Competitive Transactions" section of the Policy to add the word "practical" to the language. This addition recognizes real-world constraints without weakening expectations, as there may be situations where competitive quotes are not realistically obtainable in situations, such as short settlement time frames. Additionally, this language is preferred by the Government Finance Officers Association and the California Debt & Investment Advisory Commission, as this phrasing reduces audit vulnerability.

Fiscal Impact:

There is no fiscal impact resulting from the adoption of the revised Policy

Attachment A: Investment Policy – Redline

Attachment B: Investment Policy – Clean

Santa Fe Irrigation District
Investment Policy
January 202~~6~~⁵

The Santa Fe Irrigation District (the "District") provides water and related services to ~~residential and commercial~~ customers in the Rancho Santa Fe, Fairbanks Ranch and Solana Beach areas of San Diego County, California. The District is governed by a five-member board of directors (the "Board") elected by the District's water users.

The Board has adopted this Investment Policy (the "Policy") ~~in order to~~ establish the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, eligible investments and transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the funds of the District. All District funds will be invested in accordance with the Policy and with applicable sections of the California Government Code.

~~This Policy was originally endorsed and adopted by the Board of Directors of the Santa Fe Irrigation District on February 19, 2009. It replaces any previous investment policy or investment procedures of the District.~~

SCOPE

The provisions of this Policy shall apply to all financial assets of the District.

All cash shall be pooled for investment purposes. The investment income derived from the pooled investment account shall be allocated to the contributing funds based upon the proportion of the respective average balances relative to the total pooled balance in the investment portfolio. Interest earnings shall be distributed to the individual funds on a monthly basis.

OBJECTIVES

The principal investment objectives of the District are:

1. Preservation of capital and protection of investment principal.
2. Maintenance of sufficient liquidity to meet anticipated cash flows.
3. Attainment of a market value rate of return.
4. Diversification to avoid incurring unreasonable market risks.
5. Conformance with all applicable California statutes and Federal regulations.

DELEGATION OF AUTHORITY

The management responsibility for the District's investment program is delegated for a one-year period by the Board to the Treasurer who shall assume full responsibility until the delegation of authority is revoked or expired pursuant to California Government Code Section 53607. Oversight is provided by the Santa Fe Irrigation District Administrative & Finance Committee. The District's General Manager serves as the Treasurer. The Treasurer may delegate the authority to conduct investment transactions and to manage the operation of the investment portfolio to the Director of Administrative Services. The Treasurer shall remain responsible for any investment decisions made by the Director of Administrative Services.

The Treasurer shall develop written administrative procedures and internal controls, consistent with this Policy, for the operation of the District's investment program. Such procedures shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the District.

The District may engage the support services of outside investment advisors ~~in regard to~~regarding its investment program, so long as it can be clearly demonstrated that these services produce a net financial advantage or necessary financial protection of the District's financial resources.

PRUDENCE

The standard of prudence to be used for managing the District's investments shall be California Government Code Section 53600.3, the prudent investor standard which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a 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 maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired by law."

The District's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The District recognizes that no investment is totally without risk and that the investment activities of the District are a matter of public record. Accordingly, the District recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the District.

The Treasurer and authorized investment personnel acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion to the Board and appropriate action is taken to control adverse developments.

ETHICS AND CONFLICTS OF INTEREST

Elected officials and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or could impair or create the appearance of an impairment of their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Treasurer any financial interests they have in financial institutions that conduct business with the District and they shall subordinate their personal investment transactions to those of the District. The Treasurer and Director of Administrative Services shall file a Statement of Economic Interests each year pursuant to California Government Code Section 87203.

AUTHORIZED SECURITIES AND TRANSACTIONS

All investments and deposits of the District shall be made in accordance with California Government Code Sections 16429.1, 53600-53609 and 53630-53686. However, pursuant to California Government Code Section 5903(e), if prior to issuing any bonds, the legislative body determines that the interest payable on the bonds to be issued by the state or local government will be subject to federal income taxation under the law, proceeds of bonds and any moneys set aside or pledged to secure payment of the bonds may be invested in securities or obligations described in the ordinance, resolution, indenture, agreement, or other instrument providing for the issuance of the bonds.

Any revisions or extensions of these code sections will be assumed to be part of this Policy immediately upon being enacted.

The District has further restricted the eligible types of securities and transactions as follows:

1. United States Treasury bills, notes, bonds, or certificates of indebtedness with a final maturity not exceeding five years from the date of purchase.
2. Federal Agency debentures and mortgage-backed securities with a final maturity not exceeding five years from the date of purchase issued by the Government National Mortgage Association (GNMA).
3. Federal Instrumentality (government sponsored enterprise) debentures, discount notes, callable and step-up securities, with a final maturity not exceeding five years from the date of purchase, issued by the following only: Federal Home Loan Banks (FHLB), Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB) and Federal Home Loan Mortgage Corporation (FHLMC).
4. Obligations of the State of California and any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or local agency, or by a department, board, agency, or authority of the state or local agency, rated at least AA or A-1+ by Standard & Poor's, Aa2 or P-1 by Moody's or AA or F-1+ by Fitch, with a final maturity not exceeding five years from the date of purchase. On the date of purchase, no more than 20% of the District's portfolio may be invested in such obligations.
5. Other States' Registered treasury notes or bonds, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by a state or by a department, board, agency, or authority of the state, rated at least AA or A-1+ by Standard & Poor's, Aa2 or P-1 by Moody's or AA or F-1+ by Fitch, with a final maturity not exceeding five years from the date of purchase. On the date of purchase, no more than 20% of the District's portfolio may be invested in such obligations.
6. Repurchase Agreements with a final termination date not exceeding one year collateralized by U.S. Treasury obligations, Federal Agency securities, or Federal Instrumentality securities listed in items 1, 2 and 3 above with the maturity of the collateral not exceeding ten years. For the purpose of this section, the term collateral shall mean purchased securities under the terms of the District's approved Master Repurchase Agreement. The purchased securities shall have a minimum market value including accrued interest of 102% of the dollar value of the transaction and shall be adjusted no less than quarterly. Collateral shall be held in the

District's custodian bank, as safekeeping agent, the investments and repurchase agreements shall be in compliance if the value of the underlying securities is brought up to 102% no later than the next business day.

Repurchase Agreements shall be entered into only with dealers who have executed a District approved Master Repurchase Agreement with the District and who are recognized as Primary Dealers with the Federal Reserve Bank of New York. Primary Dealers approved as Repurchase Agreement counterparties shall have a short-term credit rating of at least A-1 or the equivalent and a long-term credit rating of at least A or the equivalent. The Treasurer shall maintain a copy of the District's approved Master Repurchase Agreement along with a list of the broker/dealers who have executed a Master Repurchase Agreement with the District.

7. Prime Commercial Paper with a maturity not exceeding ~~397~~²⁷⁰ days. Maximum portfolio exposure is limited to 25% in the aggregate and 10% of the outstanding paper and medium-term notes of a single issuer. Investment is limited to commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall either be organized and operating in the United States as a general corporation with total assets in excess of five hundred million dollars (\$ 500,000,000), a debt other than commercial paper, if any, that is rated in a rating category of "A" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO) OR the entity shall be organized within the United States as a special purpose corporation, trust, or limited liability company, with program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond and commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.
8. Eligible Bankers Acceptances with a maturity not exceeding 180 days from the date of purchase, issued by a FDIC insured state or national bank with combined capital and surplus of at least \$250 million, and whose senior long-term debt is rated at least A by Standard and Poor's, A2 by Moody's or A by Fitch at the time of purchase. No more than 10% of the District's total portfolio may be invested in banker's acceptances of any one issuer, and the aggregate investment in banker's acceptances shall not exceed 15% of the District's total portfolio.
9. Medium-Term Notes issued by 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, with a final maturity not exceeding five years from the date of purchase and rated in a rating category of "A" ~~or its equivalent~~ or better by Standard & Poor's ~~or Fitch~~, ~~or A2 by Moody's or Fitch~~. The aggregate investment in medium-term notes shall not exceed 20% of the District's total portfolio, and no more than 10% in the outstanding paper and medium-term notes of a single issuer.
10. State of California's Local Agency Investment Fund (LAIF), pursuant to California Government Code Section 16429.1. The aggregate investment in LAIF shall not exceed \$75,000,000.
11. San Diego County Treasurer's Pooled Money Fund, pursuant to California Government Code Section 53684. The aggregate investment in this pool may equal up to and including 50% of the total portfolio.

12. California Asset Management Program (CAMP), pursuant to California Government Code Section 53601(p). The aggregate investment in this pool may equal up to and including 100% of the total portfolio.
13. Money Market Funds registered under the Investment Company Act of 1940 that (1) are “no-load” (meaning no commission or fee shall be charged on purchases or sales of shares); (2) strive to maintain a net asset value per share of \$1.00; (3) invest only in the securities and obligations authorized in the applicable California statutes; (4) have a rating of at least two of the following: AAAm by Standard and Poor's, Aaa by Moody's or AAA/V1+ by Fitch; and (5) retain an investment advisor registered or exempt from registration with the SEC with no less than five years' experience managing money market funds with assets under management in excess of \$500,000,000. No more than 10% of the District's total portfolio may be invested in money market funds of any one issuer, and the aggregate investment in money market funds shall not exceed 20% of the total portfolio.
14. Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by California Government Code Section 5102), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested, subject to the additional limitations in Section 53638 of the California Government Code. The Treasurer shall make a determination of the cash flow needs to the District to ensure that any Negotiable Certificates of Deposit are not required to be liquidated prior to the maturity to avoid any early withdrawal penalties; which may be accomplished through laddering maturities and / or investing in short-term Negotiable Certificates of Deposit.
15. Unauthorized investments are defined in Section 53601.6 of the California Government Code, which disallows the following investments: inverse floaters, range notes, or mortgage derived interest-only strips. In addition, and more generally, investments are further restricted as follows:

No investment will be made that has either (1) an embedded option or characteristic which could result in a loss of principal if the investment is held to maturity, or (2) an embedded option or characteristic which could seriously limit accrual rates or which could result in zero accrual periods.

No investment will be made that could cause the portfolio to be leveraged.

It is the intent of the District that the foregoing list of authorized securities is strictly interpreted. Any deviation from this list must be preapproved by the Treasurer in writing.

PORTFOLIO MATURITIES AND LIQUIDITY

To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. The District will not invest in securities maturing more than five years from the date of purchase, unless the Board has granted authority to make such an investment at least three months prior to the date of investment. The weighted average final maturity of the District's portfolio shall at no time exceed three years.

SELECTION OF BROKER/DEALERS

The Treasurer shall maintain a list of broker/dealers approved for investment purposes, and it shall be the policy of the District to purchase securities only from those brokers and the firms they represent. Each approved broker/dealer must possess an authorizing certificate from the California Commissioner of Corporations as required by Section 25210 of the California Corporations Code. The firms they represent must:

1. be recognized as a Primary Dealer by the Federal Reserve Bank of New York, or
2. be a State member of a national or state chartered bank, or
3. be a primary or regional dealer qualified under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule).

Broker/dealers will be selected by the Treasurer on the basis of their expertise in public cash management and their ability to provide services for the District's account.

Each authorized broker/dealer shall be required to submit and annually update a District approved Broker/Dealer Information Request form that includes the firm's most recent financial statements. The Treasurer shall maintain a list of the broker/dealers that have been approved by the District, along with each firm's most recent broker/dealer Information Request form. Broker/Dealers shall attest in writing that they have received and reviewed a copy of this Policy.

The District may purchase commercial paper from direct issuers even though they are not on the approved broker/dealer list as long as they meet the criteria outlined in Item 6 of the Authorized Securities and Transactions section of this Policy.

COMPETITIVE TRANSACTIONS

Where applicable / practical, each investment transaction shall be competitively transacted with authorized broker/dealers to minimize investment costs. At least three broker/dealers shall be contacted for each transaction and their bid and offering prices shall be recorded.

If the District is offered a security for which there is no other readily available competitive offering, then the Treasurer will document quotations for comparable or alternative securities.

SELECTION OF BANKS

The Treasurer shall maintain a list of FDIC insured banks approved to provide depository and other banking services for the District. To be eligible, a bank shall qualify as a depository of public funds in the State of California as defined in California Government Code Section 53630.5 and shall secure deposits in excess of FDIC coverage in accordance with California Government Code Section 53652.

The Treasurer shall utilize Standard and Poor Global Ratings to perform credit analyses on banks seeking authorization. The analysis shall include a composite rating, and individual ratings of liquidity, asset quality, profitability and capital adequacy. Semi-annually, the Treasurer shall review the most recent credit rating analysis reports performed for each approved bank. Banks, that in the judgment of the Treasurer no longer offer adequate safety to the District, shall be removed from the District's list of authorized banks.

SAFEKEEPING AND CUSTODY

The Treasurer shall select one or more banks to provide safekeeping and custodial services for the District, in accordance with the provisions of Section 53608 of the California Government Code. A Safekeeping Agreement approved by the District shall be executed with each custodian bank prior to utilizing that bank's safekeeping services. To be eligible, a bank shall have an average Highline Banking Data Services Rating of 20 or better on a scale of zero to 99 with 99 being the highest quality for the four most recent reporting quarters before the time of selection.

Custodian banks will be selected on the basis of their ability to provide services for the District's account and the competitive pricing of their safekeeping related services.

The Treasurer shall maintain a file of the credit rating analysis reports performed for each approved bank. Credit analysis shall be performed on a semi-annual basis.

The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. It is the intent of the District that all securities be perfected in the name of the District. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities, except negotiable Certificates of Deposit, Money Market Funds and Local Government Investment Pools, purchased by the District will be delivered by either book entry or physical delivery and will be held in third-party safekeeping by a District approved custodian bank, its correspondent bank or its Depository Trust Company (DTC) participant account.

All Fedwire-able book entry securities owned by the District shall be evidenced by a safekeeping receipt or a customer confirmation issued to the District by the custodian bank stating that the securities are held in the Federal Reserve system in a customer account for the custodian bank which will name the District as "customer."

All DTC eligible securities shall be held in the custodian bank's Depository Trust Company (DTC) participant account and the custodian bank shall issue a safekeeping receipt evidencing that the securities are held for the District as "customer."

All non-book entry (physical delivery) securities shall be held by the custodian bank's correspondent bank and the custodian bank shall issue a safekeeping receipt to the District evidencing that the securities are held by the correspondent bank for the District as "customer."

PORTFOLIO PERFORMANCE

The investment and cash management portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, ~~taking into account~~ considering prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. The performance of the District's investments shall be compared to the average yield on the U.S. Treasury security that most closely corresponds to the portfolio's actual weighted average effective maturity. When comparing the performance of the District's portfolio, its rate of return will be computed net of all fees and expenses.

REPORTING

On a quarterly basis, the Treasurer shall submit to the Board a report of the investment earnings and performance results of the District's investment portfolio. The report shall include the following information:

1. Investment type, issuer, date of maturity, par value and dollar amount invested in all securities, and investments and monies held by the District;
2. A description of the funds, investments and programs (including lending programs) managed by contracted parties;
3. A market value as of the date of the report and the source of the valuation;
4. A statement of compliance with the investment policy or an explanation for non-compliance; and
5. A statement of the ability or inability to meet expenditure requirements for six months, as well as an explanation of why money is or will not be available as provided for in the statutory law governing the reporting requirements.

At least annually, the Treasurer shall present to the Board a review of the investment portfolio's adherence to appropriate risk levels and a comparison between the total portfolio return and the established investment goals, objectives and benchmarks.

POLICY REVISIONS

This Investment Policy shall be presented annually by the Treasurer to the Board for review pursuant to Section 53646(a)(2) of the California Government Code. This Policy may be amended by the Board as conditions warrant.

Santa Fe Irrigation District
Investment Policy
Addendum I
Updated January 202⁶⁵

California Government Code Section 53601 limits all investment maturities to five years from date of purchase, unless the Board, at least three months prior to the investment, has granted authority to exceed the five-year limit, either specifically or as part of an investment program. Instances where the law further limits investments, either by type or length of time, have been noted accordingly.

Investment Type	Code	Limitations in Addition to 5 Yr. Maximum	District Policy
US Treasuries	53601(b)		5-year maximum
Federal Agencies	53601(b)		5-yr max, GNMA only
Federal Instrumentalities	53601(b)		5-yr max; FHLB, FNMA, FFCB & FHLMC only
District's own bonds	53601(a)		20% of portfolio, 5-yr max, AA rate
California Instruments	53601(c)	Warrants, notes & bonds	20% of portfolio, 5-yr max, AA or A-1+ rate
Other States' Instruments	53601(d)		20% of portfolio, 5-yr max, AA or P-1 rate
Other Local Agencies	53601(e)	Within CA only	20% of portfolio, 5-yr max, AA or F-1+ rate
Repurchase Agreements	53601(j)	One year or less in any security allowed for purchase for one year or less; for reverse repurchase agreements, only up to 20% of portfolio may be invested	Market value 102% of transaction, 1-yr max to termination, collateralized by Federal securities
Prime Commercial Paper	53601(h)	25% of portfolio, 10% per issuer (incl medium-term notes); 270-day term	25% of portfolio, 10% per issuer (incl medium-term notes); 270-day 397-days max; A or A-1 rate; US only
Bankers' Acceptances	53601(g)	40% of portfolio; 180 days maximum; no more than 30% in any one bank	15% of portfolio; 180-day max; A or A2 rate
Certificate of Deposits (CDs)	53601(i)	Negotiable only. 30% of portfolio, not to exceed	30% of portfolio
Medium-Term Notes	53601(k)	30% of portfolio; 10% per issuer (incl medium-term notes); 5-yr max; A rate	20% of portfolio; 10% per issuer (incl medium-term notes); 5-yr max; AA- or minimum rating of Aa3 rate A by S&P, A2 by Moody's, or A by Fitch.
Designated Mutual Funds	53601(l)	20% of portfolio; 10% in any one mutual fund	Not allowed
Secured Notes, etc	53601(m)	Depends on security	Not allowed
Mortgage-Backed Securities/Collateralized Mtg Obligations	53601(o)	20% of funds; 5-yr max; AA rate	Not allowed
Futures	53601.1		Not allowed
LAIF	16429.1	Currently \$75,000,000 maximum	The lesser of 100% or \$75,000,000
California Asset Management Program	53601(p)		100% of portfolio
SD County Treasurer's Pooled Money Fund	53684		50% of portfolio
Money Market Funds	53601(l)	20% of portfolio	20% of portfolio, 10% any one issuer; no-load; AAAM, Aaa or AAA/V1+ rate

ATTACHMENT B

Santa Fe Irrigation District Investment Policy January 2026

The Santa Fe Irrigation District (the “District”) provides water and related services to its customers in the Rancho Santa Fe, Fairbanks Ranch and Solana Beach areas of San Diego County, California. The District is governed by a five-member board of directors (the “Board”) elected by the District’s water users.

The Board has adopted this Investment Policy (the “Policy”) to establish the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, eligible investments and transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the funds of the District. All District funds will be invested in accordance with the Policy and with applicable sections of the California Government Code.

SCOPE

The provisions of this Policy shall apply to all financial assets of the District.

All cash shall be pooled for investment purposes. The investment income derived from the pooled investment account shall be allocated to the contributing funds based upon the proportion of the respective average balances relative to the total pooled balance in the investment portfolio. Interest earnings shall be distributed to the individual funds on a monthly basis.

OBJECTIVES

The principal investment objectives of the District are:

1. Preservation of capital and protection of investment principal.
2. Maintenance of sufficient liquidity to meet anticipated cash flows.
3. Attainment of a market value rate of return.
4. Diversification to avoid incurring unreasonable market risks.
5. Conformance with all applicable California statutes and Federal regulations.

DELEGATION OF AUTHORITY

The management responsibility for the District’s investment program is delegated for a one-year period by the Board to the Treasurer who shall assume full responsibility until the delegation of authority is revoked or expired pursuant to California Government Code Section 53607. Oversight is provided by the Santa Fe Irrigation District Administrative & Finance Committee. The District’s General Manager serves as the Treasurer. The Treasurer may delegate the authority to conduct investment transactions and to manage the operation of the investment portfolio to the Director of Administrative Services. The Treasurer shall remain responsible for any investment decisions made by the Director of Administrative Services.

The Treasurer shall develop written administrative procedures and internal controls, consistent with this Policy, for the operation of the District’s investment program. Such procedures shall be designed

to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the District.

The District may engage the support services of outside investment advisors regarding its investment program, so long as it can be clearly demonstrated that these services produce a net financial advantage or necessary financial protection of the District's financial resources.

PRUDENCE

The standard of prudence to be used for managing the District's investments shall be California Government Code Section 53600.3, the prudent investor standard which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a 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 maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired by law."

The District's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The District recognizes that no investment is totally without risk and that the investment activities of the District are a matter of public record. Accordingly, the District recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the District.

The Treasurer and authorized investment personnel acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion to the Board and appropriate action is taken to control adverse developments.

ETHICS AND CONFLICTS OF INTEREST

Elected officials and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or could impair or create the appearance of an impairment of their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Treasurer any financial interests they have in financial institutions that conduct business with the District, and they shall subordinate their personal investment transactions to those of the District. The Treasurer and Director of Administrative Services shall file a Statement of Economic Interests each year pursuant to California Government Code Section 87203.

AUTHORIZED SECURITIES AND TRANSACTIONS

All investments and deposits of the District shall be made in accordance with California Government Code Sections 16429.1, 53600-53609 and 53630-53686. However, pursuant to California Government Code Section 5903(e), if prior to issuing any bonds, the legislative body determines that the interest payable on the bonds to be issued by the state or local government will be subject to federal income taxation under the law, proceeds of bonds and any moneys set aside or pledged to secure payment of the bonds may be invested in securities or obligations described in the ordinance, resolution, indenture, agreement, or other instrument providing for the issuance of the bonds.

Any revisions or extensions of these code sections will be assumed to be part of this Policy immediately upon being enacted.

The District has further restricted the eligible types of securities and transactions as follows:

1. United States Treasury bills, notes, bonds, or certificates of indebtedness with a final maturity not exceeding five years from the date of purchase.
2. Federal Agency debentures and mortgage-backed securities with a final maturity not exceeding five years from the date of purchase issued by the Government National Mortgage Association (GNMA).
3. Federal Instrumentality (government sponsored enterprise) debentures, discount notes, callable and step-up securities, with a final maturity not exceeding five years from the date of purchase, issued by the following only: Federal Home Loan Banks (FHLB), Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB) and Federal Home Loan Mortgage Corporation (FHLMC).
4. Obligations of the State of California and any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or local agency, or by a department, board, agency, or authority of the state or local agency, rated at least AA or A-1+ by Standard & Poor's, Aa2 or P-1 by Moody's or AA or F-1+ by Fitch, with a final maturity not exceeding five years from the date of purchase. On the date of purchase, no more than 20% of the District's portfolio may be invested in such obligations.
5. Other States' Registered treasury notes or bonds, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by a state or by a department, board, agency, or authority of the state, rated at least AA or A-1+ by Standard & Poor's, Aa2 or P-1 by Moody's or AA or F-1+ by Fitch, with a final maturity not exceeding five years from the date of purchase. On the date of purchase, no more than 20% of the District's portfolio may be invested in such obligations.
6. Repurchase Agreements with a final termination date not exceeding one year collateralized by U.S. Treasury obligations, Federal Agency securities, or Federal Instrumentality securities listed in items 1, 2 and 3 above with the maturity of the collateral not exceeding ten years. For the purpose of this section, the term collateral shall mean purchased securities under the terms of the District's approved Master Repurchase Agreement. The purchased securities shall have a minimum market value including accrued interest of 102% of the dollar value of

the transaction and shall be adjusted no less than quarterly. Collateral shall be held in the District's custodian bank, as safekeeping agent, the investments and repurchase agreements shall be in compliance if the value of the underlying securities is brought up to 102% no later than the next business day.

Repurchase Agreements shall be entered into only with dealers who have executed a District approved Master Repurchase Agreement with the District and who are recognized as Primary Dealers with the Federal Reserve Bank of New York. Primary Dealers approved as Repurchase Agreement counterparties shall have a short-term credit rating of at least A-1 or the equivalent and a long-term credit rating of at least A or the equivalent. The Treasurer shall maintain a copy of the District's approved Master Repurchase Agreement along with a list of the broker/dealers who have executed a Master Repurchase Agreement with the District.

7. Prime Commercial Paper with maturity not exceeding 397 days. Maximum portfolio exposure is limited to 25% in the aggregate and 10% of the outstanding paper and medium-term notes of a single issuer. Investment is limited to commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall either be organized and operating in the United States as a general corporation with total assets in excess of five hundred million dollars (\$ 500,000,000), a debt other than commercial paper, if any, that is rated in a rating category of "A" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO) OR the entity shall be organized within the United States as a special purpose corporation, trust, or limited liability company, with program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond and commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.
8. Eligible Bankers Acceptances with a maturity not exceeding 180 days from the date of purchase, issued by a FDIC insured state or national bank with combined capital and surplus of at least \$250 million, and whose senior long-term debt is rated at least A by Standard and Poor's, A2 by Moody's or A by Fitch at the time of purchase. No more than 10% of the District's total portfolio may be invested in banker's acceptances of any one issuer, and the aggregate investment in banker's acceptances shall not exceed 15% of the District's total portfolio.
9. Medium-Term Notes issued by 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, with a final maturity not exceeding five years from the date of purchase and rated in a rating category of "A" or better by Standard & Poor's or Fitch, or A2 by Moody's. The aggregate investment in medium-term notes shall not exceed 20% of the District's total portfolio, and no more than 10% in the outstanding paper and medium-term notes of a single issuer.
10. State of California's Local Agency Investment Fund (LAIF), pursuant to California Government Code Section 16429.1. The aggregate investment in LAIF shall not exceed \$75,000,000.
11. San Diego County Treasurer's Pooled Money Fund, pursuant to California Government Code Section 53684. The aggregate investment in this pool may equal up to and including 50% of the total portfolio.

12. California Asset Management Program (CAMP), pursuant to California Government Code Section 53601(p). The aggregate investment in this pool may equal up to and including 100% of the total portfolio.
13. Money Market Funds registered under the Investment Company Act of 1940 that (1) are “no-load” (meaning no commission or fee shall be charged on purchases or sales of shares); (2) strive to maintain a net asset value per share of \$1.00; (3) invest only in the securities and obligations authorized in the applicable California statutes; (4) have a rating of at least two of the following: AAAm by Standard and Poor's, Aaa by Moody's or AAA/V1+ by Fitch; and (5) retain an investment advisor registered or exempt from registration with the SEC with no less than five years' experience managing money market funds with assets under management in excess of \$500,000,000. No more than 10% of the District's total portfolio may be invested in money market funds of any one issuer, and the aggregate investment in money market funds shall not exceed 20% of the total portfolio.
14. Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by California Government Code Section 5102), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested, subject to the additional limitations in Section 53638 of the California Government Code. The Treasurer shall make a determination of the cash flow needs to the District to ensure that any Negotiable Certificates of Deposit are not required to be liquidated prior to the maturity to avoid any early withdrawal penalties; which may be accomplished through laddering maturities and / or investing in short-term Negotiable Certificates of Deposit.
15. Unauthorized investments are defined in Section 53601.6 of the California Government Code, which disallows the following investments: inverse floaters, range notes, or mortgage derived interest-only strips. In addition, and more generally, investments are further restricted as follows:

No investment will be made that has either (1) an embedded option or characteristic which could result in a loss of principal if the investment is held to maturity, or (2) an embedded option or characteristic which could seriously limit accrual rates or which could result in zero accrual periods.

No investment will be made that could cause the portfolio to be leveraged.

It is the intent of the District that the foregoing list of authorized securities is strictly interpreted. Any deviation from this list must be preapproved by the Treasurer in writing.

PORTFOLIO MATURITIES AND LIQUIDITY

To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. The District will not invest in securities maturing more than five years from the date of purchase, unless the Board has granted authority to make such an investment at least three months prior to the date of investment. The weighted average final maturity of the District's portfolio shall at no time exceed three years.

SELECTION OF BROKER/DEALERS

The Treasurer shall maintain a list of broker/dealers approved for investment purposes, and it shall be the policy of the District to purchase securities only from those brokers and the firms they represent. Each approved broker/dealer must possess an authorizing certificate from the California Commissioner of Corporations as required by Section 25210 of the California Corporations Code. The firms they represent must:

1. be recognized as a Primary Dealer by the Federal Reserve Bank of New York, or
2. be a State member of a national or state-chartered bank, or
3. be a primary or regional dealer qualified under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule).

Broker/dealers will be selected by the Treasurer on the basis of their expertise in public cash management and their ability to provide services for the District's account.

Each authorized broker/dealer shall be required to submit and annually update a District approved Broker/Dealer Information Request form that includes the firm's most recent financial statements. The Treasurer shall maintain a list of the broker/dealers that have been approved by the District, along with each firm's most recent broker/dealer Information Request form. Broker/Dealers shall attest in writing that they have received and reviewed a copy of this Policy.

The District may purchase commercial paper from direct issuers even though they are not on the approved broker/dealer list as long as they meet the criteria outlined in Item 6 of the Authorized Securities and Transactions section of this Policy.

COMPETITIVE TRANSACTIONS

Where applicable / practical, each investment transaction shall be competitively transacted with authorized broker/dealers to minimize investment costs. At least three broker/dealers shall be contacted for each transaction and their bid and offering prices shall be recorded.

If the District is offered a security for which there is no other readily available competitive offering, then the Treasurer will document quotations for comparable or alternative securities.

SELECTION OF BANKS

The Treasurer shall maintain a list of FDIC insured banks approved to provide depository and other banking services for the District. To be eligible, a bank shall qualify as a depository of public funds in the State of California as defined in California Government Code Section 53630.5 and shall secure deposits in excess of FDIC coverage in accordance with California Government Code Section 53652.

The Treasurer shall utilize Standard and Poor Global Ratings to perform credit analyses on banks seeking authorization. The analysis shall include a composite rating, and individual ratings of liquidity, asset quality, profitability and capital adequacy. Semi-annually, the Treasurer shall review the most recent credit rating analysis reports performed for each approved bank. Banks, that in the judgment of the Treasurer no longer offer adequate safety to the District, shall be removed from the District's list of authorized banks.

SAFEKEEPING AND CUSTODY

The Treasurer shall select one or more banks to provide safekeeping and custodial services for the District, in accordance with the provisions of Section 53608 of the California Government Code. A Safekeeping Agreement approved by the District shall be executed with each custodian bank prior to utilizing that bank's safekeeping services. To be eligible, a bank shall have an average Highline Banking Data Services Rating of 20 or better on a scale of zero to 99 with 99 being the highest quality for the four most recent reporting quarters before the time of selection.

Custodian banks will be selected on the basis of their ability to provide services for the District's account and the competitive pricing of their safekeeping related services.

The Treasurer shall maintain a file of the credit rating analysis reports performed for each approved bank. Credit analysis shall be performed on a semi-annual basis.

The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. It is the intent of the District that all securities be perfected in the name of the District. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities, except negotiable Certificates of Deposit, Money Market Funds and Local Government Investment Pools, purchased by the District will be delivered by either book entry or physical delivery and will be held in third-party safekeeping by a District approved custodian bank, its correspondent bank or its Depository Trust Company (DTC) participant account.

All Fedwire-able book entry securities owned by the District shall be evidenced by a safekeeping receipt or a customer confirmation issued to the District by the custodian bank stating that the securities are held in the Federal Reserve system in a customer account for the custodian bank which will name the District as "customer."

All DTC eligible securities shall be held in the custodian bank's Depository Trust Company (DTC) participant account and the custodian bank shall issue a safekeeping receipt evidencing that the securities are held for the District as "customer."

All non-book entry (physical delivery) securities shall be held by the custodian bank's correspondent bank and the custodian bank shall issue a safekeeping receipt to the District evidencing that the securities are held by the correspondent bank for the District as "customer."

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Santa Fe Irrigation District
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The mission of Santa Fe Irrigation District is to meet the water supply needs of all its customers — safely, sustainably, reliably, and cost-effectively.

BOARD REPORT

TO: Administrative & Finance Committee

FROM: Albert C. Lau, P. E.

INITIATED BY: Seth Gates, Director of Administrative Services

DATE: January 6, 2026

SUBJECT: Recommend Adopting Resolution No. 26-01, Revising the District's Capacity Fee to Establish Potable Water Service

Strategic Focus Area:

GOAL 5. Sustainable and Effectively Managed Finances

Recommendation:

Recommend the Board of Directors adopt Resolution No. 26-01 for new capacity fee amounts for establishing potable water service.

Alternatives:

Return item to Staff for modification / do not adopt Resolution No. 26-01.

Background

District Staff posted the request for proposal (RFP) for the update to its miscellaneous fees & charges and capacity fees on July 24, 2025, with proposal due August 14, 2025. Staff notified five (5) separate, qualified consulting firms of the

opportunity to bid on this work. However, upon the closing date of the RFP, no firms submitted a bid to the District. A number of firms indicated to Staff that they had competing projects under development in San Diego County and did not have the resources / time to be able to dedicate to this project. Due to no bids received, the prospect that re-advertising the RFP would not yield any bids, and the necessity to update the District's fees to properly comply with Proposition 26 for appropriate charges and associated revenue recovery, District Staff is completing the update for these miscellaneous fees & charges and capacity fees. District Staff have both completed and supervised the update of these charges and are qualified to complete this update. This memorandum is for the calculation and update of capacity charges, and the update of the miscellaneous fees & charges will be completed under separate memorandum.

The Santa Fe Irrigation District ("District") charges a capacity fee on initiation of a new service connection or expansion of an existing connection requiring additional capacity. Capacity fees are charged to pay for their proportionate share of existing treatment and distribution infrastructure. The capacity fees are imposed and adopted in accordance with California Government Code section 66013 and 66016 to recover the costs of capital investments made in the water system to provide current and future capacity. The District previously updated (increased) capacity fees in September 2022. To ensure appropriate cost recovery, best practices are to update all fees subject to Proposition 26, including capacity fees, every three to five years.

Discussion:

Staff have calculated capacity charges using the equity buy-in methodology using Replacement Cost Less Depreciation (RCLD) to value District water assets. The equity buy-in methodology is appropriate in instances where infrastructure has been built in advance of growth and there is excess capacity available to serve new connections. This correlates to the status of Santa Fe Irrigation District assets and current water use levels as the service territory is built out, with some potential for infill and / or redevelopment that would require use of this excess capacity. Both the District's Joint Facilities (R.E. Badger Treatment Plant, San Dieguito Reservoir, local water conveyance) and District-only assets (distribution system, administration / operations facilities, customer service) do not need expansion to serve new connections.

Under the equity buy-in approach, new customers pay an amount equal to the net investment (asset value) made by existing users by using RCLD. The District engaged Dexter Wilson & Associates to do a comprehensive asset valuation of all treatment and distribution assets in 2025 (included as Attachment A), which created an engineer's estimate for the current replacement cost for all assets in service. This report estimates that the replacement value of District only assets total \$559.5 million, while the replacement cost of the District's portion of Joint Facilities (excluding San Dieguito Water District's portion) total \$130.5 million. Therefore, the total replacement cost for all District assets total \$690.1 million. The total

replacement cost for all District assets utilized for the 2022 capacity fee update was \$493.3 million; replacement cost having increased by \$196.8 million or 39.9% since that time. This increase is due to both newly constructed assets placed in service in addition to high levels of inflation increasing the value of all existing assets. RCLD then removes depreciation to get to the net figure to calculate capacity fees. However, the depreciation deducted from replacement cost is expressed as a percentage, being the amount of depreciation from the District's book value of assets. Total depreciation on District owned assets of 2025 is 58.5%, which reduces replacement cost from \$690.1 million to \$286.4 million (RCLD – 2022 study was \$211.9 million, which is an increase of \$74.5 million or 35.2%). The following table 1 illustrates calculation of the RCLD.

TABLE 1 - RCLD - SFID ASSET VALUATION SUMMARY	
District Only	
Corporate Yard	\$ 29,100,000
Larrick Reservoir	12,100,000
Larrick Pump Station	1,900,000
Pressure Reducing Stations	22,872,000
Pipelines	399,312,000
Valves	27,470,000
AMI Meter Towers	248,000
Water Meters	6,964,000
Water Services	50,340,000
Fire Hydrants	9,239,825
Sub-Total District Only	\$ 559,545,825
Joint Facilities - District Portion Only	
Cielo Pump Station	\$ 3,726,450
San Dieguito Reservoir Dam	13,529,880
San Dieguito Reservoir Pump Station	4,620,000
R.E. Badger Hydro Plant	3,850,000
R.E. Badger Plant	51,150,000
R.E. Badger Solids Facility	3,630,000
Pipelines	49,100,796
Meters	907,654
Sub-Total District Portion - Joint Facilities	\$ 130,514,780
TOTAL ASSET VALUATION	\$ 690,060,605
ACCUMULATED DEPRECIATION %	58.49%
TOTAL ASSET VALUATION LESS DEPRECIATION	\$ 286,449,265

This net existing system value is then divided by total meter equivalent units (MEUs) in the District's system that are subject to capacity fees (excluding inter-connects, out-of-area service agreements, recycled water, and District owned meters, among

others). MEUs for water service is a standardized way to measure and compare the relative capacity of different water meter sizes. Since larger meters can deliver more water and therefore place greater demands on the water system, each meter size is assigned a ratio of water delivery capacity compared to the base meter size of 3/4-inch (which equals 1.0 MEU). The District's meter inventory by size is multiplied by the San Diego County Water Authority's (SDCWA) meter capacity factor to determine total MEU's. The District switched from MEU standards utilized from the American Water Works Association (AWWA) to SDCWA standards in the 2022 capacity fee study, as the District is required to also charge all customers the SDCWA capacity fees to buy-into their regional conveyance / distribution / storage / treatment systems. This change to the SDCWA capacity factor created a standardized MEU calculation charged to customers between both capacity charges.

As shown in the following table 2, total MEUs currently in the District's potable water system is 10,420. The RCLD approach then projects future customer capacity buy-in by projecting what the District's total MEUs are upon full build-out, so as not to charge current customers for future reserved capacity that would be paid for by those additional connections. This projected growth of MEUs at full build-out is based on the Urban Water Management Plan's (UWMP) population growth estimate through 2050, which is estimated at only 1% due to the high level of build-out in the District and minimal population growth due to infill and redevelopment. This growth then increases the number of MEUs to be utilized in the calculation of capacity fees from 10,420 to 10,524, shown as follows.

TABLE 2 - SFID METER EQUIVALENT UNITS			
METER SIZE	# METERS	SDCWA CAPACITY FACTOR	# MEU
3/4"	3,561	1.00	3,561
1"	1,803	1.60	2,885
1.5"	870	3.00	2,610
2"	229	5.20	1,191
3"	5	9.60	48
4"	4	16.40	66
6"	2	30.00	60
8"	-	52.00	-
10"	-	78.00	-
TOTAL	6,474		10,420

Population Growth 2050 Est. - UWMP	1.00%
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MEUs Upon Full Build-Out	10,524
---------------------------------	---------------

Based on the total RCLD asset valuation of \$286.4 million, and number of MEUs at full build-out (10,524), the buy-in per 1.0 MEU for capacity fees is \$27,218, shown in table 3 as follows.

TABLE 3 - SFID CALCULATION OF CAPACITY FEE PER MEU

Depreciated Assets Replacement Value	\$ 286,449,265	A
MEUs Upon Full Build Out	10,524	B
Capacity Fee Per MEU	\$ 27,218	C = A/B

Applying this capacity fee per MEU to each meter size based on the SDCWA established capacity factors to determine each meter size's capacity fee is as follows in table 4.

TABLE 4 - SFID CAPACITY FEES - EXISTING vs. PROPOSED						
METER SIZE	CURRENT CAPACITY FEE	NEW CAPACITY PER MEU	SDCWA CAPACITY FACTOR	NEW CAPACITY FEE	CHANGE	Increase
	A	B	C	D = B X C	E = D - A	
3/4"	\$ 18,480	\$ 27,218	1.00	\$ 27,218	\$ 8,738	47.3%
1"	\$ 29,568	\$ 27,218	1.60	\$ 43,548	\$ 13,980	47.3%
1.5"	\$ 55,440	\$ 27,218	3.00	\$ 81,653	\$ 26,213	47.3%
2"	\$ 96,096	\$ 27,218	5.20	\$ 141,532	\$ 45,436	47.3%
3"	\$ 177,408	\$ 27,218	9.60	\$ 261,289	\$ 83,881	47.3%
4"	\$ 303,072	\$ 27,218	16.40	\$ 446,369	\$ 143,297	47.3%
6"	\$ 554,400	\$ 27,218	30.00	\$ 816,529	\$ 262,129	47.3%
8"	\$ 960,960	\$ 27,218	52.00	\$ 1,415,317	\$ 454,357	47.3%
10"	\$ 1,441,440	\$ 27,218	78.00	\$ 2,122,975	\$ 681,535	47.3%

As shown in table 4, each MEU is increasing by \$8,738, or approximately 47.3%, from the 2022 study, primarily due to the increase in District asset values from the impacts of inflation on District asset replacement values. To adjust these capacity fees, the District will hold a public hearing at the December 18, 2025, Board of Directors meeting, for which Staff will post the required notices, and adopt these fees via resolution (Attachment B).

Fiscal Impact:

The fiscal impact from these adjusted capacity fees is unknown, as it will vary depending on a variety of factors including how many new / expanded service connections are established. The following table shows how many new / expanded service connections the District has had that paid capacity fees in the past five years. Based on the newly calculated capacity fees included in this memorandum

and this activity over the last five years, the District would have received approximately \$645,000 in additional capacity fee revenues.

	3/4"	1"	1.5"	Expand 1" to 1.5"	Expand 3/4" to 1"	Expand 3/4" to 1.5"	TOTAL
	Number of Connections						
	4	31	3	1	13	1	53
Current Fee	\$ 18,480	\$ 29,568	\$ 55,440	\$ 25,872	\$ 11,088	\$ 36,960	
TOTAL	\$ 73,920	\$ 916,608	\$ 166,320	\$ 25,872	\$ 144,144	\$ 36,960	\$ 1,363,824
Propose Fee	\$ 27,218	\$ 43,548	\$ 81,653	\$ 38,105	\$ 16,331	\$ 54,435	
TOTAL	\$ 108,871	\$ 1,349,994	\$ 244,959	\$ 38,105	\$ 212,298	\$ 54,435	\$ 2,008,661
Difference	\$ 34,951	\$ 433,386	\$ 78,639	\$ 12,233	\$ 68,154	\$ 17,475	\$ 644,837

Attachment A: Dexter Wilson Report
Attachment B: Draft Resolution No. 26-01

ATTACHMENT A

DEXTER WILSON ENGINEERING, INC.



DEXTER S. WILSON, P.E.
ANDREW M. OVEN, P.E.
NATALIE J. FRASCHETTI, P.E.
STEVEN J. HENDERSON, P.E.
FERNANDO FREGOSO, P.E.
KATHLEEN H. NOEL, P.E.
WILLIAM W. TODD, P.E.

MEMORANDUM

134-016

TO: Marissa Potter, P.E., Santa Fe Irrigation District

FROM: Natalie Frascchetti, P.E., Dexter Wilson Engineering, Inc.

DATE: May 16, 2025

SUBJECT: SFID 2025 Asset Valuation

A handwritten signature in blue ink, appearing to be "N. Frascchetti", written over the "FROM:" line.

The purpose of this memorandum is to provide the Santa Fe Irrigation District (District) with a 2025 valuation update of the major infrastructure components owned by the District (both the District's independently-owned infrastructure and facilities owned jointly with the San Dieguito Water District), and also provide annual capital replacement planning recommendations. The annual capital replacement planning recommendations are based on the valuation of the asset divided by the estimated useful life of the asset. For example, the estimated replacement value of the District's 3,219 valves is \$27,470,000. At an estimated useful life of 50 years, the annual capital replacement planning recommendation is \$549,000.

Table 1 presents the 2025 asset valuation and Table 2 presents the annual capital replacement planning recommendations.

Agenda Page No. 38 Admin and Finance Committee
January 6, 2026

TABLE 1 SFID ASSET VALUATION SUMMARY		
Asset	Count or Length in feet	Total Value
SFID Assets		
Corporate Yard	--	\$ 29,100,000
Larrick Reservoir	--	\$ 12,100,000
Larrick Pump Station	--	\$ 1,900,000
Pressure Reducing Stations	32	\$ 22,872,000
Pipelines	831,159	\$ 399,312,000
Valves	3,219	\$ 27,470,000
AMI Meter Towers	4	\$ 248,000
Water Meters	7,902	\$ 6,964,000
Water Services	7,861	\$ 50,340,000
Fire Hydrants	1,295	\$ 9,239,825
<i>Subtotal</i>		\$ 559,545,825
Joint Facility Assets, SFID Share		
Cielo Pump Station	--	\$ 3,726,450
SDR Dam	--	\$ 13,529,880
SDR Pump Station	--	\$ 4,620,000
REB Hydro Plant	--	\$ 3,850,000
REB Plant	--	\$ 51,150,000
REB Solids Facility	--	\$ 3,630,000
Pipelines	68,164	\$ 49,100,796
Meters	7	\$ 907,654
<i>Subtotal</i>		\$ 130,514,780
TOTAL SFID ASSET VALUE		\$ 690,060,605

TABLE 2 SFID ANNUAL CAPITAL REPLACEMENT SPENDING (CONSTRUCTION COST ONLY)	
Asset	Annual Capital Replacement (in thousands of dollars)
SFID Assets	
Corporate Yard	\$ 582
Larrick Reservoir	\$ 242
Larrick Pump Station	\$ 36
Pressure Reducing Stations	\$ 457
Pipelines	\$ 3,993
Valves	\$ 549
AMI Meter Towers	\$ 12
Water Meters	\$ 279
Water Services	\$ 1,007
Fire Hydrants	\$ 185
<i>Subtotal</i>	<i>\$ 7,345</i>
Joint Facility Assets, SFID Share	
Cielo Pump Station	\$ 75
SDR Dam	\$ 135
SDR Pump Station	\$ 92
REB Hydro Plant	\$ 77
REB Plant	\$ 1,023
REB Solids Facility	\$ 73
Pipelines	\$ 508
Meters	\$ 18
<i>Subtotal</i>	<i>\$ 2,001</i>
TOTAL	\$ 9,345

The four tables provided in Attachment A provide a comparison of the 2017 valuation (finalized in 2018) and the current 2025 valuation, as well as the basis of developing the asset valuation for each asset class.

NJF:ah

ATTACHMENT A

COMPARISON AND BACKGROUND

TABLE A-1 ASSET VALUATION COMPARISON		
ASSET CLASS	2017 VALUATION	2025 VALUATION
SFID ASSETS		
Corporate Yard	\$ 20,000,000	\$ 29,100,000
Larrick Reservoir	\$ 8,307,000	\$ 12,100,000
Larrick Pump Station	\$ 1,400,000	\$ 1,900,000
Pressure Reducing Stations	\$ 17,490,000	\$ 22,872,000
Pipelines	\$ 291,347,000	\$ 399,312,000
Valves	\$ 20,787,000	\$ 27,470,000
AMI Meter Towers	\$ 135,000	\$ 248,000
Water Meters	\$ 4,776,000	\$ 6,964,000
Water Services	\$ 26,988,000	\$ 50,340,000
Fire Hydrants	\$ 6,325,000	\$ 9,239,825
<i>Subtotal</i>	<i>\$ 397,555,000</i>	<i>\$ 559,545,825</i>
SFID's PORTION OF JOINTLY-OWNED ASSETS		
Cielo Pump Station	\$ 2,751,840	\$ 3,726,450
SDR Dam	\$ 10,262,070	\$ 13,529,880
SDR Pump Station	\$ 2,860,000	\$ 4,620,000
REB Hydro Plant	\$ 2,825,900	\$ 3,850,000
REB Plant	\$ 35,750,000	\$ 51,150,000
REB Solids Facility	\$ -	\$ 3,630,000
Pipelines	\$ 35,975,735	\$ 49,100,796
Meters	\$ 689,278	\$ 907,654
<i>Subtotal</i>	<i>\$ 91,114,822</i>	<i>\$ 130,514,780</i>
TOTAL	\$ 488,669,822	\$ 690,060,605

TABLE A-2 ANNUAL CAPITAL REPLACEMENT COST PLANNING SCHEDULE (in thousands of dollars)		
ASSET CLASS	2017 RECOMMENDATION	2025 RECOMMENDATION
SFID ASSETS		
Corporate Yard	\$ 400	\$ 582
Larrick Reservoir	\$ 166	\$ 242
Larrick Pump Station	\$ 28	\$ 38
Pressure Reducing Stations	\$ 350	\$ 457
Pipelines	\$ 2,913	\$ 3,993
Valves	\$ 416	\$ 549
AMI Meter Towers	\$ 7	\$ 12
Water Meters	\$ 191	\$ 279
Water Services	\$ 540	\$ 1,007
Fire Hydrants	\$ 127	\$ 185
<i>Subtotal</i>	<i>\$ 5,137</i>	<i>\$ 7,345</i>
SFID's PORTION OF JOINTLY-OWNED ASSETS		
Cielo Pump Station	\$ 55	\$ 75
SDR Dam	\$ 103	\$ 135
SDR Pump Station	\$ 57	\$ 92
REB Hydro Plant	\$ 57	\$ 77
REB Plant	\$ 715	\$ 1,023
REB Solids Facility	\$ -	\$ 73
Pipelines	\$ 370	\$ 508
Meters	\$ 14	\$ 18
<i>Subtotal</i>	<i>\$ 1,370</i>	<i>\$ 2,001</i>
TOTAL	\$ 6,507	\$ 9,345

TABLE A-3 SFID "DISTRICT ONLY" DETAIL OF ASSET VALUATION AND COST PLANNING								
Asset	Count	Feet	Cost/Foot or Cost/Unit	Useful Life, years	Total Cost	Annual Capital Replacement, \$1,000	Detailed Source of "Count" or "Feet"	Detailed Source of "Cost/Ft" or "Cost/Unit"
Corporate Yard	1	-	\$ 29,100,000	50	\$ 29,100,000	\$582	-	2018 Cost verified with \$/ft based on recent similar local public agency project. 2025 ENR Adjust.
Larrick Reservoir	1	-	\$ 12,100,000	50	\$ 12,100,000	\$242	-	2008 Estimate. 2025 ENR Adjust.
Larrick Pump Station	1	-	\$ 1,900,000	50	\$ 1,900,000	\$38	-	2017 Pump quote with standard unit costs. 2025 ENR Adjust.
Pressure Reducing Stations	32	-	\$ 714,750	50	\$ 22,872,000	\$457	Includes 2 OMWD Connections	Group 3 PRS bids. 2025 ENR Adjust.
Pipelines								
30	-	5,479	\$ 1,020	100	\$5,588,264	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
27	-	6,804	\$ 920	100	\$6,259,625	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	\$ per inch diameter per foot based on Group 2 Pipelines. 2025 ENR Adjust.
24	-	25,746	\$ 810	100	\$20,854,284	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
20	-	30,448	\$ 730	100	\$22,227,252	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	\$ per inch diameter per foot based on Group 2 Pipelines. 2025 ENR Adjust.
18	-	5,793	\$ 730	100	\$4,228,759	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
16	-	28,227	\$ 650	100	\$18,347,329	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
14	-	9,517	\$ 570	100	\$5,424,496	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	\$ per inch diameter per foot based on Group 2 Pipelines. 2025 ENR Adjust.
12	-	56,986	\$ 570	100	\$32,481,741	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
10	-	114,584	\$ 540	100	\$61,875,176	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
8	-	375,675	\$ 440	100	\$165,296,965	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
6	-	137,922	\$ 330	100	\$45,514,240	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	\$ per inch diameter per foot based on Group 2 Pipelines. 2025 ENR Adjust.
4	-	26,308	\$ 330	100	\$8,681,802	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	\$ per inch diameter per foot minimum. 2025 ENR Adjust.
3	-	1,005	\$ 330	100	\$331,792	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	\$ per inch diameter per foot minimum. 2025 ENR Adjust.
2	-	4,529	\$ 330	100	\$1,494,431	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	\$ per inch diameter per foot minimum. 2025 ENR Adjust.
1.5	-	1,225	\$ 330	100	\$404,389	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	\$ per inch diameter per foot minimum. 2025 ENR Adjust.
1	-	912	\$ 330	100	\$300,970	-	SFID Geodtb 12/24. Incl.FH Lats+Fire S	\$ per inch diameter per foot minimum. 2025 ENR Adjust.
Total Pipelines	-	831,159	-	100	\$ 399,312,000	\$3,993	-	-
Valves								
30"	1	-	\$ 43,320	50	\$43,320	-	SFID Geodatabase 12/24.	Gate valve quote + 60% for install. 2025 ENR Adjust.
24"	22	-	\$ 40,100	50	\$882,200	-	SFID Geodatabase 12/24.	Gate valve quote + 60% for install. 2025 ENR Adjust.
20"	22	-	\$ 35,786	50	\$787,291	-	SFID Geodatabase 12/24.	Gate valve quote + 60% for install. 2025 ENR Adjust.
18"	8	-	\$ 32,019	50	\$256,152	-	SFID Geodatabase 12/24.	Gate valve quote + 60% for install. 2025 ENR Adjust.
16"	40	-	\$ 20,718	50	\$828,727	-	SFID Geodatabase 12/24.	Gate valve quote + 60% for install. 2025 ENR Adjust.
14"	8	-	\$ 16,951	50	\$135,610	-	SFID Geodatabase 12/24.	Gate valve quote + 60% for install. 2025 ENR Adjust.
12"	111	-	\$ 13,184	50	\$1,463,456	-	SFID Geodatabase 12/24.	Gate valve quote + 60% for install. 2025 ENR Adjust.
10"	299	-	\$ 10,000	50	\$2,990,000	-	SFID Geodatabase 12/24.	Gate valve quote + 60% for install. 2025 ENR Adjust.
8"	902	-	\$ 7,416	50	\$6,689,380	-	SFID Geodatabase 12/24.	Gate valve quote + 60% for install. 2025 ENR Adjust.
6"	1,659	-	\$ 7,416	50	\$12,303,416	-	SFID Geodatabase 12/24.	Gate valve quote + 60% for install. 2025 ENR Adjust.
4"	110	-	\$ 7,416	50	\$815,778	-	SFID Geodatabase 12/24.	Gate valve quote + 60% for install. 2025 ENR Adjust.
3"	28	-	\$ 7,416	50	\$207,653	-	SFID Geodatabase 12/24.	Gate valve quote + 60% for install. 2025 ENR Adjust.
2"	9	-	\$ 7,416	50	\$66,745	-	SFID Geodatabase 12/24.	Gate valve quote + 60% for install. 2025 ENR Adjust.
Total Valves	3,219	-	-	50	\$ 27,470,000	\$549	-	-
AMI Base Station & System	4	-	\$62,000	20	\$ 248,000	\$12	From District Staff 2025.	SFID AMI Costs, includes installation by Sensus. 2025 ENR Adjust.
Water Meters								
Water Meter 5/8"	0	-	\$ 700	25	\$0	-	From District Staff 2025.	SFID AMI Costs, includes installation by Sensus. 2025 ENR Adjust.
Water Meter 3/4"	3,671	-	\$ 700	25	\$2,570,341	-	From District Staff 2025.	SFID AMI Costs, includes installation by Sensus. 2025 ENR Adjust.
Water Meter 1"	2,798	-	\$ 776	25	\$2,169,989	-	From District Staff 2025.	SFID AMI Costs, includes installation by Sensus. 2025 ENR Adjust.
Water Meter 1.5"	1,018	-	\$ 1,301	25	\$1,324,689	-	From District Staff 2025.	SFID AMI Costs, includes installation by Sensus. 2025 ENR Adjust.
Water Meter 2"	338	-	\$ 1,535	25	\$518,728	-	From District Staff 2025.	SFID AMI Costs, includes installation by Sensus. 2025 ENR Adjust.
Water Meter 3"	14	-	\$ 3,785	25	\$52,993	-	From District Staff 2025.	SFID AMI Costs, includes installation by Sensus. 2025 ENR Adjust.
Water Meter 4"	11	-	\$ 4,906	25	\$53,971	-	From District Staff 2025.	Sensus quote plus 20% for install. 2025 ENR Adjust.
Water Meter 6"	7	-	\$ 8,529	25	\$59,700	-	From District Staff 2025.	Sensus quote plus 20% for install. 2025 ENR Adjust.
Water Meter 8"	3	-	\$ 13,569	25	\$40,707	-	From District Staff 2025.	Sensus quote plus 20% for install. 2025 ENR Adjust.
Water Meter 10"	1	-	\$ 17,547	25	\$17,547	-	From District Staff 2025.	Sensus quote plus 20% for install. 2025 ENR Adjust.
Temporary Meter	41	-	\$ 3,785	25	\$155,194	-	From District Staff 2017.	Assume 3-inch meter.
Total Water Meter	7,902	-	-	25	\$ 6,964,000	\$279	-	-
Water Services								
Water Service 5/8"	0	-	\$ 5,635	50	\$0	-	-	Length unknown. Use 2025 Rate Table.
Water Service 3/4"	3,671	-	\$ 5,635	50	\$20,686,085	-	-	Length unknown. Use 2025 Rate Table.
Water Service 1"	2,798	-	\$ 5,751	50	\$16,091,298	-	-	Length unknown. Use 2025 Rate Table.
Water Service 1.5"	1,018	-	\$ 9,450	50	\$9,620,100	-	-	Length unknown. Apply 0.75 to District 2025 Estimate.
Water Service 2"	338	-	\$ 9,450	50	\$3,194,100	-	Assumed to be the same as Water Meters.	Length unknown. Apply 0.75 to District 2025 Estimate.
Water Service 3"	14	-	\$ 17,250	50	\$241,500	-	-	Length unknown. Apply 0.75 to District 2025 Estimate.
Water Service 4"	11	-	\$ 17,250	50	\$189,750	-	-	Length unknown. Apply 0.75 to District 2025 Estimate.
Water Service 6"	7	-	\$ 24,300	50	\$170,100	-	-	Length unknown. Apply 0.75 to District 2025 Estimate.
Water Service 8"	3	-	\$ 36,750	50	\$110,250	-	-	Length unknown. Apply 0.75 to District 2025 Estimate.
Water Service 10"	1	-	\$ 36,750	50	\$36,750	-	-	Length unknown. Apply 0.75 to District 2025 Estimate.
Total Water Services	7,861	-	-	50	\$ 50,340,000	\$1,007	-	-
Fire Hydrants	1,295	-	\$7,135	50	\$ 9,239,825	\$185	District Geodatabase as of Dec.2024	Length unknown. Assume 6" service plus Residential Fire Hydrant Upgrade.
TOTAL					\$ 559,545,825	\$7,345		

Costs are construction costs (not fully burdened District costs).

Costs are for facilities only (i.e. no land/property).

Costs do not include technology systems (software), vehicles.

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May 2025

TABLE A-4 JOINT FACILITIES (SFID SHARE) DETAIL OF ASSET VALUATION AND COST PLANNING									
Asset	Count	Feet	Cost/Foot or Cost/Unit	Useful Life, years	Total Cost	SFID Share	SFID Share Cost	Annual Capital Replacement, \$1,000	Detailed Source of "Cost/Ft" or "Cost/Unit"
Pipelines									
54" CCP		9,450	\$1,830	100	\$17,293,821	61.00%	\$10,549,231		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
54" CML&C		10,840	\$1,830	100	\$19,838,082	57.30%	\$11,367,221		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
42" CCP		180	\$1,420	100	\$255,221	61.00%	\$155,685		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
36" CCP		340	\$1,220	100	\$415,140	57.33%	\$238,000		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
30" CCP		406	\$1,020	100	\$414,031	57.33%	\$237,364		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
30" CML&C		406	\$1,020	100	\$413,616	61.00%	\$252,306		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
24" PVC C-905		133	\$810	100	\$107,970	61.00%	\$65,862		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
Total Pipelines		21,755		100	\$38,737,881		\$22,865,668	\$ 229	-
Meters									
1- 24" Venturi Meter	1		\$224,231	50	\$224,231	100.00%	\$224,231		Equipment quote + install. 2025 ENR Adjust.
1- 8" Venturi Meter	1		\$97,606	50	\$97,606	100.00%	\$97,606		Equipment quote + install. 2025 ENR Adjust.
1- 20" Venturi Meter	1		\$211,041	50	\$211,041	100.00%	\$211,041		Equipment quote + install. 2025 ENR Adjust.
1- 10" Venturi Meter	1		\$97,606	50	\$97,606	100.00%	\$97,606		Equipment quote + install. 2025 ENR Adjust.
1- 24" Venturi Meter	1		\$224,231	50	\$224,231	100.00%	\$224,231		Equipment quote + install. 2025 ENR Adjust.
Total Meters	5			50	\$854,715		\$854,715	\$ 17	-
Valves									
54" Butterfly valve	8		\$55,675	50	\$445,403	61.00%	\$271,696		Gate valve quote + 60% for install. 2025 ENR Adjust.
42" Butterfly valve	1		\$49,498	50	\$49,498	61.00%	\$30,194		Gate valve quote + 60% for install. 2025 ENR Adjust.
36" Butterfly valve	2		\$46,409	50	\$92,817	57.33%	\$53,212		Gate valve quote + 60% for install. 2025 ENR Adjust.
30" Butterfly valve	3		\$43,320	50	\$129,959	57.33%	\$74,506		Gate valve quote + 60% for install. 2025 ENR Adjust.
24" Butterfly valve	9		\$40,100	50	\$360,900	61.00%	\$220,149		2022 Cielo PS Valve Replacement Project.
20" Butterfly valve	1		\$35,786	50	\$35,786	61.00%	\$21,829		Gate valve quote + 60% for install. 2025 ENR Adjust.
10" Butterfly valve	1		\$10,000	50	\$10,000	61.00%	\$6,100		Gate valve quote + 60% for install. 2025 ENR Adjust.
8" Butterfly valve	1		\$7,416	50	\$7,416	61.00%	\$4,524		Gate valve quote + 60% for install. 2025 ENR Adjust.
6" BO	10		\$7,416	50	\$74,162	61.00%	\$45,239		Gate valve quote + 60% for install. 2025 ENR Adjust.
4" CAV	24		\$7,416	50	\$177,988	61.00%	\$108,573		Gate valve quote + 60% for install. 2025 ENR Adjust.
Total Valves	60			50	\$1,383,929		\$836,021	\$ 17	-
REB Plant *	1			50	\$ 93,000,000	55.00%	\$51,150,000	\$ 1,023	Plant expansion and upgrade with ENR adjustment.
REB Solids Facility *	1			50	\$ 6,600,000	55.00%	\$3,630,000	\$ 73	2022 Costs with ENR adjustment times 0.75 for future capital repair.
REB Hydro Plant	1			50	\$ 7,000,000	55.00%	\$3,850,000	\$ 77	2016 SFID Study. 2025 ENR Adjust.
Cielo Pump Station	1			50	\$ 6,500,000	57.33%	\$3,726,450	\$ 75	2008 Estimate. 2025 ENR Adjust.
Pipelines (Cielo PS)									
48" CML&TC		372	\$1,620	100	\$603,302	57.33%	\$345,873		\$ per inch diameter per foot based on Group 2 Pipelines. 2025 ENR Adjust.
36" CML&TC FM		9,790	\$1,220	100	\$11,944,278	57.33%	\$6,847,654		\$ per inch diameter per foot based on Group 2 Pipelines. 2025 ENR Adjust.
36" CML&TC		9,481	\$1,220	100	\$11,566,486	57.33%	\$6,631,067		\$ per inch diameter per foot based on Group 2 Pipelines. 2025 ENR Adjust.
24" CML&TC		81	\$810	100	\$65,869	57.33%	\$37,763		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
18" CML&TC		67	\$730	100	\$49,105	57.33%	\$28,152		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
18" CML&TC FM		88	\$730	100	\$64,132	57.33%	\$36,767		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
18" HDPE Flume		6,762	\$730	100	\$4,935,988	57.33%	\$2,829,802		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
14" CML&TC FM		55	\$570	100	\$31,157	57.33%	\$17,862		\$ per inch diameter per foot based on Group 2 Pipelines. 2025 ENR Adjust.
12" CML&TC FM		35	\$570	100	\$19,951	57.33%	\$11,438		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
10" CML&TC		34	\$540	100	\$18,320	57.33%	\$10,503		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
Total Pipelines	26,765			100	\$29,298,587	57.33%	\$16,796,880	\$ 168	-
Meters (Cielo PS)									
36" Electromag flowmeter	2		\$46,170	50	\$92,341	57.33%	\$52,939		Electromag quote with ENR adjust + 50% for install.
Total Meters	2			50	\$92,341	57.33%	\$52,939	\$ 1	-
Valves (Cielo PS)									
36" Plug valve	3		\$231,000	50	\$693,000	57.33%	\$397,297		2022 Cielo PS Valve Replacement Project.
24" Butterfly valve	8		\$40,100	50	\$320,800	57.33%	\$183,915		2022 Cielo PS Valve Replacement Project.
18" Butterfly valve	2		\$32,019	50	\$64,038	57.33%	\$36,713		Gate valve quote + 60% for install. 2025 ENR Adjust.
12" Butterfly valve	2		\$28,000	50	\$56,000	57.33%	\$32,105		Interpolation of 2022 Cielo PS Valve Replacement Project.
10" Butterfly valve	2		\$21,000	50	\$42,000	57.33%	\$24,079		2022 Cielo PS Valve Replacement Project.
4" BO	10		\$7,416	50	\$74,162	57.33%	\$42,517		Gate valve quote + 60% for install. 2025 ENR Adjust.
8" CAV	1		\$7,416	50	\$7,416	57.33%	\$4,252		Gate valve quote + 60% for install. 2025 ENR Adjust.
3" CAV	8		\$7,416	50	\$59,329	57.33%	\$34,013		Gate valve quote + 60% for install. 2025 ENR Adjust.
2" MAV	1		\$7,416	50	\$7,416	57.33%	\$4,252		Gate valve quote + 60% for install. 2025 ENR Adjust.
Total Valves	37			50	\$1,324,161	57.33%	\$759,142	\$ 15	-
SDR Pump Station	1			50	\$8,400,000	55.00%	\$4,620,000	\$ 92	2017 Actual Total Replacement Cost. 2025 ENR Adjust from 2015 bid.
Pipelines (SDR PS)									
30" CML&C		372	\$1,020	100	\$379,857	55.00%	\$208,921		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
24" CML&C		9,790	\$810	100	\$7,930,217	55.00%	\$4,361,619		SFID Bid results-Group 2 Pipelines. 2025 ENR Adjust.
15" CML&C		9,481	\$610	100	\$5,783,243	55.00%	\$3,180,784		\$ per inch diameter per foot based on Group 2 Pipelines. 2025 ENR Adjust.
Total Pipelines	19,644			100	\$14,093,317	55.00%	\$7,751,324	\$ 78	-
Valves (SDR PS)									
30" Butterfly valve	2		\$43,320	50	\$86,640	55.00%	\$47,652		Gate valve quote + 60% for install. 2025 ENR Adjust.
24" Butterfly valve	2		\$40,100	50	\$80,200	55.00%	\$44,110		2022 Cielo PS Valve Replacement Project.
Total Valves	4			50	\$166,840	55.00%	\$91,762	\$ 2	-
SDR Dam *	1			100	\$23,600,000	57.33%	\$13,529,880	\$ 135	2016 Estimate. 2025 ENR Adjust.
TOTAL					\$224,451,770		\$130,514,780	\$ 2,001	

* Costs for the REB Plant and the SDR Dam represent estimate of capital repair/replacement costs rather full replacement costs.

ATTACHMENT B

RESOLUTION NO. 26-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA FE IRRIGATION DISTRICT ESTABLISHING METER CAPACITY FEES

WHEREAS, Santa Fe Irrigation District (“District”) is an irrigation district operating under the Irrigation District Law, commencing with section 20500 of the California Water Code; and

WHEREAS, pursuant to California Government Code section 66013, the District is authorized to impose capacity fees for public facilities in existence at the time the capacity fee is imposed or for new facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the District involving capital expense relating to its use of existing or new public facilities; and

WHEREAS, the Board of Directors determined to evaluate the need to establish the District's Meter Capacity Fees (the “Capacity Fee”); and

WHEREAS, the District has made significant investments in its water system to provide and enhance long-term water supply reliability for its existing customers, in addition to investments made to maintain the existing water system infrastructure; and

WHEREAS, District Staff completed a study (the “Capacity Fee Study”) to determine the appropriate capacity fees required for new connections to buy into the District water system. A copy of the Capacity Fee Study is on file with the District Secretary and available for inspection, and the findings of the Capacity Fee Study are incorporated by this reference herein; and

WHEREAS, pursuant to the findings set forth in the Capacity Fee Study, the District is now considering increasing its existing Capacity Fee; and

WHEREAS, the District Secretary made available to the public for inspection, at least 14 days in advance of the Board of Directors meeting, data showing the nexus between the proposed Capacity Fee and the cost of providing the water facilities; and

WHEREAS, the Board of Directors desires to increase the District Capacity Fee; and

WHEREAS, “Capacity Fee” means a charge for facilities in existence at the time a charge is imposed or charges for new facilities to be constructed in the future that are of benefit to the person or property being charged and will be a “Capacity Charge” within the meaning of California Government Code Section 66013; and

WHEREAS, the Board of Directors of the District has determined that: (1) the rates of the proposed Capacity Fee do not exceed the estimated reasonable cost of the services and facilities for which the Capacity Fee will be imposed; and (2) the allocation of those costs are fair or reasonable in relation to the burdens on, or benefits that those who pay the Capacity Fee will receive from such services and facilities; and

WHEREAS, the proposed Capacity Fee will be imposed upon new or existing water connections which require additional capacity to serve the property due to change in use or additional development.

WHEREAS, the District shall deposit Capacity Fee revenue in a separate capital facilities fund with other Capacity Fees received; and

WHEREAS, the District shall account for the Capacity Fees in a manner to avoid any commingling with other District monies; and

WHEREAS, the District shall expend those Capacity Fee revenues solely for the purposes for which the charges were collected and any interest income earned from the investment of moneys in the capital facilities fund shall be deposited in that fund.

NOW, THEREFORE, BE IT HEREBY RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Santa Fe Irrigation District as follows:

Section 1. **Recitals.** The matters set forth in the Recitals to this Resolution are true and correct statements and are incorporated herein by this reference, are made findings and determinations of the Board of Directors and are an operative part of this Resolution.

Section 2. **Justification.** District has been presented with the Capacity Fee Study showing the justification for the proposed Capacity Fee, a copy of which is available for inspection at the office of the District Secretary.

Section 3. **CEQA.** The Board of Directors finds that the Capacity Fee is intended to provide a reliable water supply for new development and to provide equity between new development and existing customers. This Capacity Fee does not commit the District to approve any particular project, program, or capital improvement, but will be placed in a separate fund for potential future projects. This Capacity Fee is in response to the District's projected need for facilities and infrastructure to provide services, to its existing customers and new development. Any activities, including infrastructure improvements, to be funded by Capacity Fees will be subject to future environmental review under CEQA, as applicable, prior to approval by the District.

The Board of Directors therefore finds that the Capacity Fee is not subject to environmental review under CEQA. First, the Capacity Fee, in and of itself, does not have the potential for resulting in either a direct physical change in the

environment, or a reasonably foreseeable indirect physical change in the environment and therefore is not considered a “project” under CEQA. (Pub. Resources Code, § 21065, 14 Cal. Code Regs., § 15378, subd. (a).) Second, the Capacity Fee is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment; here, there is no possibility that the Capacity Fee, in and of itself, may have a significant effect on the environment. (14 Cal. Code Regs., § 15061, subd. (b)(3).) And third, the Capacity Fee is considered a government funding mechanism that does not involve any commitment on behalf of the District to any specific project which may result in a potentially significant physical impact on the environment. (14 Cal. Code Regs., § 15378, subd. (b)(4).)

The determination that the Capacity Fee is not subject to CEQA review reflects the Board of Directors’ independent judgment and analysis.

The documents and materials that constitute the record of proceedings on which these findings have been based are located at 5920 Linea del Cielo, Rancho Santa Fe, California 92067. The custodian for these records is the Board Secretary.

Section 4: **Service.** The Board of Directors finds that the increased Capacity Fee adopted by this Resolution is imposed only as a condition of expanding or initiating service or requiring an additional connection to the District’s water system upon the request and is not imposed upon real property or upon persons as an incident of property ownership.

Section 5: **Schedule.** The Board of Directors hereby adopts the schedule of “Meter Capacity Fees” attached hereto as Exhibit “A”. The District General Manager is hereby authorized and directed to collect the Capacity Fee, according to the schedule set forth in Exhibit “A” on and after the effective date of this Resolution. The Capacity Fee shall be imposed on any person who submits an application for a new connection or for additional capacity to serve the property due to change in use or additional development.

Section 6: **Facilities.** The Board of Directors finds that the revenue derived from the Capacity Fee established by this Resolution (1) does not exceed the funds required to provide the capital facilities for which it is charged; (2) shall not be used for any other purpose than for which the charge was imposed; and (3) is for a specific government service provided directly to the customer that is not provided to those not charged. The Board of Directors finds that the Capacity Fee, taking into consideration the reasonable cost of providing all facilities by the District and the sources of revenue therefore, will result in a fair and reasonable facilities program, reasonably allocating the cost of water facilities to those who benefit therefrom, without undue subsidy to those who pay the Capacity Fee.

- Section 7.** **Amendment to Administrative Code.** The Administrative Code of the Santa Fe Irrigation District shall be amended as follows: Replacement of Article 14.3 Exhibit with an updated Capacity Fee Charges Schedule as shown in Exhibit “A.”
- Section 8.** **Approval.** This Resolution requires a majority vote of the Board for approval.
- Section 9.** **Effective Date.** This Resolution shall take effect immediately upon adoption.
- Section 10.** **Conflicting Provisions.** If provisions of this Resolution are in conflict with each other, other provisions of the District’s regulations or policies, any other resolution or ordinance of the District, or any State law or regulation, the more restrictive provisions shall apply. To the extent any fees established by this Resolution are inconsistent with fees previously adopted, it is the explicit intention of the Board that the charges adopted pursuant to this Resolution shall prevail.
- Section 11.** **Severability.** If any section, subsection, sentence, clause or phrase in this Resolution is for any reason held invalid, the validity of the remainder of the Resolution will not be affected. The District’s Board of Directors hereby declares it would have passed this Resolution and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases thereof is declared invalid.

Approved at a regular meeting of the Board of Directors of the Santa Fe Irrigation District, California, held on January 15, 2026, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Michael T. Hogan, President

Attest:

Albert C. Lau, P.E., Secretary/Treasurer

**Exhibit A
Capacity Fees**

METER SIZE	CURRENT CAPACITY FEE	NEW CAPACITY FEE	CHANGE
3/4"	\$ 18,480	\$ 27,243	\$ 8,763
1"	\$ 29,568	\$ 43,588	\$ 14,020
1.5"	\$ 55,440	\$ 81,728	\$ 26,288
2"	\$ 96,096	\$ 141,662	\$ 45,566
3"	\$ 177,408	\$ 261,530	\$ 84,122
4"	\$ 303,072	\$ 446,781	\$ 143,709
6"	\$ 554,400	\$ 817,282	\$ 262,882
8"	\$ 960,960	\$ 1,416,622	\$ 455,662
10"	\$ 1,441,440	\$ 2,124,933	\$ 683,493

Preliminary 2026 AFC Meeting Agenda Items List	
February	Director Expenses (Monthly)
	GM Expenses (Monthly)
	Investment Transaction Report (Monthly)
	Appointment of Committee Chair (every two years)
	Customer Payment Portal Presentation
	Review and Discuss FY__ Mid-Year Budget Projections
	Long-range Financial Plan
	Lake Hodges Fund Discussion
	Communications Plan Update
March	Director Expenses (Monthly)
	GM Expenses (Monthly)
	Investment Transaction Report (Monthly)
	Receive and File Actuarial Evaluation (even years)
April	Director Expenses (Monthly)
	GM Expenses (Monthly)
	Investment Transaction Report (Monthly)
	Quarterly Treasurer's Report
	Review of FY 20__ Proposed Budget
	Annual Review of Draft FY 20__ CIP and CAP Acquisition Budgets
May	Director Expenses (Monthly)
	GM Expenses (Monthly)
	Investment Transaction Report (Monthly)
	Review Final Draft of FY 2026 District Budget
	Discussion on Ratepayer Benefits on Various Financial Options
June	Director Expenses (Monthly)
	GM Expenses (Monthly)
	Investment Transaction Report (Monthly)
	Review FY26 Budget Revisions

Preliminary 2026 AFC Meeting Agenda Items List	
July <i>(No AFC Meeting)</i>	Director Expenses (Monthly)
	GM Expenses (Monthly)
	Investment Transaction Report (Monthly)
	Quarterly Treasurer's Report (Quarterly)
	Receive and File Annual Report of Reimbursements and Compensation Paid to Directors and Other Expenses
	Consider a Resolution Setting Fixed Charge Special Assessment
	Customer Survey
	Establishing an Appropriation Limit for the District for Fiscal Year Commencing July 1, 20__
BULLPEN	Annexation Fees
	Annual Review Credit Card Fee Policy
	Biennial Cyber-Security Update (even years)
	AMI Portal
	Monthly Billing Considerations
	Proposed Policy on the Use of Machine Learning and Artificial Intelligence