AGENDA
IRVINE RANCH WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING

November 10, 2025

CALL TO ORDER 5:00 p.m.

PLEDGE OF ALLEGIANCE

ROLL CALL Directors LaMar, Ferons, Swan, Withers, and President Reinhart

PUBLIC COMMENT NOTICE

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

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

Via Web: https://irwd.webex.com/irwd/j.php?MTID=mdf87c047fc4c39e59773d21f3c94b4d6
Meeting Number (Access Code): 2488 589 3785
Meeting Password: NRmQaTMK328

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

Public comments are limited to three minutes per speaker on each subject. If you wish to address the Board of Directors on any item, you may attend the meeting in person and submit a "speaker slip" to the Secretary. Forms are provided outside of IRWD's Board Room. If attending via Webex, please submit your request to speak, or your comment, via the "chat" feature and your remarks will be read into the record at the meeting. You may also submit a public comment in advance of the meeting by emailing comments@irwd.com before 12:00 p.m. on Monday, November 10, 2025.

COMMUNICATIONS TO THE BOARD

1. Written:

2. Oral:

3. ITEMS RECEIVED TOO LATE TO BE AGENDIZED

   Recommendation: Determine the need to discuss and/or take immediate action on item(s).

CONSENT CALENDAR, Items 4 through 6

4. BOARD MEETING MINUTES

Recommendation: That the minutes of the October 27, 2025 Regular Board meeting be approved as presented.

5. FISCAL YEAR 2024-25 ANNUAL COMPREHENSIVE FINANCIAL REPORT AND AUDIT

Recommendation: That the Board approve the Fiscal Year 2024-25 Annual Comprehensive Financial Report.

ACTION CALENDAR

6. REHABILITATION OF DYER ROAD WELL FIELD WELL 7 CONSTRUCTION AWARD

Recommendation: That the Board authorize a budget increase in the amount of $670,500, from $819,500 to $1,490,000, and authorize the General Manager to execute a construction contract with Best Drilling Pump and Company, Inc. in the amount of $1,122,025 for the rehabilitation of Dyer Road Wellfield Well No. 7, Project 13252.

7. APPROVAL OF FINAL ENVIRONMENTAL IMPACT REPORT FOR SANTIAGO CREEK DAM IMPROVEMENT PROJECT — Reso No. 2025 - 23

Recommendation: That the Board incorporate into the draft Findings, which includes a Statement of Overriding Considerations as presented in this meeting, revisions as may be necessary to conform the Findings and Statement of Overriding Considerations to any information that may be received after preparation of said draft and prior to this action, including any changes to the Final Environmental Impact Report and any comments from the Board at this meeting; direct that the Findings and Statement of Overriding Considerations, as so revised, be attached to the below-mentioned resolution, then adopt the following resolution by title, certifying the final Environmental Impact Report and approving the Santiago Creek Dam Improvement Project.

OTHER BUSINESS

Pursuant to Government Code Section 54954.2, members of the Board of Directors or staff may ask questions for clarification, make brief announcements, and make brief reports on his/her own activities. The Board or a Board member may provide a reference to staff or other resources for information, request staff to report back at a subsequent meeting concerning any matter, or direct staff to place a matter of business on a future agenda. Such matters may be brought up under the General Manager's Report or Directors' Comments. Pursuant to AB 1234 and Government Code Section 53232.3(d), a written draft report of the meetings that any Board member attended on behalf of IRWD since the last Board Meeting will be available at the table near the Board Room entrance, and will be amended verbally, if necessary, during Directors' Comments.

8. General Manager's Report

9. Receive oral update(s) from District liaison(s) regarding communities within IRWD's service area and interests.

10. Directors' Comments and Meeting Reports

11. Closed Session

    A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION and CONFERENCE WITH LABOR NEGOTIATOR pursuant to Government Code Sections 54957(b) and 54957.6, respectively:

    Agency Designated Representative: President Reinhart

    Position Title / Unrepresented Employee: General Manager

12. Open Session

13. Adjournment

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November 10, 2025
Prepared and
submitted by: K. Swan
Approved by: Paul A. Cook

CONSENT CALENDAR

BOARD MEETING MINUTES

SUMMARY:

Provided are the minutes of the October 27, 2025 Regular Board meeting for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Not applicable.

RECOMMENDATION:

THAT THE MINUTES OF THE OCTOBER 27, 2025 REGULAR BOARD MEETING BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

Exhibit "A" – October 27, 2025 Minutes

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Exhibit "A"

MINUTES OF REGULAR MEETING – OCTOBER 27, 2025

The regular meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) was called to order by President Reinhart at 5:00 p.m. on October 27, 2025 at the District offices, 15600 Sand Canyon Avenue, Irvine.

Directors Present: Ferons, Withers, Swan, LaMar, and President Reinhart.

Directors Absent: None.

Also Present: General Manager Cook, Executive Director of Water Policy Weghorst, Executive Director of Finance and Administration Adly, Executive Director of Operations Chambers, Executive Director of Technical Services Burton, Director of Strategic Communications & Advocacy Compton, Director of Water Quality & Regulatory Compliance Colston, Director of Financial Planning and Data Analytics Smithson, Director of Human Resources Mitcham, Director of Information Technology Kaneshiro, Director of Safety and Security Choi, Director of Maintenance Operations Manning, Director of Water Resources Nye, Director of Accounting & Treasury Lin, General Counsel Collins, Secretary Swan, members of the staff, and public.

Oral and Written Communications: None.

Items too late to be agendized: None.

<u>PRESENTATION</u>

4. <u>LEGISLATIVE AND REGULATORY 2025 REVIEW & 2026 PREVIEW</u>

Following a review of the 2025 advocacy activities and anticipated 2026 legislative and regulatory issues presented by Director of Strategic Communications & Advocacy Compton and the District's federal and state advocates, THE BOARD RECEIVED AND FILED THE LEGISLATIVE AND REGULATORY 2025 REVIEW AND 2026 PREVIEW.

<u>CONSENT CALENDAR</u>

Director Swan requested that number eight be moved to the Action Calendar.

On <u>MOTION</u> by Withers, seconded by Ferons, and carried unanimously by a vote of 5 – 0, CONSENT CALENDAR ITEMS FIVE THROUGH SEVEN AND NINE WERE APPROVED AS FOLLOWS:

5. <u>BOARD MEETING MINUTES</u>

Recommendation: That the minutes of the October 13, 2025 Regular Board meeting be approved as presented.

CONSENT CALENDAR (CONTINUED)

6. SEPTEMBER 2025 TREASURY REPORT

Recommendation: That the Board receive and file the Treasurer's Investment Summary Report, the Summary of Fixed and Variable Rate Debt, and the Disclosure Report of Reimbursements to Board members and staff, approve the September 2025 Summary of Payroll ACH payments in the total amount of $2,833,287 and approve the September 2025 accounts payable disbursement summary of warrants 451116 through 451567, Workers' Compensation distributions, ACH payments, virtual card payments, wire transfers, payroll withholding distributions, and voided checks in the net total amount of $20,852,458.

7. FISCAL YEAR 2025-26 IRWD GUIDING PRINCIPLES SCORECARD

Recommendation: Receive and file.

9. RATTLESNAKE DAM OUTLET PIPE REHABILITATION CONSULTANT SELECTION

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with MKN in the amount of $248,101 for engineering design services for the Rattlesnake Dam Outlet Pipe Rehabilitation, Project 12101.

ACTION CALENDAR

Director Withers left the Board Room at 6:07 p.m.

8. SYPHON RESERVOIR IMPROVEMENT PROJECT DESIGN VARIANCE, ADDENDUM NO. 3 AND INDEMNIFICATION AGREEMENT

Director Swan stated that he would be entering a "NO" vote for item eight to be consistent with all his other votes regarding this project.

On MOTION by Ferons, seconded by LaMar, and carried by a vote of 3-1-1, (Ferons, LaMar, and Reinhart voting aye, Swan voting, nay, and Withers absent) THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE VARIANCE NO. 5 WITH AECOM IN THE AMOUNT OF $115,100 TO ADDRESS THE CONSTRUCTABILITY REVIEW COMMENTS ON THE 100% DESIGN; APPROVED THE PROPOSED ADDENDUM NO. 3 TO THE SYPHON RESERVOIR IMPROVEMENT PROJECT FINAL ENVIRONMENTAL IMPACT REPORT, INCLUDING THE DETERMINATIONS SET FORTH IN ADDENDUM NO. 3 AND AUTHORIZED STAFF TO POST AND FILE A NOTICE OF DETERMINATION; AND AUTHORIZED THE GENERAL MANAGER TO EXECUTE THE INDEMNIFICATION AGREEMENT BETWEEN THE CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE AND IRWD, SUBJECT TO SUBSTANTIVE CHANGES APPROVED BY LEGAL COUNSEL.

Director Withers returned to the Board Room at 6:10 p.m.

ACTION CALENDAR (CONTINUED)

10. FATS, OILS, AND GREASE PROGRAM SERVICES CONSULTANT SELECTION

Regulatory Compliance Manager Rigby provided an overview of the District's Fats, Oils, and Grease (FOG) program, and the necessity to enlist the services of a consultant to act as the program manager to oversee the FOG program on the District's behalf.

Director Ferons reported that this item was reviewed by the Engineering and Operations Committee on October 21, 2025, and the Committee supported the staff recommendation. On MOTION by Ferons, seconded by Swan and unanimously carried by a vote of 5-0, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH EEC ENVIRONMENTAL IN THE AMOUNT OF $240,820 PER YEAR FOR THREE YEARS FOR THE FATS, OILS, AND GREASE PROGRAM SERVICE CONTRACT.

11. DRAFT TERMS FOR AN EXCHANGE PROGRAM BETWEEN IRWD AND ZONE 7 WATER AGENCY

Executive Director of Water Policy Weghorst reported to the Board the proposed exchange program developed between the IRWD and Zone 7 Water Agency executive staff.

Director LaMar questioned if this arrangement was dependent on a turnout from the California Aqueduct. Mr. Weghorst reported that this program would make use of existing and newly constructed IRWD Kern Fan Groundwater Storage Project facilities.

Director Swan reported that this item was reviewed by the Supply Reliability Programs Committee on October 16, 2025, the program is consistent with the exchange program terms utilized by the District with other agencies, and that the Committee supported the staff recommendation.

On MOTION by Swan, seconded by Reinhart, and unanimously carried by a vote of 5-0, THE BOARD AUTHORIZED THE GENERAL MANAGER TO EXECUTE AN EXCHANGE PROGRAM AGREEMENT WITH ZONE 7 WATER AGENCY BASED ON THE DRAFT TERMS PRESENTED, SUBJECT TO NON-SUBSTANTIVE CHANGES.

OTHER BUSINESS

12. General Manager's Report

General Manager Cook reported that on October 6, 2025, staff responded to an 8-inch ductile iron domestic water mainline break on Lake Forest Drive in Lake Forest. Significant asphalt damage required closure of multiple traffic lanes. Pipeline repairs were completed by IRWD staff. Final paving restoration services were provided by G.M. Sager Construction at a cost of $231,575, which necessitated the utilization of Section 10, the Urgent Necessity Clause of the Authorization of Expenditures Policy, Resolution No. 2020-2.

Last Thursday, the Kern County Water Agency announced that Eric Averett would be stepping down as Board President and accept the position as General Manager at the Agency. IRWD has a long history of working with Eric as the General Manager of Rosedale-Rio Bravo Water Storage District and as the Chief Executive Officer at Homer, LLC. Mr. Averett has a history of supporting IRWD's Water Banking projects and supports development of the Kern Fan Groundwater Storage Project.

OTHER BUSINESS (CONTINUED)

13. Receive oral update(s) from District liaison(s) regarding communities within IRWD's service area and interests.

Mr. Newell reported that all is well in the Canyons; and are gearing up for a high-wind event and fire season.

14. Directors' Comments and Meeting Reports

Director Ferons reported on his participation in the San Joaquin Wildlife Sanctuary Board Meeting and the Southern California Water Coalition's Annual Meeting and Dinner.

Director Withers reported on his attendance at the Orange County Water Association's Monthly Industry Insight; the OC Forum's "Between the Lines – Redistricting in California and What it Means for OC" in Newport Beach; and the Southern California Water Coalition's Annual Meeting and Dinner.

Director Swan reported on his attendance at the MWDOC Board Meeting; the State of Orange County Sanitation District in Fountain Valley; the WACO Planning Committee meeting; the Quarterly MWDOC / OCWD Joint Planning Committee Meeting; the OCBC Business Connections: Addressing the Economic Impacts of Beach Erosion; and the Community Tour Presentation Overview with District staff.

Director LaMar reported on his participation at the Natural Communities Coalition Executive Committee Meeting; the San Joaquin Wildlife Sanctuary Board Meeting; the Southern California Water Coalition's Board of Directors' Meeting; the Southern California Water Coalition's Annual Meeting and Dinner; and the CCEEB Planning Meeting via teleconference.

President Reinhart reported on his participation in the MWDOC Board meeting; the OCWD Board meeting; the Southern California Water Coalition's Annual Meeting and Dinner; and the Monthly Discussion of District Activities with the General Manager.

15. ADJOURNMENT

At 6:26 p.m., President Reinhart adjourned the Board meeting.

APPROVED and SIGNED this 10th day of November 2025.

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President, IRVINE RANCH WATER DISTRICT

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District Secretary,
IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

____

Claire H. Collins, General Counsel
Hanson Bridgett LLP

November 10, 2025
Prepared by: E. Lin
Submitted by: N. Adly
Approved by: Paul A. Cook

CONSENT CALENDAR

FISCAL YEAR 2024-25 ANNUAL COMPREHENSIVE FINANCIAL REPORT

SUMMARY:

IRWD's auditor Davis Farr LLP has completed its annual audit of the District's financial statements for the Fiscal Year (FY) ended June 30, 2025. As stated in its report, Davis Farr concluded that in all material aspects, the statements fairly present the District's financial position as of June 30, 2025, and conform with generally accepted accounting principles.

A draft of the Annual Comprehensive Financial Report (ACFR), including the Introductory Section, audited financial statements, accompanying auditor's report, Management's Discussion and Analysis, and Statistical Section is provided as Exhibit "A". Staff recommends that the Board approve the FY 2024-25 Annual Comprehensive Financial Report.

BACKGROUND:

The auditors have provided the required Auditor Communication pursuant to the Statement on Auditing Standards 114, *The Auditor's Communication with Those Charged with Governance.* This letter, provided as Exhibit "B", reflects the auditor's understanding of key management assumptions and practices, and indicates that there were no disagreements with management during the scope of the audit. The auditors have also provided a *Report on Management Letter Comments*, provided as Exhibit "C", which states that the audit did not identify any material weakness or significant deficiencies in internal control. The report did recommend that the District review the procedures to timely transfer from construction in progress to the appropriate capital asset categories. This will improve compliance with generally accepted accounting principles and enhance the accuracy of financial reporting.

The IRWD Annual Comprehensive Financial Report:

The FY 2024-25 ACFR is being prepared for the 22nd consecutive year by IRWD. All of IRWD's previous ACFRs have won awards from the Government Finance Officers Association (GFOA), which encourages state and local governments to prepare and publish expanded financial reports in conformity with generally accepted accounting principles (GAAP) and provides awards to recognize contributions to the practice of government finance that exemplify outstanding financial management. The awards stress practical, documented work that offers leadership to the profession and promotes improved public finance.

The final ACFR will be posted on IRWD's website.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

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

COMMITTEE STATUS:

This item was reviewed by the Finance and Personnel Committee on November 4, 2025.

RECOMMENDATION:

THAT THE BOARD APPROVE THE FISCAL YEAR 2024-25 ANNUAL COMPREHENSIVE FINANCIAL REPORT.

LIST OF EXHIBITS:

Exhibit "A" – Draft FY 2024-25 Annual Comprehensive Financial Report
Exhibit "B" – SAS 114 Auditor's Communication with Those Charged with Governance from Davis Farr LLP
Exhibit "C" – Report on Management Letter Comments from Davis Farr LLP

Exhibt "A"

Innovating for Our Customers

Water Quality Sampler Drone

Irvine Ranch Water District
Orange County, California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

for fiscal year ended June 30, 2025

Irvine Ranch Water District

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Annual Comprehensive Financial Report

For fiscal year ended June 30, 2025

Irvine Ranch Water District

Irvine, California

Board of Directors

Douglas J. Reinhart, President

Steven E. LaMar, Vice President

Daniel R. Ferons

Peer A. Swan

John B. Withers

General Manager

Paul A. Cook

Prepared by:

Irvine Ranch Water District

Finance Department

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Table of Contents

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Introductory Section

Irvine Ranch Water District
Fiscal Year Ended June 30, 2025

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November 10, 2025

To the Board of Directors and Customers,
Irvine Ranch Water District:

Management of the Irvine Ranch Water District (IRWD or the District) has prepared an Annual Comprehensive Financial Report of IRWD for the fiscal year ended June 30, 2025. This document, which contains a complete set of basic financial statements, is presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted government auditing standards by a firm of licensed certified public accountants. State law requires that all special-purpose local governments publish these basic financial statements within six months of the close of the agency's fiscal year.

This report contains management's representations concerning the finances of the District. Management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable, rather than absolute, basis for making these representations, IRWD management has established a comprehensive framework of internal controls. These controls are designed to protect the District's assets from loss, theft, or misuse, and to ensure sufficiently reliable information for the preparation of the District's basic financial statements in conformity with GAAP. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the basic financial statements are free of any material misstatements. As management, we assert that this financial report is complete and reliable in all material respects.

The District's basic financial statements have been audited by Davis Farr LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the District for the fiscal year ended June 30, 2025 were free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2025 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

A profile of the District is presented in this Introductory Section. In the Financial Section, Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides an overview and analysis of the basic financial statements. This letter of transmittal and introduction is designed to complement the MD&A and should be read in conjunction with it.

Profile of Irvine Ranch Water District

Overview

Irvine Ranch Water District was established in 1961 as a California Water District under the provisions of the California Water Code. As a special district, IRWD focuses on four primary services - providing potable water, collecting sewage, producing and distributing recycled and other non-potable water, and implementing urban runoff source control and treatment programs.

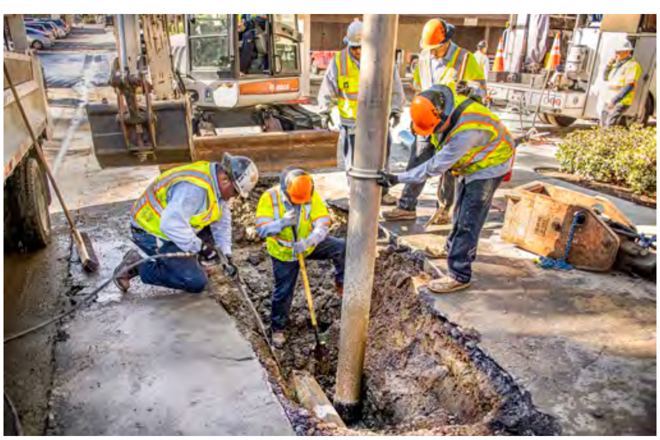
IRWD is an independent public agency governed by a five-member, publicly elected Board of Directors. The members of the Board each have varied professional backgrounds, coupled with an average tenure for the Board members of approximately 25 years. The District is a leader in developing and implementing resource management initiatives such as water recycling, urban runoff control and treatment, water efficiency, energy management, and water banking. The District is a pioneer in financial management practices such as variable rate debt financing and long-term infrastructure replacement program development and funding.

The District serves a 181 square mile area, which includes all of the City of Irvine and portions of the cities of Tustin, Newport Beach, Costa Mesa, Orange and Lake Forest, as well as certain unincorporated areas of Orange County. Extending from the Pacific Coast to the top of the foothills of eastern Orange County, the District's region is semi-arid with a mild climate and an average annual rainfall of approximately 12 inches. The total estimated daytime population served is approximately 639,000 and includes approximately 126,000 water and 121,000 sewer service and recycled water connections. The number of service connections has increased by approximately 18% over the last ten years.

The District provides its core services to its customers by focusing on the following areas:

- *Operational Reliability* – having multiple sources of water supply, various sewage treatment alternatives, preventive maintenance programs, and emergency power capabilities to ensure reliable services.
- *Organizational Strength* – having professional staff work in close collaboration with the Board of Directors striving to exceed the expectations of our customers.
- *Long-Term Financial Planning* – ensuring sufficient funds are available to construct, operate, maintain, and replace facilities, while retaining competitive rates now and in the future.

People



IRWD's Staff

The District employed an average of 408 staff who are responsible for administering daily operations and implementing strategic objectives and policies set forth by the Board. The District actively promotes the training and education of employees to increase effectiveness and retention. The average tenure of District employees is approximately six years.

Services

The District is functionally organized into four core service areas:

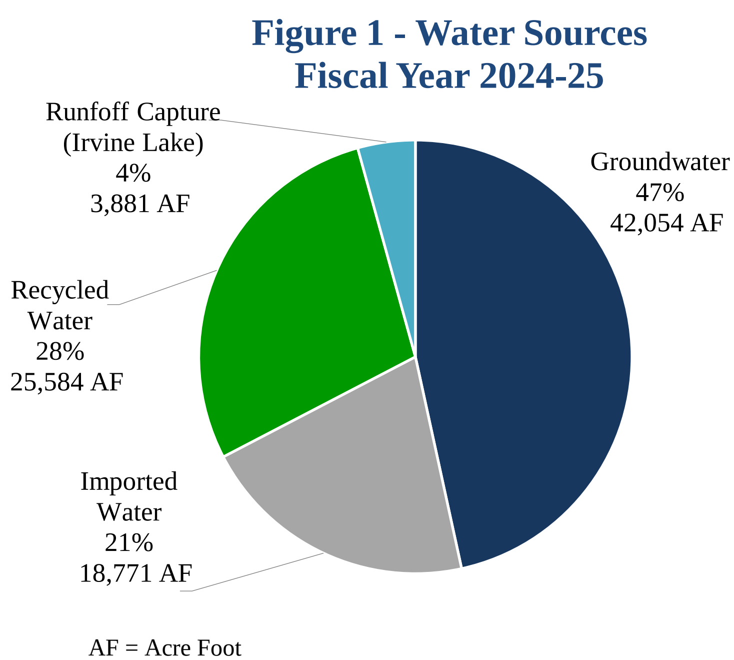
Drinking or "Potable" Water System

For many years, the District received virtually all of its drinking water from imported sources. To minimize this dependence on imported water, in the early 1980's, the District began developing a series of local wells known as the Dyer Road Wellfield to access high quality groundwater from the Orange County Groundwater Basin, managed by the Orange County Water District (OCWD).

IRWD also operates other groundwater wells, and several groundwater wells require treatment before use. In Fiscal Year (FY) 2024-25, local groundwater accounted for 47% of the District's total water supply (Figure 1).

Currently, groundwater is significantly less expensive, more reliable, and less energy intensive than imported water that is transported over hundreds of miles into Southern California and subsequently treated.

As shown in Figure 1, the District purchased 21% of its water supply in FY 2024-25 from the Municipal Water District of Orange County (MWDOC), the regions local wholesale water supplier who purchases its water from the Metropolitan Water District of Southern California. This water is imported from both the Colorado River, which is transported approximately 240 miles to Southern California, and from the Delta, from which water is transported approximately 400 miles from Northern California.



The District has enhanced the reliability of its water supply by expanding beyond local groundwater and recycled water systems to include water banking facilities in Kern County, California.

IRWD Water Banking Facility

Recycled and Non-Potable Water Systems

The District treats sewage to provide water for irrigation, commercial, industrial and agricultural purposes which further reduces its reliance on more expensive imported water and increases its system reliability. Sewage from the community is collected and recycled to California State Water Resources Control Board Title 22 standards at IRWD's Michelson Water Recycling Plant (MWRP) and the Los Alisos Water Recycling Plant, which have the combined capacity to produce nearly 33.5 million gallons of tertiary recycled water per day.

Once treated, the recycled water is distributed throughout the service area and in FY 2024-25 accounted for approximately 28% of the District's total water supply (Figure 1). Approximately 86% of all business and community landscaped areas (parks, school grounds, golf courses, street medians, etc.) within the District's service area are irrigated with recycled water. The District also provides recycled water for various industrial and commercial uses. IRWD's goal is to continue recycling its sewage flows to provide 25% to 30% of its total water supply once the District's service area is fully developed.

The District operates a non-potable system which includes three wells, five open reservoirs and twelve storage tanks that store water for non-potable uses. In total, the District has approximately 3,500 acre feet of active recycled water storage capacity. IRWD has 100% ownership in Irvine Lake, a 25,000 acre-feet reservoir that can capture and store both stormwater and imported water supplies.

Sewage Collection and Treatment System

The District has an extensive network of gravity sewers, force mains, sewage lift stations, and siphons that convey sewage to two District-owned water recycling plants or to the Orange County Sanitation District (OC San). In FY 2024-25, the District treated approximately 74% of its sewage, and the remainder was diverted for treatment to OC San treatment facilities. The MWRP Biosolids and Energy Recovery Facility treated solids generated at the Michelson Water Recycling Plant which eliminates the need to send them to OC San for treatment. The biogas produced from the anaerobic digesters was used as fuel for the microturbines to generate electricity to power the facility. The District plans to expand its treatment capacity when and if necessary to serve its growing population.

Urban Runoff Source Control and Treatment System

IRWD is statutorily authorized to control and treat urban runoff and conduct various projects and programs as part of an effort to protect water quality in the San Diego Creek watershed. In the 1990s, the District constructed wetlands at the San Joaquin Marsh, where natural biological processes remove a substantial pollutant load from San Diego Creek's dry weather flow before it reaches the environmentally sensitive Upper Newport Bay State Ecological Reserve. In addition, the District operates a regional urban runoff treatment network known as the Natural Treatment System (NTS). As of June 30, 2024, the NTS consists of 45 constructed wetland treatment sites located throughout the San Diego Creek Watershed and one outside the IRWD service area. The Peters Canyon Wash, Muddy Canyon, and Los Trancos diversion facilities add to these sites and pump runoff high in selenium into the OC San's sewers, where it eventually, after treatment, flows to OCWD's groundwater replenishment system.

Infrastructure Assets

The District builds and maintains significant capital infrastructure in order to provide superior service to its customers. The table below provides key information relating to its water and sewer system assets from 2016 to 2025.

Infrastucture Assets

	2016	2025
Potable System		
Miles of Water Line	1,760	2,216
Number of Storage Tanks	36	38
Maximum Storage Capacity (acre feet)	456	470
Number of Pumping Stations	39	37
Number of Wells	27	27
Well Production Capacity (cfs)	128	123
Water Banking Storage Capacity (acre feet)	126,000	126,000
Potable Treatment Plants	4	6
Non-Potable and Recycled Water Systems		
Miles of Recycled Water Line	525	589
Number of Storage Tanks	12	12
Number of Open Reservoirs	5	5
Maximum Storage Capacity (acre feet)	24,155	24,160
Number of Pumping Plants	20	21
Number of Wells	5	3
Well Production Capacity (cfs)	10.0	6.2
Sewer System		
Miles of Sewer Line	1,070	1,536
Number of Lift Stations	13	11
Treatment Plants	2	3
Treatment Capacity (mgd) (Tertiary)	33.5	33.5
Sewage Flows to Michelson Plant	69%	63%
Sewage Flows to Los Alisos Plant	12%	11%
Sewage Flows to Orange County Sanitation District	19%	26%
Natural Treatment System		
Urban Runoff Treatment Facilities	N/A	45
Nuisance Water Diversions	N/A	3

1 acre foot = 325,900 gallons

cfs = cubic feet per second

mgd = million gallons per day

N/A = Not Available

Water Use Efficiency

The District continues to be a leader in the innovation and implementation of water use measures that promote the most efficient use of water, both on a per capita and per acre basis.

The District's budget-based tiered rate structure, first implemented in 1991, is carefully designed to promote the efficient use of water by providing customers pricing signals related to over-use of water in a financially sustainable way. This structure is recognized as a model for other agencies to emulate.

In 2018, legislation was passed to "Make Conservation a Way of Life In California". As a result, the State adopted new long-term water efficiency objectives on July 3, 2024. IRWD has a long history of implementing cost-effective water efficiency programs, and is well positioned to meet the newly adopted efficiency standards. The District's customers have one of the lowest residential gallons per capita per day (gpcd) rates in California.

The District's Water Use Efficiency Implementation Plan (Plan), adopted April 2020, provides a comprehensive strategy to implement cost-effective water use efficiency measures for the District and its customers. The Plan addresses:

- Implementing targeted programs to ensure the District meets the new statewide water use efficiency objectives.
- Continuing to implement cost-effective demand management programs that minimize the need to purchase more expensive imported water, and thereby maintain a lower unit cost of water for the District and its customers.
- Focusing on outdoor water use which remains the biggest potential water conservation opportunity for the District, and the associated urban runoff (typically the result of "over-watering") to minimize water quality degradation from fertilizers, pesticides and animal waste in creeks, rivers and the ocean.
- Reducing water demands, which reduces energy usage and related costs needed to convey water.

The basic tenets of the Plan include local, state and national policy development and leadership, focused customer interface, extensive education and outreach, technology advances, and the development of financial incentives. During the past fiscal year, the District provided financial incentives to residential and business customers to install water efficient devices such as irrigation equipment and conversions from high water use turf landscape to water-efficient landscapes. The District has also pioneered the use of recycled water beginning in the late 1960s and presently serves over 6,100 sites, with approximately 25,000 acre feet of recycled water sold in FY 2024-25 representing 28% of the District's total water supply (Figure 1). The use of recycled water reduced the District's need to import more expensive potable supplies. Due to the investments made by the District to diversify its resources, expand the use of recycled water and improve water use efficiency, IRWD is well prepared to withstand the effects of climate change, including more frequent period of drought. IRWD does not project any water shortages and will continue to provide reliable, high quality water to its customers in a cost-effective manner.

Water Shortage Contingency Planning

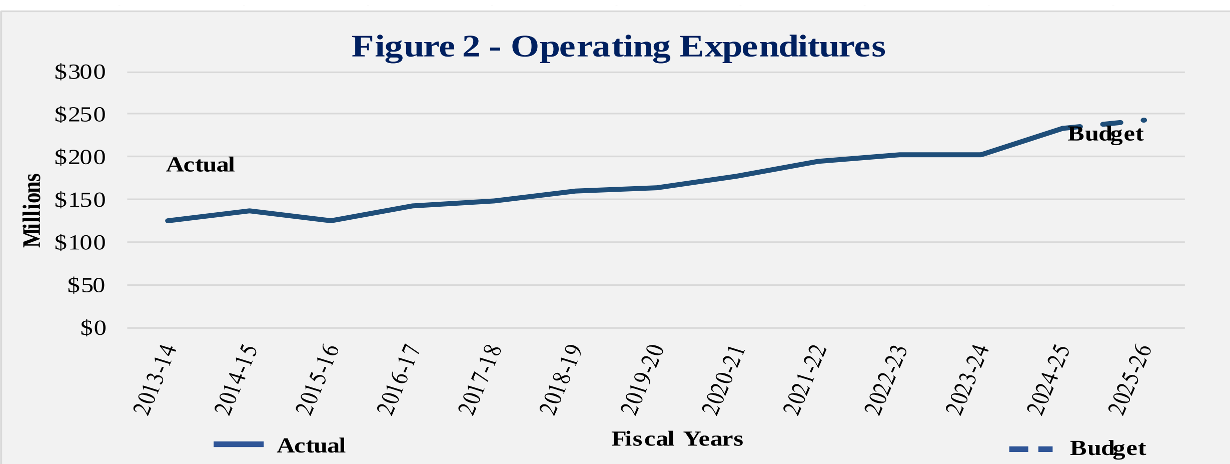
In compliance with California Water Code Section 10632, IRWD adopted an updated Water Shortage Contingency Plan (WSCP) in June 2021. The WSCP allows the District to strategically reduce water use through a number of potential actions that are staged dependent upon the severity of water shortages. The WSCP incorporates six standard water shortage levels corresponding to progressive ranges of up to 10%, 20%, 30%, 40%, 50%, and greater shortages. For each level or shortage, the WSCP includes a list of voluntary measures, non-rate response measures, and potential cost-of-service based rate response strategies. The WSCP provides the Board with the framework to respond to water shortages should they occur. Currently, the State Water Board has no statewide emergency water conservation regulations in place.

Legislative and Regulatory Affairs

The District actively monitors and works to influence local, state and federal legislation, policies and regulatory actions that could affect IRWD's operations, existing and future facilities and strategic planning efforts. The Board of Directors is frequently engaged in, and takes active positions on, relevant pending legislation and regulatory actions. The District continues to engage proactively in policy discussions surrounding emergency water supplies, recycled water, low-income rate assistance and other water policies in California. The District and its Board of Directors also actively participate in state and regional trade associations including the Association of California Water Agencies, the California Association of Sanitation Agencies, the WaterReuse Association, the California Special District Association, the California Municipal Utilities Association, and the Bioenergy Association of California, among others.

Financial Plan

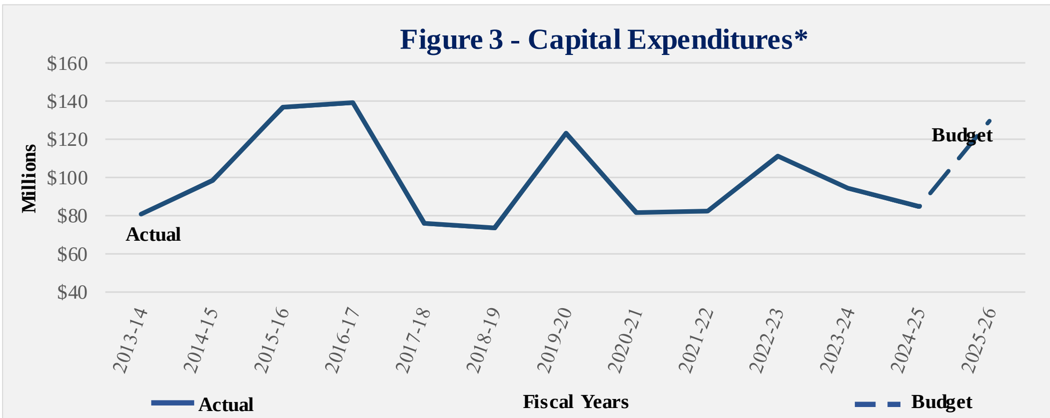
In March 2025, the Board approved a two-year (biennial) operating budget for FY 2025-26 and FY 2026-27. The goal of the District's operating budget process is to appropriately fund the resources required to provide quality service to IRWD customers as cost-efficiently as possible. As shown in Figure 2, the actual operating expenditures through FY 2025-26, as well as the Board approved operating budget for 2026-27.



Increases reflect costs associated with customer growth within the District, as well as an increase in overall operating expenses. Increases have been kept to a minimum by aggressively pursuing reductions in expenses to offset uncontrollable expenses, such as pass-through rate increases from outside agencies.

The approved two-year budget anticipated an increase from $234.5 million in FY 2024-25 to $242.5 million in FY 2025-26 and to $257.0 million in FY 2026-27. The primary reasons were increases in labor, higher costs of water, electricity, and chemicals due to expected rate increases from outside agencies, and increased operating and maintenance costs associated with maintenance of aging infrastructure of facilities.

The Board also approved a two-year capital budget in March 2025 based on new, enhancement and replacement infrastructure needs. As shown in Figure 3, the actual capital expenditures through FY 2025-26 and the budget for FY 2026-27.



* Actual capital expenditures excluding overhead, intangibles and capitalized interest.

The reduced spending in FY 2017-18 from prior years represents the District's completion of several large projects including the Baker Water Treatment Plant. Higher spending beginning in FY 2013-14 represents the design and construction phases for the Michelson Biosolids and Energy Recovery Facilities, which began construction in FY 2013-14 and spending peaked in FY 2016-17. The Board approved capital budget is $111.0 million for FY 2024-25. Many capital budget projects extend beyond one fiscal year.

Customer Rates & Charges

Customer rates and charges are primarily used to fund the District's operation and maintenance expenses. The District separates the cost of constructing water and sewer infrastructure from the cost of daily operations and maintenance. Customer rates, as discussed below, are billed to customers on a monthly basis, and include a component for the inevitable replacement of existing infrastructure. The District collects replacement funds in advance of their need and invests for future use. This helps stabilize rates and avoid significant potential future rate spikes. In FY 2026, the District completed a detailed cost of service study which confirmed that customer rates billed to customers are based on actual costs to provide the services. The District allocates capital costs within its service area through the use of water and sewer improvement districts, for which general obligation bond authorization is obtained and used as needed to fund new capital projects. Ad valorem property tax rates paid by landowners and connection fees paid by property developers are set biennially by the District and reviewed annually. Generally, the District's policy is to allocate the cost of new infrastructure evenly between the developers/landowners and the ultimate property owners who utilize the water and sewer infrastructure.

Water Rates

The District's rate structure for water use is separated into a commodity charge component and a fixed service charge component. The commodity charge reflects the cost of providing the District's water supplies while the fixed service charge funds the fixed operational and maintenance expenses of the District.

For FY 2024-25, the District's water fixed service charge was $13.20 for a 5/8-inch by 3/4-inch meter. The District has a long history of planning for the inevitable replacement of capital infrastructure and sets monies aside into enhancement and replacement funds for this purpose to avoid large, sudden rate increases in the future. The FY 2024-25 monthly fixed service charge includes a customer enhancement and replacement component of $0.70 and $2.59 respectively, which is intended to fund current and future replacement and refurbishment costs that provide reliability and redundancy to the District's infrastructure.

FY 2024-25 Residential Rate Structure – Potable Water (Commodity Charge)

Tier	Percent of Estimated Customer Need	Cost per ccf*
Low Volume	0 - 40%	$1.99
Base Rate	41 - 100%	$2.65
Inefficient	101 - 140%	$6.55
Wasteful	141% +	$16.46

*One ccf (100 cubic feet) = 748 gallons

The District has a four-tiered rate structure that promotes water-use efficiency. A basic use allocation is established for each customer account that provides a reasonable amount of water for the customer's needs based on factors such as the number of occupants, type or classification of use, size of the irrigated area, evapotranspiration rate for the billing period and other consistently applied criteria. As of June 2025, approximately 82% of the District's customers were within the first two tiers and approximately 94% of customers fell within the first three tiers. IRWD residential bills are consistently among the lowest in Orange County. The chart above illustrates the four-tier structure that reflects the FY 2024-25 rates and higher cost associated with usage in the higher tiers.

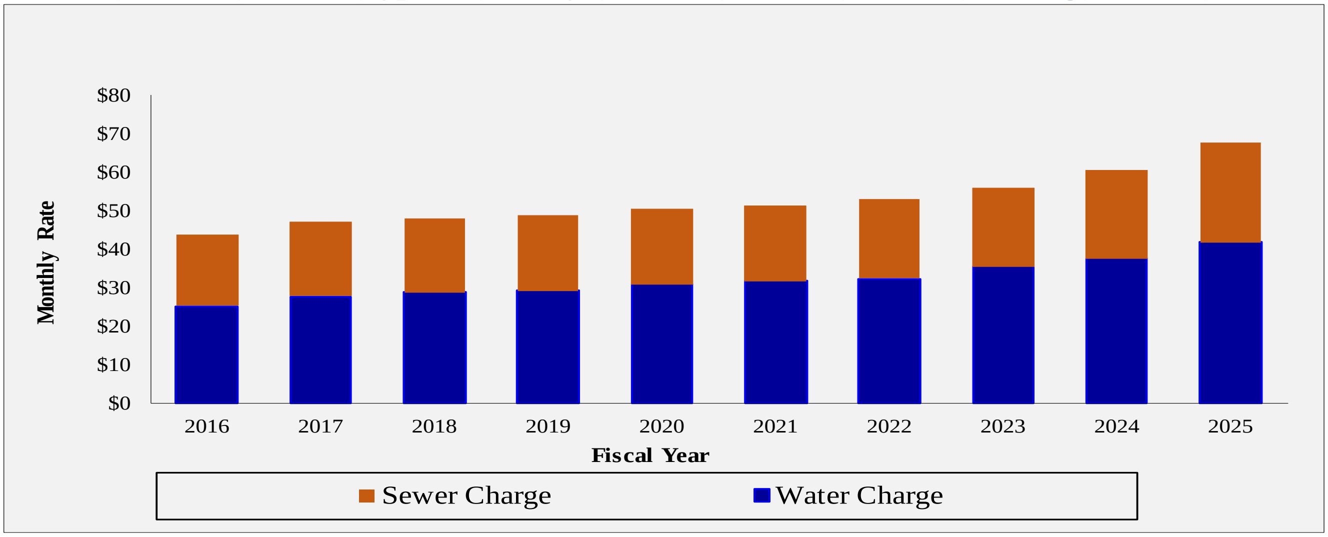
Sewer Rates

The District's sewer service rates are the lowest in Orange County. For a typical residential customer, the fixed monthly service charge was $25.70. The monthly service charge includes a monthly customer enhancement and replacement component of $0.82 and $11.56 respectively, which is intended to fund current and future capital costs to replace, refurbish and upgrade the existing system.

Historic Rate Trends

The following chart reflects the charge for a typical customer's water and sewer service through FY 2024-25. Increased costs reflect pass-through increases from outside agencies and wholesale supplies and increased operational costs for both water and sewer, including funding for future infrastructure replacement.

FY 2024-25 Typical Monthly District Residential Customer Charges*



* The typical District customer uses 12 ccf water per month, has a 5/8 inch meter, and is in the lowest sewer rate tier.

Factors Affecting Financial Condition

The information presented in the Financial Section is best understood in the context of the economic environment in which the District operates, as discussed below.

State and Local Economy

Orange County is the third most populous county in California with over 3.2 million residents and a varied economy in which no single industry is considered dominant. With a location central to Orange County, the District's service area is the home to numerous corporate headquarters such as Oakley, Edwards Life Sciences, Blizzard Entertainment, Bandai Namco Holdings USA Inc. and Glidewell Laboratories. The District is also home to various educational institutions, including University of California Irvine, Concordia University, two community colleges, and other colleges and universities with satellite campuses. The total estimated daytime population served is approximately 639,000.

During FY 2024-25, the District continued to expand its operating facilities to accommodate approximately 2,300 new water and sewer service connections constructed within District boundaries. Development and entitlement needs of the builders continue to change and requirements for development have been included in the planning and new facilities are included in the capital budget. The assessed value of land within the District's service area has grown significantly in the last decade from $51.3 billion in 2016 to more than $97.6 billion in 2025, demonstrating the strength of the local economy.

Long-Term Water Use Efficiency

IRWD has a long history of implementing cost-effective water efficiency programs and is well prepared to meet future efficiency standards. The District is well positioned to sustain any potential reduction in revenues and meet future efficiency targets with minimal impact on net revenues due to its rate structure, which effectively splits costs into variable and fixed rate components. Any decrease in consumption would be offset by a decrease in related variable costs while the fixed rate component would cover the fixed operating and maintenance costs.

Financial Planning & Budgeting

Short-Term

The Board of Directors approves operating and capital budgets every two years and allocates required funding accordingly. Board approval is required for any overall increase or substantial changes. Throughout the fiscal year, actual operating expenditures are compared to budget. Variances between budget and actual results are analyzed and evaluated to ensure the District's financial goals and objectives are being met. The budget process is further supported by the District's long-term financial models, enabling the Board to make informed decisions on setting rates and charges that ensure the long-term stability of the District. Funding needs are assessed using these financial planning models.

Long-Term

Meeting the goals of reliable, cost effective long-term water and sewer service requires substantial planning for both capital improvements and changing operating conditions. The District's capital program anticipates the need to update, expand or provide redundancy as well as refurbish and replace existing facilities as they reach the end of their useful life. District staff identify future infrastructure requirements well in advance of needs to ensure the necessary funding for those projects is available. Capital projects are funded through a combination of connection fees, property taxes and customer rates.

The District has a long history of planning for the enhancement and replacement of aging water and sewer infrastructure. Recognizing that infrastructure replacement is both inevitable and costly, the District established infrastructure Enhancement and Replacement Funds to provide funding for updating, expanding, creating redundancy, as well as replacing and refurbishing various components of the water and sewer systems. The objective of the funds is to help moderate the financial impact on future customer rates attributable to expenditures associated with enhancing and replacing capital facilities. For FY 2024-25, the combined funds for water and sewer customer enhancement/replacement were $42.5 million.

Over time, the District has transitioned from a newly developing to a more fully developed area. While projects slated for construction will provide additional capacity for ultimate demands, the focus of the District is transitioning from building new infrastructure projects to ongoing operations and maintenance activities, as well as upgrading and replacing existing infrastructure. The District utilizes a sophisticated financial model to factor in such variables as future development, construction costs, growth rates, inflation, redevelopment and other criteria in order to project rate setting for funding future capital needs.

The District completed a strategic review of its existing current capital funding plan which resulted in a master consolidation plan that combined certain improvement districts to maintain the future financial viability of each area. Diversification of the District's water supply and sewage treatment options are also major objectives of the District's master plan. Those objectives are discussed in further detail in the *Major Initiatives* section of this introduction.

The District's approach to infrastructure replacement and funding is consistent with the industry best practice and illustrates the District's commitment to financial stability and protection of its customers from significant future rate increases.

Pension and Other Post-Employment Benefits Funding

The District recognizes that defined benefit plans and the related future pension obligations pose significant issues for many government agencies. The District has taken a proactive approach to address the issue and, in 2013, established an irrevocable Pension Trust to substantially fund its CalPERS unfunded liability. The Pension Trust holds the funding contributions for the District pending future remittance to the CalPERS pension trust fund which will pay all retiree benefit payments to employees associated with the plan and will be transferred from the Pension Trust to CalPERS at the District's discretion. In January 2023, the District approved establishing a new Section 115 Trust to fund a portion of its unfunded Other Post-Employment Benefits (OPEB) liability, collectively known as the 115 Trusts. In addition to being irrevocable, both Trusts provide funding specific to the purpose for which they were formed. Investment policy and asset allocation decisions relating to 115 Trusts will be made by the 115 Trust Board, which is composed of two members from the IRWD Board of Directors (specifically, the members of the Finance and Personnel Committee) and the IRWD General Manager.

The District made initial contributions of $35.0 million to the Pension Trust, and since then has made additional contributions to the Pension Trust ranging from $1.9 million to $12.8 million. As of June 30, 2025, the fair value of the assets in the Pension Trust was approximately $139.7 million. The following schedule shows the recent history of pension plan assets and liabilities including the Pension Trust assets (in millions):

Fiscal Year [(1)]	Total Pension Liability	Total Pension Assets	Total Pension Assets as a Percentage of the Total Pension Liability
06/30/23	$345.9	$355.4	102.7%
06/30/24	364.2	382.3	105.0%
06/30/25	387.7	423.7	109.3%

(1) As of the measurement date June 30, 2022, 2023, and 2024 respectively.

The District made initial contributions of $10.0 million to the OPEB Trust. As of June 30, 2025, the fair value of the assets in the OPEB Trust was approximately $13.1 million. As of the measurement period ended June 30, 2024, $11.6 million of the OPEB Trust assets as a percentage of $20.4 million of the OPEB liability was 56.8 percent.

Cash Management Policies and Practices

The District is regulated by State law (primarily California Government Code Section 53600, et seq.) as to the types of fixed-income securities in which it can invest cash assets. In addition, the Board of Directors annually adopts an investment policy that may be more restrictive than the State codes. The District's standard practice is to maintain an appropriate balance between safety, liquidity and yield of investments to fund required expenditures in conformance with all applicable State laws, the District's investment policy, and prudent cash management principles.

At June 30, 2025, the District's cash and investments (excluding real property investments) totaled approximately $393.7 million. Cash balances are allocated to various funds including the Replacement Fund, New Capital Fund, Debt Service Fund and others.

Real Property Investments

As a means to match a portion of its long-term replacement cost for water and sewer facilities when they reach the end of their useful lives with long-term funding investments, the District obtained legislative authority from the State to invest a portion of its capital facilities Replacement Fund (up to 30%) in real property located in Orange County.

As of June 30, 2025, the District owns or has an interest in six properties with an approximate fair value of $336.5 million. The District's income-producing real estate investments have a weighted average return (based on cost) for FY 2024-25 of 14.7%. Net revenues of $15.9 million generated in FY 2024-25 from the District's real estate investments are retained within the Replacement Fund and effectively reduce future increases in customer rates.

Debt Management Policies and Practices

The District strives to minimize the cost of its long-term debt. In 1984, the District obtained State legislation that allowed for the use of variable rate debt to help achieve this goal. The Board minimizes its exposure to interest rate risk by utilizing both fixed and variable rate debt. The District maintains a healthy balance between fixed and variable rate debt. As of June 30, 2025, its debt portfolio included 66.0% of fixed rate debt and 34.0% of variable rate debt. The average all-in cost of debt, including the District's fixed rate payer swaps, was 3.44% for the fiscal year.

The District has a Debt Management Policy Statement (Debt Policy). The Debt Policy objectives formalize District guidelines related to timing and amount of future debt issuance, allowable debt types and structures and spending requirements of bond proceeds. The Debt Policy also addresses underwriter selection and allowable methods of sale, continuing disclosure requirements, financial advisor and credit rating agency relationships and other key debt-related topics.

As of June 30, 2025, the District's rated debt obligations have received the following ratings from the three major rating agencies:

Fitch Ratings:	AAA
Moody's:	Aa1
Standard and Poor's:	AAA

As of June 30, 2025, there were eight outstanding General Obligation (GO) bond issues consisting of $183.1 million in variable rate mode and $265.9 million in fixed rate mode (excluding any unamortized premium or discount). As of June 30, 2025, the District also had one outstanding Certificate of Participation (COP) issue with a balance of $96.9 million in fixed rate mode.

The District has secured direct pay letters of credit to enhance certain issues of its variable rate debt. The GO bond issues are secured by the District's ability to levy ad valorem property taxes to pay debt service. Although the District has elected to use a combination of ad valorem property taxes and other legally available funds to pay debt service, the legal authority exists to fully fund GO bond debt service through such ad valorem taxes. In addition to the ad valorem tax pledge, certain GO bond issues and the COPs issue are secured by the net revenues of the District. The District is required under its debt covenants to collect revenues sufficient to provide net revenues equal to 125% (1.25 times) of senior debt service coverage during the fiscal year. As of June 30, 2025, the District had net revenues equal to 3.3 times senior debt service coverage.

Prior to FY 2003-04, the District's outstanding debt was all in a variable rate mode and the Board of Directors took certain actions to manage and mitigate the interest rate risk. The District's practice has been to maintain a target amount of cash and fixed income investment assets equal to at least 75% of the District's outstanding unhedged variable rate debt. In addition, in 2004 the District began an interest rate swap program under which LIBOR-based fixed payer interest rate swaps were executed to hedge a portion of the District's variable rate exposure. The current $60 million notional amount of outstanding interest rate swaps allow the District to limit the interest rate risk exposure on approximately $89.5 million of its remaining tax-exempt variable rate debt to 3.81% (assuming a historical ratio for the tax-exempt SIFMA Index versus taxable 1-month LIBOR of 67%).

In 2017, the U.K. Financial Conduct Authority announced that it will no longer require its participating banks to provide daily submissions of LIBOR rates in the future, which will effectively discontinue the LIBOR index when that occurs. In January 2021, IRWD's Board of Directors approved the adherence to the ISDA LIBOR Fallback Protocol, and the District has completed the adherence process. The 1-month LIBOR index was discontinued on July 1, 2023 and the fixed payer swaps transitioned to the selected Fallback Rate (SOFR + spread).

In FY 2010-11, the District issued $175 million of general obligation fixed rate debt utilizing the taxable Build America Bond (BABs) program. BABs, created under the American Recovery and Reinvestment Act, are taxable bonds with subsidy payments made by the Treasury Department to issuers equaling 35% of the interest costs. In FY 2024-25, Federal subsidy payments were cut by 5.7% under permanent congressionally mandated sequestration. As a result of the reduced subsidy payments, the net interest rate for the District's BABs issue increased from 4.30% to 4.44%.

Risk Management

One function of the Human Resources/Risk Management Department is identifying potential risk and loss exposures and safeguarding the District, its capital assets, and employees through its self-insurance and loss control programs, purchasing of appropriate insurance coverages, and developing risk management policies and procedures. The District utilizes a combination of self-insurance and third-party liability insurance to minimize loss exposures from property claims, third-party liability claims, and workers' compensation claims. The District self-insures the first $50,000 per occurrence for property losses, $100,000 per occurrence for third-party liability claims, $125,000 per occurrence for workers compensation, and $250,000 per claim for cyber liability incidents. Various control techniques used to minimize loss include, but are not limited to, regular employee safety meetings and training sessions, the use of uniform language in contracts designed to limit or prevent liability exposure, general risk assessments, and the development of emergency plans. The District also engages an outside firm to periodically evaluate its network security. External network security and cybersecurity assessments coupled with ongoing staff education/awareness, are just a few of the continuous efforts the District enacts to safeguard information.

Major Initiatives

The District's major initiatives during FY 2024-25 include continuing programs to secure water supplies, as well as expanding sewage treatment capacity and diverting sewage flows, water education programs, and the continuing implementation of the Water Use Efficiency Plan.

Water Supply Reliability

Groundwater Program

One of the goals of the District's Water Resources Master Plan is to identify a reliable water supply mix which includes developing sufficient groundwater production capacity to pump IRWD’s portion of the Orange County Ground Water Basin, additional local groundwater production, and to have enough capacity to meet demands during outage conditions. Currently, the District meets these goals and has the ability to produce approximately 45,000 – 50,000 acre feet per year (AFY) of potable groundwater and 4,000 – 5,000 AFY of non-potable groundwater.

Per- and polyfluoroalkyl substances, often referred to by the abbreviation PFAS, are human-made chemicals found in food packaging, consumer products, and other applications. As an emerging "contaminant of concern," in 2018 IRWD proactively tested for PFAS and voluntarily shut down one water well that had tested positive for PFAS. That well remained out of service until a groundwater treatment system at the well site was constructed and put into service. This new treatment system removes all PFAS from the water drawn from that location. None of the water IRWD delivers to its customers contains any detectable PFAS.

Water Banking

In addition to developing its local groundwater and recycled water systems, the District has further improved its water supply reliability by developing and operating water banking facilities in Kern County, California. These neighboring projects are known as the Strand Ranch Integrated Banking Project and the Stockdale West Integrated Banking Project (collectively, the IRWD Water Bank). The IRWD Water Bank is situated on groundwater recharge lands that overlie the regional Kern County groundwater basin. The purpose of the IRWD Water Bank is to improve the District’s water supply reliability by capturing and storing low cost water available during wet hydrologic periods for use during dry periods. The IRWD Water Bank enhances the District’s ability to respond to drought conditions and potential long-term water supply interruptions and enables it to reduce the cost of water delivered under such conditions.

The District has entered into agreements for a 30-year water banking partnership with the Rosedale-Rio Bravo Water Storage District (Rosedale) in Kern County. These agreements provide for Rosedale to operate the IRWD Water Bank on behalf of the District and permits the District: (i) to store up to 126,000 acre feet of water in the aquifer; (ii) to recharge a minimum of 44,600 acre feet of water per year in the aquifer; and (iii) to recover a minimum of 28,750 acre feet of water per year from the aquifer. In addition, these agreements provide an option to extend in 15-year increments upon written agreement of IRWD and Rosedale.

The District has constructed groundwater recharge ponds and related facilities at its IRWD Water Bank that are necessary to divert water from an adjacent canal into the ponds. Groundwater wells have been constructed on the Strand Ranch and Stockdale West properties. The District, in partnership with Rosedale and others, has also constructed additional wells that will increase the ability to recover water from the IRWD Water Bank during peak summer demand periods. The District has secured water from a number of sources for recharge at the IRWD Water Bank.

The District has entered into an agreement with Metropolitan Water District of Southern California (MWD) which allows the District to convey water through Metropolitan facilities from the IRWD Water Bank into the District’s service area.

Since 2010, the District has delivered a total of approximately 115,200 acre feet of water to the IRWD Water Bank through its water supply partnerships. The District has approximately 14,000 acre feet of its partner's share of the water and holds approximately 41,000 acre feet of water in storage for future use in IRWD's service area. The District is currently pursuing additional potential water supply opportunities for diversion into the IRWD Water Bank.

Kern Fan Groundwater Storage Project

The Kern Fan Groundwater Storage Project (Kern Fan Project) will become a regional water bank in the Kern Fan area to capture, recharge and store unallocated Article 21 water from the State Water Project (SWP) and other water supplies during wet hydrologic periods. Water stored in the Kern Fan Project would be extracted when needed to provide ecosystem, emergency supply and water supply benefits. IRWD's share of the Kern Fan Project would be used in conjunction with the Strand Ranch and Stockdale West Integrated Banking Projects to meet IRWD's contingency storage needs at build-out. IRWD's goal for contingency storage is to secure supplies adequate to backfill the loss of imported supplies for three consecutive years. The Kern Fan Project, along with the IRWD Water Bank will allow IRWD to meet this goal. The project will be developed, implemented, and operated by the Groundwater Banking Joint Powers Authority, which was formed between IRWD and Rosedale-Rio Bravo Water Storage District in April 2020.

In August 2017, IRWD and Rosedale jointly submitted a grant application to the California Water Commission (CWC) for the proposed Kern Fan Project. The application sought Proposition 1 funds available from the CWC through the Water Storage Investment Program (WSIP). The CWC has conditionally awarded $111.4 million to the Kern Fan Project. In addition, in 2023 the first phase of the Kern Fan Project was awarded a total of $8.7 million in federal funding from the Bureau of Reclamation under the Small Surface Water and Groundwater Storage Projects Program. The GBJPA continues to pursue additional funding opportunities.

Water Rights

The District also owns property with rights to State Water Project water which can be stored in the IRWD Water Bank. The water is available as a result of the District's acquisition of property located within the Dudley Ridge Water District, including the rights to use approximately 1,750 acre feet of Table A State Water Project water allocated to Dudley Ridge. The District can store its Table A water in the IRWD Water Bank with half of the water being available for future use in the District's service area. The acquisition also includes certain participation rights in the Kern Water Bank allowing the District to store up to approximately 9,500 acre feet of water.

The District also owns approximately 3,100 acres of agricultural land (Palo Verde Properties) in Riverside County, California. IRWD's Palo Verde Properties are located within Palo Verde Irrigation District (PVID), which has first priority rights on the Colorado River. The properties are included in a Metropolitan Water District of Southern California and PVID fallowing program under which MWD makes payments to landowners (up to approximately 970 acres of IRWD's Palo Verde Properties) in exchange for letting land lie fallow. Water that is conserved through fallowing is available for use within MWD's service area (which includes the District's service area). The District leases the Palo Verde Properties to tenant farmers for agricultural uses.

Syphon Recycled Water Seasonal Storage Reservoir

Syphon Reservoir, constructed in 1943 and located north of Irvine, is a water storage reservoir historically used for agricultural purposes. The District purchased Syphon Reservoir in January 2010, and in 2015 completed the process of converting the reservoir into a recycled water seasonal storage facility. Seasonal storage reservoirs allow the District to store excess recycled water produced in the winter months for use in higher demand summer months. This will increase water reliability by reducing the District's dependency on imported water from MWD used to supplement the recycled water system. In 2013, the District completed a feasibility study to increase storage capacity in Syphon Reservoir from its current capacity of 450 acre feet to approximately 5,000 acre feet. Additional storage capacity would allow the District to utilize more of the recycled water it produces. An expansion of Syphon Reservoir to approximately 5,000 acre feet would allow for recycling 100% of the sewage flows tributary to MWRP. The District completed the preliminary design for the reservoir expansion and is advancing final design, which is anticipated to be complete in 2025. Construction of the expanded reservoir is anticipated to be complete in Summer 2031.

Community Education and Outreach

IRWD provides community education and outreach programs throughout the year to enhance customer understanding of the value of water and the services we provide. These programs enhance public appreciation and build trust with our customers. Fiscal Year 2024-2025 continued this long-standing tradition of both digital and face-to-face outreach with events and programs:

First in Customer Satisfaction: Communications and outreach contribute to stronger relationships with community. For a fourth consecutive year, Irvine Ranch Water District was ranked the best midsized water utility in the Western United States for Customer Satisfaction by global data analytics company J.D. Power. Customers ranked IRWD No. 1 in seven of eight categories: Quality/Reliability, Ease of Doing Business, People, Trust, Resolving Problems, Information Provided, and Digital Channels. IRWD is the only agency in the nation with four straight top awards.

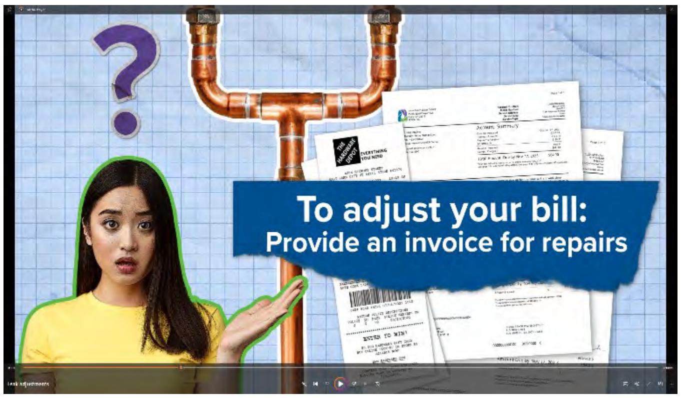
Events: IRWD expanded the scope of its traditional Community Tours, adding several new themed events, many of which were scheduled on nontraditional days and times during the workweek and on weekends to increase customer participation among younger working adults. IRWD's traditional tour of the San Joaquin Marsh became a bat-themed family event where customers toured the Marsh ponds at sunset and used special radio telemetry devices to locate bats flying at dusk. A tour of IRWD's Biosolids and Energy Recovery Facility was also established, along with a Marsh photo tour and a Natural Treatment System nature walk. Traditional tours and community events, such as IRWD's annual kid-focused H20 Show & Tell open house, helped to round out a successful year that introduced IRWD to a broader, more representative segment of the community.

Digital Media: Fiscal Year 2024-2025 marked another banner year in digital outreach with more than 24 million total impressions recorded — more than twice the previous year's record of nearly 11 million. The gain reflects the District's cutting-edge approach to seeking out new platforms, strategies and technologies to reach audiences in the spaces where they spend their time online.

IRWD kicked off its most ambitious outreach campaign ever: a multi-year, multilingual tipping-point effort to inspire customers to transform their yards into beautiful, family-friendly living spaces — sparking a new way of thinking about landscape that moves away from traditional lawns — with the start of IRWD's Yardtopia™ Initiative.

The long-term initiative will use video and imagery to provide inspiration, and tools and other resources to help customers rethink their yards. The campaign goal is to create a cultural shift in public perceptions of what a yard should be, resulting in voluntary removal of nonfunctional grass in yards that: makes the most of outdoor living spaces, ensures appropriate water use and irrigation, and is environmentally friendly and sustainable.

A digital teaser campaign, "A Step Outside," premiered in January after an extensive brand development process built on demographic studies, surveys and customer focus groups. A new microsite, yardtopia.com, was created to provide help and inspiration with beautiful imagery, content and an online tool customers can use to create a landscape design using a photo of their yard. That was followed by a "What's Your Yardtopia" launch campaign in March. For both campaigns, video ads were delivered to customers via social media and digital TV.



Video Outreach: A new series of how-to videos was launched in FY 2024-2025, walking customers through the steps necessary to landscape efficiently, set up sprinkler systems, and check for leaks indoors and out. For customers who fix leaks that led to higher water bills, a video on how to apply for a bill adjustment was also prepared. The videos were taped in English, and posted with subtitles in Chinese and Spanish.

Business Outreach: The District's business outreach program, IRWD Connect, which encourages vendors to build strong relationships with District staff and one another, continued this year. This year the program and other like it engaged hundreds of professionals, representing a wide variety of industries, in IRWD networking opportunities. Additionally, a rebrand of the District's WaterStar business recognition program gave a fresh look to program flyers, posters, correspondence and other outreach materials. A new presentation was created to explain the benefits of participating in the program and the opportunities for recognition of those who do. The result: Participation doubled as more commercial customers decided to do their part to save water.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Irvine Ranch Water District for its annual comprehensive financial report (ACFR) for the fiscal years ended June 30, 2004 through June 30, 2024. In order to be awarded a Certificate of Achievement, IRWD was required to publish an easily readable and efficiently organized ACFR that satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

Staff would like to acknowledge the IRWD Board of Directors for their support and for maintaining the highest standards of professionalism in the management of the District's operations and finances. We would also like to thank the dedicated employees of the District for their commitment to providing high quality service to the District's customers. The preparation of this report would not have been possible without the efficient and dedicated service of the entire Finance Department staff. We also wish to express our appreciation to all staff that assisted and contributed to the preparation of this report.

Respectfully submitted,

Paul A. Cook	Neveen Adly
General Manager	Executive Director of Finance & Administration

Irvine Ranch Water District

List of Principal Officials

Board of Directors

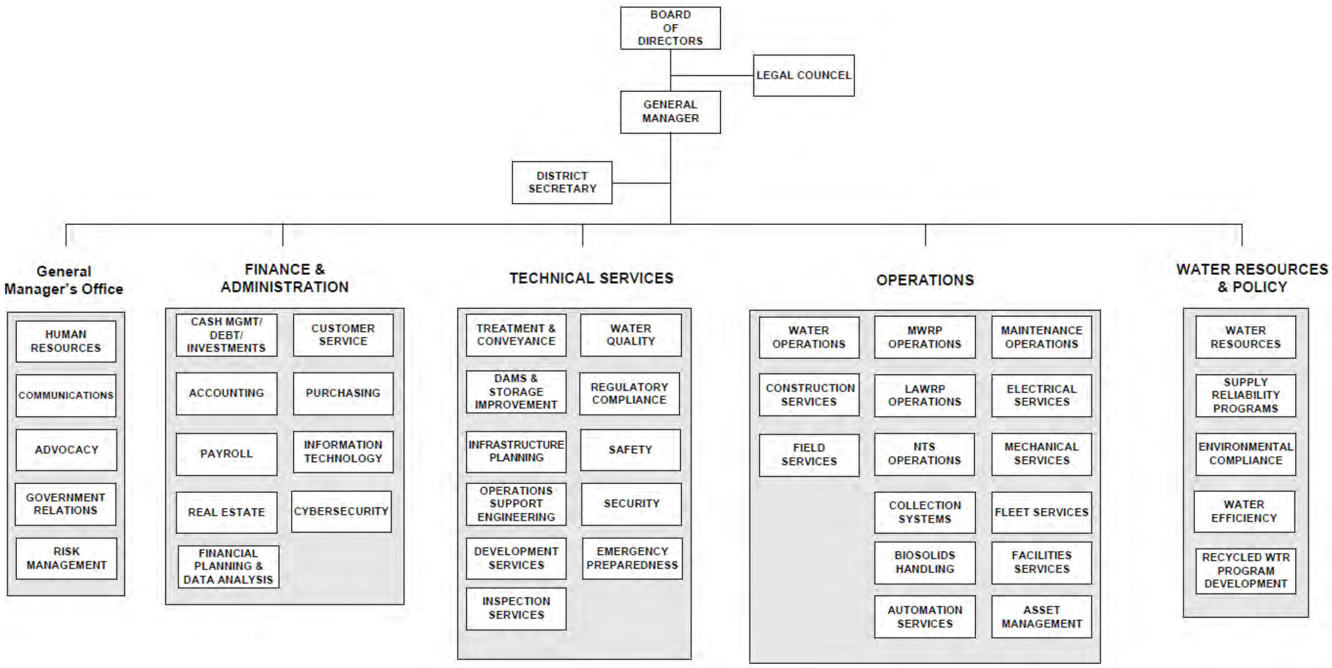
President and Director	Douglas J. Reinhart
Vice President and Director	Steven E. LaMar
Director	Daniel R. Ferons
Director	Peer A. Swan
Director	John B. Withers

Executive Management

General Manager	Paul A. Cook
Executive Director of Finance & Administration	Neveen Adly
Executive Director of Technical Services	Kevin L. Burton
Executive Director of Operations	Wendy L. Chambers
Executive Director of Water Policy	Paul A. Weghorst
Director of Safety and Security	Steve S. Choi
Director of Water Quality & Regulatory Compliance	James E. Colston
Director of Strategic Communications & Advocacy/Deputy General Counsel	Christine A. Compton
Director of Information Technology	Lance H. Kaneshiro
Director of Accounting & Treasury	Eileen Lin
Director of Maintenance	Jason R. Manning
Director of Human Resources	Tiffany A. Mitcham
Director of Water Resources	Fiona M. Nye
Director of Financial Planning & Data Analytics	Christopher F. Smithson
Director of Recycling Operations	Jose Zepeda

Irvine Ranch Water District

Organizational Chart
(By Function)
Fiscal Year 2024-25



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Irvine Ranch Water District
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Financial Section

Irvine Ranch Water District
Fiscal Year Ended June 30, 2025

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

Independent Auditor's Report

Board of Directors
Irvine Ranch Water District
Irvine, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of Irvine Ranch Water District (the District), as of and for the year June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of Irvine Ranch Water District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 19 to the financial statements, during the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101. As a result, the financial statements for the fiscal year ended June 30, 2025, reflect a certain prior period adjustment as described further in Note 19 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, *schedule of changes in net pension liability and related ratios, schedule of contributions – defined benefit pension plan, schedule of changes in the OPEB liability and related ratios, and schedule of contributions – OPEB* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited the District's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
November 5, 2025

The following discussion and analysis of the financial performance of the Irvine Ranch Water District (District) provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. This section should be read in conjunction with the basic financial statements and notes to the basic financial statements, which follow this analysis.

Financial Highlights

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $2,423.3 million (net position), consisting of $1,570.2 million in net investment in capital assets, $139.7 million restricted for pension trust investments, $13.1 million restricted for OPEB trust investments, $248.5 million restricted for water services, and $451.8 million restricted for sewer services. This is an increase of $127.7 million or 5.6 percent over the prior fiscal year net position of $2,295.6 million.
- Total assets are $3,152.6 million, an increase of $99.6 million or 3.3 percent over the prior fiscal year. Total assets consist primarily of $393.7 million in cash and investments, $58.5 million in receivables, $33.9 million in other current assets, $2,161.4 million in net capital assets, and $505.1 million in noncurrent assets. The increase from the prior year is due primarily to a $49.8 million increase in net capital assets, a $16.0 million increase in real estate investments, a $12.1 million increase in due from other agencies , and a $8.9 million increase in prepaid items and deposits.
- Total liabilities are $758.9 million, a decrease of $33.8 million or 4.3 percent from the prior fiscal year. Liabilities consist primarily of $586.3 million of debt, $108.1 million of net pension and OPEB liabilities, $59.9 million of accounts payable and other liabilities, and $4.5 million of swap liability. The total decrease over the prior year is due primarily to a total principal debt payments of $40.2 million made during the fiscal year, partially offset by a $11.4 million increase in accounts payable and accrued expenses.
- The Irvine Ranch Water District Pension Trust (Pension Trust) was established in June 2013 to assist in funding the District's CalPERS unfunded liability. As of June 30, 2025, the District's total pension assets (including the CalPERS and Pension Trust assets) as a percentage of its total pension liability is 109.3 percent. For more detail, see Note 13 of the Notes to the Basic Financial Statements.
- The Irvine Ranch Water District Other Post-Employment Benefits Trust (OPEB Trust) was established in January 2023 to "pre-fund" a portion of the OPEB unfunded liability. The District made an initial $10.0 million contribution to the OPEB Trust in June 2023. As of June 30, 2025, the total value of the assets in the OPEB Trust was approximately $13.1 million. For more detail, see Note 14 of the Notes to the Basic Financial Statements.
- Total revenues are $409.6 million, an increase of $20.8 million or 5.3 percent over the prior fiscal year. Operating revenues increased $40.2 million due primarily to a Board approved rate increase effective August 2024 and increase in customer sales. Nonoperating revenues decreased $19.4 million due primarily to change in the fair value of real estate investments.
- Total expenses are $352.1 million, an increase of $25.7 million or 7.9 percent over the prior fiscal year. Operating expenses consist primarily of $236.5 million in water and sewer related revenues to operating the systems and $84.2 million of depreciation. Operating expenses increased by $27.1 million due primarily to higher imported water purchase and increased electricity and operating supplies for the sewer and recycled water systems. Nonoperating expenses decreased by $1.4 million due to a decrease of $1.6 million in interest expense.

Financial Highlights (Continued)

- Capital contributions are $64.5 million, an increase of $20.8 million or 47.6 percent over the prior fiscal year. This is due primarily to a $24.9 million increase in the number of donated facilities that were completed and donated from developers to the District, partially offset by a $5.8 million decrease in connection fees paid by developers.

More detailed analysis about the overall District's financial position and operations is provided in the following sections.

Overview of the Financial Statements

The basic financial statements of the District consist of the financial statements (the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows), Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and notes to the basic financial statements. The basic financial statements are prepared using the accrual basis of accounting. This report also contains other supplementary information in addition to the basic financial statements.

Statement of Net Position depicts the District's financial position at June 30, the end of the District's fiscal year. The statement of net position shows all financial assets and liabilities of the District. Net position represents the District's residual interest after liabilities and deferred inflows of resources are deducted from assets and deferred outflows of resources. Net position is displayed in two components: net investment in capital assets and restricted for net pension assets and water and sewer services.

Statement of Revenues, Expenses and Changes in Net Position provides information on the District's operations and can be used to determine whether the District has recovered all of its costs through operating and nonoperating revenues.

Statement of Cash Flows provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments, and financing activities.

Fiduciary Fund is used to account for assets held by the District as a custodian for the San Joaquin Wildlife Sanctuary (SJWS).

Notes to the Basic Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

The **Other Information** includes *required supplementary information* concerning the District's progress in funding its obligations to provide pension and other post-employment benefits to its employees.

Financial Analysis of the District

The following condensed schedules contain summary financial information extracted from the basic financial statements to assist general readers in evaluating the District's overall financial position and results of operations as described in this Management's Discussion and Analysis (MD&A). Increases or decreases in these schedules can be used as performance indicators to assess whether the District's overall financial position has improved or deteriorated. Other external factors such as changes in economic conditions, customer growth, and legislative mandates should also be considered as part of this analysis.

Financial Position Summary

The Statement of Net Position reflects the District's financial position as of June 30. The statement includes assets, deferred outflow of resources, liabilities, and deferred inflows of resources. The net position represents the District's net worth including, but not limited to, capital contributions and net investment in capital assets. A condensed summary of the District's total net position at June 30 is set forth below:

Table 1 - Summary of Net Position (in millions)

	2025	2024	Increase/(Decrease) Amount	Percentage
Assets				
Current assets	$ 486.1	$ 462.0	$ 24.1	5.2%
Capital assets, net	2,161.4	2,111.7	49.7	2.4%
Other noncurrent assets	505.1	479.3	25.8	5.4%
Total assets	3,152.6	3,053.0	99.6	3.3%
Deferred Outflows of Resources	39.8	44.4	(4.6)	-10.4%
Liabilities				
Current liabilities	76.7	67.2	9.5	14.1%
Long-term liabilities	682.2	725.5	(43.3)	-6.0%
Total liabilities	758.9	792.7	(33.8)	-4.3%
Deferred Inflows of Resources	10.2	9.1	1.1	12.1%
Net Position				
Net investment in capital assets	1,570.2	1,479.9	90.3	6.1%
Restricted for pension trust investments	139.7	123.7	16.0	12.9%
Restricted for OPEB trust investments	13.1	11.6	1.5	12.9%
Restricted for water services	248.5	261.5	(13.0)	-5.0%
Restricted for sewer services	451.8	418.9	32.9	7.9%
Total net position	$ 2,423.3	$ 2,295.6	$ 127.7	5.6%

As shown in Table 1, the District's total assets increased $99.6 million or 3.3 percent during the current fiscal year. Current assets increased $24.1 million or 5.2 percent due primarily to a $12.1 million increase in due from other agencies relating to cash deposits held by OC San, the District's third-party provider based on the agreements between the two agencies for future obligations; a $8.9 million increase in prepaid items and deposits, and a $2.1 million in customer accounts receivable.

Capital assets increased $49.7 million or 2.4 percent during the current fiscal year. The District added $117.9 million in water and sewer assets during the year partially offset by an increase of $77.5 million in accumulated depreciation. The largest capital spending during the current fiscal year was $8.3 million for the San Joaquin Reservoir Filtration Facility, $5.9 million for the Well ET-1 PFAS Treatment, and $5.9 million for the Syphon Reservoir Expansion.

Other noncurrent assets increased $25.8 million or 5.4 percent during the current fiscal year. The increase primarily due a $16.0 million increase in the fair value of pension trust investments, a $6.1 million increase in real estate investments, and a $2.2 million in the investments in joint venture.

Financial Position Summary (Continued)

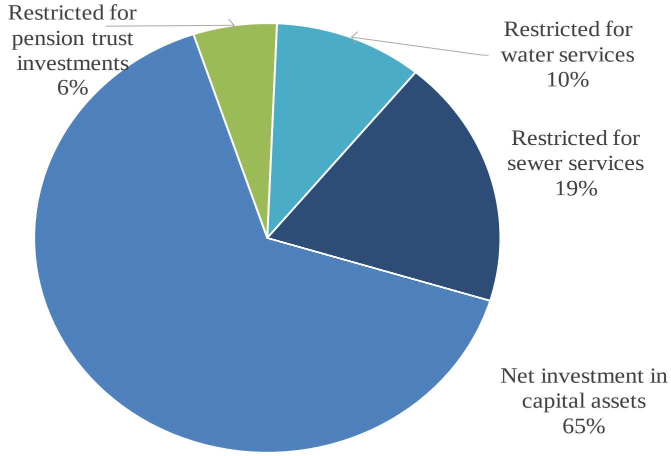
The District's deferred outflows of resources decreased by $4.6 million or 10.4 percent over the prior fiscal year. The decrease is due primarily to a $5.9 million decrease in pension actuarial related changes in assumptions and experiences, partially offset by a $1.4 million increase in pension contributions.

The District's total liabilities decreased $33.8 million or 4.3 percent in the current fiscal year. This was due primarily to a $40.2 million in principal payments of the District's general obligation bonds, certificates of participation, and notes, lease, and subscription payables during the current fiscal year and a $2.3 million premium amortization, partially offset by a $11.4 million increase in accounts payable and accrued expenses.

The District's deferred inflows of resources increased $1.1 million or 12.1 percent in the current fiscal year. This is primarily due to a $1.7 million increase in OPEB actuarial related changes in assumptions and experiences, partially offset by a $0.6 million decrease in pension actuarial related changes in assumptions and experiences .

Net position at the end of the current fiscal year increased $127.7 million or 5.6 percent. Net position consists of net investment in capital assets and restricted net positions (Figure 1).

Figure 1 - Net Position at June 30, 2025



Net investment in capital assets are capital assets, net of accumulated depreciation/amortization and liabilities (such as debt) attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets was $1,570.2 million or 65.0 percent of total net position, an increase of $90.3 million from the prior fiscal year. The change is due primarily to $49.7 million in net capital asset additions, $40.2 million debt principal payments, $1.1 million capital-related accounts payable and retainage payable, and $2.3 million amortizations of premiums in the current fiscal year.

Restricted net position for pension trust investments was $139.7 million or 6.0 percent of total net position. Restricted net position for OPEB trust investments was $13.1 million or 0.5 percent of total net position. Restricted net position for water services was $248.5 million or 10.0 percent of total net position. Restricted net position for sewer services was $451.8 million or 19.0 percent of total net position. Restricted net positions are restricted by legislation which imposes requirements that District assets be used only for the specific purposes for which it was formed.

Activities and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position summarizes the District's operations during the current fiscal year. A Summary of the District's changes in net position for the fiscal years ended June 30, is included in Table 2 below:

Table 2 - Revenues, Expenses and Changes in Net Position (in millions)

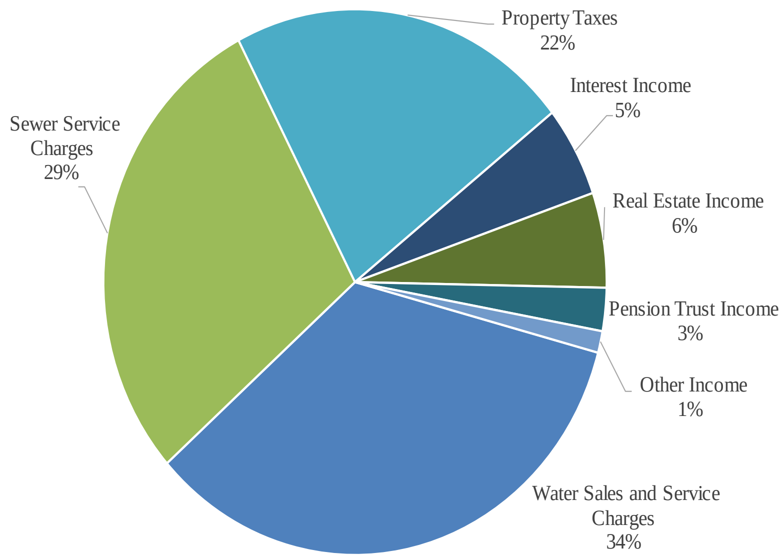
			Increase/(Decrease)	
	2025	**2024**	**Amount**	**Percentage**
Operating revenues				
Water sales and service charges	$ 133.8	$ 112.3	$ 21.5	19.1%
Sewer sales and service charges	113.1	94.4	18.7	19.8%
Total operating revenues	246.9	206.7	40.2	19.4%
Nonoperating revenues				
Property taxes	86.3	81.8	4.5	5.5%
Interest income	21.0	15.7	5.3	33.8%
Increase in fair value of investments	2.0	3.7	(1.7)	-45.9%
Real estate income	21.4	20.7	0.7	3.4%
Increase in fair value of real estate investments	9.2	31.4	(22.2)	-70.7%
Pension trust interest and dividends income	9.0	7.4	1.6	21.6%
Increase in fair value of pension trust investments	7.1	9.6	(2.5)	-26.0%
OPEB trust interest and dividends income	0.5	0.5	-	0.0%
Increase in fair value of OPEB trust investments	1.0	1.1	(0.1)	-9.1%
Other income	5.2	10.2	(5.0)	-49.0%
Total nonoperating revenues	162.7	182.1	(19.4)	-10.7%
Total revenues	409.6	388.8	20.8	5.3%
Operating expenses				
Water services expenses	143.0	129.0	14.0	10.9%
Sewer services expenses	93.5	82.0	11.5	14.0%
Depreciation	84.2	82.6	1.6	1.9%
Total operating expenses	320.7	293.6	27.1	9.2%
Nonoperating expenses				
Interest expense	21.0	22.6	(1.6)	-7.1%
Real estate expense	7.6	8.1	(0.5)	-6.2%
Other expense	2.8	2.1	0.7	33.3%
Total nonoperating expenses	31.4	32.8	(1.4)	-4.3%
Total expenses	352.1	326.4	25.7	7.9%
Income before capital contributions	57.5	62.4	(4.9)	-7.9%
Capital contributions	64.5	43.7	20.8	47.6%
Income before special item	122.0	106.1	15.9	15.0%
Special item	6.4	-	6.4	100.0%
Change in net position	128.4	106.1	22.3	21.0%
Beginning net position, as restated (note 19)	2,294.9	2,189.5	105.4	4.8%
Ending net position	$ 2,423.3	$ 2,295.6	$ 127.7	5.6%

Revenues

As shown in Table 2, the District's operating revenues total $246.9 million or 60.3 percent of total revenues. Water sales contributed $133.8 million or 54.2 percent to total operating revenues and sewer sales contributed $113.1 million or 45.8 percent to total operating revenues. Operating revenues increased by $40.2 million or 19.4 percent from the prior fiscal year. The increase is primarily due to a Board approved rate increase effective August 2024 and increase in customer sales.

The chart below (Figure 2) illustrates the sources of revenue for the fiscal year ended June 30, 2025.

Figure 2 - Revenues for Fiscal Year Ended June 30, 2025
(excluding changes in fair value of investments, real estate investments, and pension and OPEB trust investments)



Nonoperating revenues total $162.7 million and account for 39.7 percent of total revenues for the fiscal year ended June 30, 2025. This is a decrease of $19.4 million or 10.7 percent from the prior fiscal year. The decrease in the current fiscal year is due to:

- A decrease of $26.5 million in changes in the fair value of the real estate investments, pension and OPEB trust investments, and District's fixed income investments.
- An increase of $5.3 million in the District's fixed income investment interest income.
- A decrease of $5.0 million in other income due primarily to a $1.5 million decrease in native water revenue, a $1.3 million decrease in joint venture revenues, and a $1.2 million decrease in federal grant for customer payment subsidy.
- An increase of $4.5 million in one percent and ad valorem property tax revenue associated with higher assessed values in the District's service area.
- An increase of $1.6 million in pension trust investments.
- An increase of $0.7 million in income from the real estate investments.

Expenses

As shown in Table 2, operating expenses total $320.7 million, of which $236.5 million relates to the cost of providing water and sewer services to the District's customers. Water service operating costs are 106.9 percent of water operating revenues and sewer service operating costs are 82.7 percent of sewer operating revenues. Water and sewer operating expenses, excluding depreciation, increased by $25.5 million or 12.1 percent over the prior fiscal year.

Expenses (Continued)

Water expenses totaled $143.0 million, an increase of $14.0 million or 10.9 percent from the prior fiscal year primarily due to:

- An increase of $6.8 million in water costs due primarily to higher imported water purchases.
- An increase of $4.3 million in general and administration expenses.
- An increase of $1.1 million in labor and employee benefits.
- An increase of $1.0 million in electricity costs for potable and untreated water treatment and system maintenance.
- An increase of $0.9 million in expensed water projects relating to the District's capital program.
- Other net decreases of $0.1 million.

Sewer service expenses totaled $93.5 million, an increase of $11.5 million or 14.0 percent from the prior fiscal year primarily due to:

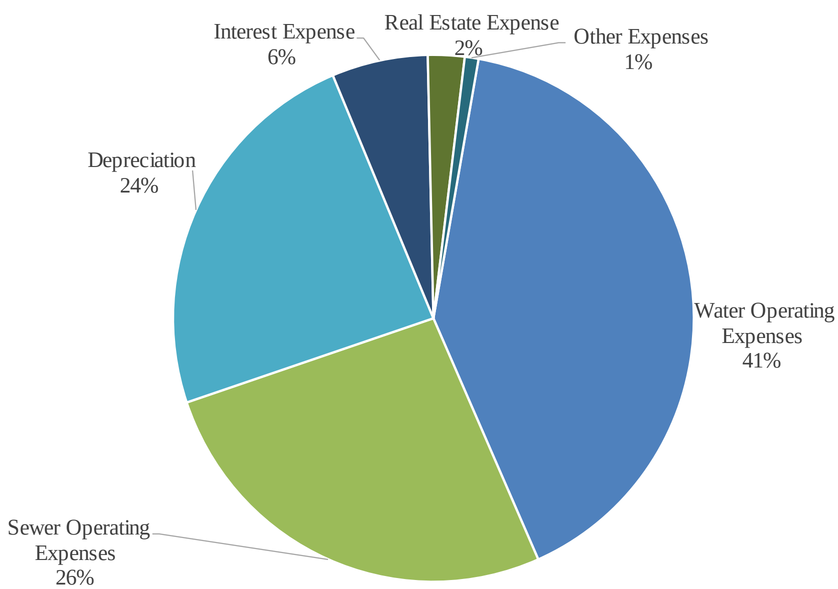
- An increase of $5.7 million in electricity and operating supplies for the sewer and recycled water systems.
- An increase of $4.1 million in general and administration expenses.
- An increase of $1.4 million in higher recycled water purchases.
- Other net increases of $0.3 million.

Depreciation expense totaled $84.2 million, an increase of $1.6 million or 1.9 percent over the prior fiscal year. The increase is the result of the additions of capital assets.

Nonoperating expenses totaled $31.4 million, a decrease of $1.4 million or 4.3 percent from the prior fiscal year primarily due to:

- A decrease of $1.6 million in interest expense associated with the District's debt.
- A decrease of $0.5 million in real estate expense.
- An increase of $0.7 million other expenses.

Figure 3 - Functional Expenses for Fiscal Year Ended June 30, 2025



Capital Contributions

Capital contributions totaled $64.5 million, an increase of $20.8 million or 47.6 percent from the prior fiscal year. Donated facilities from developers increased $24.9 million due to higher number projects that were completed and donated to the District. Connection fees paid by developers were $21.1 million, a decrease of $5.8 million from the prior year due to a lower number of new units in the building industry. The District also received $1.7 million more from grants / contributions from federal, state, and local agencies compared to the prior fiscal year.

Capital Assets

The District's investment in capital assets consists of the following as of June 30:

Table 3 - Capital Assets, Net of Depreciation (in millions)

	2025	2024	Increase/(Decrease) Amount	Increase/(Decrease) Percentage
Water assets	$ 1,388.0	$ 1,342.6	$ 45.4	3.4%
Sewer assets	1,860.4	1,787.9	72.5	4.1%
Less: accumulated depreciation	(1,369.8)	(1,292.3)	(77.5)	6.0%
Land and water rights	128.8	127.5	1.3	1.0%
Construction in progress	154.0	146.0	8.0	5.5%
Total	$ 2,161.4	$ 2,111.7	$ 49.7	2.4%

Capital assets, net of depreciation increased $49.7 million or 2.4 percent in the current fiscal year. Construction in Progress added $108.5 million during the current fiscal year. Total projects transferred from Construction in Progress to Capital Assets and depreciated during the fiscal year ended June 30, 2025 were $100.4 million. The District's accumulated depreciation increased by $77.5 million for depreciation expense in the current fiscal year. The following is a list of the top 10 capital projects expenditures which accounted for 42.9 percent of total capital assets additions incurred in the current fiscal year (in millions):

Project Description	**Amount**
San Joaquin Reservoir Filtration Facility	$ 8.3
Well ET-1 PFAS Treatment	5.9
Syphon Reservoir Expansion	5.9
Santiago Dam Outlet Replacement	5.1
Santiago Canyon Area Pump Station Improvements	4.7
MWRP Tertiary Filter Rehabilitation	4.5
Fleming Reservoir and Pump Station Improvements	3.9
Operations Center Cng, Diesel, Gasoline Fueling Facility-SS	3.2
PA51 Marine and Alton Creek	3.1
Zone A to Rattlesnake Reservoir Pump Station	1.9
Total	**$ 46.5**

Additional information on the District's capital assets can be found in Note 5 of the Notes to the Basic Financial Statements.

Debt Administration
As shown below in Table 4, as of June 30, 2025, the District had total debt outstanding of $586.3 million, a decrease of $41.8 million or 6.7 percent from the prior fiscal year.

Table 4 - Outstanding Debt (including current portions) (in millions)

			Increase/(Decrease)	
	2025	2024	Amount	Percentage
General Obligation bonds	$ 468.1	$ 504.4	$ (36.3)	-7.2%
Certificates of participation	116.4	122.3	(5.9)	-4.8%
Notes payable	-	0.1	(0.1)	-100.0%
Leases payable	1.3	1.0	0.3	30.0%
Subscription payable	0.5	0.3	0.2	66.7%
Total	$ 586.3	$ 628.1	$ (41.8)	-6.7%

During the current fiscal year, the decreases in the District's total debt were primarily due to $40.2 million in debt payments and $2.3 million of premium amortization. The decrease was offset by a $0.4 million increase in leases payable and a $0.3 million increase in subscription payable. The District's rated debt obligations have received the following ratings from the three major rating agencies:

Fitch Ratings:	AAA
Moody's:	Aa1
Standard and Poor's:	AAA

Additional information on the District's long-term debt can be found in Note 10 of the Notes to the Basic Financial Statements.

Contacting the District's Financial Management
This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general review of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director of Finance and Administration at the Irvine Ranch Water District, 15600 Sand Canyon Avenue, Irvine, California 92618-7500.

Irvine Ranch Water District

Statement of Net Position

June 30, 2025

(with comparative data as of June 30, 2024)

(in thousands)

	6/30/2025	6/30/2024
ASSETS		
Current Assets:		
Cash and Investments (note 2)	$ 393,704	$ 393,484
Receivables:		
Customer accounts receivable	15,110	13,024
Interest receivable	3,006	3,104
Notes receivable, current portion	92	89
Due from other agencies (note 6)	29,465	17,389
Leases receivable, current portion (note 7)	209	148
Other receivables	10,610	11,123
Total receivables	58,492	44,877
Other Current Assets:		
Inventories (note 4)	23,627	22,244
Prepaid items and deposits	10,235	1,347
Total other current assets	33,862	23,591
Total current assets	486,058	461,952
Noncurrent Assets:		
Capital Assets (note 5):		
Water assets	1,388,019	1,342,581
Sewer assets	1,860,401	1,787,892
Subtotal	3,248,420	3,130,473
Less accumulated depreciation	(1,369,809)	(1,292,287)
Total capital assets being depreciated, net	1,878,611	1,838,186
Land and water rights	128,844	127,546
Construction in progress	153,973	145,938
Total capital assets, net	2,161,428	2,111,670
Other Noncurrent Assets:		
Notes receivable, net of current portion	77	173
Leases receivable, net of current portion (note 7)	2,248	2,214
Real estate investments (note 8)	338,215	332,122
Pension trust investments (note 2)	139,749	123,707
OPEB trust investments (note 2)	13,086	11,601
Investment in joint venture (note 9)	11,717	9,508
Total other noncurrent assets	505,092	479,325
Total noncurrent assets	2,666,520	2,590,995
TOTAL ASSETS	3,152,578	3,052,947
DEFERRED OUTFLOWS OF RESOURCES		
Deferred refunding charges	1,329	1,485
Accumulated decrease in fair value of swap agreements (note 3)	4,507	3,829
Pension contributions (note 13)	13,417	12,026
Pension actuarial changes (note 13)	16,644	22,509
OPEB contributions (note 14)	839	804
OPEB actuarial changes (note 14)	3,095	3,736
TOTAL DEFERRED OUTFLOWS OF RESOURCES	39,831	44,389

See accompanying notes to the basic financial statements.

Irvine Ranch Water District

Statement of Net Position

June 30, 2025

(with comparative data as of June 30, 2024)

(in thousands)

(Continued)

	6/30/2025	6/30/2024
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	36,925	25,526
Customer deposits and advance payments	6,352	7,144
Accrued interest:		
General obligation bonds	3,443	4,067
Other accrued interest payable	1,832	1,721
Current portion of long-term liabilities:		
General obligation bonds (note 10)	17,534	18,939
Certificates of participation (note 10)	6,281	5,931
Notes payable (note 10)	40	79
Leases payable (note 10)	228	119
Subscription payable (note 10)	191	119,000
Other long term liabilities (note 10)	2,746	2,471
Unearned revenue (note 11)	565	565
Claims liability (note 16)	537	506
Total current liabilities	76,674	67,187
Long-Term Liabilities:		
General obligation bonds, net of current portion (note 10)	450,580	485,414
Certificates of participation, net of current portion (note 10)	110,060	116,340
Notes payable, net of current portion (note 10)	-	40
Leases payable, net of current portion (note 10)	1,111	912
Subscription payable, net of current portion (note 10)	288	239
Other long-term liabilities (note 10)	4,453	4,190
Unearned revenue, net of current portion (note 11)	2,004	2,568
Claims liability, net of current portion (note 16)	1,071	1,170
Net pension liability (note 13)	87,686	88,674
OPEB liability (note 14)	20,435	22,095
Swap liability (note 3)	4,507	3,829
Total long-term liabilities	682,195	725,471
TOTAL LIABILITIES	758,869	792,658
DEFERRED INFLOWS OF RESOURCES		
Lease related (note 7)	2,388	2,364
Pension actuarial changes (note 13)	1,193	1,789
OPEB actuarial changes (note 14)	6,661	4,918
TOTAL DEFERRED INFLOWS OF RESOURCES	10,242	9,071
NET POSITION (note 18)		
Net investment in capital assets	1,570,177	1,479,904
Restricted for pension trust investments	139,749	123,707
Restricted for OPEB trust investments	13,086	11,601
Restricted for water services	248,508	261,489
Restricted for sewer services	451,778	418,906
TOTAL NET POSITION	$ 2,423,298	$ 2,295,607

See accompanying notes to the basic financial statements.

Irvine Ranch Water District

Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2025

(with comparative data for the Fiscal Year Ended June 30, 2024)
(in thousands)

	6/30/2025	6/30/2024
OPERATING REVENUES		
Water sales and service charges	$ 133,770	$ 112,267
Sewer sales and service charges	113,176	94,386
Total operating revenues	246,946	206,653
OPERATING EXPENSES		
Water:		
Water services	117,266	107,609
General and administrative	25,706	21,382
Sewer:		
Sewer services	70,214	62,799
General and administrative	23,296	19,227
Depreciation	84,188	82,615
Total operating expenses	320,670	293,632
Operating income (loss)	(73,724)	(86,979)
NONOPERATING REVENUES (EXPENSES)		
Property taxes	86,319	81,800
Interest income (loss)	20,952	15,684
Increase (decrease) in fair value of investments	1,971	3,725
Real estate income (note 8)	21,441	20,675
Increase (decrease) in fair value of real estate investments (note 8)	9,208	31,364
Pension trust interest and dividends income	9,020	7,441
Increase (decrease) in fair value of pension trust investments	7,082	9,585
OPEB trust interest and dividends income	551	539
Increase (decrease) in fair value of OPEB trust investments	957	1,081
Other income	5,213	10,255
Interest expense	(21,030)	(22,614)
Real estate expense (note 8)	(7,621)	(8,065)
Pension trust expense	(61)	(61)
OPEB trust expense	(23)	(19)
Other expenses	(2,782)	(2,025)
Total nonoperating revenues (expenses)	131,197	149,365
Income before capital contributions	57,473	62,386
CAPITAL CONTRIBUTIONS		
Donated facilities	37,056	12,113
Connection fees	21,075	26,902
Capital grants	6,380	4,740
Total capital contributions	64,511	43,755
Income before special item	121,984	106,141
SPECIAL ITEM		
Transfer of capital assets (note 5)	6,414	-
Change in net position	128,398	106,141
NET POSITION AT BEGINNING OF YEAR, as previously reported	2,295,607	2,189,466
Change in accounting principle (GASB 101) (note 19)	(707)	-
NET POSITION AT BEGINNING OF YEAR, as restated	2,294,900	2,189,466
NET POSITION AT END OF YEAR	$ 2,423,298	$ 2,295,607

See accompanying notes to the basic financial statements.

Irvine Ranch Water District

Statement of Cash Flows

For the Fiscal Year ended June 30, 2025

(with comparative data for the Fiscal Year Ended June 30, 2024)

(in thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	$ 243,949	$ 205,364
Cash paid to suppliers of goods and services	(162,557)	(105,361)
Cash paid for employees services	(81,233)	(74,169)
Net cash provided by (used for) operating activities	159	25,834
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property tax receipts	86,319	81,800
Operating grant	-	1,366
Net cash provided by (used for) noncapital financing	86,319	83,166
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(89,775)	(100,379)
Proceeds from disposition of capital assets	132	147
Proceeds from long term debt	3,695	4,409
Principal payments on long-term liabilities	(44,125)	(23,531)
Interest and fiscal agent costs on long term liabilities	(23,687)	(24,873)
Developer connection fees and related receipts	27,455	31,642
Net cash provided by (used for) capital and related financing activities	(126,305)	(112,585)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	30,537	22,753
Investment earnings in real estate	18,361	8,265
Acquisition and construction of real estate investments	(1,425)	(1,114)
Proceeds from sale or maturity of investments	217,451	239,542
Purchases of investments	(221,340)	(291,833)
Collections on notes receivable	92	88
Net cash provided by (used for) investing activities	43,676	(22,299)
Net increase (decrease) in cash and cash equivalents	3,849	(25,884)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,138	34,022
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 11,987	$ 8,138

See accompanying notes to the basic financial statements.

Irvine Ranch Water District

Statement of Cash Flows

For the Fiscal Year ended June 30, 2025

(with comparative data for the Fiscal Year Ended June 30, 2024)

(in thousands)

(Continued)

	2025	2024
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:		
Cash and investments	$ 393,704	$ 393,484
Pension trust investments	139,749	123,707
OPEB trust investments	13,086	11,601
Subtotal	546,539	528,792
Less long-term investments	(534,552)	(520,654)
Cash and cash equivalents at end of year	$ 11,987	$ 8,138
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	$ (73,724)	$ (86,979)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Other nonoperating income	5,212	10,255
Other nonoperating expenses	(2,782)	(2,025)
(Gain) loss on disposition of capital assets	1,081	616
Depreciation and amortization	84,188	82,615
(Increase) decrease in customer receivables	(2,085)	(2,352)
(Increase) decrease in leases receivables	(94)	(142)
(Increase) decrease in other receivables	513	1,058
(Increase) decrease in inventories	(1,384)	(2,916)
(Increase) decrease due from other agencies	(12,076)	19,271
(Increase) decrease in prepaid expenses and other assets	(8,888)	28
(Increase) decrease in investment in joint venture	(2,210)	(2,536)
(Increase) decrease in deferred outflows	5,080	2,290
Increase (decrease) in accounts payable and accrued expenses	10,249	2,983
Increase (decrease) in customer deposits and advance payments	(791)	546
Increase (decrease) in compensated absences	(22)	(472)
Increase (decrease) in claims payable	(68)	108
Increase (decrease) in unearned revenue	(565)	(565)
Increase (decrease) in net OPEB liability	(1,660)	1,762
Increase (decrease) in net pension liability	(987)	3,267
Increase (decrease) in deferred inflows	1,172	(978)
Net cash provided by (used for) operating activities	$ 159	$ 25,834
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Contributions of capital assets from developers	$ 12,113	$ 12,113
Contributions of capital assets from other governments	6,414	-
Change in accounts payable related to capital assets	1,148	4,511
Lease and subscription assets acquired through agreements	766	850

See accompanying notes to the basic financial statements.

Irvine Ranch Water District

Statement of Fiduciary Net Position
June 30, 2025
(with comparative data as of June 30, 2024)
(in thousands)

	Custodial Fund	
	2025	2024
ASSETS		
Cash and investments (note 2)	$ 1,011	$ 993
Interest receivable	-	4
TOTAL ASSETS	1,011	997
NET POSITION		
Restricted for:		
San Joaquin Wildlife Sanctuary	1,011	997
TOTAL NET POSITION	$ 1,011	$ 997

See accompanying notes to the basic financial statements.

Irvine Ranch Water District

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2025
(with comparative data for the Fiscal Year Ended June 30, 2024)
(in thousands)

	Custodial Fund	
	2025	2024
ADDITIONS		
Interest and dividends income	$ 18	$ 42
Total additions	18	42
DEDUCTIONS		
Administrative expenses	4	6
Total deductions	4	6
Increase (decrease) in net position	14	36
NET POSITION AT BEGINNING OF YEAR	997	961
NET POSITION AT END OF YEAR	$ 1,011	$ 997

See accompanying notes to the basic financial statements.

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Irvine Ranch Water District (District) was formed in 1961 as a special district under Division 13 of the California Water Code (the Act). The District provides potable and recycled water service as well as sewage collection, treatment, and disposal to users within its boundaries.

The District is divided geographically into eight water and ten sewer improvement districts (IDs), as well as several planning areas (PAs) that function as informal improvement districts. Each improvement district is a sub-fund of the District and their primary purpose is to allocate costs and funding on an equitable basis for the construction of water, sewer, and recycled water infrastructure. Most improvement districts have authority to issue general obligation bonds to finance the construction of capital facilities that were identified and valued in a Plan of Works specific to the improvement district. Each improvement district with authority to issue general obligation bonds also has the authority to levy and collect connection fees and ad valorem taxes on the land within its legal boundaries sufficient to meet its general obligation bond indebtedness.

Connection fees which are paid by developers and property taxes which are paid by property owners vary by improvement district based upon, among other considerations, total capital costs, ratio of developed to undeveloped land, and development densities; however, water and sewer user fees are uniform throughout the District.

Description of the Reporting Entity

The financial statements of the District include the financial activities of the following sub-fund improvement districts and planning areas:

111/222	Area Excluded from IDs
112/212	Former El Toro Marine Base
113/213	Former Tustin Marine Base
125/225	Developed/Underlay
240	Newport Coast/Newport Ridge
252	Santiago Hills
153/253	Irvine Business District /Spectrum /Shady Canyon/Laguna Laurel/East Orange
154	Santiago Canyon(s)
256	Orange Park Acres
185/285	Los Alisos Area
188/288	Portola Hills Commercial
110/210	Overall District Boundary

(1) Summary of Significant Accounting Policies (Continued)

(a) Reporting Entity (Continued)

Blended Component Units - Blended component units although legally separate entities, are, in substance, part of the District's operations since they have the same governing board. The District has both financial accountability and operational responsibility for the blended component units. The District has the following blended component units:

The Irvine Ranch Water District Water Service Corporation – In January 1997, the District formed a 501(c)(4) corporation for the purpose of financing and acquiring water, sewer and other public improvements. The Corporation was created to effect the merger of the Santa Ana Heights Water Company and the issuance of the 2002 Certificates of Participation, 2008 Refunding Certificates of Participation, 2010 Refunding Certificates of Participation, and 2016 Certificates of Participation. The Corporation's bylaws mandate that the members of the District's Board of Directors shall constitute the Corporation's five-member Board of Directors. The Irvine Ranch Water District Water Service Corporation does not issue separate financial statements.

Bardeen Partners, Inc. – In March 1991, the District formed a 501(c)(4) corporation for the purpose of accounting for the financial data and transactions for certain District real estate investments, including the investments in Wood Canyon Villas, Sycamore Canyon Apartments, and Irvine Technology Center. Bardeen Partners is governed by a Board of Directors consisting of the five members of the District's Board of Directors. Bardeen Partners does not issue separate financial statements.

(b) Basic Financial Statements

The basic financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position, and the Notes to the Basic Financial Statements.

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District's financial activities are accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

The fiduciary fund types include a custodial fund. The custodial fund is used to account for assets held by the District as a custodian for the activities of the San Joaquin Wildlife Sanctuary (SJWS).

Both the enterprise fund and fiduciary custodial fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized when earned and expenses are recognized as they are incurred. Internal activity has been eliminated in the accompanying basic financial statements.

(1) Summary of Significant Accounting Policies (Continued)

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with water and sewer operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses include cost of sales and services, general and administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Capital contributions consist of contributed capital assets, connection fees, grants and other charges that are legally restricted for capital expenditures by state law or by the Board action that established those charges.

Net position of the District is classified into two components: (1) net investment in capital assets and (2) restricted net position. These classifications are defined as follows:

Net Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of notes or borrowing(s) that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted net position – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, the District uses unrestricted resources first, and then restricted resources as they are needed. For capital expenditures, legally available restricted bond proceeds are used first, then other restricted resources, and then unrestricted resources are used if needed.

(d) Property Taxes

The District is authorized under the Act to levy taxes on all taxable property (lands only) within its boundaries for the purposes of paying certain of its debt obligations, subject to certain limitations in the Act, the Revenue and Taxation Code and the California Constitution. The District also receives a portion of the County's 1% ad valorem property taxes from certain lands within its boundaries. Property tax revenue is recognized in the fiscal year in which the taxes are levied. The property tax calendar is as follows:

Lien date:	January 1
Levy date:	July 1
Due date:	First installment – November 1
	Second installment – February 1
Delinquent date:	First installment – December 10
	Second installment – April 10

(1) Summary of Significant Accounting Policies (Continued)

(d) **Property Taxes (Continued)**
The assessment, levy and collection of property taxes are the responsibility of the County of Orange and are remitted to the District periodically.

(e) **Cash and Cash Equivalents**
For the purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of 3 months or less.

(f) **District Investments**
Investments are reported in the accompanying Statement of Net Position at fair value, except for certain investment contracts that are reported at cost because they are not transferable, and they have terms not affected by changes in market interest rates.

Changes in fair value that occur during the fiscal year are recognized as an increase (decrease) in fair value of investments reported for that fiscal year. Interest income includes interest earnings on the District's investments.

(g) **Pension and OPEB Trusts Investments**
Investments of the Pension Trust and OPEB Trust are reported in the accompanying Statement of Net Position at fair value.

Changes in fair value that occur during the fiscal year are recognized as an increase (decrease) in fair value of investments reported for that fiscal year. Interest income is recorded on the accrual basis. Dividends are recorded on the payment date.

(h) **Real Estate Investments**
Real estate investments consist of a wholly-owned apartment complex and four commercial office properties. The District is also a party to a real estate limited partnership in which the District has more than a 50% ownership interest but does not exercise control. All real estate investments are reported at fair value. Changes in fair value that occur during the fiscal year are recognized as increase (decrease) in fair value of real estate investments reported for that fiscal year.

(i) **Fair Value Measurements**
Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

(1) Summary of Significant Accounting Policies (Continued)

(i) Fair Value Measurements (Continued)

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in markets that are inactive.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

(j) Inventory and Prepaid Items

Water inventory related to water stored in its banking facilities in Kern County is stated at its purchase cost or at a rate equivalent to what the District would charge for storage. The District's warehouse materials and supplies are valued using the average cost method. Inventory is recorded when purchased, and expensed at the time the inventory is consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

(k) Capital Assets and Depreciation

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated acquisition value on the date received. The District capitalizes all assets including right-to-use lease assets and subscription-based information technology arrangements (SBITA) with a cost of at least $10,000 and a useful life of at least three years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Depreciation and amortization are computed utilizing the straight-line method over the following estimated useful lives:

Buildings and Structures	3 to 100 years
Transmissions and Distributions	10 to 75 years
Machinery and Equipment	3 to 50 years

(l) Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits up to certain limits. Earned vacations pay to a maximum of 400 hours (or more with written approval of the General Manager). Sick leave hours accrue at the rate of one day per month and employees may elect to receive cash for accumulated sick leave for up to 96 hours in excess of the first 80 hours accumulated. Fifty percent of accumulated sick leave up to a maximum of 960 hours may be paid upon termination of employment. IRWD records a liability and expense for vacation and sick leave when employees earn the time off and it's more likely they will use it or be paid for it.

(1) **Summary of Significant Accounting Policies (Continued)**

(m) **Pensions**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

(n) **Other Post-Employment Benefits (OPEB)**

The OPEB liability, deferred outflows and inflows of resources relating to OPEB and OPEB expense have been determined by an independent actuary. Benefit payments are recognized when currently due and payable in accordance with the benefit terms.

GASB requires that the reported results pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2024
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

(o) **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred amounts related to refunding charges, accumulated decreases in fair value of swap agreements, employer contributions subsequent to measurement date for pension and OPEB, and actuarial amounts related to pension and OPEB.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred amounts are related to actuarial amounts of pension, OPEB, and leases.

(1) Summary of Significant Accounting Policies (Continued)

(p) Leases

Lessee: The District is a lessee for the noncancellable leases of production well sites, antenna sites, and equipment. The District recognizes a lease liability and an intangible right-to-use the lease asset (lease asset) in the basic financial statements. The District recognizes lease liabilities with an initial, individual value of $10,000 or more and a useful life of at least three years.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the District has determined is reasonably certain to be exercised. In those situations, the lease is amortized over the useful life of the underlying asset.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments at present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Lessor: The District is a lessor for the noncancellable leases of land properties. The District recognizes a lease receivable and a deferred inflow of resources in the basic financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable is adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

(1) Summary of Significant Accounting Policies (Continued)

(p) Leases (Continued)

Key estimates and judgements include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a re-measurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

(q) Subscription Based Information Technology Arrangements (SBITA)

The District enters into software subscription agreements valued at $10,000 or more and useful life of at least three years. it recognizes a SBITA liability and an intangible right-to-use SBITA asset in the basic financial statements. At the commencement of a SBITA, the District measures the liability at a present value of payments expected to be made during the lease term and then reduces the liability when principal payments are made. The SBITA asset is also recorded at the present value of payments to be made after commencement plus any additional costs necessary to place the SBITA in service and is then amortized on a straight-line basis over the SBITA term. SBITA assets are reported with capital assets and SBITA liabilities are reported with long-term liabilities on the Statement of Net Position. If the interest rate charged by the subscription vendor is not provided, the District's incremental borrowing rate is used as the discount rate. The SBITA term includes the non-cancellable period of the subscription, including options to extend, and must be more than 12 months.

(r) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(s) Comparative Financial Statements and Reclassifications

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain amounts presented in the prior year financial statements have been reclassified in order to be consistent with the current year's presentation.

(2) Cash and Investments

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements as follows (in thousands):

Proprietary Fund:	
District Cash and Investments	$ 393,704
Pension Trust Investments	139,749
OPEB Trust Investments	13,086
Total Proprietary Fund	546,539
Fiduciary Fund - Custodial Fund:	
Cash and investments	1,011
Total Cash and Investments	$ 547,550

Cash and investments as of June 30, 2025 consist of the following (in thousands):

Deposits with financial institutions	$ 6,641
Investments	540,909
Total Cash and Investments	$ 547,550

The following table identifies the investment types that are authorized for the District by the California Government Code, the California Water Code, and the District's investment policy, whichever is most restrictive. The table also identifies certain provisions that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity[1]	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
Orange County Treasury Pool	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Real Estate Investments	N/A	30% [2]	None

[1] Maximum maturity unless express authority has been granted otherwise by the Board of Directors pursuant to the California Government Code Section 53601.
[2] 30% of Replacement Fund, as authorized by the California Water Code Section 35912.

(2) Cash and Investments (Continued)

Pension and Other Post-Employment Benefits (OPEB) Trusts (The 115 Trusts) Authorized Investment Strategy

The District recognizes that defined benefit plans and the related future pension obligations pose significant issues for many government agencies. The District has taken a proactive approach to address the issue and in 2013, established a Pension Trust to substantially fund its CalPERS unfunded liability. In 2023, the District established a new OPEB section 115 Trust to fund a portion of its unfunded OPEB liability. The 115 Trusts' investment policy authorizes investment of Trust assets in financial instruments in three broad categories: equity, fixed income, and real estate. These financial instruments can include, but are not limited to, corporate bonds, commercial paper, U.S. government securities, common and preferred stock, real estate investment trusts, and mutual funds. Investments may include derivatives, options and futures as portfolio protection strategies. The following is a summary of the 115 Trusts' investment policy.

The 115 Trusts are governed by a 115 Trusts Board (the Board) which consists of two IRWD Board members and the General Manager. The Board designates one or more investment advisors to manage the assets under their supervision subject to the laws of the State of California and Investment Guidelines established by the Board. The long-term asset allocation policy including the minimum-maximum asset allocation range for each asset class is as follows:

Asset Classes	Minimum	Maximum
Cash	0%	30%
Public Equity- Domestic & International	30%	80%
Private Equity	0%	5%
Fixed Income	10%	40%
Real Estate	0%	10%

The asset allocation policy will be pursued by the 115 Trusts on a long-term basis and may be revised if necessary due to market conditions. The Board will monitor the current asset allocation against the long-term allocation policy and rebalance as it deems necessary.

Cash equivalent reserves shall consist of cash instruments having a quality rating of A-1, P-1 or higher, as established by Moody's or Standard & Poor's. Bankers' acceptances, certificates of deposit and savings accounts must be made of United States banks or financial institutions, or United States branches of foreign banks, which are federally insured with unrestricted capital of at least $50 million. Short-term corporate obligations must be rated A or better by Moody's or by Standard & Poor's. Money Market funds must attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organization (NRSRO).

(2) Cash and Investments (Continued)

Pension and Other Post-Employment Benefits (OPEB) Trusts (The 115 Trusts) Authorized Investment Strategy (Continued)

Equity investments are restricted to high quality, readily marketable securities of corporations that are actively traded on a major exchange. Not more than 5% of the total stock portfolio valued at fair value may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 2% of those outstanding. Not more than 25% of stock valued at fair value may be held in any one industry category. The overall non-U.S. equity allocation should include a diverse global mix of at least 10 countries. The emerging markets exposure as defined by Morgan Stanley Capital International Inc. should be limited to 35% of the non-U.S. portion of the portfolio.

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio, at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets shall be at least "A", according to one of the three rating agencies (Fitch, Moody's or Standard & Poor's). In cases where the yield spread adequately compensates for additional risk, securities where two of the three rating agencies (Fitch, Moody's or Standard & Poor's) have assigned ratings of Baa3 or BBB- ratings, can be purchased up to a maximum of 20% of total fair value of fixed income securities.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

(2) Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming near to maturity as necessary to provide the cash flow and liquidity needed for District operations.

Information about the sensitivity of the fair values of the District's and 115 Trusts' investments to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity at June 30, 2025 (in thousands):

		Remaining Maturity			
Investment Type	**Amount**	**12 Months Or Less**	**13 to 36 Months**	**37 Months Or More**	**Not Applicable**
Federal Agency Securities	$ 29,994	$ 19,943	$ -	$ 10,051	$ -
Local Area Investment Fund	51,789	51,789	-	-	-
US Treasury Note	299,600	44,919	123,910	130,771	-
Money Market	6,691	6,691	-	-	-
Total District Investments	388,074	123,342	123,910	140,822	-
Mutual Funds - Equities	93,246	-	-	-	93,246
Mutual Funds - Fixed Income Bonds	46,450	598	6,681	39,171	-
Cash	53	53	-	-	-
Total Pension Trust Investments	139,749	651	6,681	39,171	93,246
Mutual Funds - Equities	8,732	-	-	-	8,732
Mutual Funds - Fixed Income Bonds	4,347	56	625	3,666	-
Cash	7	7	-	-	-
Total OPEB Trust Investments	13,086	63	625	3,666	8,732
Total Investments	$ 540,909	$ 124,056	$ 131,216	$ 183,659	$ 101,978

(2) Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that the issuer of the investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year-end for each investment type (in thousands):

District Cash and Investments:

Investment Type	Amount	AAA [1]	AA [1]	Not Rated
Federal Agency Securities	$ 29,994	$ -	$ 29,994	$ -
Local Area Investment Fund	51,789	-	-	51,789
US Treasury Note	299,600	-	299,600	-
Money Market	6,691	6,691	-	-
Total	$ 388,074	$ 6,691	$ 329,594	$ 51,789

Pension Trust Investments:

Investment Type	Amount
Mutual Funds - Equities	$ 93,246 [2]
Mutual Funds - Fixed Income Bonds	46,450 [3]
Cash	53 [4]
Total	$ 139,749

OPEB Trust Investments:

Investment Type	Amount
Mutual Funds - Equities	$ 8,732 [5]
Mutual Funds - Fixed Income Bonds	4,347 [6]
Cash	7 [7]
Total	$ 13,086

[1] Based on Moody's rating.

[2] Equity Mutual Funds as of 6/30/2025 include four "index funds" and are each comprised of diversified portfolios of equity securities. Credit ratings are not provided for Equity Mutual Funds.

[3] Fixed Income Mutual Funds are comprised of two diversified portfolios of fixed income securities. As of 6/30/2025, 43.95% of the holdings were rated A-AAA, 53.65% of the holdings were rated B-BBB, and 2.40% of the holdings were rated below B or Not Rated.

[4] Cash is not rated.

[5] Equity Mutual Funds as of 6/30/2025 include four "index funds" and are comprised of diversified portfolios of equity securities. Credit ratings are not provided for Equity Mutual Funds.

[6] Fixed Income Mutual Funds are comprised of two diversified portfolios of fixed income securities. As of 6/30/2025, 43.95% of the holdings were rated A-AAA, 53.65% of the holdings were rated B-BBB, and 2.40% of the holdings were rated below B or Not Rated.

[7] Cash is not rated.

(2) Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows (in thousands):

Issuer	Investment Type	Amount
FFCB	Federal Agency Security	$ 25,039
	Total	$ 25,039

Disclosures Relating to Fair Value Measurements

The District categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The District has the following fair value measurements as of June 30, 2025 (in thousands):

District Cash and Investments:

		Fair Value Measurements	
Investment Type	**Amount**	**Level 1**	**Level 2**
Federal Agency Securities	$ 29,994	$ -	$ 29,994
Local Area Investment Fund	51,789 [1]	-	-
US Treasury Note	299,600	299,600	-
Money Market	6,691 [1]	-	-
Total	$ 388,074	$ 299,600	$ 29,994

Pension Trust Cash and Investments:

		Fair Value Measurements
Investment Type	**Amount**	**Level 1**
Mutual Funds - Equities	$ 93,246	$ 93,246
Mutual Funds - Fixed Income Bonds	46,450	46,450
Cash	53 [1]	-
Total	$ 139,749	$ 139,696

OPEB Cash and Investments:

		Fair Value Measurements
Investment Type	**Amount**	**Level 1**
Mutual Funds - Equities	$ 8,732	$ 8,732
Mutual Funds - Fixed Income Bonds	4,347	4,347
Cash	7 [1]	-
Total	$ 13,086	$ 13,079

[1] These are not subject to the fair value measurements classification.

(3) Interest Rate Swap Agreements

In September 2003, the District's Board of Directors approved a policy regarding the use of interest rate swap transactions. The policy provides that interest rate swap transactions will be designed to enhance the relationship between risk and return with respect to an investment or a program of investments entered into by the District; and/or to reduce the amount or duration of payment, rate, spread, or similar risk; and/or result in a lower cost of borrowing when used in combination with bonds or other indebtedness of the District. Pursuant to the policy, the Board of Directors may authorize general parameters for interest rate swap transactions while the Finance and Personnel Committee would structure any specific transactions within the Board-authorized parameters. The Treasurer, with the concurrence of the Chairman of the Finance and Personnel Committee, is authorized to enter into interest rate swap transactions that are within all authorized parameters.

The International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, including the schedule and credit support annex, is used as the form of contract with interest rate swap counterparties. The District is compliant with all Dodd-Frank Protocol provisions regarding swap advisor representation and transparency.

The outstanding interest rate swaps are pay-fixed, receive variable swaps ("fixed payer swaps"). As of June 30, 2025, the notional amount and fair value balance of the District's interest rate swaps are $60.0 million and $(4.5) million, respectively. For the year ended June 30, 2025, the decrease in fair value of the fixed payer interest rate swaps was $0.7 million.

The fair value of the swap agreements at June 30, 2025 is calculated using a zero-coupon method (Level 2 inputs). This method calculates the future net settlement payments required by the swaps, assuming, for the SOFR fixed payer swaps, that the current SOFR forward rates implied by the SOFR yield curves correctly anticipate future SOFR spot interest rates. These payments are discounted using the spot rates implied by the current yield curves for hypothetical zero-coupon bonds due on the date of each future net settlement of the swaps.

The District's fixed payer swaps were executed in 2004 and became effective in 2007. The purpose of the fixed payer swaps was to hedge a portion of the interest rate risk exposure associated with the District's 100% variable rate debt structure at the time the swaps were executed. The interest rate swap notional amounts and maturities are not specifically related to a particular District debt issue, however, are considered a hedge of a pooled portion of the District's variable rate debt exposure.

(3) Interest Rate Swap Agreements (Continued)

The following table displays the objective and terms of the District's interest rate swaps outstanding at June 30, 2025, along with the credit rating of the associated counterparty.

Current Year Active Interest Rate Swaps (in thousands):

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Rating
Fixed Payer	Hedge of changes in cash flows on pool of variable rate debt issues	$30,000	3/10/07	3/10/29	Pay 5.687%; receive 1-Mo. SOFR	Aa2/A+/AA
Fixed Payer	Hedge of changes in cash flows on pool of variable rate debt issues	$30,000	3/10/07	3/10/29	Pay 5.687%; receive 1-Mo. SOFR	Aa3/A+/A+

The ISDA agreements for the above referenced interest rate swaps include a provision that the counterparties shall be required to post collateral should the mark-to-market value of the total interest rate swap portfolio with the respective counterparty, including any current outstanding swap accruals, exceed a threshold of $(15.0) million. The amount of the collateral posted shall be the amount of the mark-to-market value and outstanding swap accrual amounts in excess of $(15.0) million. As of June 30, 2025, the mark-to-market value of the total interest rate swaps with Citibank N.A. and Bank of America, N.A. as counterparties did not exceed the threshold amount.

Credit risk: The District is exposed to credit risk on interest rate swaps. To minimize its exposure to loss related to credit risk, the District's policy requires that the Finance and Personnel Committee evaluate and approve the counterparty creditworthiness of each counterparty prior to executing an ISDA Agreement, and all current swap agreements include collateral posting provisions. These terms require full collateralization of the fair value of interest rate swaps in asset positions (net of the effect of applicable netting arrangements) should the counterparty's credit rating fall below BBB+ as issued by Fitch Ratings and Standard & Poor's or Baa1 as issued by Moody's Investors Service. Collateral posted is to be in the form of U.S. Treasuries, or other approved securities, held by a third-party custodian.

The District has executed interest rate swap transactions with Bank of America, N.A. and Citibank N.A. Their ratings are Aa2/A+/AA (50% of net exposure to credit risk) and Aa3/A+/A+ (50% of net exposure to credit risk), respectively, as of June 30, 2025.

(3) Interest Rate Swap Agreements (Continued)

Interest rate risk: The District is exposed to interest rate risk on its interest rate swaps. On its fixed payer swaps, as the 1-month SOFR index decreases, the District's net payment on the swap increases. Alternatively, on its fixed payer swaps, as the 1-month SOFR index increases, the District's net payment on the swap decreases.

Basis risk: The District is exposed to basis risk on its fixed payer swaps because the variable-rate payments received by the District on these swaps are based on a rate or index other than interest rates the District pays on its variable-rate debt, which is remarketed daily or weekly.

Termination risk: The District or its counterparties may terminate an interest rate swap if the other party fails to perform under the terms of the contract. If at the time of termination, an interest rate swap is in a liability position, the District would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Collateral requirements: The District's interest rate swaps include provisions that require the District to post collateral in the event its credit rating falls below A as issued by Fitch Ratings and Standard & Poor's or A2 as issued by Moody's Investors Service.

The collateral posted is to be in the form of U.S. Treasuries or other approved securities in the amount of the fair value of interest rate swaps in liability positions net of the effect of applicable netting arrangements. If the District does not post collateral, the swaps may be terminated by the counterparty. The District's credit rating is Aa1/AAA/AAA; therefore, no collateral has been posted at June 30, 2025.

(4) Inventories

Inventories consist of available water in storage and materials and supplies in the District's warehouse facilities. As of June 30, 2025, the District had 49,600 acre-feet of banked water in various water bank facilities at a cost of $11.4 million. Inventories at June 30, 2025 consisted of the following (in thousands):

Water in storage	$	11,396
Materials and supplies		12,231
Total	$	23,627

(5) Capital Assets

Capital asset activity for the year ended June 30, 2025 is as follows (in thousands):

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets, depreciable:				
Land leasehold	$ 4,860	$ -	$ -	$ 4,860
Right-to-use leased asset	1,162	447	-	1,609
Right-to-use subscription asset	454	318	-	772
Buildings and structures	848,284	21,220	(1,004)	868,500
Transmissions and distributions	1,990,615	100,237	(598)	2,090,254
Machinery and equipment	285,098	3,529	(6,202)	282,425
Sub-Total	3,130,473	125,751	(7,804)	3,248,420
Less: Accumulated depreciation:				
Land leasehold	(1,844)	(97)	-	(1,941)
Right-to-use leased asset	(152)	(149)	-	(301)
Right-to-use subscription asset	(113)	(133)	-	(246)
Buildings and structures	(393,947)	(18,776)	528	(412,195)
Transmissions and distributions	(696,662)	(57,880)	178	(754,364)
Machinery and equipment	(199,569)	(7,153)	5,960	(200,762)
Sub-Total	(1,292,287)	(84,188)	6,666	(1,369,809)
Total depreciable capital assets, net	1,838,186	41,563	(1,138)	1,878,611
Capital assets, non-depreciable:				
Land and water rights	127,546	1,373	(75)	128,844
Construction in progress	145,938	108,462	(100,427)	153,973
Total capital assets, net	$ 2,111,670	$ 151,398	$ (101,640)	$ 2,161,428

Total projects transferred from Construction in Progress to Capital Assets and depreciated during the fiscal year ended June 30, 2025 were $100.4 million. The District's proportionate share of the Orange County Sanitation District's jointly funded capital assets increased $19.5 million during the fiscal year ended June 30, 2025.

Certain administrative and general expenses relating to assets under construction are charged to construction-in-progress until the assets are ready for their intended use. The amount of administrative and general expenses capitalized to construction-in-progress for the fiscal year ended June 30, 2025 was $6.5 million.

During the current fiscal year, the Serrano Water District (SWD) and IRWD entered into a purchase and sale agreement. The ownership and operations of the Santiago Reservoir property, Howiler Water Treatment Plant, and untreated water conveyance facilities, with a carrying value of $6.4 million, were transferred from SWD to IRWD. The transaction was recorded and reported as a special item and capital assets, net of accumulated depreciation in IRWD's basic financial statements. In addition, SWD and IRWD entered into a water service reliability agreement. IRWD provides water supply reliability services to SWD and reimburses / pays for certain capital and non-capital costs.

(6) Orange County Sanitation District (OC San)

The District, with OC San, negotiated an agreement as of July 1, 1985, which has been amended from time to time. The District agreed to annually fund payment of the District's proportionate share of OC San's joint capital outlay revolving fund (CORF) budget requirements and certain capital improvements, calculated on an annual flow basis using the four highest months of actual flows, during the term of the agreement.

(6) Orange County Sanitation District (OC San) (Continued)

The capital assets associated with this agreement are co-owned by the two agencies and provide an operational benefit to both agencies. During the fiscal year ended June 30, 2025, the District paid $12.2 million of the equity integration adjustment of OC San's capital assets. In addition, the District's CORF and collection projects payments to OC San for the current fiscal year totaled $7.3 million.

The District's share of the jointly funded capital assets and CORF in the amount of $121.7 million is included in capital assets in the District's basic financial statements.

The accompanying basic financial statements reflect management's best estimate of balances pertaining to this agreement based upon information provided by OC San. Periodically this information is subjected to further review based on the performance of agreed upon procedures when the records for such review have been made available to the District. Adjustments pertaining to the accounting estimates associated with this agreement are recognized as the information for such adjustments becomes available. As of June 30, 2025, the District had a net receivable of $29.5 million from OC San which is reflected as a due from other agencies in the District's basic financial statements.

(7) Leases Receivable

The District, as a lessor, entered into non-cancellable lease agreements for farming, recreational activities, and cell sites. These leases expire at various dates through 2041. Payments to the District are based on the terms in each agreement and include certain variable payments not included in the measurement of the lease receivable. During the fiscal year, the District recognized $1.1 million in lease revenue and $0.05 million in interest revenue related to these leases. As of June 30, 2025, the District's receivable for lease payments was $2.5 million. Also, the District has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2025, the balance of the deferred inflow of resources was $2.4 million. The following schedule is the expected future minimum payments under these agreements (in thousands):

Fiscal Year	Principal	Interest	Total
2026	$ 209	$ 55	$ 264
2027	228	51	279
2028	236	46	282
2029	246	40	286
2030	138	34	172
2031-2035	709	123	832
2036-2040	628	43	671
2041	63	1	64
Total	$ 2,457	$ 393	$ 2,850

(8) Real Estate Investments

Real estate investments as of June 30, 2025 consist of the following (in thousands):

Real estate investments at fair value	$ 336,508
Other assets	1,707
Total	$ 338,215

The District has the following fair value measurements for the real estate investments (Level 3 inputs) (in thousands):

	Balance June 30, 2024	Increase in Fair Value	Capital Additions	Balance June 30, 2025
Wood Canyon Villas, L.P.	$ 38,421	$ 2,305	$ -	$ 40,726
Sycamore Canyon Apartments	220,000	5,553	1,379	226,932
230 Commerce Office Property	10,000	200	-	10,200
Waterworks Way Business Park	13,500	270	-	13,770
Sand Canyon Professional Center	12,000	240	-	12,240
Sand Canyon General Office	32,000	640	-	32,640
Total	$ 325,921	$ 9,208	$ 1,379	$ 336,508

Net real estate income as of June 30, 2025 is as follows (in thousands):

Real estate income	$ 21,441
Increase in fair value of real estate investments	9,208
Real estate expense	(7,621)
Net real estate income	$ 23,028

(8) **Real Estate Investments (Continued)**

Included in real estate investments are two apartment properties and four commercial office buildings. The District, through Bardeen Partners, Inc., is the sole limited partner in Wood Canyon Villas, L.P. (Wood Canyon), and the sole owner of both Sycamore Canyon Apartments and a commercial office building (230 Commerce). Separate from Bardeen Partners, Inc., the District is the sole owner of three other commercial office buildings (Waterworks Way Business Park, Sand Canyon Professional Center, and Sand Canyon General Office).

The construction of Wood Canyon Villas, a 230-unit apartment property, was completed in 1993. The property is located in Orange County, California, and was 95.2% occupied at June 30, 2025. The Wood Canyon partnership agreement provides the District with a 9% cumulative preferred return on its unrecovered contribution accounts, as defined in the agreement ($6.0 million contribution). The property's fair value and the District's partnership interest were based on a fixed growth factor included in the limited partnership agreement.

In 1992, the District acquired a 450-unit apartment property (original cost, $34.1 million) in Orange County, California known as Sycamore Canyon Apartments. The property was 94.6% occupied as of June 30, 2025. The property's fair value was determined using an appraisal valuation in 2024 and adjusted with a growth factor in 2025.

In 2003, the District completed construction of the 41,000 square foot for-lease 230 Commerce professional office building located in Irvine, California. Land and construction costs for the project totaled $5.6 million. The building was 70.3% occupied as of June 30, 2025. The property's fair value was determined using an appraisal valuation in 2024 and adjusted with a growth factor in 2025.

In November 2008, the District completed construction of a 37,200 square foot for-lease R&D office building located in Irvine, California known as the Waterworks Way Business Park. The building was constructed on land owned by IRWD adjacent to a District water treatment facility. Land and construction costs for the office project totaled $9.0 million. As of June 30, 2025, the building was 100% occupied. The property's fair value was determined using an appraisal valuation in 2024 and adjusted with a growth factor in 2025.

In April 2012, the District completed construction of a 16,350 square foot for-lease medical office building located in Irvine, California known as the Sand Canyon Professional Center. Land and construction costs for the project totaled $8.4 million. The building was 100% occupied as of June 30, 2025. The property's fair value was determined using an appraisal valuation in 2024 and adjusted with a growth factor in 2025.

In August 2020, the District completed construction of a new for-lease 70,000 square foot office building located in Irvine, California known as the Sand Canyon General Office. Land and construction costs for the project totaled $31.4 million. The building was 100% occupied as of June 30, 2025. The property's fair value was determined using an appraisal valuation in 2024 and adjusted with a growth factor in 2025.

(9) Investment in Joint Venture

The District is a participant with the Rosedale-Rio Bravo Water Storage District (RRB) in a joint venture to design, build and operate a Kern Fan Groundwater Storage Project. Groundwater Banking Joint Powers Authority (GBJPA), a legally separate public agency, was created for that purpose effective July 1, 2020. GBJPA is governed by a four-member board composed of two appointees from the District and two appointees from the RRB. The District and the RRB are each obligated by contract to provide equal funding (50-50) of the costs and are each entitled to one-half of GBJPA's annual operating income or loss, if any. The District's net investment in the joint venture represents its proportionate share of capital and operating expenses of GBJPA. The District's investment in GBJPA was $11.7 million at June 30, 2025. Complete financial statements for GBJPA can be obtained from GBJPA's office at 849 Allen Road, Bakersfield, CA 93314.

(10) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025 was as follows (in thousands):

	Balance June 30, 2024 (Restated)	Additions	Deletions	Balance June 30, 2025	Due within One Year	Due in more than one Year
General Obligation Bonds:						
1993 C Consolidated	$ 19,200	$ -	$ (19,200)	$ -	$ -	$ -
2008A Refunding	39,000	-	(2,000)	37,000	2,500	34,500
2009A Consolidated	45,000	-	(2,500)	42,500	2,500	40,000
2009B Consolidated	45,000	-	(2,500)	42,500	2,500	40,000
2010B BABS	175,000	-	(3,120)	171,880	2,790	169,090
2011A-1 Refunding	38,760	-	(2,100)	36,660	2,220	34,440
2011A-2 Refunding	25,840	-	(1,400)	24,440	1,480	22,960
2016 Consolidated	96,605	-	(2,495)	94,110	2,620	91,490
Unamortized Premium	19,948	-	(924)	19,024	924	18,100
Sub-total	504,353	-	(36,239)	468,114	17,534	450,580
Certificates of Participation:						
2016 Certificates	101,490	-	(4,555)	96,935	4,905	92,030
Unamortized Premium	20,781	-	(1,375)	19,406	1,376	18,030
Sub-total	122,271	-	(5,930)	116,341	6,281	110,060
Notes Payable	119	-	(79)	40	40	-
Leases Payable	1,031	446	(138)	1,339	228	1,111
Subscription Payable	358	318	(197)	479	191	288
Other Long-Term Liabilities:						
Compensated Absences (Note 19)	6,629	5,924	(5,947)	6,606	2,643	3,963
Other Long-Term Liabilities	739	3,695	(3,841)	593	103	490
Sub-total	7,368	9,619	(9,788)	7,199	2,746	4,453
Total Long-Term Liabilities	**$ 635,500**	**$ 10,383**	**$ (52,371)**	**$ 593,512**	**$ 27,020**	**$ 566,492**

(10) Long-Term Liabilities (Continued)

The following summarizes the major terms of outstanding long-term debt at June 30, 2025 (in thousands):

	Date of Issue	Original Issue	Revenue Sources	Final Maturity Date	Interest Rates
General Obligation Bonds:					
2008A Refunding	4/1/2008	60,215	(1)(3)	7/1/2035	Variable
2009A Consolidated	6/4/2009	75,000	(1)(3)	10/1/2041	Variable
2009B Consolidated	6/4/2009	75,000	(1)(3)	10/1/2041	Variable
2010B BABS	12/16/2010	175,000	(1)(2)(3)	5/1/2040	6.60%
2011A-1 Refunding	4/15/2011	60,545	(1)(2)(3)	10/1/2037	Variable
2011A-2 Refunding	4/15/2011	40,370	(1)(2)(3)	10/1/2037	Variable
2016 Consolidated	10/12/2016	103,400	(1)(2)(3)	2/1/2046	5.00%-5.25%
Certificates of Participation:					
2016 Certificates	9/1/2016	116,745	(2)	3/1/2046	5.00%

(1) Ad valorem assessments or, in lieu of assessments, in the District's discretion, charges for water or sewer service.
(2) Available water, sewer, and recycled water revenues.
(3) Proceeds from the sale of property.

General Obligation Bonds

The annual debt service requirements for the General Obligation Bonds, including principal and interest payments (based on variable interest rates at June 30, 2025 ranging from 1.26% to 2.16% and the fixed rate for the 2010B BABs issue and 2016 Consolidated issue) were as follows (in thousands):

Fiscal Year	Principal	Interest	Hedging Instruments Net	BAB Federal Subsidy	Total
2026	$ 16,610	$ 20,106	$ 574	$ (3,757)	$ 33,533
2027	17,165	19,532	574	(3,696)	33,575
2028	17,900	18,929	574	(3,628)	33,775
2029	18,370	18,288	574	(3,551)	33,681
2030	18,965	17,621	-	(3,469)	33,117
2031-2035	128,975	68,825	-	(16,405)	181,395
2036-2040	183,560	39,755	-	(8,738)	214,577
2041-2045	40,460	7,015	-	-	47,475
2046	7,085	372	-	-	7,457
Sub-total	449,090	210,443	2,296	(43,244)	618,585
Plus: Unamortized premium	19,024	-	-	-	19,024
Total	$ 468,114	$ 210,443	$ 2,296	$ (43,244)	$ 637,609

(10) **Long-Term Liabilities (Continued)**

General Obligation Bonds (Continued)
The above table incorporates the net receipts/payments of the hedging instruments that are associated with the variable rate debt issue(s). The amounts assume that current interest rates on variable rate bonds and the current reference rates of the hedging instruments will remain the same for their term. As these rates vary, interest payments on variable rate bonds and net receipts/payments on the hedging instruments will vary. Additionally, the above table includes the most recent BABs subsidy reduction of 5.7% under the Congressionally mandated sequestration which began in FY 2012-13. Refer to Note 3 for additional information regarding the hedging instruments associated with the debt of the District.

Certificates of Participation
In September 2016, the Irvine Ranch Water District Service Corporation issued $116.7 million of Certificates of Participation Series 2016 (the Series 2016 Certificates) to finance the cost of certain capital improvements and to refund a portion of the outstanding Certificates of Participation Refunding Series 2010 (the Series 2010 Certificates).

The annual debt service requirements for the Certificates of Participation, including principal and interest payments, were as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2026	$ 4,905	$ 4,847	$ 9,752
2027	5,225	4,602	9,827
2028	5,600	4,340	9,940
2029	5,985	4,060	10,045
2030	6,395	3,761	10,156
2031-2035	22,960	14,313	37,273
2036-2040	17,840	9,769	27,609
2041-2045	22,765	4,841	27,606
2046	5,260	263	5,523
Sub-total	96,935	50,796	147,731
Plus: Unamortized premium	19,406	-	19,406
Total	$ 116,341	$ 50,796	$ 167,137

Notes Payable
The District has one outstanding loan, which was assumed because of its consolidation with the Santiago County Water District. The original loan amount was $1.3 million. The loan is payable semi-annually with interest at 2.32%. The loan matures in July 2025. Amounts required to amortize notes payable at June 30, 2025 were as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2026	$ 40	$ 1	$ 41

(10) Long-Term Liabilities (Continued)

Leases Payable

The District, as a lessee, has entered into noncancellable lease agreements for production well sites, antenna sites, and equipment. These leases expire on various dates through 2043. The District's payments are based on the terms in each agreement and include certain variable payments not included in the measurement of the lease payable. As of June 30, 2025, leased assets and the related accumulated amortization totaled $1.6 million and $0.3 million, respectively. The lease liability on June 30, 2025 was $1.3 million.

The annual lease payment requirements, including principal and interest payments, are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2026	$ 228	$ 30	$ 258
2027	199	24	223
2028	211	19	230
2029	146	15	161
2030	31	13	44
2031-2035	174	53	227
2036-2040	212	31	243
2041-2043	138	6	144
Total	$ 1,339	$ 191	$ 1,530

Subscription-Based Information Technology Arrangements (SBITA) Payable

The District has entered into subscription-based information technology arrangements (SBITAs), to use software for its operational needs. The SBITA arrangements expire at various dates through 2029. As of June 30, 2025, SBITA assets and the related accumulated amortization totaled $0.8 million and $0.2 million, respectively. The subscription payable on June 30, 2025 was $0.5 million.

The annual SBITA payment requirements, including principal and interest payments, are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2026	$ 191	$ 10	$ 201
2027	202	5	207
2028	86	2	88
Total	$ 479	$ 17	$ 496

(11) Unearned Revenue

Unearned revenue at June 30, 2025 consisted of the following (in thousands):

Unearned revenue, current portion	$ 565
Unearned revenue, net of current portion	2,004
Total	$ 2,569

On November 10, 2008, the Board approved the South Orange County – Irvine Ranch Water District Interconnection Projects Participation Agreement (Agreement). The Agreement was effective on November 2008 between the District, City of San Clemente (CSC), Laguna Beach County Water District (LBCWD), Moulton Niguel Water District (MNWD), Santa Margarita Water District (SMWD), South Coast Water District (SCWD), Municipal Water District of Orange County (MWDOC), and Orange County Water District (OCWD). The purpose of the Agreement is to allow the South County water agencies (CSC, LBCWD, MNWD, SMWD, and SCWD) to reserve capacity in the District system and reimburse the District for various new intertie facilities which provide that up to 25 cfs of water supply per month may be made available during a water supply disruption. The total cost of the agreement was paid in full by each party in the fiscal year ended June 30, 2009. The amount of unearned revenue related to the South County Water Agencies is amortized over 20 years, the term of the Agreement. The amount of amortization for the fiscal year ended June 30, 2025 was $0.5 million.

(12) Letters of Credit

The District has letters of credit securing the payment of principal and interest on certain General Obligation Bonds. The letters of credit are issued in favor of the trustees and enable the trustees to make draws against the letters of credit for payment of principal and interest amounts.

The terms of the letters of credit, as of June 30, 2025 are summarized as follows (in thousands):

Letter of Credit	Trustee	Amount	Expiration Date
Bank of America:			
2009 Series A Consolidated	U.S. Bank	$ 42,975	May 1, 2028
2009 Series B Consolidated	U.S. Bank	42,975	May 1, 2028
2011 Series A-1 Refunding	Bank of New York Mellon	37,070	February 8, 2027
2011 Series A-2 Refunding	Bank of New York Mellon	24,713	February 8, 2027
Sumitomo Mitsui:			
2008 Series A Refunding	Bank of New York Mellon	37,547	March 13, 2028

(13) Defined Benefit Pension Plan

Plan Descriptions

All qualified employees are eligible to participate in the District's agent multiple-employer public employee defined benefit pension plan which is administrated by the California Public Employees' Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and the District's Board of Directors. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The Plan's provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Hire Date		
	Prior to October 1, 2012	**On or after October 1, 2012 to December 31, 2012**	**On or after January 1, 2013**
Benefit Formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life
Minimum Retirement Age	50	50	52
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rate	8.00%	7.00%	7.50%
Required Employer Normal Cost Rate	10.26%	10.26%	10.26%

In addition, the District made a $8.6 million unfunded liability contribution during the current fiscal year.

Employees Covered

As of June 30, 2023 (valuation date), the following employees were covered by the benefit terms for the Plan:

Active Employees	393
Inactive Employees or Beneficiaries Currently Receiving Benefits	343
Inactive Employees Entitled to But not Yet Receiving Benefits	253
Total	989

(13) Defined Benefit Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

As of June 30, 2025, the total pension liability was determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Price Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The Lesser of Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

(13) Defined Benefit Pension Plan (Continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations.

Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as follows:

Asset Class (1)	Assumed Asset Allocation	Real Return (1), (2)
Global Equity – Cap-weighted	30.00%	4.54%
Global Equity – Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00)%	(0.59)%
Total	**100%**	

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021 Asset Liability Management study.

(13) Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. For example, for the accounting reports, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in the funding valuation.

Changes in the Net Pension Liability

The changes in the net pension liability for the Plan were as follows (in thousands):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2024	$ 364,167	$ 275,493	$ 88,674
Changes Recognized for the Period:			
Service Cost	7,682	-	7,682
Interest	25,334	-	25,334
Changes of Benefit Terms	-		-
Changes of Assumptions	-	-	-
Difference between Expected and Actual Experience	7,798	-	7,798
Contributions – Employer	-	11,983	(11,983)
Contributions – Employees	-	3,404	(3,404)
Net Investment Income	-	26,638	(26,638)
Benefit Payments, Including Refunds of Employee Contributions	(17,293)	(17,293)	-
Administrative Expense	-	(223)	223
Net Change	23,521	24,509	(988)
Balance at June 30, 2025	$ 387,688	$ 300,002	$ 87,686

(13) Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate (in thousands):

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Plan's Net Pension Liability	$ 139,895	$ 87,686	$ 44,535

Subsequent Events

During the time period between the valuation date and the publication of this report, price inflation has been higher than the assumed rate of 2.3% per annum. Since inflation influences cost of living adjustments for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on the pension expense and the net pension liability in future valuations. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net Difference between Projected and Actual Earnings on Pension Plan Investments	5 year straight-line amortization
All Other Amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime for the measurement period ended June 30, 2024 was 4.6 years, which was obtained by dividing the total service years of 4,575 (the sum of remaining service lifetimes of the active employees) by 989 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

(13) Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2025, the District recognized pension expense of $16.3 million. At June 30, 2025, the District reported deferred outflows and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions made Subsequent to the Measurement Date	$ 13,417	$ -
Differences between Expected and Actual Experiences	8,190	(1,193)
Changes in Assumptions	4,407	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	4,047	-
Total	$ 30,061	$ (1,193)

$13.4 million reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. $15.5 million net of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

Fiscal Year	Deferred Outflows/ (Inflows) of Resources
2026	$ 4,039
2027	10,931
2028	1,007
2029	(526)
Total	$ 15,451

(14) Other Post-Employment Benefits

Plan Descriptions

The District administers three other post-employment benefits (OPEB) plans which are subject to changes based on the discretion of the Board:

- **PEMHCA:** The District provides an agent multiple-employer defined benefit healthcare plan to retirees through the California Public Employee Retirement System (CalPERS) under the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as CalPERS Health. Employees are eligible for this lifetime benefit if they retire from the District and are eligible to begin drawing a CalPERS pension. Participation in PEMHCA is financed in part by the District through a contribution of $158 per month per participating retiree.

- **RHCRP**: The District also administers a single-employer defined benefit Retiree Health Costs Reimbursement Plan (RHCRP), which provides medical benefits to covered employees and their eligible dependents. The duration of the benefit is based on employees' years of service as follows: 12 months of benefits for employees with 3-7 years of service; 24 months of benefits for employees with 8-9 years of services; 36 months of benefits for employees with 10-14 years of service; 48 months of benefits for employees with 15-19 years of service; and 60 months of benefits for employees with at least 20 years of service. Employees are eligible for this benefit if they retire from the District on or after age 55 with at least three years of service. The District reimburses retirees for eligible healthcare costs of up to $160 per month (for retirees with at least three years of service at the District), to a maximum of $600 per month after 25 years of service. On February 27, 2023, the Board approved an enhancement to the RHCRP by increasing each tier by $200 for eligible employees who retire from (and become eligible retirees of) the District on or after July 1, 2023.

- **Death Benefit**: The District administers a single-employer defined benefit Retiree Death Only plan (Death Benefit). Employees hired on or before December 31, 2008 and who retire from the District on or after age 55 with at least 10 years of service at the District are eligible for term life insurance with a face amount equal to 100% of their final annual salary at the time of retirement. Employees hired after December 31, 2008 are not currently eligible for this plan.

(14) Other Post-Employment Benefits (Continued)

Employees Covered

As of the June 30, 2024 measurement date, the following employees were covered by the benefit terms under each Plan:

	PEMHCA	RHCRP	Death Benefit	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	121	49	-	170
Inactive Employees Entitled to But not Yet Receiving Benefits	114	-	131	245
Active Employees	391	391	91	873
Total	626	440	222	1,288

Contributions

The contributions for the District's various other post-employment benefits are based on pay-as-you-go financing requirements.

For the fiscal year ended June 30, 2025, the District's cash contributions were $0.5 million and estimated implied subsidy was $0.3 million resulting in total payments of $0.8 million. The following shows contributions by each OPEB plan (in thousands):

	PEMHCA	RHCRP	Death Benefit	Total
Cash Contributions	$ 236	$ 305	$ 20	$ 561
Estimated Implied Subsidy	278	-	-	278
Total	$ 514	$ 305	$ 20	$ 839

(14) Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability
The June 30, 2024 measurement date was used to determine the June 30, 2025 total OPEB liability, based on the following actuarial methods and assumptions:

	PEMHCA	RHCRP	Death Benefit
Actuarial Method	Entry Age Normal		
Actuarial Assumptions:			
Contribution Policy	Pay-as-you-go		
Discount Rate	3.93% at June 30, 2024 and 3.65% at June 30, 2023 (Bond Buyer 20-Bond Index)		
Inflation	2.50% Annually		
Mortality, Disability, Termination, Retirement	CalPERS 2000-2019 Experience Study		
Mortality Improvement	Mortality Projected Fully Generational with Scale MP-2021		
Salary Increases	2.75% Annually and CalPERS 2000-2019 Experience Study		
Medical Trend	Non-Medicare - 7.90% for 2026, decreasing to 3.45% in 2076 Medicare - 6.90% for 2026, decreasing to 3.45% in 2076	Not Applicable	
Minimum Increase	3.5% annually	Not Applicable	
Participation at Retirement	Medical Coverage: 90% if eligible for RHCRP. Otherwise, 50% if currently in District's medical plan, 0% if not.	3 years of District Service: 100% Participate	100% Participate

Change in Assumptions
For the fiscal year ended June 30, 2024 measurement period, the discount rate was increased from 3.65 percent to 3.93 percent based on the municipal bond rate.

(14) Other Post-Employment Benefits (Continued)

Discount Rate
The discount rate used to measure the total OPEB liability was 3.93 percent, which was based on the Bond Buyer 20-Bond G.O. Index.

Changes in the OPEB Liability
The changes in the OPEB liability were as follows (in thousands):

	PEMHCA	RHCRP	Death Benefit	Total
Balance at June 30, 2024	$ 16,281	$ 4,289	$ 1,525	$ 22,095
Changes Recognized for the Period:				
Service Cost	878	250	39	1,167
Interest	617	161	57	835
Assumptions Changes	(599)	(76)	(21)	(696)
Expected vs. Actual Experience	(1,785)	150	(531)	(2,166)
Benefit Payments	(501)	(299)	-	(800)
Net Change	(1,390)	186	(456)	(1,660)
Balance at June 30, 2025	$ 14,891	$ 4,475	$ 1,069	$ 20,435

Sensitivity of the OPEB Liability to Changes in the Discount Rate
The following presents the OPEB liability, calculated using a discount rate that is one percentage point lower or one percentage higher than the current rate for the measurement period ended June 30, 2024 (in thousands).

OPEB Liability	Discount Rate - 1% (2.93%)	Current Discount Rate (3.93%)	Discount Rate + 1% (4.93%)
PEMHCA	$ 17,205	$ 14,891	$ 13,012
RHCRP	4,752	4,475	4,214
Death Benefit	1,147	1,069	999
Total	$ 23,104	$ 20,435	$ 18,225

(14) Other Post-Employment Benefits (Continued)

Sensitivity of OPEB Liability to Changes in the Healthcare Trend Rates (Continued)
The following presents the OPEB liability, calculated using health care cost trend rates that are one percentage point lower or one percentage higher than the current rate for the measurement period ended June 30, 2024 (in thousands).

OPEB Liability	Healthcare Trend Rates -1%	Current Healthcare Trend Rates	Healthcare Trend Rates +1%
PEMHCA	$ 12,649	$ 14,891	$ 17,768
RHCRP	4,475	4,475	4,475
Death Benefit	1,069	1,069	1,069
Total	$ 18,193	$ 20,435	$ 23,312

Amortization of Deferred Outflows and Deferred Inflows of Resources
Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time.

The first amortized amounts are recognized in OPEB expense for the fiscal year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The amortization period differs depending on the source of the gain or loss. Straight line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active and retired) as of the beginning of the measurement period is used for each Plan.

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB
For the fiscal year ended June 30, 2025, the District recognized OPEB expense of $1.5 million which consisted of $1.3 million for PEMHCA, $0.4 million for RHCRP, and $(0.2) million for death benefit.

(14) Other Post-Employment Benefits (Continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB (Continued)

On June 30, 2025, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources				Deferred Inflows of Resources			
	PEMHCA	RHCRP	Death Benefit	Total	PEMHCA	RHCRP	Death Benefit	Total
OPEB Contributions made Subsequent to the Measurement Date	$ 514	$ 305	$ 20	$ 839	$ -	$ -	$ -	$ -
Changes in Assumptions	1,918	178	14	2,110	3,081	351	139	3,571
Difference between Expected and Actual Experience	721	264	-	985	2,654	30	406	3,090
Total	$ 3,153	$ 747	$ 34	$ 3,934	$ 5,735	$ 381	$ 545	$ 6,661

The District has $0.8 million reported as deferred outflows of resources related to employer contributions subsequent to the measurement date which will be recognized as a reduction of the OPEB liability in the fiscal year ending June 30,2025. $(3.6) million net of deferred outflows and deferred inflows of resources related to OPEB will be recognized as OPEB expense (income) as follows (in thousands):

Fiscal Year	PEMHCA	RHCRP	Death Benefit	Total
2026	$ (161)	$ 14	$ (252)	$ (399)
2027	(105)	28	(229)	(306)
2028	(191)	29	(50)	(212)
2029	(323)	21	-	(302)
2030	(607)	15	-	(592)
Thereafter	(1,709)	(46)	-	(1,755)
Total	$ (3,096)	$ 61	$ (531)	$ (3,566)

(15) Deferred Compensation Plans

Retirement for Part Time Employees

The District provides pension benefits for all its part-time employees through a defined contribution plan, in lieu of providing social security benefits. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the District's Section 457 plan. All part-time and seasonal employees are eligible to participate from the date of employment. For the year ended June 30, 2025, the District's payroll covered by the plan was $243,885. The District made no employer contributions. Employees contributed $20,369 for the fiscal year ended June 30, 2025.

Deferred Compensation

All regular, full-time District employees are eligible to participate in the District's deferred compensation program pursuant to Section 457 of the Internal Revenue Code (Plan) whereby they can voluntarily contribute a portion of their earnings into a tax-deferred fund administered by the District and invested through a third-party provider. Pursuant to the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), effective January 1, 2002, employees may contribute the lesser of 100% of includible compensation or the maximum dollar amount allowable under Internal Revenue Code Section 457 in effect for the year. The dollar amount currently in effect for calendar year 2025 is $23,500.

Effective January 1, 2008, for employees with one year or more of services, the District provides 100% matching up to an annual maximum of 3% of the employee's base salary after one year of service. Such employer contribution amounts are deposited into a money purchase plan pursuant to Section 401(a) of the Internal Revenue Code. All full-time employees who have completed two years of regular, full-time service with the District, are eligible for an additional District contribution. Beginning with the first month following an employee's second anniversary date, the District will deposit to the employee's 401 (a) Plan account on a per-pay period basis an amount equal to 1% of the employee's base salary. During the fiscal year ended June 30, 2025, the District contributed $1.5 million to employee accounts under the 401(a) plan.

The assets in both plans are held in trust for the exclusive benefit of the participants and their beneficiaries and are therefore not reported in the basic financial statements of the District.

(16) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters for which the District carries commercial insurance.

(16) Risk Management (Continued)

Property, Boiler and Machinery insurance is provided by the Public Risk Innovation, Solutions, and Management (PRISM). Property insurance includes flood insurance for all properties, and earthquake insurance for the District's real estate investment properties. General and excess liability coverage and excess workers' compensation insurance are provided through participation in the PRISM program. Pollution and legal liability coverage for the Irvine Desalter Project is provided through a policy with Indian Harbor Insurance Company, an AXA XL Company.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated to meet or exceed self-insured retention limits. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Excess coverage insurance policies cover individual general liability claims in excess of $100,000, property claims in excess of $50,000 and workers compensation claims in excess of $125,000.

Changes in the reported liability resulted from the following (in thousands):

Fiscal Year	Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Liability End of Year	Due within One Year	Due in more than One Year
2024	$ 1,046	$ 657	$ (27)	$ 1,676	$ 506	$ 1,170
2025	1,676	289	(357)	1,608	537	1,071

(17) Commitments and Contingencies

Legal Actions

The District is a defendant in various legal actions arising out of the conduct of the District's operations. Management believes that, based on current knowledge, the outcome of these matters will not have a material adverse effect on the District's financial position.

(18) Net Position

Net position at June 30, 2025 consisted of the following (in thousands):

Net investment in capital assets:	
Property, plant and equipment, net	$ 2,161,428
Outstanding liabilities to construct capital assets:	
General obligation bonds	(468,114)
Certificates of participation	(116,340)
Notes payable	(40)
Leases payable	(1,340)
Subscription payable	(480)
Deferred refunding charges	1,330
Capital-related accounts payable and retainage payable	(6,267)
Total net investment in capital assets	1,570,177
Restricted net position:	
Restricted for pension trust investments	139,749
Restricted for OPEB trust investments	13,086
Restricted for water services	248,508
Restricted for sewer services	451,778
Total restricted net position	853,121
Total net position	$ 2,423,298

(19) Restatement of Net Position

During the fiscal year ended June 30, 2025, the District recorded the following change in accounting principle (in thousands):

Net position, 6/30/24, as previously reported	$ 2,295,607
Change in accounting principle:	
GASB Statement No. 101 Compensated Absences	(707)
Net position, 6/30/24, as restated	$ 2,294,900

The District implemented GASB Implementation Statement No. 101 for accounting and reporting of compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

(20) Subsequent Events

In July 2025, the Irvine Ranch Water District issued $125.0 million of consolidated Series 2025A refunding bonds (the Series 2025A Refunding Bonds) to refund a portion of the outstanding 2010B BABs.

In July 2025, the Irvine Ranch Water District issued $57.9 million of consolidated Series 2025B refunding bonds (the Series 2025B Refunding Bonds) to refund a portion of the outstanding 2010B BABs.

(1) Defined Benefit Pension Plan – California Public Employees' Retirement System

(a) Schedule of Changes in the Net Pension Liability and Related Ratio (in thousands)

	Measurement Date: June 30				
	2024	2023	2022	2021	2020
Total Pension Liability					
Service Cost	$ 7,682	$ 7,058	$ 6,872	$ 6,161	$ 6,001
Interest	25,334	23,790	22,582	21,815	20,700
Changes of Benefit Terms	-	227	-	-	-
Changes of Assumptions	-	-	11,019	-	-
Difference between Expected and Actual Experience	7,798	3,008	(2,982)	1,990	1,509
Benefit Payments, Including Refunds of Employee Contributions	(17,293)	(15,860)	(14,694)	(13,708)	(12,655)
Net Change in Total Pension Liability	23,521	18,223	22,797	16,258	15,555
Total Pension Liability – Beginning	364,167	345,944	323,147	306,889	291,334
Total Pension Liability – Ending (a)	$ 387,688	$ 364,167	$ 345,944	$ 323,147	$ 306,889
Plan Fiduciary Net Position					
Contributions – Employer	$ 11,983	$ 11,773	$ 10,467	$ 9,569	$ 8,430
Contributions – Employees	3,404	3,100	3,117	2,855	2,741
Net Investment Income	26,638	16,136	(21,483)	52,638	11,115
Benefit Payments, Including Refunds of Employee Contributions	(17,293)	(15,860)	(14,694)	(13,708)	(12,655)
Administrative Expense	(223)	(193)	(176)	(232)	(314)
Other Miscellaneous Income / (Expense) [1]	-	-	-	-	-
Net Change in Fiduciary Net Position	24,509	14,956	(22,769)	51,122	9,317
Plan Fiduciary Net Position – Beginning [2]	275,493	260,537	283,306	232,184	222,867
Plan Fiduciary Net Position – Ending (b)	$ 300,002	$ 275,493	$ 260,537	$ 283,306	$ 232,184
Plan Net Pension Liability – Ending (a) - (b)	$ 87,686	$ 88,674	$ 85,407	$ 39,841	$ 74,705
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.38%	75.65%	75.31%	87.67%	75.66%
Covered Payroll	$ 44,199	$ 40,357	$ 39,474	$ 38,702	$ 37,389
Plan Net Pension Liability as a Percentage of Covered Payroll	198.39%	219.72%	216.36%	102.94%	199.80%

Irvine Ranch Water District

Required Supplementary Information
For the Fiscal Year Ended June 30, 2025
(Continued)

(1) **Defined Benefit Pension Plan – California Public Employees' Retirement System (Continued)**

(a) Schedule of Changes in the Net Pension Liability and Related Ratio (in thousands) (Continued)

	Measurement Date: June 30				
	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	$ 5,498	$ 5,098	$ 4,825	$ 4,066	$ 4,005
Interest	19,651	18,570	17,806	17,092	16,343
Changes of Benefit Terms	-	-	-	-	-
Changes of Assumptions	-	(1,605)	15,182	-	(4,127)
Difference between Expected and Actual Experience	2,535	(235)	(1,702)	(1,856)	530
Benefit Payments, Including Refunds of Employee Contributions	(11,807)	(10,770)	(9,721)	(9,089)	(8,365)
Net Change in Total Pension Liability	15,877	11,058	26,390	10,213	8,386
Total Pension Liability – Beginning	275,457	264,399	238,009	227,796	219,410
Total Pension Liability – Ending (a)	$ 291,334	$ 275,457	$ 264,399	$ 238,009	$ 227,796
Plan Fiduciary Net Position					
Contributions – Employer	$ 7,185	$ 6,157	$ 5,450	$ 4,926	$ 4,524
Contributions – Employees	2,511	2,401	2,280	2,519	2,170
Net Investment Income	13,809	16,707	20,205	946	4,049
Benefit Payments, Including Refunds of Employee Contributions	(11,807)	(10,770)	(9,721)	(9,089)	(8,365)
Administrative Expense	(151)	(308)	(265)	(110)	(208)
Other Miscellaneous Income / (Expense) (1)	-	(585)	-	-	-
Net Change in Fiduciary Net Position	11,547	13,602	17,949	(808)	2,170
Plan Fiduciary Net Position – Beginning (2)	211,320	197,718	179,769	180,577	178,407
Plan Fiduciary Net Position – Ending (b)	$ 222,867	$ 211,320	$ 197,718	$ 179,769	$ 180,577
Plan Net Pension Liability – Ending (a) - (b)	$ 68,467	$ 64,137	$ 66,681	$ 58,240	$ 47,219
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.50%	76.72%	74.78%	75.53%	79.27%
Covered Payroll	$ 33,758	$ 32,213	$ 30,823	$ 28,802	$ 27,596
Plan Net Pension Liability as a Percentage of Covered Payroll	202.82%	199.10%	216.33%	202.21%	171.11%

(1) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Post-employment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

(2) Includes any beginning of year adjustment.

(1) Defined Benefit Pension Plan – California Public Employees' Retirement System (Continued)

(a) Schedule of Changes in the Net Pension Liability and Related Ratio (in thousands) (Continued)

Notes to Schedule of Changes in the Net Pension Liability and Related Ratio
Change of Benefit Terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15 percent to 6.90 percent. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65 percent for measurement dates June 30, 2015 through June 30, 2016.

(b) Schedule of Contributions (in thousands)

Fiscal Year Ended June 30	2025	2024	2023	2022	2021
Actuarially Determined Contribution [1]	$ 13,417	$ 11,983	$ 11,773	$ 10,467	$ 9,569
Contributions in Relation to the Actuarially Determined Contribution [1]	(13,417)	(11,983)	(11,773)	(10,467)	(9,569)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 47,109	$ 44,199	$ 40,357	$ 39,474	$ 38,702
Contributions as a Percentage of Covered Payroll	28.48%	27.11%	29.17%	26.52%	24.72%

Fiscal Year Ended June 30	2020	2019	2018	2017	2016
Actuarially Determined Contribution [1]	$ 8,430	$ 7,185	$ 6,157	$ 5,450	$ 4,926
Contributions in Relation to the Actuarially Determined Contribution [1]	(8,430)	(7,185)	(6,157)	(5,450)	(4,926)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 37,389	$ 33,758	$ 32,213	$ 30,823	$ 28,802
Contributions as a Percentage of Covered Payroll	22.55%	21.28%	19.11%	17.68%	17.10%

[1] Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

(1) Defined Benefit Pension Plan – California Public Employees' Retirement System (Continued)

(b) Schedule of Contributions (in thousands) (Continued)

Notes to Schedule of Contributions
The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2025 were from the June 30, 2022 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	Fair Value of Assets
Price Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.80%
Investment Rate of Return	6.80% (net of investment and administrative expenses)
Retirement Age	The probabilities of Retirement are based on the 2021 CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 15 years of projected on-going mortality improvement using 80% of the Society of Actuaries' scale MP-2020.

Changes in Assumptions: There are no significant changes to the actuarial methods or assumptions for the June 30, 2022 actuarial valuation.

Subsequent Event: This actuarial valuation report reflects fund investment return through June 30, 2022 and statutory / regulatory changes and board actions through January 2023.

During the period between the valuation date and the publication of the annual valuation report, inflation has been significantly higher than the expected inflation of 2.3% per annum. Since inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contributions requirements and downward pressure on the funded status in the June 30, 2023 valuation. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists. At this time, CalPERS continues to believe the long-term inflation assumption of 2.3% is appropriate.

There have been no other subsequent events that could materially affect current or future certifications rendered in this report.

(2) **Other Post-Employment Benefits**

Schedule of Changes in the OPEB Liability and Related Ratio (in thousands)[1]

PEMHCA								
Measurement Date: June 30	2024	2023	2022	2021	2020	2019	2018	2017
Service Cost	$ 878	$ 877	$ 1,245	$ 1,194	$ 671	$ 594	$ 472	$ 549
Interest	617	574	439	420	484	479	364	310
Assumptions Changes	(599)	(257)	(3,342)	157	2,957	727	682	(1,173)
Expected vs. Actual Experience	(1,785)	-	(1,542)	-	1,005	-	951	-
Benefit Payments	(501)	(513)	(532)	(493)	(467)	(377)	(343)	(304)
Net Change in Total OPEB Liability	(1,390)	681	(3,732)	1,278	4,650	1,423	2,126	(618)
Total OPEB Liability – Beginning	16,281	15,600	19,332	18,054	13,404	11,981	9,855	10,473
Total OPEB Liability – Ending	$14,891	$16,281	$15,600	$19,332	$18,054	$13,404	$11,981	$ 9,855
Covered Employee Payroll	$48,398	$48,115	$41,479	$42,831	$42,190	$37,226	$35,629	$30,823
OPEB Liability as a Percentage of Covered Employee Payroll	30.77%	33.84%	37.61%	45.14%	42.79%	36.01%	33.63%	31.97%

RHCRP								
Measurement Date: June 30	2024	2023	2022	2021	2020	2019	2018	2017
Service Cost	$ 250	$ 185	$ 234	$ 225	$ 176	$ 161	$ 148	$ 161
Interest	161	118	80	81	113	125	112	94
Benefit Terms Changes	-	1,018	-	-	-	-	-	-
Assumptions Changes	(76)	(30)	(333)	11	263	69	1	(136)
Expected vs. Actual Experience	150	-	(42)	-	164	-	125	-
Benefit Payments	(299)	(291)	(263)	(288)	(361)	(332)	(306)	(286)
Net Change in Total OPEB Liability	186	1,000	(324)	29	355	23	80	(167)
Total OPEB Liability – Beginning	4,289	3,289	3,613	3,584	3,229	3,206	3,126	3,293
Total OPEB Liability – Ending	$ 4,475	$ 4,289	$ 3,289	$ 3,613	$ 3,584	$ 3,229	$ 3,206	$ 3,126
Covered Employee Payroll	$48,398	$48,036	$41,361	$42,795	$41,634	$36,529	$35,629	$30,823
OPEB Liability as a Percentage of Covered Employee Payroll	9.25%	8.93%	7.95%	8.44%	8.61%	8.84%	9.00%	10.14%

Death Benefit								
Measurement Date: June 30	2024	2023	2022	2021	2020	2019	2018	2017
Service Cost	$ 39	$ 39	$ 39	$ 38	$ 29	$ 27	$ 28	$ 32
Interest	57	53	39	39	57	58	58	47
Assumptions Changes	(21)	(11)	(332)	6	160	41	(10)	(92)
Expected vs. Actual Experience	(531)	-	(76)	-	(116)	-	(168)	-
Benefit Payments	-	-	(20)	(20)	-	(10)	(20)	(10)
Net Change in Total OPEB Liability	(456)	81	(350)	63	130	116	(112)	(23)
Total OPEB Liability – Beginning	1,525	1,444	1,794	1,731	1,601	1,485	1,597	1,620
Total OPEB Liability – Ending	$ 1,069	$ 1,525	$ 1,444	$ 1,794	$ 1,731	$ 1,601	$ 1,485	$ 1,597
Covered Employee Payroll	$14,951	$16,852	$16,167	$16,053	$18,712	$18,455	$19,775	$16,028
OPEB Liability as a Percentage of Covered Employee Payroll	7.15%	9.05%	8.93%	11.18%	9.25%	8.68%	7.51%	9.96%

[1] Historical information is required only for measurement periods to which GASB 75 is applicable. Fiscal Year 2018 was the first year of GASB 75 implementation.

(2) **Other Post-Employment Benefits (Continued)**

Notes to Schedule of Changes in the OPEB Liability and Related Ratio
Benefit Changes:
In February 2023 the Board approved a $200 increase for each tier for retirement after June 30, 2023.

Changes of Assumptions:
For the fiscal year ended June 30, 2024 measurement period, the discount rate was 3.93 percent based on municipal bond rate.

For the fiscal year ended June 30, 2023 measurement period, the discount rate was 3.65 percent based on municipal bond rate.

For the fiscal year ended June 30, 2022 measurement period, the discount rate was 3.54 percent based on municipal bond rate. The inflation rate decreased from 2.75 percent was 2.50 percent. CalPERS 2000-2019 experience study was used. Medical and PEMHCA minimum trends were updated. Participation assumption was updated. Mortality improvement scale was updated to Scale MP-2021.

For the fiscal year ended June 30, 2021 measurement period, the discount rate was 2.16 percent based on municipal bond rate.

For the fiscal year ended June 30, 2020 measurement period, the discount rate was 2.21 percent based on municipal bond rate. Mortality improvement scale was updated to Scale MP-2020. ACA Excise Tax was removed due to repeal of the law in December 2019.

For the fiscal year ended June 30, 2019 measurement period, the discount rate was 3.50 percent based on municipal bond rate.

For the fiscal year ended June 30, 2018 measurement period, the discount rate was 3.87 percent based on municipal bond rate. CalPERS 1997-2015 Experience Study was used. Mortality improvement scale was updated to Scale MP-2018. Medical claims costs were developed by Axene Health Partners based on demographic data for the CalPERS health plans provided by CalPERS and Axene's proprietary AHP Cost Model. Short term medical trend was developed in consultation with Axene Health Partners' healthcare actuaries. Long-term medical trend developed using the Society of Actuaries Getzen Model of Long-Run Medical Cost Trends. Participation at retirement for medical coverage was updated to 70% if eligible for RHCRP. A 2% load on the cash liability was added to estimate the ACA Excise Tax.

For the fiscal year ended June 30, 2017 measurement period, the discount rate was 3.58 percent based on municipal bond rate.

Statistical Section

Irvine Ranch Water District
Fiscal Year Ended June 30, 2025

This section of the Irvine Ranch Water District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends Schedules – These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Net Position
Changes in Net Position

Revenue Capacity Schedules – These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property and sales taxes.

Water Sold by Type of Customer
Water Rates
Largest Water Customers
Sewer Rates
Largest Sewer Customers
Ad Valorem Property Tax Rates

Debt Capacity Schedules – These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Assessed Valuation and Estimated Actual Value of Taxable Property and 1% Property Tax Revenue
Direct and Overlapping Property Tax Rates
Principal Property Taxpayers
Property Tax Collections/Delinquency
Outstanding Debt by Type
Outstanding General Obligation Bonds by Improvement District
Ratio of General Obligation Debt to Assessed Values
Ratio of Annual Debt Service Expenditures to Total General Expenditures
Debt Service Coverage

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

Principal Employers
Demographic and Economic Statistics

Operating Information – These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

Operating Indicators by Function – Water and Sewer Service Connections
Operating Indicators by Function – New Service Connections
Operating Indicators by Function – Average Monthly Usage
Source of Supply and Demand in Acre Feet
Capital Asset Statistics
Full-Time Employees

Irvine Ranch Water District

Net Position

For the Past Ten Fiscal Years

(in millions)

	Fiscal Year				
	2016 (1)	2017 (2)	2018 (3)	2019	2020
Assets					
Current and other assets	$ 456.6	$ 735.1	$ 797.4	$ 803.8	$ 828.7
Capital assets	1,731.6	1,848.3	1,890.8	1,958.7	1,987.8
Total assets	2,188.2	2,583.4	2,688.2	2,762.5	2,816.5
Deferred Outflows of Resources	49.7	61.6	41.7	41.2	47.6
Liabilities					
Current and other liabilities	65.4	78.5	52.5	53.8	56.0
Long-term liabilities	589.8	790.9	831.7	817.4	812.4
Total liabilities	655.2	869.4	884.2	871.2	868.4
Deferred Inflows of Resources	4.4	3.6	4.8	4.5	3.9
Net Position					
Net investment in capital assets	1,178.5	1,087.9	1,155.5	1,238.8	1,283.8
Restricted net position	399.8	684.1	685.4	689.2	708.0
Total net position	$ 1,578.3	$ 1,772.0	$ 1,840.9	$ 1,928.0	$ 1,991.8

Irvine Ranch Water District

Net Position

For the Past Ten Fiscal Years

(in millions)

(Continued)

	Fiscal Year				
	2021	2022	2023	2024	2025 [4]
Assets					
Current and other assets	$ 869.0	$ 882.3	$ 876.7	$ 941.3	$ 991.2
Capital assets	2,023.8	2,029.8	2,081.7	2,111.7	2,161.4
Total assets	2,892.8	2,912.1	2,958.4	3,053.0	3,152.6
Deferred Outflows of Resources	44.9	32.1	48.3	44.4	39.8
Liabilities					
Current and other liabilities	64.4	69.9	60.2	67.2	76.7
Long-term liabilities	797.4	732.8	747.0	725.5	682.2
Total liabilities	861.8	802.7	807.2	792.7	758.9
Deferred Inflows of Resources	1.7	29.5	10.0	9.1	10.2
Net Position					
Net investment in capital assets	1,336.7	1,362.3	1,434.5	1,479.9	1,570.2
Restricted net position	737.5	749.7	755.0	815.7	853.1
Total net position	$ 2,074.2	$ 2,112.0	$ 2,189.5	$ 2,295.6	$ 2,423.3

Source: Irvine Ranch Water District Basic Financial Statements

Notes:

(1) The District implemented GASB Statement No. 72 for the fiscal year ended June 30, 2016. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

(2) The prior period adjustment for the fiscal year ended June 30, 2017 was related to the reclassification of certain assets from capital assets to real estate investments. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

(3) The District implemented GASB Implmentation Guide No. 2017-1 and GASB Statement No. 75 for the fiscal year ended June 30, 2018. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

(4) The District implemented GASB Statement No. 101 for the fiscal year ended June 30, 2025. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

Irvine Ranch Water District

Changes in Net Position
For the Past Ten Fiscal Years

(in millions)

	Fiscal Year				
	2016 (1)	2017 (2)	2018 (3)	2019	2020
Operating Revenues					
Water sales and service charges	$ 76.7	$ 77.2	$ 84.6	$ 94.1	$ 90.2
Sewer sales and service charges	67.7	72.1	76.8	76.8	77.2
Total operating revenues	144.4	149.3	161.4	170.9	167.4
Operating Expenses					
Water services expenses	69.3	71.2	82.5	83.9	89.4
Sewer services expenses	48.1	51.8	52.1	59.5	66.6
Depreciation	58.3	61.8	63.9	64.8	67.6
Total operating expenses	175.7	184.8	198.5	208.2	223.6
Operating income (loss)	(31.3)	(35.5)	(37.1)	(37.3)	(56.2)
Nonoperating Revenues (Expenses)					
Property taxes	46.3	51.3	57.2	63.1	66.4
Investment income	1.2	2.8	4.1	6.2	7.8
Increase (decrease) in fair value of investments	-	(1.6)	(1.6)	5.2	2.3
Real estate income	13.1	13.4	16.7	17.8	18.2
Increase (decrease) in fair value of real estate investments	5.6	10.1	4.1	6.1	0.6
Pension trust interest and dividends income	-	-	3.0	2.1	3.3
Increase (decrease) in fair value of pension trust investments	-	-	2.2	3.2	1.5
OPEB trust interest and dividends income	-	-	-	-	-
Increase (decrease) in fair value of OPEB trust investments	-	-	-	-	-
Other income	7.8	7.1	7.4	8.9	6.6
Interest expense	(15.4)	(18.8)	(26.0)	(25.5)	(22.2)
Real estate expense	(4.4)	(4.4)	(13.3)	(9.4)	(5.6)
Pension trust expense	-	-	-	(0.1)	(0.1)
Other expenses	(2.8)	(1.9)	(0.2)	(2.6)	(5.2)
Total nonoperating revenue (expenses)	51.4	58.0	53.6	75.0	73.6
Income (loss) before capital contributions	20.1	22.5	16.5	37.7	17.4
Contributed capital assets	53.3	41.9	60.6	49.4	46.4
Income (loss) before special item	73.4	64.4	77.1	87.1	63.8
Special item	-	-	-	-	-
Change in net position	73.4	64.4	77.1	87.1	63.8
Net position at beginning of year	1,354.7	1,578.3	1,772.0	1,840.9	1,928.0
Prior period adjustments	150.2	129.3	(8.2)	-	-
Net position at end of year	$ 1,578.3	$ 1,772.0	$ 1,840.9	$ 1,928.0	$ 1,991.8

Irvine Ranch Water District

Changes in Net Position (Continued)

For the Past Ten Fiscal Years

(in millions)

	Fiscal Year				
	2021	2022	2023	2024	2025 [4]
Operating Revenues					
Water sales and service charges	$ 96.6	$ 103.3	$ 103.6	$ 112.3	$ 133.8
Sewer sales and service charges	82.2	84.9	84.7	94.4	113.1
Total operating revenues	178.8	188.2	188.3	206.7	246.9
Operating Expenses					
Water services expenses	101.6	106.4	110.2	129.0	143.0
Sewer services expenses	71.0	64.9	72.4	82.0	93.5
Depreciation	68.0	79.0	83.5	82.6	84.2
Total operating expenses	240.6	250.3	266.1	293.6	320.7
Operating income (loss)	(61.8)	(62.1)	(77.8)	(86.9)	(73.8)
Nonoperating Revenues (Expenses)					
Property taxes	67.7	70.8	77.0	81.8	86.3
Investment income	5.3	(0.8)	7.3	15.7	21.0
Increase (decrease) in fair value of investments	(4.6)	(3.8)	2.6	3.7	2.0
Real estate income	15.4	16.4	18.7	20.7	21.4
Increase (decrease) in fair value of real estate investments	25.7	7.6	7.8	31.4	9.2
Pension trust interest and dividends income	4.4	5.0	8.3	7.4	9.0
Increase (decrease) in fair value of pension trust investments	20.5	(18.0)	3.7	9.6	7.1
OPEB trust interest and dividends income	-	-	-	0.5	0.5
Increase (decrease) in fair value of OPEB trust investments	-	-	-	1.1	1.0
Other income	6.3	6.5	7.3	10.2	5.2
Interest expense	(20.8)	(20.7)	(22.4)	(22.6)	(21.0)
Real estate expense	(5.6)	(6.6)	(7.3)	(8.1)	(7.6)
Pension trust expense	(0.1)	-	-	-	-
Other expenses	(1.4)	(2.8)	(2.0)	(2.1)	(2.8)
Total nonoperating revenue (expenses)	112.8	53.6	101.0	149.3	131.3
Income (loss) before capital contributions	51.0	(8.5)	23.2	62.4	57.5
Contributed capital assets	31.4	46.3	54.3	43.7	64.5
Income (loss) before special item	82.4	37.8	77.5	106.1	122.0
Special item	-	-	-	-	6.4
Change in net position	82.4	37.8	77.5	106.1	128.4
Net position at beginning of year	1,991.8	2,074.2	2,112.0	2,189.5	2,295.6
Prior period adjustments	-	-	-	-	(0.7)
Net position at end of year	$ 2,074.2	$ 2,112.0	$ 2,189.5	$ 2,295.6	$ 2,423.3

Source: IRWD Basic Financial Statements

Notes:

(1) The District implemented GASB Statement No 72 for the fiscal years ended June 30, 2016 and 2017. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

(2) The prior period adjustment for the fiscal year ended June 30, 2017 was related to the reclassification of certain assets from capital assets to real estate investments. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

(3) The District implemented GASB Implmentation Guide No. 2017-1 and GASB Statement No. 75 for the fiscal year ended June 30, 2018. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

(4) The District implemented GASB Statement No. 101 for the fiscal year ended June 30, 2025. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

Irvine Ranch Water District

Water Sold By Type of Customer (in Acre Feet)
For the Past Ten Fiscal Years

	Fiscal Year				
	2016	2017	2018	2019	2020
Residential	28,573	30,384	32,848	31,642	33,073
Commercial	8,377	8,179	8,769	8,624	7,818
Industrial	5,118	5,084	4,923	4,831	4,636
Public Authority	2,234	2,282	2,633	2,369	1,972
Construction & Temporary	1,230	874	1,292	542	480
Landscape	3,843	4,126	4,740	4,065	4,229
Agricultural	2,216	1,856	1,839	1,114	1,013
Landscape/Agricultural	26,386	26,374	29,736	26,153	29,659
Total	77,977	79,159	86,780	79,340	82,880

	Fiscal Year				
	2021	2022	2023	2024	2025
Residential	35,851	34,787	31,943	32,258	34,165
Commercial	7,744	7,871	7,785	8,092	8,637
Industrial	4,819	4,931	4,567	4,367	4,712
Public Authority	1,617	1,857	2,157	2,177	2,354
Construction & Temporary	543	688	498	331	459
Landscape	5,014	4,949	3,748	3,471	4,150
Agricultural	471	399	291	312	304
Landscape/Agricultural	31,042	30,298	25,055	25,314	29,400
Total	87,101	85,780	76,044	76,322	84,181

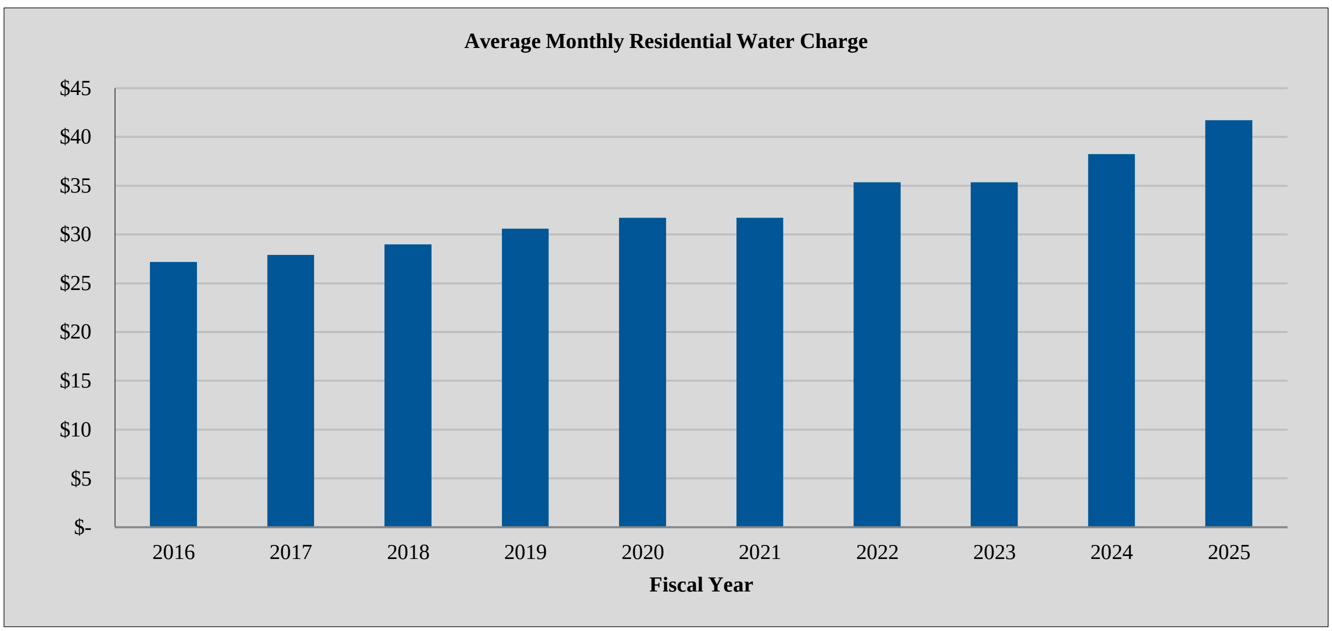
Source: Irvine Ranch Water District

Irvine Ranch Water District

Water Rates [1]

For the Past Ten Fiscal Years

Fiscal Year	Fixed Service Charge	Base Commodity Rate (per ccf)	Average Monthly Residential Charge
2016	$ 10.30	$ 1.62	$ 27.19
2017	10.30	1.65	27.90
2018	10.30	1.70	29.00
2019	10.35	1.89	30.58
2020	10.35	2.00	31.70
2021	10.35	2.00	31.70
2022 [2]	10.75	2.42	35.34
2023	10.75	2.42	35.34
2024	11.85	2.52	38.24
2025	13.20	2.65	41.70



Source: Irvine Ranch Water District

Note:

[1] The water charge to the typical residential customer is based upon an average of 12 ccf per month. The first 5 ccf are at the District's low volume rate, which is $0.77 less than the commodity base rate in FY 2024.
The fixed monthly service charge includes components that areadded to enhancement and replacement funds for future inevitable repair and replacement of IRWD's infrastructure.

[2] Rate increase effective February 1, 2022 to June 2023.

Irvine Ranch Water District

Largest Water Customers
Current Year and Nine Years Ago

	2025			2016		
Customer Name	**Total Sales**	**Rank**	**Percentage of Water Sales Revenues**	**Total Sales**	**Rank**	**Percentage of Water Sales Revenues**
The Irvine Company	$ 11,282,860	1	8.42%	6,840,148	2	8.92%
University of California - Irvine	2,219,435	2	1.66%	1,323,149	1	1.73%
Jazz Semiconductor	1,836,938	3	1.37%	982,407	3	1.28%
B Braun Medical, Inc	1,723,152	4	1.29%	860,399	4	1.12%
Woodbridge Village Association	857,742	5	0.64%			
City of Irvine	511,242	6	0.38%	320,057	6	0.42%
Irvine Unified School District	503,626	7	0.38%	202,414	10	0.26%
Foothill Ranch Maint Corp	472,525	8	0.35%			
Maruchan, Inc	456,078	9	0.34%			
ERP Operating LP	412,882	10	0.31%	268,513	7	0.35%
Allergen Sales, LLC				333,733	5	0.44%
Royalty Carpet Mills				239,695	8	0.31%
City of Lake Forest				223,565	9	0.29%
Total	$ 20,276,482		15.14%	$ 11,594,080		15.12%

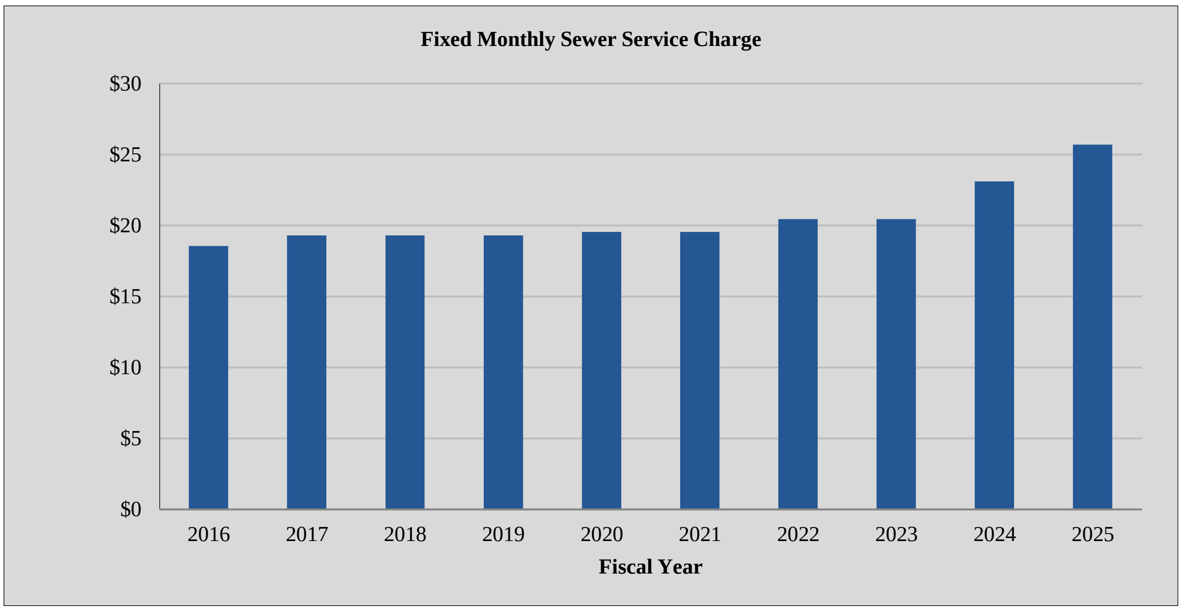
Source: Irvine Ranch Water District

Irvine Ranch Water District

Sewer Rates[1]

For the Past Ten Fiscal Years

Fiscal Year	Fixed Monthly Service Charge
2016	$ 18.55
2017	19.30
2018	19.30
2019	19.30
2020	19.55
2021	19.55
2022 [2]	20.45
2023	20.45
2024	23.10
2025	25.70



Source: Irvine Ranch Water District

Note:

(1) The fixed monthly sewer service charge is based on a typical residential customer's water usage for the lowest three months in the prior calendar year. The fixed monthly service charge includes components that are added to enhancement and replacement funds for future inevitable repair and replacement of IRWD's infrastructure.

(2) Rate increase effective February 1, 2022 to June 2023.

Irvine Ranch Water District
Largest Sewer Customers
Current Year and Nine Years Ago

Customer Name	2025 Total Sales	2025 Rank	2025 Percentage of Sewer Sales Revenues	2016 Total Sales	2016 Rank	2016 Percentage of Sewer Sales Revenues
The Irvine Company	$ 16,895,519	1	14.93%	$ 10,980,957	1	16.22%
City of Irvine	4,115,284	2	3.64%	2,067,260	2	3.05%
University of California - Irvine	3,619,870	3	3.20%	1,848,176	3	2.73%
B Braun Medical, Inc	1,348,173	4	1.19%	743,310	4	1.10%
Irvine Unified School District	1,004,970	5	0.89%	546,002	5	0.81%
Crystal Cove Community Association	772,124	6	0.68%	327,704	10	0.48%
Portola Springs Comm Association	586,111	7	0.52%			
Great Park Neighborhoods Association	584,722	8	0.52%			
Baker Ranch Community Association	510,024	9	0.45%			
ERP Operating LP	462,280	10	0.41%			
Caltrans District 12				417,388	6	0.62%
Orange County Produce				386,681	7	0.57%
Royal Carpet Mills				377,990	8	0.56%
Heritage Fields				342,817	9	0.51%
Total	$ 29,899,076		26.43%	$ 18,038,285		26.65%

Source: Irvine Ranch Water District

Irvine Ranch Water District

Ad Valorem Property Tax Rates[1]
For the Past Ten Fiscal Years

Improvement	Fiscal Year									
District	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
112	$0.03000	$0.03000	$0.03000	$0.03000	$0.03000	$0.01560	$0.01100	$0.01100	$0.01100	$0.01100
113	0.03000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000
125	0.01300	0.01300	0.01300	0.01300	0.01300	0.01300	0.01300	0.01300	0.00850	0.00850
153	0.00001	0.00001	0.02000	0.02000	0.02000	0.00900	0.00900	0.00900	0.00100	0.00100
185	0.00001	0.00001	0.02300	0.02300	0.02300	0.00810	0.00810	0.00810	0.00810	0.00810
188	0.21540	0.21540	0.07350	0.07350	0.07350	0.03090	0.03090	0.03090	0.03090	0.03090
212	0.04500	0.04500	0.04500	0.04500	0.04500	0.04860	0.03650	0.03650	0.03650	0.03650
213	0 .03800	0.05900	0.05900	0.05900	0.05900	0.05900	0.05900	0.05900	0.05900	0.05900
225	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01950	0.01950
240	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01950	0.01950
252	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001
253	0.00001	0.00001	0.02100	0.02100	0.02100	0.01300	0.01300	0.01300	0.02100	0.02100
285	0.00001	0.00001	0.03050	0.03050	0.03050	0.01370	0.01370	0.01370	0.01370	0.01370
288	0.01000	0.01000	0.01000	0.01000	0.01000	0.00850	0.00850	0.00850	0.00850	0.00850

Source: Irvine Ranch Water District
Note:
[1] The ad valorem property tax rates for the consolidated improvement district are effective July 1, 2014.

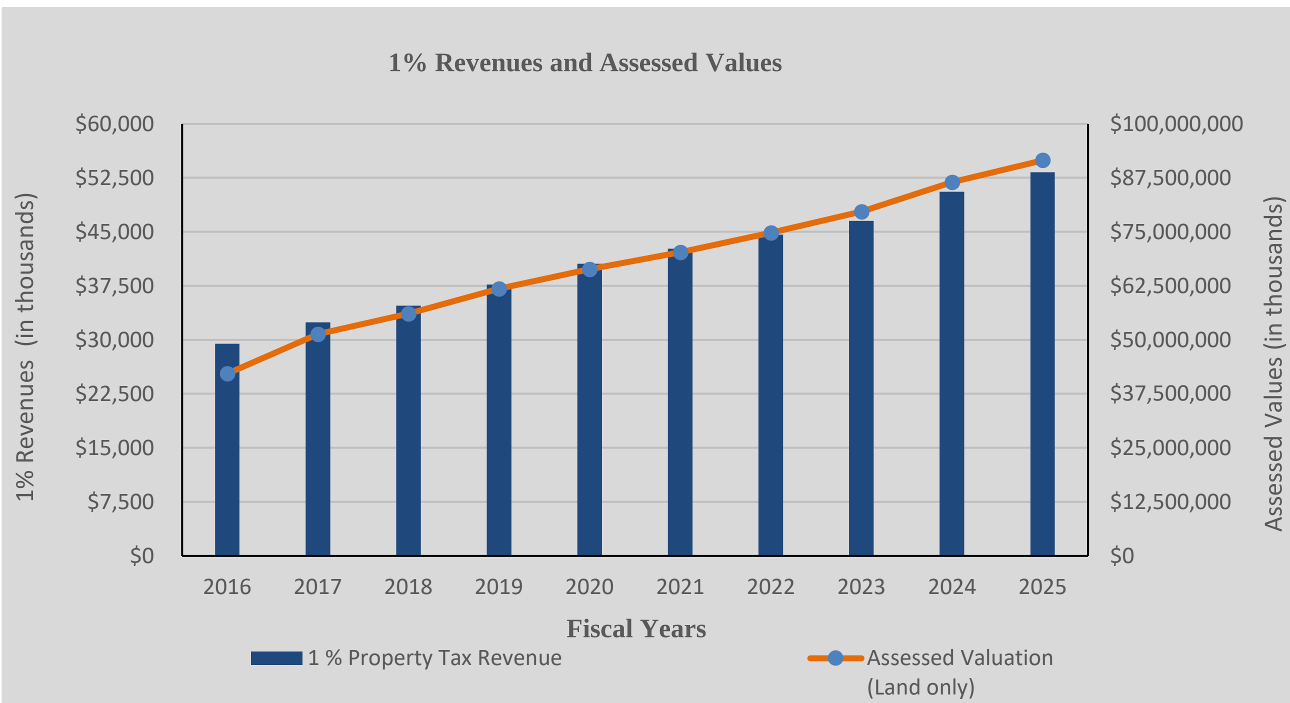
Irvine Ranch Water District

Assessed Valuation and Estimated Actual Value of Taxable Property and 1% Property Tax Revenue

For the Past Ten Fiscal Years

(in thousands)

Fiscal Year	Assessed Valuation (Land only)	1 % Property Tax Revenue
2016	$ 51,340,888	$ 32,427
2017	56,028,731	34,761
2018	61,803,980	37,693
2019	66,341,210	40,543
2020	70,305,737	42,669
2021	74,770,230	44,621
2022	79,714,452	46,530
2023	86,464,986	50,548
2024	91,578,795	53,297
2025	97,599,400	56,071



Source: Orange County Auditor-Controller and Orange County Tax Collector.

In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor' (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold.

Irvine Ranch Water District

Direct and Overlapping Property Tax Rates
Fiscal Year Ended June 30, 2025

Direct Rates:	
Irvine Ranch Water District I.D. No. 112	0.01100
Irvine Ranch Water District I.D. No. 113	0.04000
Irvine Ranch Water District I.D. No. 125	0.00850
Irvine Ranch Water District I.D. No. 153	0.00100
Irvine Ranch Water District I.D. No. 185	0.00810
Irvine Ranch Water District I.D. No. 188	0.03090
Irvine Ranch Water District I.D. No. 212	0.03650
Irvine Ranch Water District I.D. No. 213	0.05900
Irvine Ranch Water District I.D. No. 225	0.01950
Irvine Ranch Water District I.D. No. 240	0.01950
Irvine Ranch Water District I.D. No. 252	0.00001
Irvine Ranch Water District I.D. No. 253	0.02100
Irvine Ranch Water District I.D. No. 285	0.01370
Irvine Ranch Water District I.D. No. 288	0.00850
Overlapping Rates:	
School Districts:	
Coast Community College District	0.02837
Rancho Santiago Community College District	0.02596
Rancho Santiago Community College District SFID 1	0.01913
Irvine Unified School District SFID No. 1	0.02687
Laguna Beach Unified School District	0.00876
Newport Mesa Unified School District	0.01684
Orange Unified School District	0.02443
Saddleback Valley Unified School District	0.02108
Santa Ana Unified School District	0.06076
Tustin Unified School District SFID 2002-1	0.01311
Tustin Unified School District SFID 2008-1	0.02062
Tustin Unified School District SFID 2012-1	0.01566

Source: California Municipal Statistics, Inc.

Irvine Ranch Water District

Principal Property Taxpayers

Fiscal Year Ended June 30, 2025

Property Owner's Name	Assessed Valuation of Property, including Land & Improvements	Percentage of Total City Taxable Assessed Value
The Irvine Company	$ 1,962,723,571	1.82%
LBA IV-PPI LLC	738,469,161	0.69%
B Braun Medical Inc	647,501,450	0.60%
Edwards Lifesciences LLC	598,645,155	0.56%
Allergan USA Inc.	560,789,278	0.52%
Irvine Apartment Communities LP	479,652,528	0.45%
Jamboree Center LLC	452,423,049	0.42%
Irvine Office Towers LLC	432,635,291	0.40%
Irvine Promenade Apartments LLC	422,410,142	0.39%
Park Place Michelson LLC	398,350,134	0.37%
	$ 6,693,599,759	**6.22%**

Source: City of Irvine Annual Comprehensive Financial Report
(Fiscal Year Ended June 30, 2024).
Data was not yet available for FY 2024/25 from the City of Irvine.
The City of Irvine is only a part of the IRWD service area.

Irvine Ranch Water District

Property Tax Collections/Delinquency
For the Past Ten Fiscal Years

Fiscal Year	Levied During Fiscal Year: 1 Percent [1]	Levied During Fiscal Year: General Obligation [2]	Collected During Fiscal Year: 1 Percent	Collected During Fiscal Year: General Obligation [3]
2016	$ 31,900,000	$ 11,133,538	$ 31,115,506	$ 10,879,713
2017	33,500,000	11,679,081	33,318,168	12,822,313
2018	35,000,000	13,964,731	35,977,694	15,482,916
2019	39,000,000	16,142,433	38,717,848	17,906,438
2020	45,000,000	18,480,090	40,739,166	19,603,125
2021	46,000,000	18,367,833	42,670,804	18,868,884
2022	50,000,000	18,933,891	47,107,934	16,600,820
2023	51,500,000	21,691,577	47,795,279	21,453,267
2024	54,600,000	24,300,000	50,582,191	24,369,008
2025	62,400,000	25,500,708	53,162,228	25,897,791
Total	$ 448,900,000	$ 180,193,882	$ 421,186,818	$ 183,884,275

Fiscal Year	Percentage Collected: 1 Percent	Percentage Collected: General Obligation	Amount of Levy Collected in Subsequent Periods: 1 Percent	Amount of Levy Collected in Subsequent Periods: General Obligation
2016	97.54%	97.72%	$ 1,192,700	$ 884,301
2017	99.46%	109.79%	1,230,854	1,443,272
2018	102.79%	110.87%	1,542,713	1,635,416
2019	99.28%	110.93%	1,510,697	1,911,630
2020	90.53%	106.08%	1,749,765	1,515,136
2021	92.76%	102.73%	2,072,539	1,183,562
2022	94.22%	87.68%	2,254,923	989,922
2023	92.81%	98.90%	2,865,206	1,471,983
2024	92.64%	100.28%	1,422,024	1,157,139
2025	85.20%	101.56%	1,374,931	1,404,131
Total			$ 17,216,352	$ 13,596,492

Source County of Orange Tax Ledger

Notes:

(1) The estimated levy for one percent revenue is generated internally and it is based on prior year receipts and developer growth projections.

(2) The estimated levy for G.O. tax receipts is based on the county's assessed value projection multiplied by the tax rate assessed within each improvement district.

(3) The General Obligation column for Collected tax receipts includes an unbudgeted utility tax revenue from improvement districts 190/290 that adds approximately $400K per year.

Irvine Ranch Water District

Outstanding Debt by Type (1)

For the Past Ten Fiscal Years

Fiscal Year	Total Service Connections (2)	General Obligation Bonds	GO Debt per Connection	Certificates of Participation	COPS Debt per Connection	Notes Payable	Notes Payable per Connection
2016	209,267	$ 491,200,000	$ 2,347	$ 60,387,000	$ 289	$ 1,469,000	$ 7
2017	215,573	608,118,000	2,821	153,626,000	713	1,209,000	6
2018	222,918	586,493,000	2,631	150,275,000	674	947,000	4
2019	227,749	574,669,000	2,523	146,744,000	644	684,000	3
2020	231,439	562,645,000	2,431	143,028,000	618	419,000	2
2021	235,819	550,421,000	2,334	138,233,000	586	347,000	1
2022	239,735	535,341,000	2,233	133,182,000	556	273,000	1
2023	242,503	520,052,000	2,145	127,867,000	527	197,000	1
2024	244,713	504,353,000	2,061	122,271,000	500	119,000	0
2025	247,042	468,114,000	1,895	116,341,000	471	40,000	0

Irvine Ranch Water District

Outstanding Debt by Type [1]

For the Past Ten Fiscal Years

(Continued)

Fiscal Year	Leases Payable	Leases per Connection	Subscrip-tion Payable	Subscrip-tion Payable per Connection	Total Debt	Total Debt per Connection
2016	$ -	$ -	$ -	$ -	$ 553,056,000	$ 2,643
2017	-	-	-	-	762,953,000	3,539
2018	-	-	-	-	737,715,000	3,309
2019	-	-	-	-	722,097,000	3,171
2020	-	-	-	-	706,092,000	3,051
2021	-	-	-	-	689,001,000	2,922
2022	494,000	2	-	-	669,290,000	2,792
2023	715,000	3	-	-	648,831,000	2,676
2024	1,031,000	4	358,000	1	628,132,000	2,567
2025	1,339,000	5	479,000	2	586,313,000	2,373

Source: Irvine Ranch Water District

Notes:

(1) More detail about the District's long-term liabilities can be found in Note 10 to the Basic Financial Statements.

(2) Per Capita income information for the Irvine Ranch Water District is not readily available. Accordingly, the District presents this schedule by total service connections.

Irvine Ranch Water District

Outstanding General Obligation Bonds by Improvement District
As of June 30, 2025

Improvement District	General Obligation Bonds Authorized	General Obligation Bonds Issued	Remaining Unissued General Obligation Bonds Authorized	Amount Outstanding as of June 30, 2025
112	$ 28,512,300	$ 8,111,000	$ 20,401,300	$ 6,660,000
113	25,769,500	16,300,000	9,469,500	12,251,000
125	735,246,000	429,729,000	305,517,000	148,435,000
153	237,300,000	7,601,000	229,699,000	6,918,000
154	4,839,000	-	4,839,000	-
185	13,500,000	1,493,000	12,007,000	1,359,000
188	8,174,000	4,590,000	3,584,000	1,518,000
Total	$ 1,053,340,800	$ 467,824,000	$ 585,516,800	$ 177,141,000
210	$ 2,000,000	$ 2,000,000	$ -	$ -
212	108,711,800	26,013,000	82,698,800	21,776,000
213	87,647,500	28,565,000	59,082,500	18,661,000
225	856,643,000	493,304,000	363,339,000	215,072,000
240	117,273,000	49,722,000	67,551,000	3,684,000
253	122,283,000	11,877,000	110,406,000	10,810,000
285	21,300,000	1,809,000	19,491,000	1,646,000
288	8,977,000	443,000	8,534,000	300,000
Total	$ 1,324,835,300	$ 613,733,000	$ 711,102,300	$ 271,949,000
Total	$ 2,378,176,100	$ 1,081,557,000	$ 1,296,619,100	$ 449,090,000

Source: Irvine Ranch Water District

Irvine Ranch Water District

Ratio of General Obligation Debt to Assessed Values
for the Past Ten Fiscal Years

Improvement District 112

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
2016	$ 1,850,638,433	$ 5,378,000	0.00290602
2017	2,077,681,111	7,658,000	0.00368584
2018	2,795,881,726	7,567,000	0.00270648
2019	3,230,805,159	7,476,000	0.00231397
2020	3,706,557,300	7,384,000	0.00199227
2021	3,874,872,238	7,293,000	0.00188213
2022	4,552,071,395	7,152,000	0.00157115
2023	4,929,961,405	7,009,000	0.00142171
2024	5,563,257,127	6,863,000	0.00123363
2025	6,550,655,405	6,660,000	0.00101669

Improvement District 212

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
2016	$ 1,850,638,433	$ 14,731,000	0.00795996
2017	2,077,681,111	24,801,000	0.01193687
2018	2,795,881,726	24,558,000	0.00878363
2019	3,230,805,159	24,314,000	0.00752568
2020	3,706,557,300	24,070,000	0.00649398
2021	3,874,872,238	23,827,000	0.00614911
2022	4,552,071,395	23,368,000	0.00513349
2023	4,929,961,405	22,899,000	0.00464486
2024	5,563,257,127	22,418,000	0.00402965
2025	6,550,655,405	21,776,000	0.00332425

Improvement District 113

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
2016	$ 885,391,548	$ 13,638,000	0.01540335
2017	1,031,821,023	14,870,000	0.01441141
2018	1,143,798,184	14,597,000	0.01276187
2019	1,186,452,170	14,320,000	0.01206960
2020	1,283,110,993	14,037,000	0.01094015
2021	1,334,069,673	13,750,000	0.01030681
2023	1,408,807,895	13,409,000	0.00951798
2023	1,588,646,528	13,061,000	0.00822146
2024	1,724,504,898	12,706,000	0.00736791
2025	1,852,248,758	12,251,000	0.00661412

Improvement District 213

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
2016	$ 885,391,548	$ 20,839,000	0.02353648
2017	1,031,821,023	24,950,000	0.02418055
2018	1,143,798,184	24,288,000	0.02123452
2019	1,186,452,170	23,621,000	0.01990894
2020	1,283,110,993	22,947,000	0.01788419
2021	1,334,069,673	22,267,000	0.01669103
2022	1,408,807,895	21,383,000	0.01517808
2023	1,588,646,528	20,487,000	0.01289588
2024	1,724,504,898	19,580,000	0.01135398
2025	1,852,248,758	18,661,000	0.01007478

Improvement District 125

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
2016	$ 35,506,392,050	$ 182,932,000	0.00515209
2017	38,802,873,378	194,719,000	0.00501816
2018	42,983,731,609	187,049,000	0.00435162
2019	45,924,240,097	184,083,000	0.00400841
2020	48,290,836,261	178,837,000	0.00370333
2021	50,618,755,410	174,616,000	0.00344963
2023	54,374,081,019	169,762,000	0.00312211
2023	58,826,902,804	164,842,000	0.00280215
2024	62,336,527,168	159,799,000	0.00256349
2025	66,487,987,841	148,435,000	0.00223251

Improvement District 225

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
2016	$ 29,945,134,379	$ 230,535,000	0.00769858
2017	32,838,922,602	268,655,000	0.00818099
2018	36,549,538,031	260,260,000	0.00712075
2019	39,234,190,651	256,320,000	0.00653308
2020	41,383,837,339	250,818,000	0.00606078
2021	43,435,406,719	245,995,000	0.00566347
2022	46,663,295,492	239,979,000	0.00514278
2023	50,684,289,211	233,876,000	0.00461437
2024	53,700,047,342	227,631,000	0.00423893
2025	57,407,311,000	215,071,000	0.00374640

Irvine Ranch Water District

Ratio of General Obligation Debt to Assessed Values for the Past Ten Fiscal Years (continued)

Improvement District 240

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
2016	$ 6,449,202,772	$ 21,431,000	0.00332305
2017	7,000,292,817	21,271,000	0.00303859
2018	7,667,626,922	17,921,000	0.00233723
2019	8,000,510,347	17,202,000	0.00215011
2020	8,281,189,054	16,177,000	0.00195352
2021	8,600,764,183	15,240,000	0.00177194
2023	9,219,006,303	14,277,000	0.00154865
2023	9,751,138,008	13,313,000	0.00136528
2024	10,343,422,222	12,260,000	0.00118529
2025	10,943,164,500	3,684,000	0.00033665

Improvement District 153

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
2016	$ 1,287,363,937	n/a	n/a
2017	2,893,148,966	$ 7,601,000	0.00262724
2018	4,097,566,306	7,601,000	0.00185500
2019	5,118,350,587	7,601,000	0.00148505
2020	5,812,018,792	7,601,000	0.00130785
2021	6,577,643,858	7,601,000	0.00115558
2022	7,561,167,645	7,443,000	0.00098437
2023	8,891,276,761	7,276,000	0.00081833
2024	9,801,263,572	7,102,000	0.00072460
2025	11,109,314,146	6,918,000	0.00062272

Improvement District 253

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
2016	$ 1,287,363,937	n/a	n/a
2017	2,893,148,966	$ 11,877,000	0.00410522
2018	4,097,566,306	11,877,000	0.00289855
2019	5,118,350,587	11,877,000	0.00232047
2020	5,812,018,792	11,877,000	0.00204357
2021	6,577,643,858	11,877,000	0.00180566
2022	7,561,167,645	11,630,000	0.00153812
2023	8,891,276,761	11,370,000	0.00127878
2024	9,801,263,572	11,097,000	0.00113220
2025	11,109,314,146	10,810,000	0.00097306

Improvement District 154

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
2016	$ 9,266,433	n/a	n/a
2017	9,376,883	n/a	n/a
2018	9,529,712	n/a	n/a
2019	9,720,296	n/a	n/a
2020	9,914,693	n/a	n/a
2021	10,017,398	n/a	n/a
2023	10,217,738	n/a	n/a
2023	10,389,872	n/a	n/a
2024	10,600,716	n/a	n/a
2025	10,812,722	n/a	n/a

Irvine Ranch Water District

Ratio of General Obligation Debt to Assessed Values
for the Past Ten Fiscal Years
(continued)

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
Improvement District 185			
2016	$ 586,316,903	n/a	n/a
2017	836,640,799	$ 1,493,000	0.00178452
2018	1,209,166,559	1,493,000	0.00123473
2019	1,465,394,626	1,493,000	0.00101884
2020	1,262,000,047	1,493,000	0.00118295
2021	1,299,866,233	1,493,000	0.00114858
2023	1,424,002,022	1,462,000	0.00102668
2023	1,563,921,378	1,429,000	0.00091373
2024	1,636,972,734	1,395,000	0.00085218
2025	1,716,373,631	1,359,000	0.00079179

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
Improvement District 285			
2016	$ 586,316,903	n/a	n/a
2017	836,640,799	$ 1,809,000	0.00216222
2018	1,209,166,559	1,809,000	0.00149607
2019	1,465,394,626	1,809,000	0.00123448
2020	1,262,000,047	1,809,000	0.00143326
2021	1,299,866,233	1,809,000	0.00139168
2022	1,424,002,022	1,771,000	0.00124368
2023	1,563,921,378	1,731,000	0.00110683
2024	1,636,972,734	1,690,000	0.00103239
2025	1,716,373,631	1,690,000	0.00098463

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
Improvement District 188			
2016	$ 185,851,827	$ 1,456,000	0.00783420
2017	196,953,990	1,603,000	0.00813896
2018	212,742,385	1,597,000	0.00750673
2019	246,753,329	1,591,000	0.00644773
2020	255,088,204	1,585,000	0.00621204
2021	284,644,152	1,579,000	0.00554728
2023	329,117,953	1,569,000	0.00476729
2023	388,854,365	1,560,000	0.00401178
2024	409,635,549	1,550,000	0.00378385
2025	433,463,498	1,518,000	0.00350202

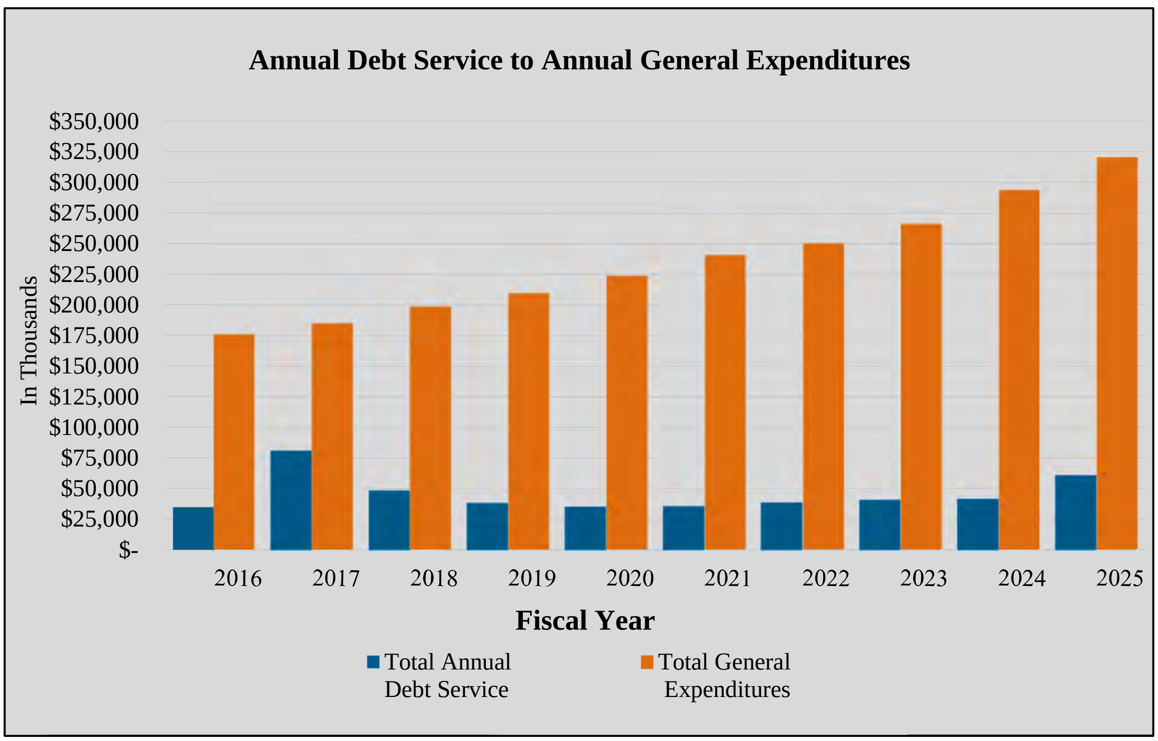
Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
Improvement District 288			
2016	$ 185,851,827	$ 260,000	0.00139896
2017	196,953,990	393,000	0.00199539
2018	212,742,385	383,000	0.00180030
2019	246,753,329	373,000	0.00151163
2020	255,088,204	363,000	0.00142345
2021	284,644,152	353,000	0.00124014
2022	329,117,953	340,000	0.00103306
2023	388,854,365	327,000	0.00084093
2024	409,635,549	314,000	0.00076654
2025	433,463,498	300,000	0.00069210

Source: Irvine Ranch Water District

Irvine Ranch Water District

Ratio of Annual Debt Service Expenditures to Total General Expenditures
For the Past Ten Fiscal Years
(in thousands)

Fiscal Year	Total Annual Debt Service	Total General Expenditures	Ratio of Total Annual Debt Service to Total General Expenditures
2016	$ 34,560	$ 175,694	19.7%
2017	81,029	184,854	43.8%
2018	48,349	198,549	24.4%
2019	38,176	209,413	18.2%
2020	35,247	223,549	15.8%
2021	35,474	240,685	14.7%
2022	38,563	250,269	15.4%
2023	40,683	266,091	15.3%
2024	41,609	293,632	14.2%
2025	60,900	320,670	19.0%



Source: Irvine Ranch Water District

Irvine Ranch Water District

Debt Service Coverage (in thousands)
For the Past Ten Fiscal Years

	Fiscal Year				
	2016	**2017**	**2018**	**2019**	**2020**
Revenues					
Water sales and service charges	$ 76,692	$ 77,252	$ 84,575	$ 94,107	$ 90,213
Sewer sales and service charges	67,682	72,054	76,789	76,841	77,187
Developer Connection fees	32,109	25,563	32,674	18,205	10,943
Net real estate income	8,693	9,076	3,405	8,372	12,549
Interest income	1,585	3,210	4,489	6,992	7,640
Available 1% property tax revenue	31,645	34,247	29,649	42,389	44,463
Other	7,836	7,117	7,504	8,876	6,606
Total Revenues	226,242	228,519	239,085	255,782	249,601
Expenses					
Water supply services	57,499	55,296	63,671	64,004	67,792
Sewer services	40,413	42,752	38,115	43,734	49,497
Administrative and general	19,909	22,664	25,748	28,220	28,336
Pension and OPEB Expense	2,831	5,146	6,173	7,906	9,260
Other	2,800	1,997	174	2,615	5,240
Total Expenses	123,452	127,855	133,881	146,479	160,125
Net Revenues	$ 102,790	$ 100,664	$ 105,204	$ 109,303	$ 89,476
Applicable *Ad Valorem* Assessments Available for GO Double-Barrel Bonds	$ 6,036	$ 8,605	$ 10,499	$ 12,554	$ 13,548
Parity Obligations					
Certificates of Participation	$ 9,487	$ 11,675	$ 7,722	$ 7,821	$ 7,916
1997 State Loan #3	227	194	194	194	194
Series 2010B Bonds	7,823	7,813	7,807	7,792	7,778
Series 2011-A Index Tender Notes	2,927	2,967	3,675	4,045	3,887
2016 General Obligation	-	1,605	5,301	5,301	5,301
Total Parity Obligations Debt Service	20,464	24,254	24,699	25,153	25,076
Remaining Revenues	$ 88,362	$ 85,015	$ 91,004	$ 96,704	$ 77,948
Parity Obligation Coverage	5.3 x	4.5 x	4.7 x	4.8 x	4.1 x
Subordinate Obligations					
Fixed Payer Swap Payments	$ 7,712	$ 6,798	$ 5,739	$ 4,513	$ 2,496
State Loans and SCWD Debt	308	133	122	122	100
Total Subordinate Obligations	8,020	6,931	5,861	4,635	2,596
Remaining Revenues	$ 80,342	$ 78,084	$ 85,143	$ 92,069	$ 75,352
Non-Double-Barrel GO Bonds					
Revenues Pledged to Non-Double-Barrel GO Bonds					
1% Property tax revenues (Pledged to Secured Bonds)	$ 3,226	$ 3,128	$ 10,834	$ 1,192	$ 1,141
Pro-rata Share *Ad valorem* Assessments for Non-Double-Barrel GO Bonds	5,396	5,341	6,265	6,922	7,223
Sub-total Pledged Revenues	88,964	86,553	102,242	100,183	83,716
Additional Funds Available for Non-Double-Barrel GO Bonds					
Remaining 1% Property Tax Revenues	31,645	34,247	29,649	42,389	44,463
Additional Net Revenues	48,697	43,837	55,494	49,680	30,889
Total with Additional Pledged Revenues	$ 88,964	$ 86,553	$ 102,242	$ 100,183	$ 83,716
Debt Service					
Non-Double-Barrel GO Bond Debt Service	$ 11,173	$ 12,385	$ 20,843	$ 11,436	$ 10,781
GO Bond Coverage	8.0 x	7.0 x	4.9 x	8.8 x	7.8 x
Remaining Revenues	$ 77,791	$ 74,168	$ 81,399	$ 88,747	$ 72,935
Total Debt Coverage	3.0 x	2.7 x	2.6 x	3.2 x	2.9 x

Irvine Ranch Water District

Debt Service Coverage (in thousands)
For the Past Ten Fiscal Years
(Continued)

	Fiscal Year 2021	2022	2023	2024	2025
Revenues					
Water sales and service charges	$ 96,609	$ 103,286	$ 103,623	$ 112,267	$ 113,770
Sewer sales and service charges	82,234	84,955	84,693	94,386	113,176
Developer Connection fees	18,913	10,449	14,355	26,902	21,075
Net real estate income	9,822	9,756	11,398	12,610	13,821
Interest income	3,694	1,860	9,396	15,690	20,952
Available 1% property tax revenue	47,172	49,781	53,045	55,896	41,740
Other	6,336	6,529	7,267	10,255	5,212
Total Revenues	264,780	266,616	283,777	328,006	329,746
Expenses					
Water supply services	79,221	89,186	87,070	107,609	117,266
Sewer services	51,540	48,353	50,751	62,799	70,214
Administrative and general	30,170	29,377	34,533	31,636	34,680
Pension and OPEB Expense	10,373	11,286	12,638	12,830	14,256
Other	1,432	2,791	1,972	2,025	2,782
Total Expenses	172,736	180,993	186,964	216,899	239,198
Net Revenues	$ 92,044	$ 85,623	$ 96,813	$ 111,107	$ 90,548
Applicable *Ad Valorem* Assessments Available for GO Double-Barrel Bonds	$ 13,009	$ 13,329	$ 15,260	$ 16,388	$ 17,982
Parity Obligations					
Certificates of Participation	$ 9,304	$ 9,341	$ 9,358	$ 9,506	$ 9,630
1997 State Loan #3	-	-	-	-	-
Series 2010B Bonds	7,756	7,764	7,764	7,764	10,884
Series 2011-A Index Tender Notes	3,236	3,487	5,231	5,778	5,239
2016 General Obligation	5,301	7,456	7,415	7,455	7,456
Total Parity Obligations Debt Service	25,597	28,048	29,768	30,503	33,209
Remaining Revenues	$ 79,456	$ 70,904	$ 82,305	$ 96,992	$ 75,321
Parity Obligation Coverage	4.1 x	3.5 x	3.8 x	4.2 x	3.3 x
Subordinate Obligations					
Fixed Payer Swap Payments	$ 3,331	$ 3,247	$ 1,081	$ 105	$ 501
State Loans and SCWD Debt	108	100	100	100	59
Total Subordinate Obligations	3,439	3,347	1,181	205	560
Remaining Revenues	$ 76,017	$ 67,557	$ 81,124	$ 96,787	$ 74,761
Non-Double-Barrel GO Bonds					
Revenues Pledged to Non-Double-Barrel GO Bonds					
1% Property tax revenues (Pledged to Secured Bonds)	$ 860	$ 1,117	$ 1,427	$ 1,689	$ 18,671
Pro-rata Share *Ad valorem* Assessments for Non-Double-Barrel GO Bonds	6,693	6,602	7,289	7,827	7,927
Sub-total Pledged Revenues	83,570	75,276	89,840	106,303	101,359
Additional Funds Available for Non-Double-Barrel GO Bonds					
Remaining 1% Property Tax Revenues	47,172	49,781	53,045	55,896	41,740
Additional Net Revenues	28,845	17,776	28,079	40,891	33,021
Total with Additional Pledged Revenues	$ 83,570	$ 75,276	$ 89,840	$ 106,303	$ 101,359
Debt Service					
Non-Double-Barrel GO Bond Debt Service	$ 9,222	$ 9,689	$ 12,321	$ 13,325	$ 29,310
GO Bond Coverage	9.1 x	7.8 x	7.3 x	8.0 x	3.5 x
Remaining Revenues	$ 74,348	$ 65,587	$ 77,519	$ 92,978	$ 72,049
Total Debt Coverage	2.9 x	2.6 x	2.8 x	3.1 x	2.1 x

Source: Irvine Ranch Water District

Irvine Ranch Water District

Principal Employers

Fiscal Year Ended June 30, 2025

Name of Company	Number of Employees	Percentage of Employment
University of California Irvine	28,546	13.35%
Peraton State and Local Inc.	17,000	7.95%
Irvine Unified School District	5,573	2.61%
Edwards Lifesciences LLC	3,152	1.47%
Blizzard Entertainment Inc.	2,327	1.09%
Olsson Inc.	2,100	0.98%
B. Braun Medical Inc.	1,910	0.89%
The Haskell Company	1,453	0.68%
Western Digital Technologies	1,350	0.63%
Panasonic Avionics Corporation	1,345	0.63%
		30.28%

Source: City of Irvine Comprehensive Annual Financial Report (Fiscal Year Ended June 30, 2024).
Data was not yet available for FY 2024/25 from the City of Irvine.
The City of Irvine is only a part of the IRWD service area.

Irvine Ranch Water District

Demographic & Economic Statistics

For the Past Ten Fiscal Years

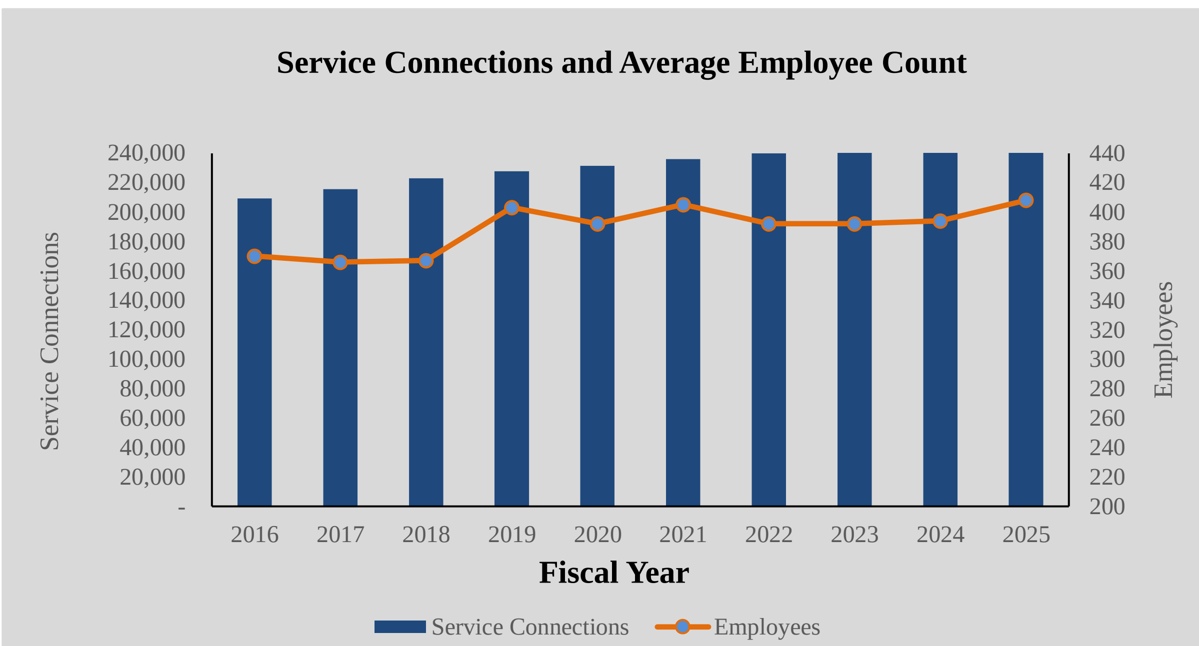
Fiscal Year	IRWD Population [1]	City of Irvine Population	City of Irvine Median Family Income	Total Personal Income (in thousands)	County of Orange Unemployment Rate [4]
2016	405,192	258,386	$ 91,999	$ 10,946,242	3.6%
2017	413,903	267,086	92,278	12,840,224	3.2%
2018	420,877	276,176	93,823	12,272,130	2.6%
2019	434,018	280,202	104,185	12,272,130	2.4%
2020	426,912	281,707	100,969	12,788,062	13.7%
2021	435,073	307,670	105,126	13,662,292	6.4%
2022	437,564	310,250	108,318	13,944,948	2.9%
2023	439,940	303,051	114,027	16,321,418	3.7%
2024	446,365	314,550	N/A [2]	18,074,961	4.0%
2025	450,323	N/A [3]	N/A [2]	N/A [3]	4.5%

Source: City of Irvine Annual Comprehensive Financial Report (Fiscal Year Ended June 30, 2024) and State of California website.
Data for the entire Irvine Ranch Water District service area is not readily available.
The City of Irvine is only a part of the IRWD service area.

Note:
[1] Demographic Research Center at California State University, Fullerton
[2] City of Irvine Median Family Income for FY 2024 and FY 2025 have not yet been published by the City of Irvine.
[3] City of Irvine Population and Total Personal Income for FY 2025 have not yet been published by the City of Irvine.
[4] State of Californa Employment Development Department

Irvine Ranch Water District
Operating Indicators by Function
Water and Sewer Service Connections
For the Past Ten Fiscal Years

Fiscal Year	Water	Sewer & Recycled Water	Total Service Connections	Average Employee Population [1]	Service Connections per Employee
2016	107,402	101,865	209,267	370	566
2017	110,520	105,053	215,573	366	589
2018	114,164	108,754	222,918	367	607
2019	116,539	111,210	227,749	403	565
2020	118,263	113,176	231,439	392	590
2021	120,437	115,382	235,819	405	582
2022	122,401	117,334	239,735	392	612
2023	123,737	118,766	242,503	392	619
2024	124,854	119,859	244,713	394	621
2025	125,977	121,065	247,042	408	605



Source: Irvine Ranch Water District

Note:

[1] Includes permanent, temporary and interns.

Irvine Ranch Water District

Operating Indicators by Function
New Service Connections
For the Past Ten Fiscal Years

	Fiscal Year									
	2016 [1]	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water										
Residential	2,513	2,928	3,355	2,314	1,783	2,077	1,895	1,310	1,085	1,104
Commercial/Industrial/ Public Authority	82	88	133	27	16	27	2	27	5	14
Fire Protection	107	83	99	68	21	57	38	36	21	12
Construction & Temporary	3	14	43	(23)	(28)	(5)	28	(30)	7	(4)
Landscape Irrigation	19	5	13	(11)	(65)	21	1	(7)	(1)	(6)
Agricultural	0	0	1	0	(3)	(3)	0	0	0	3
Total Water	2,724	3,118	3,644	2,375	1,724	2,174	1,964	1,336	1,117	1,123
Sewer										
Residential	2,501	2,894	3,340	2,314	1,781	2,059	1,899	1,316	1,067	1,101
Commercial/Industrial/ Public Authority	88	84	137	45	21	46	4	34	0	22
Construction & Temporary	0	0	0	0	1	0	0	2	0	(1)
Landscape Irrigation	0	0	0	0	0	0	0	0	0	0
Agricultural	0	0	0	0	0	0	1	0	0	0
Total Sewer	2,589	2,978	3,477	2,359	1,803	2,105	1,904	1,352	1,067	1,122
Recycled Water										
Residential	6	33	14	1	9	15	9	6	5	1
Commercial/Industrial/ Public Authority	8	9	14	12	6	11	2	9	4	2
Construction & Temporary	13	8	(5)	(1)	(9)	(7)	6	(3)	(4)	1
Landscape Irrigation	162	161	199	85	155	86	34	69	22	81
Agricultural	3	(1)	2	0	2	(4)	(3)	(1)	(1)	(1)
Total Recycled Water	192	210	224	97	163	101	48	80	26	84
Total	5,505	6,306	7,345	4,831	3,690	4,380	3,916	2,768	2,210	2,329

Source: Irvine Ranch Water District

Note:
[1] New connection data for Recycled Water connections was not available prior to the fiscal year 2016.

Irvine Ranch Water District

Operating Indicators by Function
Average Monthly Usage (in CCF)
For the Past Ten Fiscal Years

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Water										
Residential	11	11	12	11	11	12	11	10	10	11
Commercial	60	57	61	59	51	53	53	52	54	57
Industrial	222	232	213	212	201	211	216	202	195	219
Public Authority	287	260	260	242	164	134	160	209	214	233
Construction & Temporary	285	148	172	75	70	97	111	84	62	84
Treated - Landscape Irrigation	74	82	95	82	76	100	98	74	69	82
Treated - Agricultural	327	402	403	255	283	387	166	107	117	126
Untreated - Agricultural	8,047	6,315	6,274	4,700	2,953	445	652	547	569	733
Total	**9,313**	**7,507**	**7,490**	**5,636**	**3,809**	**1,439**	**1,467**	**1,285**	**1,290**	**1,545**
Recycled water										
Landscape Irrigation	186	170	195	145	128	168	166	127	120	149
Agricultural	3,891	3,197	3,292	2,438	2,797	4,414	3,716	2,369	2,634	3,727
Total	**4,077**	**3,367**	**3,487**	**2,583**	**2,925**	**4,582**	**3,882**	**2,496**	**2,754**	**3,876**

Source: Irvine Ranch Water District

Irvine Ranch Water District

Source of Supply and Water Deliveries / Sales in Acre Feet

For the Past Ten Fiscal Years

Source of Supply

(in Acre Feet)

Fiscal Year	Groudwater	Runoff Capture (Irvine Lake)	Imported Water	Recycled Water	Total Supply
2016	46,901	25	11,853	23,206	81,985
2017	49,208	1,937	19,397	22,006	92,549
2018	48,109	6,109	15,436	25,255	94,909
2019	47,258	4,151	13,937	22,381	87,727
2020	47,810	6,524	13,002	24,627	91,963
2021	47,170	4,508	17,132	26,413	95,223
2022	45,088	75	24,654	26,444	96,261
2023	43,964	1,044	18,258	23,996	87,263
2024	43,573	6,102	12,679	23,778	86,132
2025	42,052	3,881	18,771	25,583	90,287

Water Deliveries / Sales

(in Acre Feet)

Fiscal Year	Potable and Untreated	Recycled Water (1)	Total Demand	
2016	51,098	26,879	77,977	(1)
2017	51,299	27,860	79,159	
2018	55,138	31,642	86,780	
2019	51,651	27,689	79,340	(2)
2020	51,761	31,119	82,880	
2021	54,506	32,595	87,101	
2022	53,378	32,402	85,780	
2023	49,503	26,541	76,044	(3)
2024	49,721	26,601	76,322	
2025	53,369	30,808	84,177	

Source: Irvine Ranch Water District

Notes:

(1) State mandated reduction in usage resulted in a significant decrease in overall demand.
(2) Significant rainfall resulted in a decrease in overall demand.
(3) Drought messaging in the first half of the fiscal year and significant rainfall in the second half resulted in a decrease in overall demand.

Irvine Ranch Water District

Capital Asset Statistics
For the Past Ten Fiscal Years

		Fiscal Year									
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Potable System											
Miles of Water Line	(1)	1,760	1,810	1,905	1,919	1,955	1,976	1,979	2,014	2,127	2,216
Number of Storage Tanks	(2)	36	36	36	36	37	37	37	37	37	38
Maximum Storage Capacity (Acre Feet)		456	456	456	456	467	467	466	466	466	470
Number of Pumping Stations		39	39	39	39	39	39	39	36	36	37
Number of Wells		27	27	27	27	27	27	27	27	27	27
Well Production Capacity (cfs)		128	118	118	118	118	118	118	119	123	123
Water Banking Storage (Acre Feet)		126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000
Potable Treatment Plants		4	5	5	5	5	5	5	5	5	6
Non-Potable and Recycled Water Systems											
Miles of Recycled Water Line	(1)	525	540	555	565	570	572	576	583	583	589
Number of Storage Tanks		12	11	12	12	12	12	12	12	12	12
Number of Open Reservoirs		5	5	5	5	5	5	5	5	5	5
Maximum Storage Capacity (Acre Feet)	(3)	24,155	24,155	24,155	24,155	24,155	24,155	24,155	24,160	24,160	24,160
Number of Pumping Stations		20	20	19	19	19	19	19	22	21	21
Number of Wells	(4)	5	5	5	5	5	5	5	5	3	3
Well Production Capacity (cfs)		10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.7	6.2	6.2
Sewer System											
Miles of Sewer Line		1,070	1,081	1,123	1,134	1,143	1,153	1,374	1,486	1,518	1,536
Number of Lift Stations	(5)	13	13	13	13	13	13	13	11	11	11
Treatment Plants		2	2	2	2	2	2	2	3	3	3
Treatment Capacity (mgd) (Tertiary)		33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5

Source: Irvine Ranch Water District

Notes:

(1) Miles of Line include laterals.

(2) Total number of tanks excludes IRWD's storage capacity with East Orange County Water District. However, this capacity is accounted for in the maximum storage capacity estimate (467 AF). This number also includes the two 16-MG tanks at the Baker location and the newly constructed 3.7 MG Zone 1 Tank at the existing Zone 1 tank location.

(3) Excludes Serrano Water District's capacity in Irvine Lake, which equals 25% of total capacity.

(4) Accounts for active production wells only (Excludes SGU Injection Well).

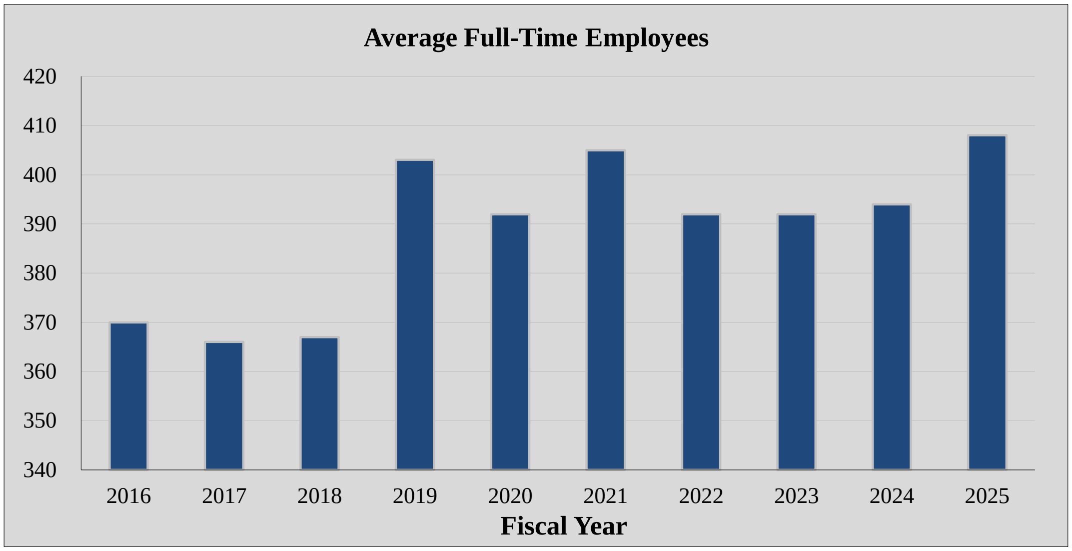
(5) Excludes lift stations serving individual IRWD facilities.

Irvine Ranch Water District

Full-Time Employees

For the Past Ten Fiscal Years

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Average Full-Time Employees [1]	370	366	367	403	392	405	392	392	394	408



Source: Irvine Ranch Water District

Note:

[1] Includes permanent, temporary and interns.

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Board of Directors
Irvine Ranch Water District
Irvine, California

We have audited the financial statements of Irvine Ranch Water District (the District) as of and for the year ended June 30, 2025, and have issued our report thereon dated November 5, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 2, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you in our letter dated November 5, 2025.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and our firm have complied with all relevant ethical requirements regarding independence.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included recording journal entries detected during the audit process. To mitigate the risk, management has reviewed and approved the journal entries and they have been approved by an independent quality control reviewer.

Significant Risks Identified

We have identified the following significant risks:

- Risk of noncompliance with federal grants: We performed a Single Audit of Federal Expenditures. The Single Audit focused on internal controls and compliance over the requirements of any federal grant with expenditures over $1,000,000 during the fiscal year.
- The implementation of the new compensated absences accounting standard, Governmental Accounting Standards Board (GASB) Statement No. 101. As a result, we reviewed the District's calculations and ensured the financial statements and footnotes are accurate and complete.
- Risk of errors associated with real estate investments. We evaluated the District's categorizations of fair values in the financial statement footnotes for reasonableness. We reviewed appraisals and other documentation supporting the fair value of the District's Real Estate Investments.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As described in Note 19 to the financial statements, during the year, the entity changed its method of accounting for compensated absences by adopting Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Revenues, Expenses, and Change in Net Position. Additionally, the District changed accounting policies regarding risk disclosures related to government vulnerabilities due to concentrations and constraints by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 102, *Certain Risk Disclosures*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements include:

- Judgements regarding the fair value of real estate investments.
- Judgements involving the calculation of the net pension liability and related transactions
- Judgements involving the calculation of the other post-employment benefit (OPEB) liability and related transactions.

We evaluated the key factors and assumptions used to develop the estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of interest rate swap agreements in note 3 to the financial statements
- The disclosure of pensions in note 13 to the financial statements
- The disclosure of OPEB in note 14 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no unusual transactions noted as a result of our audit procedures.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were two uncorrected misstatements detected during the audit process to 1) record an allowance for doubtful accounts for other receivables aged over 90 days, 2) record approximately $11.2 million of unbilled customer accounts receivable for service that occurred in June and subsequently billed until after the end of the fiscal year. The impact on the statement of activities for the fiscal year ending June 30, 2025 is approximately $1.1 million and $1.4 million, respectively. The effects in the current and prior period, as determined by management, is immaterial to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatement that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management: transferring projects that were substantially in use at year-end from Construction in Progress (CIP) to the appropriate capital asset accounts.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management in a letter dated November 5, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information Included in the Annual Comprehensive Financial Report

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual report, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Davis Farr LLP

Irvine, California
November 5, 2025

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CERTIFIED PUBLIC ACCOUNTANTS

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Irvine Ranch Water District
Board of Directors
Irvine, California

In planning and performing our audit of the financial statements of Irvine Ranch Water District (District) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control that we consider to be significant deficiencies, as defined above.

However, as a service to you, we identified during our audit certain matters that provide you an opportunity to enhance your existing internal controls. These matters are provided as recommendations for your consideration and are not considered to be material weaknesses in internal control or significant deficiencies in internal control:

Capital Asset Accounting

During our testing of capital assets, we noted two construction in progress (CIP) projects totaling approximately $33.3 million that were substantially in use as of June 30, 2025. These projects were not transferred out of CIP and into their appropriate capital asset categories. The District used the date the Board of Directors formally accepts a project as the project completion date. This practice may not align with the date the asset is substantially in use, which is the appropriate point at which costs should be transferred from CIP to the related capital asset category.

Recommendation

We recommend that management revise its year-end review procedures to evaluate CIP projects based on the date they are substantially in use, rather than the date of board acceptance. This should include coordination between engineering, operations, and accounting staff to identify substantially in-use projects and ensure timely transfer from CIP to the appropriate capital asset categories. This will improve compliance with generally accepted accounting principles and enhance the accuracy of financial reporting.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Davis Farr LLP

Irvine, California
November 5, 2025

November 10, 2025
Prepared by: T. Foo / B. Waite
Submitted by: K. Burton
Approved by: Paul A. Cook

ACTION CALENDAR

REHABILITATION OF DYER ROAD WELLFIELD WELL NO. 7
CONSTRUCTION AWARD

SUMMARY:

The Rehabilitation of Dyer Road Wellfield Well No. 7 project will rehabilitate Well No. 7, which has had significant production loss. Staff recommends that the Board:

- Authorize a budget increase in the amount of $670,500, from $819,500 to $1,490,000 for Project 13252; and
- Authorize the General Manager to execute a construction contract with Best Drilling and Pump, Inc. in the amount of $1,122,025 for the Dyer Road Wellfield Well No. 7 project.

BACKGROUND:

Dyer Road Wellfield (DRWF) Well No. 7 was constructed in 1992 to a depth of 1,740 feet below ground surface (ft bgs). The well was plugged with cement to a depth of 667 ft bgs in 1998 to seal-off zones that had poor groundwater quality. DRWF Well No. 7 was also rehabilitated in 2017. Since the rehabilitation, the average specific capacity and pumping rate of the well have declined by around 48% and 25%, respectively. A video survey was conducted in January 2024, which revealed that the casing walls and perforations had become plugged and encrusted with significant amounts of biological growth and scale. In 2024, staff pulled the pump, brushed and bailed the well with hydrogen peroxide, and discovered the pump bowls were worn due to cavitation, leading to their replacement. Even after this work, the pumping levels continued to drop to levels where the pump could not start without premature mechanical wear.

This project will perform a comprehensive downhole rehabilitation of Well No. 7 including brushing and bailing with a biocleaning agent, air jetting, chemical treatment, mechanical redevelopment by airlifting and swabbing, and pumping redevelopment. Pumping tests will also be conducted which will inform whether the existing pump and motor need to be replaced. Other activities include spinner surveys, video surveys, depth-specific groundwater sampling, and an electro-magnetic thickness survey to assess the integrity of the well casing. Richard C. Slade and Associates provided design services for the preparation of the bid documents and completed their design in September 2025. A location map of DRWF Well No. 7 is provided as Exhibit “A”.

Construction Bid Process:

The project was advertised to a select list of seven contractors on September 24, 2025. The bid opening occurred on October 22, 2025, with four bids received as summarized in the following table:

Bidder	Bid Amount
Best Drilling and Pump, Inc.	$1,122,025.00
General Pump Company	$1,125,815.00
Layne Christensen Company	$1,220,739.75
Weber Water Resources CA, LLC	$1,493,212.00
Engineer's Estimate	*$1,400,000.00*

Best Drilling and Pump, Inc. was the apparent low bidder with a bid of $1,122,025, which was 20 percent lower than the engineer's estimate of $1,400,000. The two lowest bids had less than a one percent difference. The bid results of Best Drilling and Pump, Inc., which included bid items and a list of subcontractors, are shown in Exhibit "B". Best Drilling and Pump, Inc. has completed previous well rehabilitation projects and is well qualified to perform this work.

FISCAL IMPACTS:

Rehabilitation of Dyer Road Wellfield Well No. 7, Project 13252, is included in the Fiscal Year 2025-26 Capital Budget and requires a budget increase as follows:

Project No.	Current Budget	Addition <Reduction>	Total Budget
13252	$819,500	$670,500	$1,490,000

The budget increase is largely due to an optional bid item to install a full casing liner and gravel pack envelope inside the existing well casing, which if needed will cost a few hundred thousand dollars to install.

ENVIRONMENTAL COMPLIANCE:

The project is exempt from the California Environmental Quality Act (CEQA) because the action involves the repair, maintenance, and minor alteration of existing public utility facilities and mechanical equipment involving no expansion of existing or former use, as authorized under the California Code of Regulations, Title 14, Division 6, Chapter 3, Section 15301 (Class 1 "Existing Facilities"). Class 1 exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use, such as existing facilities of publicly owned utilities used to provide public utility services.

COMMITTEE STATUS:

Construction awards are not routinely taken to the Committee prior to submittal to the Board.

RECOMMENDATION:

THAT THE BOARD AUTHORIZE A BUDGET INCREASE IN THE AMOUNT OF $670,500, FROM $819,500 TO $1,490,000, AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH BEST DRILLING PUMP AND COMPANY, INC. IN THE AMOUNT OF $1,122,025 FOR THE REHABILITATION OF DYER ROAD WELLFIELD WELL NO. 7, PROJECT 13252.

LIST OF EXHIBITS:

Exhibit "A" – Project Location Map
Exhibit "B" – Bid Results: *Best Drilling Pump and Company, Inc.*

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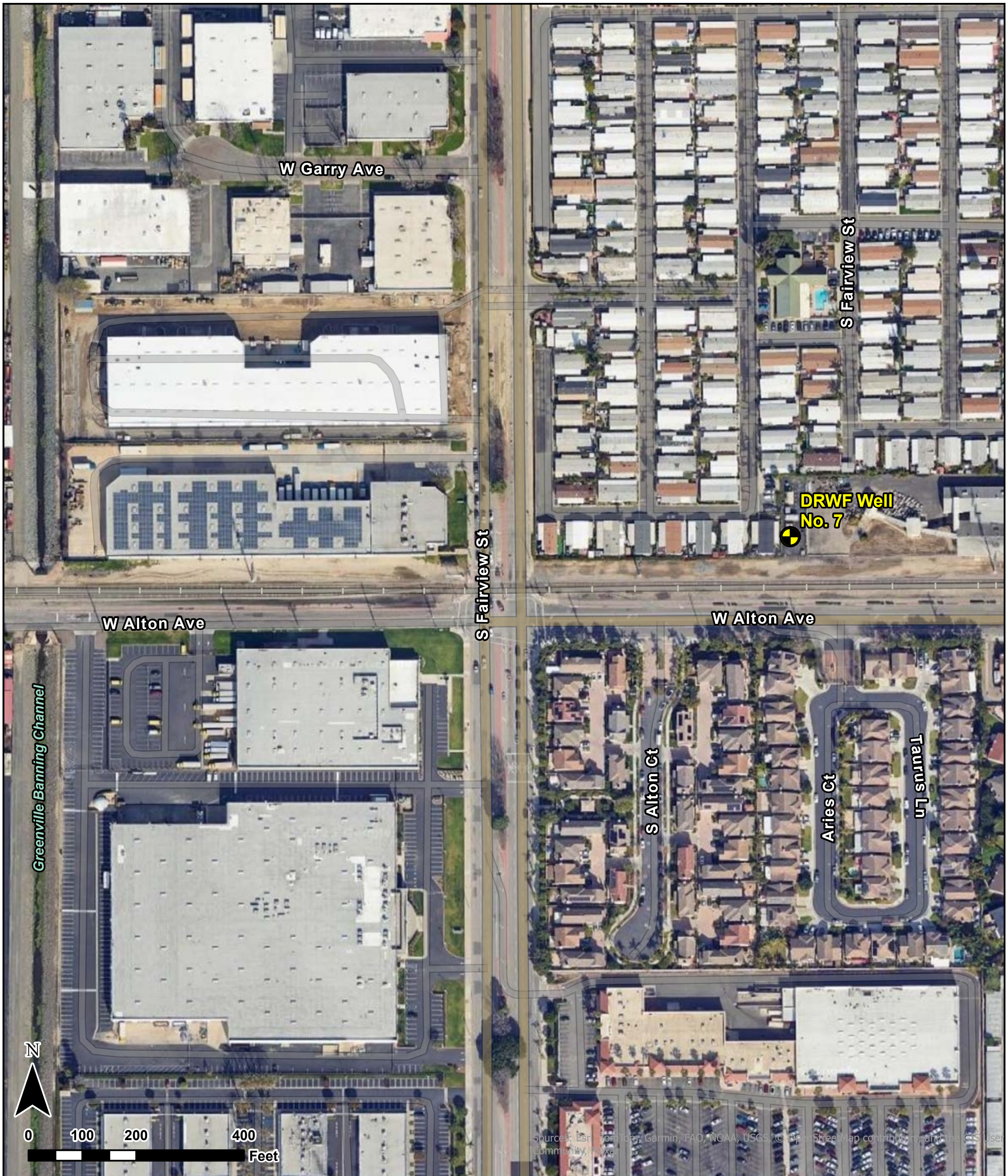
Exhibit "A"



LEGEND

IRWD Well Location

WELL LOCATION MAP
IRWD DRWF WELL NO. 7

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Exhibit "B"

Bid Results

Bidder Details

Vendor Name	Best Drilling and Pump, Inc.
Address	1640 Pellisier Rd. Colton, California 92324 United States
Respondee	Chris Brown
Respondee Title	Project Manager
Phone	909-649-2329
Email	cbrown@bestdrillingandpump.com
Vendor Type	CADIR
License #	826672
CADIR	1000001067

Bid Detail

Bid Format	Electronic
Submitted	10/22/2025 11:05 AM (PDT)
Delivery Method	
Bid Responsive	
Bid Status	Submitted
Confirmation #	453188

Respondee Comment

Buyer Comment

Attachments

File Title	File Name	File Type
IRWD Bid Proposal documents IRWD DRWF 7 BDPI 10-25-2025.pdf	IRWD Bid Proposal documents IRWD DRWF 7 BDPI 10-25-2025.pdf	Bid Form

Subcontractors

Showing 2 Subcontractors

Name & Address	Desc	License Num	CADIR	Amount	Type
General Pump Company 159 N. Acacia Street San Dimas, California 91773	Air Burst	496765	1000002769	$13,000.00	CADIR
Pacific Surveys, LLC 4456 Via St. Ambrose Claremont, California 91711	Well surveys, video, depth sampling, gyro EMT-24	None	1000014306	$20,000.00	

Line Items

Discount Terms No Discount

Item #	Item Code	Type	Item Description	UOM	QTY	Unit Price	Line Total	Response	Comment
BASE BID ITEMS							$1,122,025.00		
1	1		Payment and Performance Bonds, and Insurance	LS	1	$30,000.00	$30,000.00	Yes	
2	2		Mobilization/Demobilization of pump rig, equipment, and accessories. Prepare contract documents and other preliminary work and prepare site as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02480.	LS	1	$150,000.00	$150,000.00	Yes	
3	3-1		Disconnect motor from electrical system, remove discharge header, pipe, motor column pipe, submersible pump, electrical cable and all other appurtenances and sound well. Transport pump and motor to the Contractor's facilities, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Sections 02481 and 11280.	LS	1	$20,000.00	$20,000.00	Yes	
4	3-2		OPTIONAL: Deliver pump and ship motor to the specified pump and motor service centers for inspection and refurbishing as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Sections 11280.	LS	1	$3,500.00	$3,500.00	Yes	
5	4		Install and maintain sound barriers (walls) and conduct other sound mitigation measures, as necessary, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02482.	LF	150	$325.00	$48,750.00	Yes	
6	5-1		Brush well casing with a steel wire brush. Conduct initial biocleaning of the casing walls by injecting hydrogen peroxide into the well during brushing and then bail sediment fill following brushing, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Sections 02483 and 02484.	HRS	24	$600.00	$14,400.00	Yes	
7	5-2		Chemical Treatment Materials (WaterSOLVTM BC): Herc Chem Tech (HCT) WaterSOLVTM BC, or approved equivalent, to be used for chemical treatment of well water per chemical treatment plan, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Sections 02483 and 02484.	GAL	371	$65.00	$24,115.00	Yes	
8	6		Conduct well redevelopment using "airjetting" methods, via the AirBurst® or BoreBlast® methods, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02485.	LS	1	$23,500.00	$23,500.00	Yes	
9	7		Clear water column and provide up to two downwell interim, clear-viewing, color video surveys of well casing, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02486.	EA	2	$2,300.00	$4,600.00	Yes	
10	8		Perform Electro-Magnetic Thickness (EMT24) survey of the full length of the well casing, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02487. See also Bid Items 23 thru 26 in the event that OPTIONAL casing patches or a full casing liner is deemed necessary in the well.	LS	1	$9,500.00	$9,500.00	Yes	
11	9-1		Perform chemical treatment of well water using Herc Chem Tech (HCT) chemical treatment plan, or equivalent, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02488.	LS	1	$50,000.00	$50,000.00	Yes	
12	9-2		Chemical Treatment Materials (WaterSOLVTM BC): HCT WaterSOLVTM BC, or approved equivalent, to be used for chemical treatment of well water per chemical treatment plan, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02488.	GAL	776	$65.00	$50,440.00	Yes	
13	9-3		Chemical Treatment Materials (Well- Klean© Pipe-Klean Pre-Blend): HCT Well-Klean Pipe-Klean Pre-Blend, or approved equivalent, to be used for chemical treatment of well water per chemical treatment plan, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02488.	GAL	220	$50.00	$11,000.00	Yes	
14	9-4		Chemical Treatment Materials (Well- Klean© Pipe-Klean Concentrate): HCT Well-Klean Pipe-Klean Concentrate, or approved equivalent, to be used for chemical treatment of well water per chemical treatment plan, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02488.	GAL	20	$200.00	$4,000.00	Yes	
15	9-5		Chemical Treatment Materials (Sodium Bicarbonate): Sodium bicarbonate to be used for neutralization of well water per chemical treatment plan, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02488.	LBS	100	$2.00	$200.00	Yes	
16	10		Perform mechanical redevelopment (airlifting and swabbing) of the well, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02489.	HRS	60	$700.00	$42,000.00	Yes	
17	11		Conduct treatment and discharge of mechanical and/or pumping redevelopment fluids (as applicable) via neutralization and blending and disposal of solids/sludges per Specifications, including treatment, sampling, analysis, and reporting for NPDES compliance, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02490.	LS	1	$30,000.00	$30,000.00	Yes	
18	12		Mobilize, install, maintain, remove, and demobilize a diesel, gasoline, or VFD electric engine, temporary test pump, equipment, and other appurtenances/accessories as necessary, and in accordance with the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02491.	LS	1	$40,000.00	$40,000.00	Yes	
19	13		Perform pumping redevelopment of the well including monitoring of water levels, pumping rates, and sand content, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02492.	HRS	80	$700.00	$56,000.00	Yes	
20	14		Perform a 12-hour (maximum) step drawdown test and a minimum 24-hour (maximum 48-hour) constant rate pumping test, including monitoring of water levels, pumping rates, and sand content, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02493.	HRS	60	$700.00	$42,000.00	Yes	
21	15		Perform a flowmeter (spinner) survey under dynamic (pumping) conditions throughout the perforated sections of the well, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02494.	LS	1	$7,500.00	$7,500.00	Yes	
22	16		Conduct depth-specific groundwater sampling at three (3) specific depth intervals. Collection, sampling, and analysis are to be performed by the DISTRICT, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02495.	EA	3	$800.00	$2,400.00	Yes	
23	17		Clear water column and provide the final downwell color video survey of the well casing, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02496.	LS	1	$2,300.00	$2,300.00	Yes	
24	18		Conduct a static spinner survey of the well under non-pumping conditions, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02497.	LS	1	$6,500.00	$6,500.00	Yes	

25	19-1		OPTIONAL: Furnish new column pipe, couplings, adaptors, and all other items necessary to complete pump installation, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Sections 11215 and 11280.	LS	1	$80,000.00	$80,000.00	Yes	
26	19-2		Reuse, recouple, and reinstall pump bowl assembly, motor, column pipe, surge valve, and all other items necessary to complete pump installation to the original depth or to an alternative depth, as directed as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Sections 11215 and 11280.	LS	1	$30,000.00	$30,000.00	Yes	
27	19-3		Allowance for additional costs for parts and/or materials during re-installation of permanent pump, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Sections 11215 and 11280.	LS	1	$1,500.00	$1,500.00	Yes	
28	19-4		Re-establish wiring and connection of permanent pump and motor into DISTRICT electrical system, in the presence of a DISTRICT electrician and conduct testing of the permanent pump for a period of three (3) consecutive days, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Sections 11215 and 11280.	LS	1	$55,000.00	$55,000.00	Yes	
29	20		Conduct well disinfection and clean-up site, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02498.	LS	1	$8,500.00	$8,500.00	Yes	
30	21-1		Standby time with Active rig and crew as directed by DISTRICT, as specified in the Technical Specifications Section 02499.	HRS	16	$10.00	$160.00	Yes	
31	21-2		Standby time with Inactive rig and crew as directed by DISTRICT, as specified in the Technical Specifications Section 02499.	HRS	16	$10.00	$160.00	Yes	
32	22		Restore site to pre-existing conditions, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02500.	LS	1	$10,000.00	$10,000.00	Yes	
33	23		OPTIONAL: Conduct a caliper survey to the total depth of the existing well, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02501.	LS	1	$4,500.00	$4,500.00	Yes	
34	24		OPTIONAL: Perform a plumbness & alignment survey to the total depth of the well, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02502.	LS	1	$4,500.00	$4,500.00	Yes	
35	25		OPTIONAL: Install casing patch(es) in the well at depths as directed by the DISTRICT, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02503.	LS	1	$20,000.00	$20,000.00	Yes	
36	26		OPTIONAL: Install a full casing liner and gravel pack envelope inside the existing well casing, as specified in the General Requirements Section 01840, the Special Provisions Section 00200 & the Technical Specifications Section 02504.	LS	1	$235,000.00	$235,000.00	Yes	
ADDITIVE AND DEDUCTIVE ITEMS							$0.00		
37			ADDITION (+) OR DEDUCTION (-)	LS	1	$0.00	$0.00	Yes	

Line Item Subtotals

Section Title	Line Total
BASE BID ITEMS	$1,122,025.00
ADDITIVE AND DEDUCTIVE ITEMS	$0.00
Grand Total	$1,122,025.00

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November 10, 2025
Prepared by: E. Le
Submitted by: F. Nye / P. Weghorst
Approved by: Paul A. Cook

ACTION CALENDAR

APPROVAL OF FINAL ENVIRONMENTAL IMPACT REPORT FOR
SANTIAGO CREEK DAM IMPROVEMENT PROJECT

SUMMARY:

The proposed Santiago Creek Dam Improvement Project would replace the Santiago Creek Dam outlet tower and spillway facilities and would modify the embankment to meet or exceed current seismic, safety, and design requirements. IRWD has prepared a Final Environmental Impact Report (EIR) for the project. Staff recommends the Board:

- Consider the attached Final EIR, the Findings of Facts in Support of Findings (Findings), which includes a Statement of Overriding Considerations for the project, and the Mitigation Monitoring and Reporting Program (MMRP);
- Incorporate into the Findings, including the Statement of Overriding Considerations as presented in this meeting, revisions as may be necessary to conform the Findings to any information that may be received after preparation of said Findings and prior to this action, including any changes made to the Findings in adopting the Final EIR and any comments received from the Board at this meeting;
- Attach the Findings, as revised, to the Resolution; and
- Adopt the attached resolution certifying the Final EIR, adopting the written Findings and Statement of Overriding Considerations, approving the MMRP, approving the project, and authorizing staff to file a Notice of Determination.

BACKGROUND:

IRWD, as the Lead Agency, proposes the Santiago Creek Dam Improvement Project. The project will replace the Santiago Creek Dam outlet tower and spillway facilities as well as modify the embankment to meet design safety requirements. The project also would allow IRWD to meet the following objectives:

- Meet or exceed current seismic, safety, and design requirements established by the California Department of Water Resources, Division of Safety of Dams (DSOD);
- Satisfy IRWD's present and future operational requirements;
- Extend the useful life of the facilities;
- Improve regional water supply reliability; and
- Minimize impacts to local environmental resources and surrounding property owners.

Project Overview:

The proposed project includes construction of a new inlet/outlet works, including an inclined inlet/outlet structure, intake riser pipelines and platforms, bifurcation valve vault, emergency outlet pipeline, and emergency outlet valve vault. The existing spillway will be replaced with a new side-channel spillway, and a portion of the Irvine Lake pipeline would be upsized and relocated to below ground beneath the proposed spillway structure. The project includes improvements to the dam crest, removing the dam face, installing a filter drain system within new embankment shell material, widening the dam crest, raising the elevation of the dam crest by up to one foot, and installing protective railings. Ancillary site improvements include a new inlet/outlet access roadway, spillway bridge, dam control building, and emergency access walkway and stairs. The project includes raising the spillway six feet to approximately 797.9 feet, which is two feet higher than the existing maximum water storage elevation. Raising the spillway would allow the dam to impound water up to the 797.9-foot elevation contour year-round, which would allow for storage of an additional approximately 1,600 acre-feet of water. A location map of the project is provided as Exhibit "A".

Environmental Review of the Proposed Project:

Pursuant to the requirements of the California Environmental Quality Act (CEQA) and related guidelines, a Notice of Preparation for the Draft EIR was publicly circulated for 30 days on May 4, 2023, followed by a public scoping meeting, which was held on May 16, 2023. The purpose of the scoping meeting was to provide the public and governmental agencies information on the CEQA process and to provide opportunities to identify environmental issues and alternatives for consideration in the Draft EIR.

Public Review of the Draft EIR:

On April 28, 2025, IRWD filed a Notice of Completion of a Draft EIR for the project with the State Clearinghouse (SCH). Pursuant to Section 21091 of the Public Resources Code, the filing initiated a 45-day public review period. A Notice of Availability of the Draft EIR was posted on April 28, 2025, with the Orange County Clerk-Recorder and with the SCH. A public meeting was held at IRWD on May 21, 2025. No comments were received at the public meeting. Seven letters providing comments on the Draft EIR were received during the public review period. The agencies that provided comments were South Coast Air Quality Management District, County of Orange, City of Irvine, California Trout South Coast Region, Santiago Creek Watershed Preservation & Restoration Project, U.S. Fish and Wildlife Service, and California Department of Fish and Wildlife. Staff and consultants from Psomas reviewed the written comments and prepared detailed responses to comments directed at any significant environmental issues. The comments, responses, and revisions to the Draft EIR text are included in a separate document comprised of additional Sections 1-3 which, together with the Draft EIR, comprise the Final EIR. The Final EIR is provided as Exhibit "B". The findings for the project are provided as Exhibit "C". The associated MMRP is provided as Exhibit "D".

As the lead agency, IRWD must comply with CEQA by considering the Final EIR, the environmental effects, proposed mitigation measures and all associated Findings, including any Statement of Overriding Considerations, prior to reaching a decision on the project. Staff recommends the Board consider these items and adopt the resolution, provided as Exhibit "E", providing for the adoption of the Findings and MMRP, approving the project and authorizing the filing of a Notice of Determination. At the meeting, staff will present an overview of the FEIR process and contents. A draft presentation is provided as Exhibit "F".

FISCAL IMPACTS:

Currently, no additional expenditure is necessary for the preparation of the FEIR (IRWD Project Number 01813).

ENVIRONMENTAL COMPLIANCE:

This project is subject to CEQA and in conformance with California Code of Regulations Title 14, Chapter 3, Article 6, a Notice of Completion of a Draft EIR was filed with the Governor's Office of Land Use and Climate Innovation on April 28, 2025. Pursuant to State Guideline §15105, the Draft EIR was made available for public review for a period of 45 days from April 28, 2025, to June 11, 2025. On October 31, 2025, responses to comments were submitted to entities that commented on the Draft EIR and the Final EIR was made available consistent with the requirements of CEQA.

COMMITTEE STATUS:

This item was not reviewed by Committee.

RECOMMENDATION:

THAT THE BOARD INCORPORATE INTO THE DRAFT FINDINGS, WHICH INCLUDES A STATEMENT OF OVERRIDING CONSIDERATIONS AS PRESENTED IN THIS MEETING, REVISIONS AS MAY BE NECESSARY TO CONFORM THE FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS TO ANY INFORMATION THAT MAY BE RECEIVED AFTER PREPARATION OF SAID DRAFT AND PRIOR TO THIS ACTION, INCLUDING ANY CHANGES TO THE FINAL ENVIRONMENTAL IMPACT REPORT AND ANY COMMENTS FROM THE BOARD AT THIS MEETING; DIRECT THAT THE FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS, AS SO REVISED, BE ATTACHED TO THE BELOW-MENTIONED RESOLUTION, THEN ADOPT THE FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2025 – 23

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT
CERTIFYING THE FINAL ENVIRONMENTAL IMPACT REPORT AND
APPROVING THE SANTIAGO CREEK DAM IMPROVEMENT PROJECT

LIST OF EXHIBITS:

Exhibit "A" – Location Map for Santiago Creek Dam Improvement Project
Exhibit "B" – Final Environmental Impact Report for Santiago Creek Dam Improvement Project
Exhibit "C" – Findings and Facts in Support of Findings
Exhibit "D" – Mitigation Monitoring and Reporting Program
Exhibit "E" – Draft Resolution Certifying the Final EIR and Approving the Project
Exhibit "F" – Draft PowerPoint Presentation

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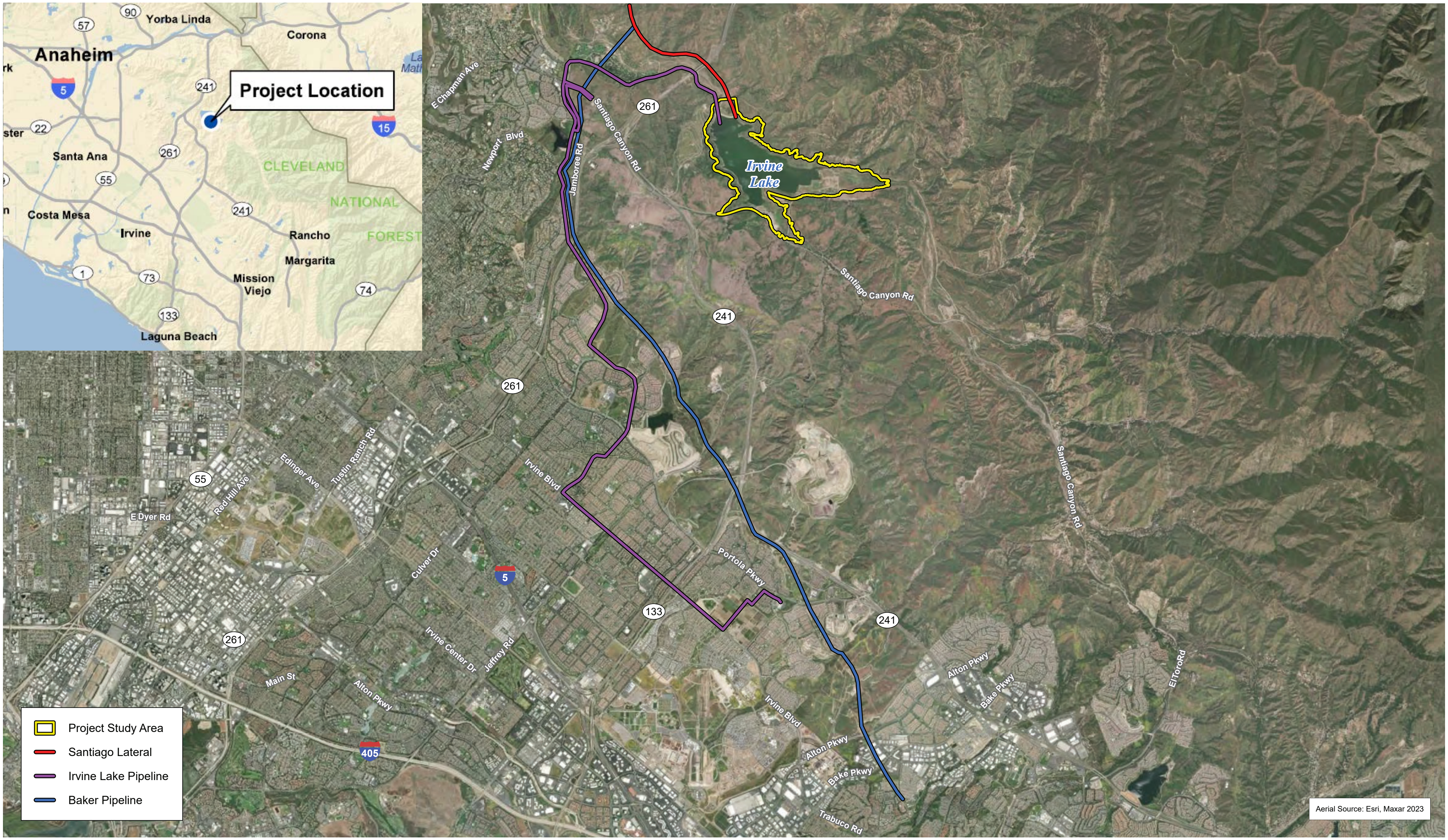
Exhibit "A"

Santiago Creek Dam Improvement Project
Location Map



Aerial Photograph

Exhibit 1-2

Santiago Creek Dam Improvement Project

N W E S

0 0.6 1.2 Miles

PSOMAS

(Rev: 02/27/2025 JVR) R:\Projects\IRW_IRWD\3IRW001101\Graphics\EIR\ex_Aerial.pdf

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A COPY OF EXHIBIT "B" CAN BE OBTAINED FROM THE DISTRICT SECRETARY

AND IS AVAILABLE FOR DOWNLOAD AT THE FOLLOWING LINK:

https://www.irwd.com/images/pdf/doing-business/environmental-documents/env-documents-2025/Santiago_Creek_Dam_FEIR_DEIR_combined_reduced.pdf

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Findings of Fact in Support of Findings

IRVINE RANCH WATER DISTRICT

SANTIAGO CREEK DAM IMPROVEMENT PROJECT

(State Clearinghouse No. 2023050097)

November 10, 2025

Irvine Ranch Water District

Findings of Fact in Support of Findings

TABLE OF CONTENTS

I. INTRODUCTION

Under the California Environmental Quality Act (CEQA), California Public Resources Code (PRC) § 21000, *et seq.*, and the State CEQA Guidelines (CEQA Guidelines), California Code of Regulations, Title 14, Division 6, Chapter 3, prior to approving a project for which an Environmental Impact Report (EIR) has been certified which identifies one or more significant effects on the environment that will occur if a project is approved, the public agency must make one or more of the following findings:

(1) Changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effects identified in the EIR;

(2) Such changes or alterations are within the responsibility of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency; and/or

(3) Specific economic, social, or other considerations make infeasible the mitigation measures or project alternatives identified in the EIR.[1]

Additionally, a Lead Agency must not approve a project that will have a significant effect on the environment unless it finds that specific overriding economic, legal, social, technological, or other benefits of the project outweigh the unavoidable adverse environmental effects (PRC § 21081(b); CEQA Guidelines § 15093). The Irvine Ranch Water District (IRWD) Board of Directors has prepared a Statement of Overriding Considerations to document and substantiate the reasons to support its action based on the Final EIR and other information contained in the administrative record for the Santiago Creek Dam Improvement Project (the “Project” or “proposed Project”).

Pursuant to PRC Section 21081, CEQA Guidelines § 15091, the IRWD Board of Directors hereby makes the following findings in connection with the Project. These findings are based upon substantial evidence in the administrative record for these proceedings, both written and oral, the Final EIR for the Project, which includes the Draft EIR and appendices, the Comments and Responses to Comments on the Draft EIR, and the Corrections and Additions to the Draft EIR, as well as staff and consultants’ reports presented through the hearing process for the Project. Additionally, IRWD adopts a Mitigation Monitoring and Reporting Program (MMRP) to ensure CEQA compliance during Project implementation and meet all requirements as outlined in PRC Section 21081.6. The IRWD Board of Directors finds that the Final EIR reflects the IRWD Board of Directors’ independent judgement as the Project Lead Agency, pursuant to PRC Section 21082(c)(3).

[1] Cal. Pub. Res. Code § 21081; 14 Cal. Code Regs. §§ 15091, 15163.

II. PROJECT OBJECTIVES

Section 15124(b) of the CEQA Guidelines requires an EIR to contain "[a] statement of objectives sought by the proposed project. A clearly written statement of objectives helps the lead agency develop a reasonable range of alternatives to evaluate in the EIR and would aid the decision makers in preparing findings or a statement of overriding considerations, if necessary. The statement of objectives should include the underlying purpose of the project." Not only is a project analyzed in light of its objectives, compatibility with project objectives is one of the criteria used in selecting and evaluating a reasonable range of project alternatives. Clearly-described project objectives simplify the selection process by providing a standard against which to measure project alternatives.

The primary objective of the proposed Project is to rehabilitate and replace the Santiago Creek Dam outlet tower and spillway facilities and to modify the embankment to permit operation of the facilities for a long-term water resource benefit. In implementing the proposed Project, IRWD would also meet the following objectives:

- Construct new facilities and dam embankment modifications that will meet or exceed the current seismic, safety, and design requirements established by the California Department of Water Resources (DWR), Division of Safety of Dams (DSOD), which is the governing State agency associated with this Project;
- Satisfy IRWD's operational requirements in the present and the future;
- Extend the useful life of the facilities;
- Improve regional water supply reliability; and
- Minimize impacts to local environmental resources and surrounding property owners.

III. PROJECT DESCRIPTION

Irvine Ranch Water District (IRWD) owns and operates Irvine Lake and the Santiago Creek Dam that serves as a critical water supply reservoir for IRWD's service area. The Santiago Creek Dam impounds water for Irvine Lake from Santiago Creek, local storm water runoff, and raw water from the Metropolitan Water District of Southern California (MWD) and serves as a domestic and non-potable water supply for various cities in Orange County.

In 2012 and in collaboration with DWR, DSOD, IRWD initiated seismic evaluations of the existing outlet tower that resulted in a determination that the free-standing structure was seismically unstable. In 2017, IRWD initiated, at the request of DSOD, a multi-phase spillway condition assessment. The assessment found that the spillway is nearing the end of its useful life and its design, while acceptable at the time of construction, does not meet current design standards. IRWD has also conducted an assessment of seismic performance of the dam embankment and has determined that modifications to the embankment are necessary.

In view of the findings of the seismic evaluation of the existing outlet tower and dam embankment as well as the comprehensive assessment of the existing spillway, IRWD has elected to develop designs for an inclined outlet structure that would be placed near the left abutment of the existing dam, to modify the embankment, and to replace the existing spillway with a side-channel spillway on the left abutment. The spillway crest would be raised by six feet, which is two feet higher than the top of flashboards when installed, to regain operational storage capacity that was lost over the years due to sedimentation. The existing outlet tower would be demolished, and the new inclined outlet structure would connect to the existing outlet conduit within the reservoir. The embankment would be modified to include a filter and drain system and a new downstream shell.

Santiago Creek Dam was originally constructed in 1933 to store water in Irvine Lake for the benefit of the surrounding communities. The Project proposes to rehabilitate and replace the Santiago Creek Dam outlet tower and spillway facilities and to modify the embankment to permit operation of the facilities for a long-term water resource benefit. The Project includes construction of a new inlet/outlet works, including an inclined inlet/outlet structure, intake riser pipelines and platforms, bifurcation valve vault, emergency outlet pipeline, and emergency outlet valve vault. The existing spillway would be replaced with a new side-channel spillway, and a portion of the Irvine Lake pipeline would be upsized and relocated to below ground beneath the proposed spillway structure. The Project includes improvements to the dam crest, removing the dam face, installing a filter drain system within new embankment shell material, widening the dam crest, raising the elevation of the dam crest by up to one foot, and installing protective railings. Ancillary site improvements are also proposed for the Project, including a new inlet/outlet access roadway, spillway bridge, dam control building, and emergency access walkway and stairs. The Project also includes raising the spillway by six feet to approximately 797.9 feet, which is two feet higher than the existing maximum water storage elevation with the flashboards installed. Raising the spillway would allow the dam to impound water up to the 797.9- foot elevation contour year-round, which would allow for storage of an additional approximately 1,600 acre-feet of water. Construction work is anticipated to occur over a four-year period of time, assuming downtime associated with weather restrictions, beginning in approximately fall 2027.

IV. EFFECTS DETERMINED TO HAVE NO IMPACT DURING SCOPING PROCESS

At the onset of the CEQA process, IRWD determined that an EIR is required for the Project and an Initial Study was prepared to focus the required analysis included in the EIR. Through the Initial Study, it was determined that no impact would occur related to the following topics and/or threshold questions, and that no further review would be conducted in the EIR. The following effects were determined to have no impact:

A. AESTHETICS

1. The Project will not have a substantial adverse effect on a scenic vista; thus, there is no impact.
2. The Project will not substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a State scenic highway; thus, there is no impact.

B. AGRICULTURE AND FORESTRY RESOURCES

1. The Project will not convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland) to non-agricultural use as the Project site and surrounding area are developed urban areas and are not mapped as Farmland; thus, there is no impact.
2. The Project will not conflict with existing zoning for agricultural use or a Williamson Act contract because there is no agricultural zoning or use in the area and the Project site is not subject to any Williamson Act contracts; thus, there is no impact.
3. The Project will not conflict with existing zoning for, or cause rezoning of, forest land, timberland, or timberland zoned Timberland Production; thus, there is no impact.
4. Development of the Project will not result in the loss of forest land or conversion of forest land to non-forest uses; thus, there is no impact.
5. The Project will not involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use; thus, there is no impact.

C. GEOLOGY AND SOILS

1. The Project will not directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving rupture of a known earthquake fault as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map, issued by the State Geologist for the area or based on other substantial evidence of a known fault; thus, there is no impact.
2. The Project will not have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater; thus, there is no impact.

D. HAZARDS AND HAZARDOUS MATERIALS

1. The Project will not create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials; thus, there is no impact.
2. The Project will not create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment; thus, there is no impact.
3. The Project will not emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school; thus, there is no impact.
4. The Project will not be located within an airport land use plan or within two miles of a public airport or public use airport and therefore will not result in a safety hazard or excessive noise for people residing or working in the Project area; thus, there is no impact.

5. The Project will not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan; thus, there is no impact.

E. LAND USE AND PLANNING

1. The Project will not physically divide an established community; thus, there is no impact.

F. MINERAL RESOURCES

1. The Project will not result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the State; thus, there is no impact.
2. The Project will not result in the loss of availability of a locally-important mineral resources recovery site delineated on a local general plan, specific plan, or other land use plan; thus, there is no impact.

G. NOISE

1. The Project will not be located within an airport land use plan or within two miles of a private or public airport or public use airport and would therefore not expose people residing or working in the Project area to excessive noise levels; thus, there is no impact.

H. POPULATION AND HOUSING

1. The Project will not induce substantial unplanned population growth in the area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure); thus, there is no impact.
2. The Project will not displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere; thus, there is no impact.

V. EFFECTS DETERMINED TO HAVE NO IMPACT OR BE LESS THAN SIGNIFICANT WITHOUT MITIGATION

A. AESTHETICS (THRESHOLD 4.1)

1. The Project will not substantially degrade the existing visual character or quality of public views of the site and its surroundings, nor will the Project conflict with applicable zoning and other regulations governing scenic quality; thus, there is no significant impact. (Threshold 4.1-1)
2. The Project will not create a new source of substantial light or glare which would adversely affect day or nighttime views in the area; thus, there is no significant impact. (Threshold 4.1-2)
3. Impacts related to Aesthetics will be less than significant and therefore are not cumulatively considerable. (Cumulative Impacts)

B. AIR QUALITY (THRESHOLD 4.2)

1. The Project will not expose sensitive receptors to substantial pollutant concentrations; thus, there is no significant impact. (Threshold 4.2-3)
2. The Project will not result in other emissions (such as those leading to odors) adversely affecting a substantial number of people; thus, there is no significant impact. (Threshold 4.2-4)
3. Impacts associated with Air Quality related to criteria pollutant concentrations during Project operations, as well as impacts related to localized air quality and human health, will be less than significant and therefore not cumulatively considerable. (Cumulative Impacts)

C. BIOLOGICAL RESOURCES (THRESHOLD 4.3)

1. The Project will not interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites; thus, there is no significant impact. (Threshold 4.3-4)
2. The Project will not conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance; thus, there is no significant impact. (Threshold 4.3-5)
3. Impacts related to Biological Resources will not have a disproportionate contribution to cumulative impacts; thus, there is no significant cumulative impact. (Cumulative Impacts)

D. CULTURAL RESOURCES (THRESHOLD 4.4)

1. The Project will not cause a substantial adverse change in the significance of a historical resource pursuant to Section 15064.5; thus, there is no significant impact. (Threshold 4.4-1)
2. The Project will not disturb any human remains, including those interred outside of formal cemeteries; thus, there is no significant impact. (Threshold 4.4-3)
3. Impacts associated with Cultural Resources related to historical resources and human remains will be less than significant and therefore not cumulatively considerable. (Cumulative Impacts)

E. ENERGY (THRESHOLD 4.5)

1. The Project will not result in potentially significant environmental impacts due to wasteful, inefficient, or unnecessary consumption of energy resources, during Project construction or operation; thus, there is no significant impact. (Threshold 4.5-1)
2. The Project will not conflict with or obstruct a state or local plan for renewable energy or energy efficiency; thus, there is no significant impact. (Threshold 4.5-2)
3. Impacts related to Energy will be less than significant and are therefore not cumulatively considerable. (Cumulative Impacts)

F. GEOLOGY AND SOILS (THRESHOLD 4.6)

1. The Project will not directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving strong seismic ground shaking; thus, there is no significant impact. (Threshold 4.6-1[i])
2. The Project will not directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving seismic related ground failure, including liquefaction; thus, there is no significant impact. (Threshold 4.6-1[ii])
3. The Project will not directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving landslides; thus, there is no significant impact. (Threshold 4.6-1[iii])
4. The Project will not result in substantial soil erosion or the loss of topsoil; thus, there is no significant impact. (Threshold 4.6-2)
5. The Project will not be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the Project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse; thus, there is no significant impact. (Threshold 4.6-3)
6. The Project will not be located on expansive soils, as defined in Table 18-1-B of the California Building Code (1994), creating substantial direct or indirect risks to life or property; thus, there is no significant impact. (Threshold 4.6-4)
7. Impacts associated with Geology and Soils related to seismic and secondary seismic hazards, soil erosion, unstable geologic units or soil, and expansive soils will be less than significant and therefore not cumulatively considerable. (Cumulative Impacts)

G. GREENHOUSE GAS EMISSIONS (THRESHOLD 4.7)

1. The Project will not generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment; thus, there is no significant impact. (Threshold 4.7-1)
2. The Project will not conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing the emissions of greenhouse gases; thus, there is no significant impact. (Threshold 4.7-2)
3. Impacts related to Greenhouse Gas Emissions will be less than significant and therefore not cumulatively considerable. (Cumulative Impacts)

H. HAZARDS AND HAZARDOUS MATERIALS (THRESHOLD 4.8)

1. The Project will not expose people or structures, either directly or indirectly, to a significant risk of loss, injury, or death involving wildland fires; thus, there is no significant impact. (Threshold 4.8-2)
2. Impacts associated with Hazards and Hazardous Materials related to wildland fires will be less than significant and therefore not cumulatively considerable. (Cumulative Impacts)

I. HYDROLOGY AND WATER QUALITY (THRESHOLD 4.9)

1. The Project will not violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or ground water quality; thus, there is no significant impact. (Threshold 4.9-1)
2. The Project will not substantially decrease groundwater supplies or interfere substantially with groundwater recharge such that the Project may impede sustainable groundwater management of the basin; thus, there is no impact. (Threshold 4.9-2)
3. The Project will not substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would result in substantial erosion or siltation on- or off-site. (Threshold 4.9-3[i])
4. The Project will not substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site; thus, there is no significant impact. (Threshold 4.9-3[ii])
5. The Project will not substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff; thus, there is no significant impact. (Threshold 4.9-3[iii])
6. The Project will not substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would impede or redirect flood flows; thus, there is no significant impact. (Threshold 4.9-3[iv])
7. The Project will not risk the release of pollutants due to project inundation in a flood hazard, tsunami, or seiche zone; thus, there is no significant impact. (Threshold 4.9-4)
8. The Project will not conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan; thus, there is no significant impact. (Threshold 4.9-5)
9. Impacts related to Hydrology and Water Quality will be less than significant and therefore are not cumulatively considerable. (Cumulative Impacts)

J. LAND USE AND PLANNING (THRESHOLD 4.10)

1. The Project will not cause a significant environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect; thus, there is no significant impact. (Threshold 4.10-2)
2. Impacts related to Land Use and Planning will be less than significant and therefore not cumulatively considerable. (Cumulative Impacts)

K. NOISE (THRESHOLD 4.11)

1. The Project will not result in generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the Project in excess of standards established in a local general plan or noise ordinance or applicable standards of other agencies; thus, there is no significant impact. (Threshold 4.11-1)
2. The Project will not result in generation of excessive groundborne vibration or groundborne noise levels; thus, there is no significant impact. (Threshold 4.11-2)
3. The Project will not be located within the vicinity of a private airstrip or an airport land use plan or within two miles of a public airport or public use airport and therefore will not expose people residing or working in the Project area to excessive noise levels; thus, there is no impact. (Threshold 4.11-3)
4. Impacts related to Noise will be less than significant and therefore not cumulatively considerable. (Cumulative Impacts)

L. PUBLIC SERVICES (THRESHOLD 4.12)

1. The Project will not result in substantial adverse physical impacts associated with the provision of new or physically-altered governmental facilities, the need for new or physically-altered governmental facilities, the construction of which could cause significant environmental impacts in order to maintain acceptable service ratios, response times, or other performance objectives for fire protection; thus, there is no significant impact. (Threshold 4.12[i])
2. The Project will not result in substantial adverse physical impacts associated with the provision of new or physically-altered governmental facilities, the need for new or physically-altered governmental facilities, the construction of which could cause significant environmental impacts in order to maintain acceptable service ratios, response times, or other performance objectives for police protection; thus, there is no significant impact. (Threshold 4.12[ii])
3. Impacts related to Public Services will be less than significant and therefore not cumulatively considerable. (Cumulative Impacts)

M. RECREATION (THRESHOLD 4.13)

1. The Project will not increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated; thus, there is no significant impact. (Threshold 4.13-1)
2. The Project will not include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment; thus, there is no impact. (Threshold 4.13-2)
3. Impacts related to Recreation will be less than significant and therefore not cumulatively considerable. (Cumulative Impacts)

N. TRANSPORTATION (THRESHOLD 4.14)

1. The Project will not conflict with a program, plan, ordinance or policy addressing the circulation system, including transit, roadway, bicycle and pedestrian facilities; thus, there is no significant impact. (Threshold 4.14-1)
2. The Project will not conflict or be inconsistent with CEQA Guidelines Section 15064.3, subdivision(b); thus, there is no impact. (Threshold 4.14-2)
3. The Project will not substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment); thus, there is no impact. (Threshold 4.14-3)
4. The Project will not result in inadequate emergency access; thus, there is no significant impact. (Threshold 4.14-4)
5. Impacts related to Transportation will be less than significant and therefore not cumulatively considerable. (Cumulative Impacts)

O. UTILITIES AND SERVICE SYSTEMS (THRESHOLD 4.16)

1. The Project will not require or result in the relocation or construction of new or expanded water, wastewater treatment or storm drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects; thus, there is no significant impact. (Threshold 4.16-1)
2. The Project will have sufficient water supplies available to serve the Project and reasonably foreseeable future development during normal, dry, and multiple dry year; thus, there is no significant impact. (Threshold 4.16-2)
3. The Project will result in a determination by the wastewater treatment provider which serves or may serve the Project that it has adequate capacity to serve the Project's projected demand in addition to the provider's existing commitments; thus, there is no impact. (Threshold 4.16-3)
4. The Project will not generate solid waste in excess of State or local standards or in excess of the capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals; thus, there is no significant impact. (Threshold 4.16-4)
5. Impacts related to Utilities and Service Systems will be less than significant and therefore not cumulatively considerable. (Cumulative Impacts)

P. WILDFIRE (THRESHOLD 4.17)

1. The Project will not substantially impair an adopted emergency response plan or emergency evacuation plan; thus, there is no significant impact. (Threshold 4.17-1)
2. The Project, due to slope, prevailing winds, and other factors, will not exacerbate wildfire risks and thereby expose Project occupants to pollutant concentrations from a wildfire or the uncontrolled spread of a wildfire; thus, there is no significant impact. (Threshold 4.17-2)

3. The Project will not require installation or maintenance of associated infrastructure (such as roads, fuel breaks, emergency water sources, power lines or other utilities) that may exacerbate fire risk or that may result in temporary or ongoing impacts to the environment; thus, there is no significant impact. (Threshold 4.17-3)
4. The Project will not exposure people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage change; thus, there is no significant impact. (Threshold 4.17-4)
5. Impacts related to Wildfire will be less than significant and therefore not cumulatively considerable. (Cumulative Impacts)

VI. EFFECTS DETERMINED TO BE POTENTIALLY SIGNIFICANT BUT MITIGATED TO A LESS THAN SIGNIFICANT LEVEL

A. BIOLOGICAL RESOURCES (THRESHOLD 4.3)

1. Special Status Plant and Wildlife Species (Threshold 4.3-1)

This threshold analyzes whether the Project would have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service.

(a) Findings

The Project would include regulations and measures related to special status plants, including pre-construction plant surveys, biological monitoring during construction, and adherence to federal and State regulations, which would ensure the Project would not cause significant impacts to special status plant species. Additionally, the Project would include measures related to special status wildlife species, including pre-construction wildlife surveys, permitting, biological monitoring, and adherence to applicable federal and State regulations protecting special status wildlife species, which would ensure the Project would not cause significant impacts to special status wildlife species. The following mitigation measures imposed upon the Project would mitigate impacts regarding special status species to a less than significant level:

MM BIO-1A: **Special Status Plants/Pre-construction Surveys:** During the peak blooming season prior to the initiation of construction (within the same year or the spring/summer prior), IRWD will retain a qualified Botanist to conduct a focused survey for mud nama. Although not required, the pre-construction survey will also include intermediate mariposa lily, many-stemmed dudleya, and Coulter's matilija poppy to minimize impacts on these species. The pre-construction survey will focus on these species in the general locations where they were previously observed within the impact area, including a 100-foot survey buffer. The Botanist will record special status plant locations within the impact area and within 100 feet of the impact area using GPS and will clearly mark locations with pin flags or lathe and flagging. The Botanist will meet in the field with IRWD to discuss whether avoidance of these locations would be feasible (e.g., whether they could be protected within the temporary impact areas).

No compensatory mitigation will be required if the locations of intermediate mariposa lily,[2] many-stemmed dudleya, and Coulter's matilija poppy cannot be avoided. However, IRWD will notify the Natural Communities Coalition (NCC) and allow the NCC to collect seed and/or salvage special status plants that will be impacted by the Project. Seed collection/salvage will be coordinated so that it does not delay the construction schedule.

Compensatory mitigation will be required if more than 10 percent of the mud nama locations mapped in 2022 will be impacted, as described below under MM BIO-1B.

Following the pre-construction survey and field meeting with IRWD, the Botanist will prepare a Pre-construction Special Status Plant Survey Report to document the results of the pre-construction surveys and will document the special status plant locations that will be avoided during construction. The Botanist will calculate the percent of the mud nama population that will be impacted by comparing the amount of mud nama within the construction impact area to the mud nama locations mapped in 2022. The report will also document that the final engineering plans, coupled with construction avoidance areas, will impact less than 50 percent of the mud nama population mapped in 2022.

After the field meeting with IRWD, the Botanist will work with IRWD/Contractor to clearly mark the locations that will be avoided during construction with lathe and flagging, orange snow fencing, stakes and rope, or other suitable fencing until the initiation of construction. During construction, the Biological Monitor will ensure that these areas are protected as described below under MM BIO-1C.

MM BIO-1B: Mud Nama/Compensatory Mitigation: As described under MM BIO-1A, if compensatory mitigation is required for mud nama (i.e., more than 10 percent of the mud nama locations mapped in 2022 will be impacted by the Project), IRWD will retain a qualified Restoration Biologist to prepare a detailed Mud Nama Mitigation Plan. The Plan will describe collection of seed, salvage of individuals, salvage of soils (i.e., seed bank), and establishment of a new on-site location that will replace the area of mud nama impacted at a 1:1 ratio (i.e., 1 acre impacted to 1 acre replaced). The on-site mitigation areas will provide similar microhabitat, including similar soils and elevation, to provide similar inundation frequency to current conditions. The Mud Nama Mitigation Plan will include the following topics: (1) responsibilities and qualifications of the personnel to implement and supervise the plan; (2) mitigation site selection criteria; (3) site preparation and planting implementation, including pilot studies (if needed); (4) implementation schedule; (5) maintenance plan/guidelines; (6) monitoring plan; (7) performance criteria and contingency planning; and (8) long-term preservation. IRWD will implement the Plan.

IRWD will retain a qualified Restoration Biologist/Seed Collector to collect seed, salvage individuals, and salvage soils (i.e., seed bank) from the mud

[2] The NCCP/HCP covers impacts on this species up to 20 individuals; if more than 20 individuals would be impacted, additional consultation with the resource agencies would be required. However, this is not anticipated to be necessary because only six individuals have been observed in the biological study area during focused surveys, and only one individual is located in the impact area.

nama during the spring/summer prior to impacts on this plant. IRWD will ensure that the seed/salvaged individuals/soil are stored by a qualified Seed Collector in appropriate conditions to maintain the viability of the seed to be used in the implementation of the Mud Nama Mitigation Plan.

MM BIO-1C: Special Status Plants/Biological Monitoring: Before the start of construction, IRWD will retain a qualified Biological Monitor to confirm that the special status plant locations to be avoided are clearly marked with lathe and flagging, orange snow fencing, stakes and rope, or other suitable fencing. The Biological Monitor will post signs to indicate each location as an "Environmentally Sensitive Area" that no work activities may occur within the fencing. The Biological Monitor will conduct a Worker Environmental Awareness Protection (WEAP) training regarding the importance of Environmentally Sensitive Areas. Once Project activities begin, the Biological Monitor will check the fencing/signage weekly to ensure that it stays in place throughout construction activities and will notify IRWD and the construction contractor immediately if the fencing/signage needs to be repaired.

MM BIO-2: **Crotch's Bumble Bee:** If the California Department of Fish and Wildlife (CDFW) determines that listing of the Crotch's bumble bee as threatened or endangered under the California Endangered Species Act is not warranted prior to or during implementation of the Project, this measure will not be required.

Until CDFW makes a determination, or if CDFW determines that listing of the Crotch's bumble bee as threatened or endangered under the California Endangered Species Act is warranted, the following measures will be required.

MM BIO-2A: **Incidental Take Permit:** IRWD will obtain an Incidental Take Permit (2081) prior to removal of suitable habitat for Crotch's bumble bee. IRWD will consult with CDFW to determine the appropriate mitigation to compensate for loss of floral resources associated with the species at a minimum 1:1 ratio of suitable habitat impacted (i.e., 1 acre impacted to 1 acre compensated). Potential compensatory mitigation options include on-site revegetation of temporarily disturbed areas using a seed mix of species preferred by Crotch's bumble bee at a minimum 1:1 ratio of temporarily impacted areas; payment of an in-lieu mitigation fee to an approved mitigation bank at a minimum 1:1 ratio of permanently impacted areas; long-term preservation of on-site or off-site habitat at a minimum 1:1 ratio of permanently impacted areas; or another strategy as approved by CDFW. Mitigation provided for under MM BIO-3 (Coastal Sage Scrub) may be used towards mitigation for Crotch's bumble bee.

MM BIO-2B: **Pre-construction Survey.** Prior to vegetation clearing or other ground-disturbance during each year of Project construction, IRWD will retain a qualified Biologist to conduct pre-construction focused surveys for active nests of Crotch's bumble bee following the most current CDFW guidelines[3] within 100 feet of Project impact areas with suitable habitat for Crotch's bumble bee. According to current guidelines (CDFW 2023), the

[3] The current guidelines for this species are CDFW 2023; guidelines may be updated as more is learned about this species' biology.

Biologist will conduct three visual surveys during the species' active period (i.e., April to August). The timing between each visual survey may be reduced to accommodate the construction schedule, as long as the first and last survey are conducted at least one week apart during the active period.

If no active nests of Crotch's bumble bee are observed, vegetation clearing, grading, and ground disturbance may proceed.

If a ground nest is observed, it will be protected in place until it is no longer active, as determined by the qualified Biologist retained by IRWD. IRWD will implement applicable protective measures from the Incidental Take Permit for the species (see MM BIO-2A). Potential protective measures may include protective buffers coupled with biological monitoring to avoid take of an active ground nest. The protective buffer will be determined by the Biologist conducting the pre-construction survey, or as designated in conditions in the Incidental Take Permit.

IRWD will ensure that a Letter Report is prepared to document the results of the pre-construction survey and will provide the letter to CDFW within 30 days of the completion of the survey.

MM BIO-2C: **Biological Monitoring.** Biological monitoring for Crotch's bumble bee will follow the most current CDFW guidelines[4] at the time of construction. According to current guidelines (CDFW 2023), IRWD will retain a Biological Monitor to be present onsite during vegetation clearing and/or ground-disturbing activities that take place during the Crotch's bumble bee queen flight period (i.e., February to March), colony active period (i.e., April to August), or gyne flight period (i.e., September to October). No biological monitoring will be required for vegetation clearing or ground-disturbance that occurs from November to January.

If a ground nest of Crotch's bumble bee is observed during the monitoring, it will be protected in place until it is no longer active, as determined by the qualified Biologist retained by IRWD. IRWD will also implement applicable protective measures from the Incidental Take Permit for the species (see MM BIO-2A). If establishment of a protective buffer and/or avoidance of the nest is not feasible, IRWD and its qualified Biologist will consult with CDFW regarding potential encroachment into the protective buffer that may result in take of Crotch's bumble bee pursuant to MM BIO-2A.

MM BIO-3: **Coastal Sage Scrub and Coastal California Gnatcatcher:** Potential direct and indirect impacts on coastal sage scrub and coastal California gnatcatcher are fully mitigated through IRWD's participation and contribution in the Natural Communities Conservation Plan/Habitat Conservation Plan (NCCP/HCP) Mitigation Program. This participation not only provides mitigation for coastal sage scrub and the coastal California gnatcatcher, but also other Covered Species and Covered Habitats. IRWD will mitigate for impacts on coastal sage scrub and coastal California gnatcatcher through a combination of the following, as approved by USFWS and CDFW: (1) use of IRWD's NCCP/HCP take allocation at a 1:1

[4] The current guidelines for this species are CDFW 2023; guidelines may be updated as more is learned about this species' biology.

ratio for impacted coastal sage scrub; (2) restoration of coastal sage scrub habitat at a minimum 1:1 ratio in areas temporarily disturbed by construction including weeding and three years of restoration monitoring; and/or (3) restoration of coastal sage scrub habitat at an on-site or off-site location at a minimum 1:1 ratio, as described in a Habitat Mitigation and Monitoring Plan (HMMP) in order to preserve IRWD's remaining NCCP/HCP take allocation (if desired by IRWD).

If a coastal sage scrub habitat establishment program is selected to mitigate for all or a portion of the impacts, IRWD will prepare a Coastal Sage Scrub HMMP and submit it to the resource agencies for review and approval prior to the initiation of construction activities. The Coastal Sage Scrub HMMP will include the following items: (1) responsibilities and qualifications; (2) performance criteria and contingency planning; (3) site selection; (4) seed materials procurement; (5) wildlife surveys and protection; (6) site preparation and plant materials installation; (7) schedule; (8) maintenance program; (9) monitoring program; and (10) long-term preservation. IRWD will retain a qualified Restoration Ecologist to prepare the Coastal Sage Scrub HMMP and will retain a qualified Restoration Contractor to implement the HMMP. IRWD will be responsible for implementing the Coastal Sage Scrub HMMP and ensuring that the mitigation program achieves the approved performance criteria.

MM BIO-4: **Riparian Vegetation and Jurisdictional Permitting:** Before the start of construction, IRWD will obtain all necessary permits for impacts to U.S. Army Corps of Engineers (USACE), California Department of Fish and Wildlife (CDFW), and/or Regional Water Quality Control Board (RWQCB) jurisdictional areas and will determine the compensatory mitigation needed for the loss of jurisdictional waters and wetlands. Potential compensatory mitigation options will include one or a combination of the following, as determined through consultation with the above-listed resource agencies: (1) establishment of riparian habitat (on site or off site) at a minimum 1:1 ratio for impacted jurisdictional areas; (2) payment to a resource agency approved mitigation bank or regional riparian enhancement program (e.g., invasive species removal) at a minimum 1:1 ratio for impacted jurisdictional areas; and/or (3) preservation of off-site riparian habitat on IRWD lands at a minimum 1:1 ratio for impacted jurisdictional areas.

If in-lieu mitigation fees are required, IRWD will pay the in-lieu mitigation fee before the start of construction to a mitigation bank/enhancement program for the replacement of impacted jurisdictional resources.

If a riparian habitat establishment program is selected to mitigate for all or a portion of the impacts, IRWD will retain a qualified Restoration Ecologist to prepare a Riparian Habitat Mitigation and Monitoring Plan (HMMP) and will submit it to the resource agencies for review and approval prior to the initiation of construction activities. The Riparian HMMP will include the following items: (1) responsibilities and qualifications; (2) performance criteria and contingency planning; (3) site selection; (4) seed materials procurement; (5) wildlife surveys and protection; (6) site preparation and plant materials installation; (7) schedule; (8) maintenance program; (9) monitoring program; and (10) long-term preservation. IRWD will retain a qualified Restoration Contractor to implement the HMMP. IRWD will be responsible for implementing the Riparian HMMP and ensuring that the mitigation program achieves the approved performance criteria.

MM BIO-5: **Least Bell's Vireo:** IRWD will consult with USFWS and CDFW under Section 7 of the Federal Endangered Species Act and Section 2080.1 of the California Fish and Game Code to approve the mitigation approach and whether NCCP/HCP Conditional Coverage will be extended to least Bell's vireo based on the measures below.

A. IRWD will obtain concurrence from USFWS and CDFW that the riparian mitigation described in MM BIO-4 will provide appropriate compensatory mitigation for the loss of riparian habitat.

B. To the extent feasible, removal of riparian habitat will be conducted during the non-breeding season (i.e., September 16 to March 14) in order to minimize direct impacts on nests of least Bell's vireo. IRWD will retain a qualified Biologist to monitor vegetation clearing of riparian habitat.

C. Before starting construction each spring, IRWD will retain a qualified Biologist to survey all habitat within 500 feet of the construction limits for the presence of least Bell's vireo. The Biologist will map any active nests/territories as Environmentally Sensitive Areas on an aerial photograph. IRWD will also ensure that the Biologist prepares a Letter Report and that it is submitted to USFWS and CDFW to document the results of the pre-construction survey within 30 days of completion of the survey.

D. IRWD will retain a qualified Biologist to conduct weekly focused surveys during construction to update the location of active least Bell's vireo territories. The Biologist will map new territories as Environmentally Sensitive Areas and will remove inactive Environmentally Sensitive Areas from the map. Once construction is in progress, IRWD will provide Weekly Reports to USFWS and CDFW.

E. IRWD will retain a qualified Biologist to establish a 500-foot protective buffer around each least Bell's vireo territory identified during pre-construction or weekly surveys. The Biologist will verify that occupied riparian habitat is protected with lathe and rope, orange snow fencing, or other suitable fencing to provide an adequate buffer from construction work. The Biologist will post signs to indicate that the area is an "Environmentally Sensitive Area" and that no work activities may occur within the fencing. The Biologist will conduct training to educate workers on the importance of Environmentally Sensitive Areas.

F. If construction activities need to occur within 500 feet of an active least Bell's vireo territory, IRWD will consult with USFWS and CDFW to determine an appropriate noise reduction strategy. Appropriate noise reduction measures may include, but are not limited to, specifications for equipment type, siting of equipment, and temporary noise barriers. IRWD will retain a qualified Biologist to monitor the installation of any noise reduction measures.

G. IRWD will retain a qualified Biologist to conduct daily monitoring when construction activities are conducted within 500 feet of an active least Bell's vireo territory or until the Biologist determines that the individuals are not being impacted by the noise (i.e., the noise measures are established and birds are acclimated to the activities).

MM BIO-6: **Bald Eagle:** Initial dewatering activities shall be scheduled to avoid the bald eagle nesting season (December 1 to August 15) to the maximum extent feasible. IRWD will consult with USFWS and CDFW with regard to bald eagle to determine whether any regulatory approval is necessary to comply with the California Endangered Species Act and the federal Bald Eagle Act. Because there would be no direct take of a nest, an informal consultation may be sufficient, but this approach will be confirmed by USFWS and CDFW. IRWD will comply will all eagle disturbance permit conditions should such a permit be required by USFWS.

USFWS and CDFW will review and approve the monitoring strategy to be used during construction. IRWD will retain a qualified Biologist to visit the bald eagle nest multiple times over the course of the breeding season to determine whether the nest is active and/or to determine the stage of nesting. The Biologist will conduct the first visit in early March to determine whether the nest is active. The Biologist will conduct the second visit in late March or early April to confirm the nesting stage (i.e., presence of eggs/young), or to confirm that the nest is still inactive. If the nest is not active during the first two visits, no additional surveys will be needed. However, if the nest is active, the Biologist will conduct weekly surveys from five weeks post-hatching continuing until the young fledge or May 15, whichever comes last. The Biologist will complete the California Bald Eagle Nesting Territory Survey Form to document the survey results each year. IRWD will ensure that the form is submitted to USFWS and CDFW by September 1 of each year.

MM BIO-7: **Pre-Construction Bat Surveys:** IRWD will retain a qualified Biologist to conduct a pre-construction roosting bat survey (including both day and evening efforts) before construction begins. The day survey will involve inspection of the structures within the impact area to look for signs of bat roosting. The evening survey will involve monitoring each potential roost site for evening emergence, conducting exit counts, and acoustic monitoring (from a half an hour before sunset to no greater than three hours after sunset) near potential roosts within the impact area. If the Biologist determines that bats are actively roosting onsite, IRWD will retain a qualified Biologist to prepare a Project-specific Bat Roost Minimization Plan (BRMP) and will implement the plan. The BRMP will include relevant avoidance and minimization measures based on the survey results. If tree roosting bat species are found to be both foraging and potentially roosting onsite, IRWD will conduct tree removal only during the non-maternity season (September 1 through March 31). When potentially-occupied roost trees are removed, IRWD will implement a phased tree removal method (i.e., leaving the felled tree on the ground for 24-48 hours after the felling to allow any tree-roosting bats to leave). IRWD will avoid all Project-structures proposed for demolition that support an active day-roost until either the roost is no longer active, as determined by a qualified Biologist, or the occupants can be humanely evicted as described in the BRMP. IRWD will retain a qualified Biologist to conduct bat eviction during the fall months outside of the bat maternity season (i.e., September 1 through November 30).

(b) Findings of Fact

The Project has potential to impact special status plant and wildlife species. Potentially significant impacts were identified for mud nama, Crotch's bumble bee, coastal California gnatcatcher, least Bell's vireo, bald eagle, and roosting bats related to temporary and permanent habitat removal and the dewatering of Irvine Lake.

The Project has the potential to impact approximately 7.08 acres of the mapped mud nama, which would represent a significant impact under CEQA Guidelines Section 15380. Implementation of **MM BIO-1A** through **BIO-1C**, which require pre-construction surveys conducted by a qualified botanist to flag the boundary of the population and make recommendations for avoiding impacts to the extent feasible, as well as the avoidance of at least 50 percent of the mud nama populations (as mapped in 2022) and compensatory mitigation, would reduce potentially significant impacts to mud nama to a less than significant level.

Impacts to Crotch's bumble bee (Candidate species for State listing), coastal California gnatcatcher (federally Threatened), least Bells vireo (federally and State Endangered), and special status roosting bats (pallid bat, pocketed free-tailed bat, big free-tailed bat, western red bat, western yellow bat, and western mastiff) were identified related to the temporary and permanent removal of suitable habitat that would occur as part of the Project. Therefore, the Project would implement **MM BIO-2** through **MM BIO-5** and **MM BIO-7**, which would reduce potentially significant impacts on these species associated with habitat removal activities to a less than significant level. **MM BIO-2**, which requires pre-construction surveys for Crotch's bumble bee, avoidance of active nest burrows during construction, and consultation with CDFW to obtain an Incidental Take Permit, which would ensure potentially significant impacts on the Crotch's bumble bee are reduced to a less than significant level. Implementation of **MM BIO-3**, which requires IRWD's participation and contribution in the NCCP/HCP, would ensure that IRWD's take of suitable habitat (coastal sage scrub) for the coastal California gnatcatcher is accounted for according to the NCCP/HCP and that impacts would be reduced to a less than significant level. Impacts to least Bell's vireo would be reduced to less than significant with implementation of **MM BIO-4**, which would ensure that riparian habitat impacted by the Project would be replaced at no less than a 1:1 ratio, and **MM BIO-5**, which would require removal of riparian habitat outside the nesting season, implementation of appropriate noise minimization measures, and consultation with US Fish and Wildlife Service (USFWS) and CDFW. **MM BIO-7**, which requires pre-construction bat surveys and, if detected, the preparation of a Project-specific Bat Roost Minimization Plan, would reduce potentially significant impacts on roosting bats to a less than significant level.

A potentially significant impact on the State Endangered and Fully Protected bald eagle was identified related to the proposed dewatering of Irvine Lake and resulting decrease in availability of fish as a food source for the species. The temporary loss of the lake habitat over four years of construction may cause the bald eagles to leave Irvine Lake for the duration of construction. However, they (or a new pair) would be expected to reoccupy the lake following completion of the Project once the lake is restocked with fish. Implementation of **MM BIO-6**, which requires consultation with

USFWS and CDFW to determine the appropriate monitoring strategy during construction, would reduce this impact to a less than significant level.

With implementation of **MM BIO-1** through **MM BIO-7**, impacts on species status plant and wildlife species would be reduced to a less than significant level. For the reasons stated above and as discussed in the Draft EIR, IRWD finds that, with implementation of mitigation measures, these impacts will be reduced to a less than significant level.

2. Sensitive Natural Communities (Threshold 4.3-2)

This threshold analyzes whether the Project would have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations, or by the California Department of Fish and Wildlife or US Fish and Wildlife.

(a) Findings

The Project would require IRWD's participation and contribution in the NCCP/HCP Mitigation Program, which would ensure against significant impacts related to coastal sage scrub. The Project would include compensatory mitigation such as establishment of on-site or off-site riparian habitat, payment of in-lieu fees, and/or preservation of off-site riparian habitat at IRWD lands to prevent potentially significant impacts to riparian habitat and woodlands. Further, the Project would include standard tree protection measures, tree replacement (as necessary), and a qualified biologist or certified arborist to conduct pre-construction tree surveys, which would ensure significant impacts related to woodlands, specifically western sycamores and coast live oak, would not occur. The following mitigation measures would mitigate impacts related to riparian habitat and other sensitive natural communities to a less than significant level:

MM BIO-3 and **MM BIO-4** (see above).

MM BIO-8: **Tree Survey/Replacement:** Before the start of construction, IRWD will retain a qualified Biologist or Certified Arborist to conduct a tree survey to identify the location and health of western sycamore trees within 100 feet of the Project impact area. To the extent practicable, temporary impact areas will be revised to avoid and minimize effects on western sycamore trees. Standard tree protection measures to fence western sycamores will be recommended for trees within or near the work area (PDF BIO-4).

Any western sycamores that are greater than four inches diameter at breast height (dbh) removed by construction will be replaced at no less than a 1:1 ratio. Trees with a dbh of 4 inches to 8 inches will replaced at a 1:1 ratio with a minimum container size of 15 gallons. Trees with a dbh of greater than 8 inches to 16 inches will be replaced at a 1:1 ratio with a minimum container size of 25 gallons (i.e., 24-inch box). Trees with a dbh of greater than 16 inches to 24 inches will be replaced at a 3:1 ratio with a minimum container size of 25 gallons (i.e., 24-inch box). Trees with a dbh of greater than 24 inches to 36 inches will be replaced at a 5:1 ratio with a minimum container size of 25 gallons (i.e., 24-inch box). Trees with a dbh of greater than 36 inches will be replaced at a 10:1 ratio with a minimum container size of 25 gallons (i.e., 24-inch box). The replacement trees will be replaced either on-site or off-site in a location with appropriate microclimate conditions. The replacement trees will be incorporated into the Coastal Sage Scrub HMMP or Riparian HMMP (described above).

(b) Findings of Fact

The Project would result in potentially significant impacts to several sensitive natural communities, including coastal sage scrub, riparian, and woodland habitats. The additional inundation during implementation of the Project would also affect a limited amount of these habitats. Coastal sage scrub, including sagebrush scrub, coyote brush scrub, and southern cactus scrub, would be impacted by both construction activities and infrequent inundation associated with the raised spillway. These communities are considered sensitive under the NCCP/HCP due to their role in supporting Covered Species. Although approximately 8.41 acres would be impacted (3.95 acres permanently), the Project is covered under the NCCP/HCP and take of coastal sage scrub is permitted through IRWD's participation. Implementation of **MM BIO-3** would ensure that IRWD's take is accounted for according to the NCCP/HCP. Approximately 36.73 acres of riparian vegetation would be impacted (1.45 acres permanently), including riparian herb, southern willow scrub, mulefat scrub, disturbed mulefat scrub, southern black willow forest, disturbed southern black willow forest, and southern black willow forest/riparian herb. The Project would also temporarily impact up to 9.66 acres of riparian vegetation types in the additional inundation area. To reduce potentially significant impacts to riparian habitat, the Project would implement **MM BIO-4**, which would ensure that compensatory mitigation such as establishment of on-site or off-site riparian habitat, payment of in-lieu mitigation fees, and/or preservation of off-site riparian habitat at IRWD lands is implemented to mitigate for the loss of riparian vegetation types. A total of 3.57 acres (0.53 acre permanently) of woodland habitats, including coast live oak and western sycamore, would be removed to construct the Project. Western sycamore is considered a sensitive vegetation community by CDFW. Implementation of **MM BIO-4** would ensure that compensatory mitigation such as establishment of on-site or off-site riparian habitat, payment of in-lieu mitigation fees, and/or preservation of off-site riparian habitat at IRWD lands is implemented to mitigate for the loss of woodland vegetation types. Further, standard tree protection measures and the replacement of removed sycamores per **MM BIO-8** would ensure that potential impacts to woodland vegetation would be less than significant.

With implementation of mitigation measures **MM BIO-3**, **MM BIO-4**, and **MM BIO-8**, impacts to sensitive natural communities would be less than significant. For the reasons stated above and as discussed in the Draft EIR, IRWD finds that, with implementation of mitigation measures, these impacts will be reduced to a less than significant level.

3. <u>Wetlands (Threshold 4.3-3)</u>

This threshold analyzes whether the Project would have a substantial adverse effect on State or federally protected wetlands (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means.

(a) Findings

The Project would include compensatory mitigation such as establishment of on-site or off-site riparian habitat, payment of in-lieu fees, and/or preservation of off-site riparian habitat at IRWD lands to prevent potentially significant impacts to State and federally protected wetlands. The following mitigation measures imposed upon the Project would reduce this impact to a less than significant level:

MM BIO-4 (see above).

(b) Findings of Fact

The Project would result in temporary and permanent impacts to federally protected wetlands and other jurisdictional waters regulated by the USACE, the RWQCB, and the CDFW. These impacts would occur within Irvine Lake, Santiago Creek, Drainage 1, and additional drainages, and would include direct disturbance from Project construction as well as limited additional inundation due to changes in hydrology. To offset these impacts, the Project includes **MM BIO-4**¸which requires compensatory mitigation for the loss of jurisdictional waters. This includes the establishment of restoration of riparian habitat on- or off-site, payment of in-lieu mitigation fees, and/or the preservation of suitable off-site habitat within lands managed by IRWD. These measures would ensure that the Project's impacts to State and federally protected wetlands are less than significant. For the reasons stated above and as discussed in the Draft EIR, IRWD finds that, with implementation of mitigation measures, this impact would be reduced to a less than significant level.

4. Adopted Habitat Conservation Plan or Natural Community Conservation Plan (Threshold 4.3-6)

This threshold analyzes whether the Project would conflict with the provisions of an adopted HCP, NCCP, or other approved local, regional, or state habitat conservation plan.

(a) Findings

The Project would include measures to ensure that IRWD's authorized take of coastal sage scrub habitat is properly accounted for in accordance with the NCCP/HCP, which would ensure the Project would not conflict with the adopted NCCP/HCP. The Project would also include habitat restoration and species-specific protective measures to prevent significant impacts to special status birds. The following mitigation measures imposed upon the Project would reduce this impact to a less than significant impact:

MM BIO-3, MM BIO-4, and **MM BIO-5** (see above).

(b) Findings of Fact

The Project site is located within the boundaries of the Central-Coastal NCCP/HCP within a designated Non-Reserve Open Space Area. Infrastructure development, including the proposed modifications to the Santiago Creek Dam, is allowed within the Reserve System under the NCCP/HCP and Implementation Agreement, provided that it does not result in take beyond what has been previously authorized.

The Project would result in the removal of 8.41 acres of coastal sage scrub habitat, resulting in both temporary and permanent impacts. An additional 3.36 acres of coastal sage scrub would be temporarily affected within the additional inundation area. Impacted vegetation types include sagebrush scrub, disturbed sagebrush scrub, sagebrush-coyote brush scrub, southern cactus scrub, and disturbed southern cactus scrub. These impacts fall within the take allowance allocated to IRWD under the NCCP/HCP. Implementation of **MM BIO-3** would ensure that IRWD's authorized take is properly accounted for in accordance with the NCCP/HCP. Potential habitat for least Bell's vireo is present within the biological study area, and individuals were observed during the focused surveys upstream and downstream of the Santiago Creek Dam. The species was found primarily in riparian scrub and woodland habitat. To avoid or minimize impacts to least Bell's vireo, the Project would implement **MM BIO-4** and **MM BIO-5**, which include habitat restoration and species-specific protective measures. These measures would ensure that Project impacts to the species are less than significant and consistent with the NCCP/HCP. With implementation of **MM BIO-3** through **MM BIO-5**, the Project would not conflict with the provisions of the Central-Coastal NCCP/HCP and impacts would be less than significant. For the reasons stated above and as discussed in the Draft EIR, IRWD finds that, with implementation of mitigation measures, this impact will be reduced to a less than significant level.

B. CULTURAL RESOURCES (THRESHOLD 4.4)

1. Archaeological Resources (Threshold 4.4-2)

This threshold analyzes whether the Project would cause a substantial adverse change in the significance of an archaeological resource pursuant to Section 15064.5 of the CEQA Guidelines.

(a) Findings

The Project would include an archaeological monitor to observe ground-disturbing activities, including geotechnical evaluations, vegetation removal, grubbing, grading, and excavation, within previously undisturbed soils and to salvage and catalogue archaeological resources as necessary. In addition, if potentially significant archaeological resources are unearthed during construction activities, the archaeologist, in consultation with IRWD and representatives from the tribal government consulting under AB 52, will determine appropriate treatment of the find, which may include avoidance of the area of the find, data recovery, documentation, testing, reburial, archival review, and/or transfer to the appropriate museum or educational institution, or other appropriate actions to ensure the Project would not create significant archaeological impacts. The following mitigation measures imposed upon the Project would mitigate impacts regarding archaeological resources to a less than significant level:

> **MM CR-1**: IRWD will retain a certified archaeologist, defined as an archaeologist meeting the Secretary of the Interior's Standards for professional archaeology, to observe ground-disturbing activities (including but not limited to geotechnical excavations, vegetation removal, grubbing, grading, and excavation) within previously undisturbed soils below fill soils and to salvage and catalogue archaeological resources as necessary. Monitoring will not be required for secondary movement of soils, such as backfilling. The archaeologist will be present at the pre-construction meeting, will establish procedures for archaeological resource surveillance within previously undisturbed soils in coordination with IRWD throughout construction of the proposed Project, and will establish, in cooperation with IRWD, procedures for temporarily halting or redirecting work to permit the sampling, identification, and evaluation of the artifacts as appropriate. The archaeological monitor will have the authority to temporarily halt or divert work away from any discoveries of archaeological resources in order to evaluate the resources pursuant to **MM CR-2**. The archaeologist may

determine, in consultation with IRWD, to reduce monitoring to spot-checking or eliminate monitoring depending on site conditions observed, such as the presence of fill material, soil stratigraphy, encountering bedrock, or other factors.

The archaeological monitor will keep daily logs detailing the types of activities and soils observed, and any discoveries. After monitoring has been completed, the certified archaeologist will prepare a monitoring report that details the results of monitoring. The report will be submitted to IRWD and any Native American groups who request a copy. The certified archaeologist will submit a copy of the final report to the California Historic Resources Information System South Central Coastal Information Center.

MM CR-2: If archaeological resources are inadvertently unearthed during excavation activities (within disturbed or undisturbed soils), the contractor will immediately cease all earth-disturbing activities within a 50-foot radius of the area of discovery, and the certified archaeologist and IRWD will be notified immediately. If the certified archaeologist determines the archaeological resources are potentially significant pursuant to CEQA Guidelines Section 15064.5 or California PRC Section 21083.2(g), the archaeologist, in consultation with IRWD and representatives from the tribal governments consulting under AB 52, will determine appropriate treatment, which may include avoidance of the area of the find, data recovery, documentation, testing, reburial, archival review, and/or transfer to the appropriate museum or educational institution, or other appropriate actions. After the find has been appropriately avoided or mitigated, work in the area may resume.

(b) Findings of Fact

The results of the 2021 California Historic Resources Information System South Central Coastal Information Center (SCCIC) cultural resources records searches identified 18 previously recorded cultural resources within ½-mile of the Project site. The previously recorded resources include two precontact isolates (ground stone), 12 precontact sites, three historic sites/built environments, and one multicomponent site. The precontact sites consist of rock shelters, lithic scatters (stone debris left over from making stone tools), hearths (roasting pits/remnants of campfires), cairns (rock features), bedrock milling features (ground stone technology), habitation debris (midden), and burials. The historic sites consist of roads/trails, single family residences, standing structures, wells/cisterns, water conveyance systems and a standing engineering structure (dam). Of the 18 cultural resources, one archaeological resource (P-30-001012) was identified within the Project area. Cultural resource P-30-001012 is described as a precontact lithic scatter. Furthermore, the Native American Heritage Commission (NAHC) Sacred Lands File (SLF) search was positive for sacred sites. Fieldwork relocated P-30-001012; however, no new archaeological resources and/or cultural resources were identified within the Project site. Both the Project site and the surrounding area are considered highly sensitive for archaeological resources dating to both the precontact period and the historic era. Moreover, the Santiago Dam, a documented resource eligible for listing on the National Register of Historic Places/California Register of Historic Resources (NRHP)/CRHR under Criterion A/1, is located within the Project site, and while the resource is not an archaeological resource, historic refuse left behind from the construction of the dam may be present below the ground surface.

As such, there is the possibility that undiscovered intact archaeological resources (precontact or historic era) may be present in previously undisturbed soils. Therefore, the Project would implement **MM CR-1**, which requires archaeological monitoring during grading activities within previously undisturbed soils, including geotechnical investigations, and **MM CR-2**, which provides details for treatment of unanticipated discoveries. Therefore, this impact would be less than significant. For the reasons stated above and as discussed in the Draft EIR, IRWD finds that, with implementation of mitigation measures, the impact will be reduced to a less than significant level.

2. <u>Cumulative Impacts – Archaeological Resources</u>

This discussion analyzes whether the Project would have a significant cumulative impact related to archaeological resources.

(a) Findings

Despite the site-specific nature of cultural resources, the mitigation measures identified for use in the event that unknown or undocumented archaeological resources are discovered, including obtaining an archaeological monitor to observe ground disturbing activities and protocols for the unanticipated discovery of any archaeological resources, would reduce the potential for cumulative impacts related to archaeological resources. The following mitigation measures imposed upon the Project would mitigate potential cumulative impacts related to archaeological resources to a less than significant level:

MM CR-1 and **MM CR-2** (see above).

(b) Findings of Fact

Archaeological and historic resources impacts are site-specific with regard to any given resource. Impacts that may be considered cumulative relate to the general loss of cultural resources over time throughout the region. The Project would not cause an adverse change to the significance of a historical resource pursuant to Section 15064.5. The Project, in conjunction with cumulative development, could lead to the accelerated degradation of previously unknown archaeological resources. However, the Project would comply with **MM CR-1** and **MM CR-2**, which require archaeological monitoring during grading activities within previously undisturbed soils, including geotechnical investigations, and identify treatment of unanticipated discoveries. Therefore, with implementation of mitigation measures, the Project would not have a cumulatively considerable contribution to a significant cumulative impact related to archaeological resources. For the reasons stated above and as discussed in the Draft EIR, IRWD finds that, with implementation of mitigation measures, the cumulative impacts will be less than significant.

C. GEOLOGY AND SOILS (THRESHOLD 4.6)

1. Paleontological Resources (Threshold 4.6-5)

This threshold analyzes whether the Project would directly or indirectly destroy a unique paleontological resource or site or unique geologic feature.

(a) Findings

The Project would require the retention of a paleontologist to observe ground disturbing activities and establish proper discovery protocol and details for the treatment of unanticipated discoveries to ensure the Project would not destroy any paleontological resources during construction. The following mitigation measures imposed upon the Project would mitigate potential impacts on paleontological resources to a less than significant level:

> **MM GEO-1:** Before beginning initial ground-disturbing activities (including but not limited to geotechnical excavations, vegetation removal, grubbing, grading, and excavation), IRWD will retain a paleontologist that meets the 2010 Society of Vertebrate Paleontology standards for paleontology. The paleontologist will observe ground-disturbing activities within previously disturbed or undisturbed soils with high paleontological sensitivity in geological formations, such as the Williams Formation or Pleistocene age alluvium, at the Project site. In the event of discovery, paleontological findings will be salvaged and catalogued by the paleontologist. Monitoring will not be required for secondary movement of soils, such as backfilling. The paleontologist will regularly meet with the contractor to ensure adequate involvement with ground-disturbing activities and will establish procedures for paleontological resource surveillance within previously undisturbed soils in coordination with IRWD throughout construction of the proposed Project. The qualified paleontologist will also establish, in coordination with IRWD, procedures for temporarily halting or redirecting work to permit the sampling, identification, and evaluation of the fossils/unique geological units as appropriate. The paleontological monitor will have the authority to temporarily halt or divert work away from exposed fossils in order to recover the fossil specimens pursuant to **MM GEO-2**. The paleontologist may determine, in consultation with IRWD, to reduce monitoring to spot-checking or eliminate monitoring depending on site conditions observed, such as the presence of geologic units with low paleontological sensitivity or other factors. The paleontological monitor will prepare daily logs detailing the types of activities and soils observed and any discoveries. Upon the completion of initial ground-disturbing activities, the paleontologist will prepare a final monitoring and mitigation report to document the results of the monitoring effort.
>
> **MM GEO-2:** If paleontological resources are inadvertently unearthed during excavation activities, the contractor will immediately cease all earth-disturbing activities within a 50-foot radius of the area of discovery and will contact the paleontologist and IRWD immediately. If the paleontologist determines the paleontological resources are potentially significant under CEQA, the paleontologist, in consultation with IRWD, will determine appropriate actions for treatment. Any significant fossils collected during project-related excavations will be salvaged and prepared to the point of

identification following the standards of the Society of Vertebrate Paleontology (2010). Any salvaged fossils will be offered for donation to an accredited repository with a scientific interest in the materials. If no accredited repository accepts the donation, then the fossils may be donated to a local museum, historical society, school, or other institution for educational purposes. After the resource has been appropriately avoided or mitigated, work in the area may resume.

(b) Findings of Fact

A paleontological records search was completed at the Natural History Museum of Los Angeles County (NHM) on October 16, 2020. The record search included a thorough search of the NHM paleontology collection records for locality and specimen data for the Project site and surrounding area. The records search identified fossil localities that lie directly within the proposed Project site as well as numerous fossil localities nearby from sedimentary deposits that occur in the proposed Project site, either at the surface or at depth. One locality, LACM IP 26171, is located along the northwest shore of Santiago Reservoir, where unspecified invertebrates were collected from the Williams Formation during excavations for the spillway in 1969 (depth of fossils is not known) (Psomas 2024). Additionally, eight localities were located nearby from the same sedimentary deposits that occur in the Project site, either at the surface or at depth. The Project site is generally underlain by Pleistocene age alluvium, which could contain previously undiscovered fossils consisting of extinct mega-fauna that were not previously documented and that may qualify as unique paleontological resources under CEQA. In addition to the Pleistocene age alluvium, several scientifically unique geological formations – Ladd Formation, Williams Formation, Topanga Formation, Vaqueros Formation, Puente Formation – dating between 83 million years ago to 6 million years ago were identified within the Project site. These formations may contain scientifically significant index, land, marine, or dinosaur fossils from geological periods similar to those of the fossil locality located along the northwest shore of Santiago Reservoir, belonging to the Williams Formation.

Because earthmoving activities (i.e., grading and excavation) will take place in previously disturbed soils, which consist of artificial fill, embankment fill, older alluvium, and colluvium and lake deposits, it is unlikely the Project will impact scientifically important fossil localities. However, in the event that ground disturbance activities occur within undisturbed soils, the Project will implement **MM GEO-1**, which requires paleontological monitoring during grading activities within previously undisturbed soils, including geotechnical investigations, and **MM GEO-2**, which provides details for treatment of unanticipated discoveries. With implementation of **MM GEO-1** and **MM GEO-2,** potential impacts related to paleontological resources will be reduced to a less than significant level. For the reasons stated above and as discussed in the Draft EIR, IRWD finds that, with implementation of mitigation measures, the impact will be reduced to a less than significant level.

2. Cumulative Impacts – Paleontological Resources

This discussion analyzes whether the Project would have a significant cumulative impact related to paleontological resources.

(a) Findings

The Project and any other development projects would be required to comply with the applicable State and local agency grading manuals and ordinances. As with the Project, future development would also be required to have site-specific geotechnical investigations to identify the geologic and seismic characteristics on a site and provide recommendations for engineering design and construction to ensure the structural integrity of the proposed development and prevent/reduce potential geological hazards on-site. The Project would require compliance with applicable seismic design criteria in the California Building Code (CBC), County grading regulations, and the retention of a paleontologist to observe ground disturbing activities and ensure proper discovery protocol, which would reduce impacts related to geology and soils to a less than significant level. The following mitigation measures imposed upon the Project mitigate cumulative impacts related to paleontological resources to a less than significant level:

MM GEO-1 and **MM GEO-2** (see above).

(b) Findings of Fact

Geology and soils impacts are generally site-specific and there is typically little, if any, cumulative relationship between the development of a project and development within a larger cumulative area (e.g., county-wide development). For example, development at the Project site would not alter geologic events or soil features/characteristics (such as ground shaking, seismic intensity, or settlement) at other locations; therefore, the proposed Project would not directly affect the level of intensity at which a seismic event or geologic hazard on an adjacent site is experienced. However, while development of the proposed Project and future development in Orange County may expose more persons to seismic hazards, compliance with all requirements and standards for seismic activity would reduce the potential impacts.

Development projects would be required to comply with the applicable State and local agency grading manuals and ordinances. As with the Project, future development would also be required to have site-specific geotechnical investigations to identify the geologic and seismic characteristics on a site and provide recommendations for engineering design and construction to ensure the structural integrity of proposed development. These recommendations would be incorporated into project design. Compliance of individual projects with the recommendations of the applicable geotechnical investigation would prevent cumulatively significant hazards associated with seismic conditions, unstable soils, lateral spreading, liquefaction, soil collapse, expansive soil, soil erosion, and other geologic issues. Additionally, potential impacts related to paleontological resources may be mitigated to a less than significant level with the implementation of **MM GEO-1**, which requires retention of a qualified Paleontologist to observe grading activities within undisturbed soils, including geotechnical investigations, and **MM GEO-2**, which provides details for treatment of unanticipated discoveries. Therefore, the Project's contribution to cumulative geology and soils impacts would be less than significant with implementation of **MM GEO-1** and **MM GEO-2,** and compliance with applicable seismic design criteria in the CBC and the County's grading regulations. For the reasons stated above and as discussed in the Draft EIR, IRWD finds that, with implementation of mitigation measures, cumulative impacts will be reduced to a less than significant level.

D. HAZARDS AND HAZARDOUS MATERIALS (THRESHOLD 4.8)

1. Hazardous Materials Sites (Threshold 4.8-1)

This threshold analyzes whether the Project would be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 (Cortese List) and, as a result, create a significant hazard to the public or the environment.

(a) Findings

The Project will require that all construction contractor(s) and their personnel adhere to the guidance published in *3Rs Safety Guide, Former Irvine Park-Army Camp, California, Orange County* during Project construction to ensure that the Project will not create a significant hazard to the public or the environment. In addition, IRWD will require construction contractor(s) to provide training to all construction personnel on the implementation and application of the Safety Guide. The following mitigation measure imposed upon the Project will mitigate impacts regarding hazardous material sites to a less than significant level:

> **MM HAZ-1:** IRWD will require that all construction contractor(s) and their personnel receive, review, and adhere to the guidance published in *3Rs Safety Guide, Former Irvine Park-Army Camp, California, Orange County*. IRWD will require its construction contractor to provide training to all construction personnel on the implementation and application of the Safety Guide, which includes 1) Recognize that munitions are dangerous; 2) Retreat – do not approach, touch, move or disturb it, but carefully leave the area; and 3) Report immediately what you saw and where you saw it to local law enforcement.

(b) Findings of Fact

An EDR Radius Map™ with Geocheck® Report was prepared for the Project by Environmental Data Resources, Inc. and is included as Appendix F to the Draft EIR. Search parameters were based on a one-mile radius of the Project site and consisted of a search of federal, State, local, tribal, and other databases. According to the EDR Radius Map, no mapped sites were found within ¼-mile of the proposed Project. However, IRWD received a letter from the U.S. Army Corps of Engineers (USACE) dated February 11, 2021 regarding the Project site and their former training areas designated for cleanup. USACE prepared a Final Munitions Response Quality Assurance Project Plan, Military Munitions Response Program Remedial Investigation/Feasibility Study, Irvine Park – Army Camp Range Complex Munitions Response Site, Formerly Used Defense Site, Orange County, California (Plan) in July 2022. The Plan identifies a Munitions Response Site and Hazardous Fragment Distance Boundary covering a large area of Santiago Creek upstream of the dam crest and spillway, but also overlaps on the dam crest and spillway themselves, which are also on IRWD property. It was determined that the northernmost portion of the Project site has the potential to be impacted by potential for munitions or explosives of concern. However, the areas identified for potential impact have been subject to historical disturbance associated with construction and maintenance of the dam, access road, and associated structures, as well as installation of SCE power lines and power poles at the downstream toe of the dam. To reduce this potentially significant impact to a less than significant level, the Project would implement **MM HAZ-1**, which requires that all construction contractor(s) and their personnel receive, review, and adhere to the guidance published in 3Rs Safety Guide, Former Irvine Park-Army Camp, California, Orange County. Additionally, **MM HAZ-1** requires construction contractor(s) to provide training to all construction personnel on the implementation and application of the Safety Guide, which includes 1) Recognize that munitions are dangerous; 2) Retreat – do not approach, touch, move or disturb it, but carefully leave the area; and 3) Report immediately what you saw and where you saw it to local law enforcement. For the reasons stated above and as discussed in the Draft EIR, IRWD finds that, with implementation of the mitigation measures, the impact will be reduced to a less than significant level.

2. <u>Cumulative Impacts – Hazardous Materials Sites</u>

This threshold analyzes whether the Project would have a significant cumulative impact related to being located on a hazardous materials site.

(a) Findings

The Project would include requirements for construction contractor(s) and personnel to review and adhere to all guidance provided in the *3Rs Safety Guide, Former Irvine Park-Army Camp, California, Orange County*, as well as mandatory training to all construction personnel on the implementation and application of the Safety Guide, to ensure reduce the potential for cumulative impacts. The following mitigation measures imposed upon the Project would mitigate cumulative impacts related to hazardous materials sites to a less than significant level:

MM HAZ-1 (see above).

(b) Findings of Fact

The cumulative study area associated with hazardous materials is typically site-specific except where past, present, and/or proposed land uses would impact off-site land uses and persons or where past, present, or foreseeable future development in the surrounding area would cumulatively expose a greater number of persons to hazards (e.g., hazardous materials and/or waste contamination).

Because explosive hazards associated with military munitions from past military training may remain on the former Multi-Range Training Complex, the USACE recommends that landowners and visitors follow the 3Rs of Explosives Safety – Recognize, Retreat, and Report (**MM HAZ-1**). With implementation of mitigation, impacts related to known hazardous materials sites would be less than significant. The proposed Project would not contribute to any potential significant cumulative impacts related to hazardous materials sites. For the reasons stated above and as discussed in the Draft EIR, IRWD finds that, with implementation of the mitigation measures, the impact will be reduced to a less than significant level.

E. TRIBAL CULTURAL RESOURCES (THRESHOLD 4.15)

1. Tribal Cultural Resources – Listed or Eligible for Listing (Threshold 4.15-1[i])

This threshold analyzes whether the Project would cause a substantial adverse change in the significance of a tribal cultural resource, defined in PRC Section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Sources Code Section 5020.1(k).

(a) Findings

The Project would include archaeological monitoring during ground disturbing activities within previously undisturbed soils, including geotechnical investigations, and discovery protocols to provide details for the treatment of unanticipated discoveries. The following mitigation measures would reduce impacts related to tribal cultural resources to a less than significant level:

MM CR-1: IRWD will retain a certified archaeologist, defined as an archaeologist meeting the Secretary of the Interior's Standards for professional archaeology, to observe ground-disturbing activities (including but not limited to geotechnical excavations, vegetational removal, grubbing, grading, and excavation) within previously undisturbed soils below the fill soils and to salvage and catalogue archaeological resources as necessary. Monitoring will not be necessary for secondary movement of soils, such as backfilling. The archaeologist will be present at the pre-construction meeting, will establish procedures for archaeological resource surveillance within previously undisturbed soils in coordination with IRWD throughout construction of the proposed Project, and will establish, in cooperation with IRWD, procedures for temporarily halting or redirecting work to permit the sampling, identification, and evaluation of the artifacts as appropriate. The archaeological monitor will have the authority to temporarily halt or divert work away from any discoveries of archaeological resources in order to evaluate the resources pursuant to **MM CR-2.** The archaeologist may determine, in consultation with IRWD, to reduce monitoring to spot-checking or eliminate monitoring depending on site conditions observed, such as the presence of fill material, soil stratigraphy, encountering bedrock, or other factors.

The archaeological monitor will keep daily logs detailing the types of activities and soils observed, and any discoveries. After monitoring has been completed, the certified archaeologist will prepare a monitoring report that details the results of monitoring. The report will be submitted to IRWD and any Native American groups who request a copy. The certified archaeologist will submit a copy of the final report to the California Historic Resources Information System South Central Coastal Information Center.

MM CR-2: If archaeological resources are inadvertently unearthed during excavation activities (within disturbed or undisturbed soils), the contractor will immediately cease all earth-disturbing activities within a 50-foot radius of the area of discovery, and the certified archaeologist and IRWD will be notified immediately. If the certified archaeologist determine the archaeological resources are potentially significant pursuant to CEQA Guidelines Section 15064.5 or California Public Resources Code (PRC) Section 21083.2(g), the archaeologist, in consultation with IRWD and representatives from the tribal governments consulting under AB 52, will determine appropriate treatment, which may include avoidance of the area of the find, data recovery, documentation, testing, reburial, archival review, and/or transfer to the appropriate museum or educational institution, or other appropriate actions. After the find has been appropriately avoided or mitigated, work in the area may resume.

(b) Findings of Fact

One historic property/historical resource was identified within the Project site: the Santiago Dam Complex (P-30-176757), which currently has a status code of 2S2, indicating it has been determined eligible for the NRHP and is listed in the CRHR. The updated evaluation completed as part of the current study found that the Dam remains eligible for the NRHP/CRHR under Criterion A/1. The Dam is eligible for its important historical associations with water resources development in Orange County, as well as with the citrus agriculture industry. This cultural resource is a historical-era resource and is not considered a tribal cultural resource.

Although specific aspects of the Dam would be modified, it would remain recognizable as an earthen embankment dam and would continue to perform the historic function for which it is eligible. The character-defining features of the Dam necessary for it to continue to convey its historical significance under Criterion A/1 include its ongoing function as an earthen embankment dam on Santiago Creek, maintaining the same general massing and scale. Therefore, the proposed Project would result in no adverse effects to historic properties under Section 106 of the National Historic Preservation Act (NHPA), and no significant impacts to historical resources under CEQA. Additionally, the Project would not have an impact on a tribal cultural resource that is listed or eligible for listing on the CRHR or a local register. Impacts to historical resources, archaeological resources, and human remains would be less than significant with mitigation incorporated. Potential impacts to archeological resources would be mitigated to a less than significant level with the implementation of **MM CR-1**, which requires archaeological monitoring during grading activities within previously undisturbed soils, including geotechnical investigations, and **MM CR-2**, which provides details for treatment of unanticipated discoveries. Additionally, the Project would comply with the State requirements pertaining to the protection of human remains by implementing **RR CR-1**. For the reasons stated above and discussed in the Draft EIR, IRWD finds that, with implementation of mitigation measures, the impact will be reduced to a less than significant level.

2. <u>Tribal Cultural Resources – Significant Resource Pursuant to PRC Section 5024.1(c) (Threshold 4.15[ii])</u>

This threshold analyzes whether the Project would cause a substantial adverse change in the significance of a tribal cultural resource, defined in PRC Section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is a resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of PRC 5024.1.

(a) Findings

The Project will include coordination with tribal monitors from the Juaneño Band of Mission Indians, Acjachemen Nation – Belardes and the Gabrieleno Band of Mission Indians – Kizh Nation to conduct monitoring during ground disturbing activities to ensure the appropriate protection of tribal cultural resources and human remains potentially discovered during construction. In addition, the Project will include protocols for unanticipated discoveries. The following mitigation measures imposed upon the Project would mitigate impacts related to tribal cultural resources to a less than significant level:

MM TCR-1: ***Juaneño Band of Mission Indians, Acjachemen Nation – Belardes Tribal Monitoring.*** At least one month prior to beginning earthwork activities (i.e. grading, excavation and trenching) related to the existing water line tie-in activities of the proposed project, located at the intersection of Santiago Canyon Road and Haul Road, IRWD will notify the representatives of the Juaneño Band of Mission Indians, Acjachemen Nation - Belardes ("Acjachemen Nation - Belardes") identifying the date of starting earthwork activities. The notification will invite the representative to be present at the project site, and IRWD will further coordinate with the Acjachemen Nation – Belardes for construction monitoring. Acjachemen Nation – Belardes will be provided reasonable access to the project site, at its own expense and in a manner that will not conflict construction activities or cause construction delays to the contractor, to observe these earthwork activities. If Native American artifacts and ancestral human remains related to Acjachemen Nation – Belardes are uncovered during earthwork activities, MM TCR-3 Protocols for Unanticipated Discoveries will be implemented.

The Acjachemen Nation – Belardes will document and provide logs to IRWD detailing the time/date of the visit, the outcome of the site visit and detail proposed activities it intends to conduct at the next site visit. The logs will also specifically describe the relevant ground-disturbing activities, the type of construction activities performed, locations of ground-disturbing activities, soil types, cultural-related materials, and any other facts, conditions, materials, or discoveries of significance to the Acjachemen Nation - Belardes. The monitor logs will identify and describe any discovered tribal cultural resources, including but not limited to, Native American cultural and historical artifacts, remains, places of significance, etc., as well as any discovered Native American (ancestral) human remains and burial goods.

MM TCR-2: ***Gabrieleno Band of Mission Indians - Kizh Nation Tribal Monitoring.*** During the AB 52 consultation process, the Gabrieleno Band of Mission Indians - Kizh Nation (Kizh Nation) informed IRWD's staff that the Gabrieleno tribe has a strong tribal cultural presence in the region from the past, including the project site area. Therefore, there could be Kizh Nation tribal cultural resources present at the project site area and Kizh Nation has requested Native American monitoring of ground disturbing activities. The project site area spans over a vast area and the proposed project would have multiple construction phases with varied activities and schedules. At least one month prior to beginning earthwork activities, IRWD will notify in writing the Native American representatives from the Kizh

Nation (tribal representative) of the date of the start of earthwork activities. The tribal representative, at their own expense, and in a manner that does not interfere with earthwork activities, will be allowed to observe subsurface ground disturbing construction activities. Monitoring may include either direct observation of the earthwork activities or the examination of excavated soils prior to disposal for evidence of cultural resources. If Native American artifacts and ancestral human remains are uncovered during earthwork activities, then MM TCR-3 Protocols for Unanticipated Discoveries will be implemented.

The Kizh Nation tribal representative will complete daily monitoring logs and provide logs to IRWD detailing the time/date of the visit and the outcome of the site visit and detail proposed activities for their next site visit. The logs will also specifically describe the relevant ground-disturbing activities, the type of construction activities performed, locations of ground-disturbing activities, soil types, cultural-related materials, and any other facts, conditions, materials, or discoveries of significance to the Kizh Nation. The monitor logs will identify and describe any discovered tribal cultural resources, including but not limited to, Native American cultural and historical artifacts, remains, places of significance, etc., as well as any discovered Native American (ancestral) human remains and burial goods.

MM TCR-3*: Protocols for Unanticipated Discoveries.* If a cultural resource is found, all construction activities in the immediate vicinity of the discovery (i.e., not less than the surrounding 50 feet) will cease and will not resume until the discovered cultural resource(s) is assessed by IRWD's consulting Qualified Archaeologist. If the Qualified Archaeologist determines that the resources may be significant under CEQA, then the Qualified Archaeologist, in consultation with IRWD, will develop an appropriate treatment plan for the resource(s). IRWD will also consult with the Native American tribes or other appropriate Native American representatives in determining appropriate treatment for unearthed cultural resources if the resources are prehistoric or Native American in nature. Under CEQA, preservation in place is the preferred manner of mitigating impacts to archaeological sites. However, if avoidance is infeasible, other appropriate measures will be instituted, which could include, among other options, detailed documentation, or data recovery excavation. Work may proceed on other parts of the project area while mitigation for cultural resources is being carried out.

(b) Findings of Fact

Based on information available through the record searches at the SCCIC and the NAHC, and the long-term past use of the Project area, there is no information available that indicates there are tribal resources within the Project area that would be significant pursuant to criteria set forth in subdivision (c) of PRC Section 5024.1. However, during the Draft EIR process, IRWD notified the tribes that had previously informed IRWD of a desire to be consulted with regarding projects on the Project site.

IRWD received two responses. Andrew Salas (Gabrieliño Band of Mission Indians – Kizh Nation) responded on April 22, 2022. Consultation between the Gabrieliño Band of Mission Indians – Kizh Nation and IRWD was conducted on October 19, 2023. Additionally, Joyce Perry (Juaneño Band of Mission Indians) responded on May 18,

2022. Consultation between the Juaneño Band of Mission Indians and IRWD was conducted on August 23, 2022. Based on consultation between IRWD and the tribal representatives, no tribal cultural resources were identified on the Project site; however, earthwork activities (i.e., grading, excavation, and trenching) at the Project site may disturb native sediments and, therefore, could have the potential to impact unidentified archaeological resources of Native American origin. Therefore, in order to reduce the potential for impacts to unidentified tribal cultural resources, IRWD will voluntarily implement **MM TCR-1, MM TCR-2,** and **MM TCR-3** in response to concerns expressed by local Tribes. As such, this impact will be less than significant. For the reasons stated above and as discussed in the Draft EIR, IRWD finds that, with implementation of mitigation measures, the impact will be reduced to a less than significant level.

3. <u>Cumulative Impacts</u>

This discussion analyzes whether the Project would have a significant cumulative impact related to tribal cultural resources.

(a) Findings

Despite the site-specific nature of tribal cultural resources, the mitigation identified for use in the event that unknown or undocumented resources are discovered, such as the implementation of archaeological and Native American tribal monitors, in addition to discovery protocols, as well as adherence to State requirements regarding the protection of human remains, would reduce the potential for cumulative impacts related to Tribal Cultural Resources. The following mitigation measures imposed upon the Project would mitigate cumulative impacts related to tribal cultural resources to a less than significant level:

MM TCR-1, MM TCR-2, and **MM TCR-3** (see above).

(b) Findings of Fact

Although Tribal Cultural Resources impacts are site-specific with regard to any given resource (e.g., resources of important cultural value to Native Americans), impacts may be considered cumulative due to the loss of cultural resources in general over time throughout the region. There are no tribal cultural resources listed or determined eligible for listing, on the national, State, or local register of historical resources on the Project site. However, should buried resources be identified, ground disturbance within native sediment could lead to the accelerated degradation of previously unknown tribal cultural resources. Mitigation can reduce potential impacts to a less than significant level. As with the Project, testing and data recovery is standard practice in the County and is routinely required of projects prior to and during grading activities. Despite the site-specific nature of cultural resources, the mitigation identified for tribal cultural resources monitoring, standard mitigation measures and adherence to State requirements would reduce the potential for cumulative impacts. As a result, with implementation of **MM TCR-1, MM TCR-2,** and **MM TCR-3**, the Project would not have a cumulatively considerable contribution to a significant cumulative impact related to tribal cultural resources. For the reasons stated above and as discussed in the Draft EIR, IRWD finds that, with implementation of mitigation measures, the impact will be reduced to a less than significant level.

VII. ENVIRONMENTAL IMPACTS DETERMINED TO BE SIGNIFICANT AND UNAVOIDABLE

A. AIR QUALITY (THRESHOLD 4.2)

5. Applicable Air Quality Plan – Construction Emissions (Threshold 4.2-1)

This threshold analyzes whether the Project would conflict with or obstruct implementation of the applicable air quality management plan (AQMP).

(a) Findings

While mitigation measures would reduce construction emissions for volatile organic compounds (VOCs) and nitrogen oxide (NO_x), construction of the Project would continue to exceed South Coast Air Quality Management District (SCAQMD) emission thresholds for $NO_{x,}$ VOCs, and carbon monoxide (CO). As such, although mitigation measures would reduce the construction emissions, there are no other feasible mitigation measures to further reduce the impact to less than significant. Even with implementation of mitigation measures and compliance with SCQAMD regulatory requirements, the Project would conflict with the 2022 AQMP and result in a temporary significant and unavoidable impact. The following mitigation measures would be implemented for the Project and assist in reducing construction emissions:

MM AQ-1: IRWD will require its construction contractor(s) to implement the following measures to minimize nitrogen oxide (NO_x) and volatile organic compound (VOC) emissions during construction:

- All off-road diesel-powered construction equipment greater than 50 horsepower will meet U.S. Environmental Protection Agency Tier 4 Final emission standards to the extent that the equipment is available. In addition, all construction equipment will be outfitted with Best Available Control Technology devices certified by the California Air Resources Board. If Tier 4 Final equipment is not available to the best of the construction contractor's understanding, the construction contractor(s) will provide IRWD with documentation showing the reasons for non-availability.
- Require the use of 2010 and newer diesel haul trucks (e.g., material delivery and soil import/export). If the construction contractor(s) determines that 2010 model year or newer diesel trucks cannot be obtained, trucks that meet USEPA 2007 model year NO_x emissions requirements will be required. If 2007 model year or newer diesel trucks are not available, the construction contractor(s) will provide IRWD with reasonable documentation showing the reasons for non-availability.
- Construction equipment will be properly serviced and maintained to the manufacturer's applicable standards.

According to CEQA Guidelines Section 15126.4, lead agencies must consider feasible mitigation measures to avoid or substantially reduce a project's significant environmental impacts. Pursuant to PRC Section 21061.1, feasible means "capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors." (PRC Section 21061.1) IRWD, as Lead Agency, reviewed additional potential mitigation measures involving implementation of a longer construction schedule and/or shorter construction workdays and found them to be infeasible. Both potential mitigation measures could reduce air pollutant emissions during Project construction to a degree by reducing the intensity of daily construction activities. However, construction of the proposed Project necessitates 20-hour workdays during the dry season to accomplish construction within a reasonable timeframe due to seasonal environmental restrictions associated with work during the wet season. In addition, extending the overall duration of Project construction by another year would significantly increase the Project cost; would extend the amount of time in which the unimproved dam, outlet tower, and spillway would present safety risks to IRWD and the community; and would unduly prolong the length of time this critical water storage reservoir is out of service. Therefore, IRWD determined both of these potential mitigation measures to be infeasible.

(b) Findings of Fact

While long-term air pollutant emissions associated with Project operations would be less than significant, short-term air pollutant emissions associated with Project construction would exceed the SCAQMD thresholds and therefore conflict with the 2022 AQMP's goal of reducing criteria pollutant emissions, resulting in a temporary significant and unavoidable impact. While the operations phase of the Project is consistent with the AQMP, temporary construction emissions associated with the Project would exceed the SCAQMD's significance thresholds despite the implementation of **MM AQ-1** and compliance with SCAQMD regulatory requirements due to the large amount of construction equipment that would be in operation as well as the proposed 20-hour workdays, which would result in greater emissions than over a standard eight-hour workday. As such, the Project's construction activities would conflict with the 2022 AQMP's goal of reducing criteria pollutant emissions. Consequently, the Project would result in a temporary significant and unavoidable impact related to consistency with the AQMP.

Construction of the proposed Project is needed to reduce Dam Safety risks to IRWD and the community and to restore access to the local water supply that can be stored behind Santiago Creek Dam. Construction necessitates 20-hour workdays during the dry season to accomplish construction within a reasonable timeframe due to the seasonal restrictions associated with work during the wet season. Extending the overall duration of Project construction by another year would significantly increase the Project cost; would extend the amount of time in which the unimproved dam, outlet tower, and spillway would present dam safety risks to IRWD and the community. Furthermore, extending the project duration would unduly prolong the length of time this critical water storage reservoir is out of service, resulting in a loss of local water supply and an increased dependence on imported water with a corresponding reduction in water supply reliability.

6. Criteria Pollutants – Construction Emissions (Threshold 4.2-2)

This threshold analyzes whether the Project would result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable Federal or State ambient air quality standard.

(a) Findings

While long-term air pollutant emissions associated with Project operations would be less than significant, short-term air pollutant emissions associated with Project construction would exceed the SCAQMD thresholds for criteria pollutants. While mitigation measures would assist in reducing construction emissions for NO_x and VOCs, construction of the Project would continue to exceed established thresholds for VOCs, NO_x, and CO, and impacts would remain significant and unavoidable. As such, although mitigation measures would aid in reducing construction measures to the extent possible, there are no other feasible mitigation measures to further reduce the impact to less than significant. Even with implementation of mitigation measures and compliance with SCAQMD regulatory requirements, the Project would exceed thresholds for regional construction emissions and thus the Project would have a temporary significant and unavoidable impact. The following mitigation measures would apply to the Project and would assist in reducing regional construction emissions:

MM AQ-1 (see above).

(b) Findings of Fact

Air pollutant emissions would occur from construction equipment exhaust; grading; exhaust and particulate emissions from trucks hauling building materials to and from the Project site; from automobiles and light trucks driven to and from the Project site by construction workers; and VOCs from asphalt paving operations. The Project would comply with applicable SCAQMD rules and regulations, including Rule 403 for fugitive dust control. Rule 403 measures include regular watering of active grading areas and unpaved roads, limiting vehicle speeds on unpaved surfaces, stabilizing stockpiled earth, and curtailing grading operations during high wind conditions. Watering of active grading areas is included in the CalEEMod emissions analysis and results in reduced PM_{10} and $PM_{2.5}$ emissions. The emission reductions associated with compliance with Rule 403 have been included in the emissions calculations.

Project construction activities are those associated with the development of the Project components. A detailed analysis of the mitigated and unmitigated average daily regional construction emissions is available in Tables 4.2-5 and 4.2-6 of Section 4.2, Air Quality, of the Draft EIR. As shown in Table 4.2-5 of the Draft EIR, Project related construction emissions would exceed the SCAQMD's significance thresholds for VOC and NO_x in Year 1; VOC, NO_x, and CO in Year 2; and NO_x and CO in Year 3. These exceedances are primarily due to the large number of construction equipment that would be in operation as well as the proposed 20-hour workdays, which would result in greater emissions than a standard eight-hour workday and would result in a significant impact to regional air quality prior to the implementation of mitigation measures.

Mitigated Project emissions account for the implementation of **MM AQ-1,** which requires use of Tier 4 offroad construction engines to minimize emissions during construction of the Project. However, even with implementation of **MM AQ-1**, Project construction would exceed established thresholds for VOC, CO and NO_x for Maximum Daily Regional Construction Emissions. Additionally, as shown in Table 4.2-6 of the Draft EIR, implementation of **MM AQ-1** requiring use of Tier 4 offroad engine standards may result in higher CO emissions than equipment with other engine standards. While CO emissions are higher with implementation of **MM AQ-1**, VOCs and NO_x would be reduced. VOCs and NO_x contribute to O_3 (smog) which has more health/environmental implications than CO; additionally, the region is in a state of attainment for CO pursuant to the ambient air quality standards. Therefore, **MM AQ-1** would reduce overall impacts associated with this threshold. Because the Project would exceed the SCAQMD's construction emissions thresholds even with implementation of **MM AQ-1**, construction emissions would be cumulatively considerable, and the impact would be temporary, significant and unavoidable.

Construction of the proposed Project is needed to reduce Dam Safety risks to IRWD and the community and to restore access to the local water supply that can be stored behind Santiago Creek Dam. Construction necessitates 20-hour workdays during the dry season to accomplish construction within a reasonable timeframe due to the seasonal restrictions associated with work during the wet season. Extending the overall duration of Project construction by another year would significantly increase the Project cost; would extend the amount of time in which the unimproved dam, outlet tower, and spillway would present dam safety risks to IRWD and the community. Furthermore, extending the project duration would unduly prolong the length of time this critical water storage reservoir is out of service, resulting in a loss of local water supply and an increased dependence on imported water with a corresponding reduction in water supply reliability.

7. <u>Cumulative Impacts – Criteria Pollutant Concentrations During Construction</u>

This discussion analyzes whether the Project would have a significant cumulative impact related to criteria pollutant concentrations during construction.

(a) Findings

Implementation of proposed mitigation measures and compliance with regulatory requirements would assist in reducing construction emissions, but emissions generated during construction will likely still exceed thresholds; therefore, cumulative construction emissions impacts would be significant and unavoidable. Because the Project would result in a significant construction air quality impact as detailed in the analysis of Threshold 4.2-2 of the Draft EIR, the Project would result in a temporary significant and unavoidable cumulative impact. There are no other feasible mitigation measures to reduce the impacts to less than significant. Therefore, even with implementation of mitigation measures and compliance with regulatory requirements, the Project would exceed thresholds for cumulative construction air pollutant emissions and thus the Project would have a temporary significant and unavoidable cumulative impact. The following mitigation measures would apply to the Project:

MM AQ-1 (see above).

(b) Findings of Fact

The SCAQMD, in their White Paper on Regulatory Options for Addressing Cumulative Impacts from Air Pollution Emissions (presented to the Board on September 5, 2003), states that impacts that are less than significant on a Project level are also considered to be less than significant on a cumulative basis. The SCAQMD uses the same significance thresholds for project-specific and cumulative impacts analyzed in an Environmental Impact Report, except for the Hazard Index for TAC emissions. Any projects that are found to result in less than significant impacts on a project level are not considered to be cumulatively considerable and consequently would not result in a considerable contribution to cumulative impacts. Significant cumulative air quality impacts are already occurring in the Southern California Air Basin (SoCAB) for those pollutants for which it is designated nonattainment (i.e., O_3, PM_{10}, $PM_{2.5}$).

Construction activities associated with the proposed Project would result in significant project-level construction-related regional air quality impacts pertaining to ozone precursors VOC and NO_X as well as CO. Since the SCAQMD recommends that a project's potential contribution to cumulative impacts be assessed utilizing the same significance criteria as those for project-specific impacts, the Project's temporary significant and unavoidable air quality impacts related to ozone precursors VOC and NO_X during construction would likewise be cumulatively considerable.

Construction of the proposed Project is needed to reduce Dam Safety risks to IRWD and the community and to restore access to the local water supply that can be stored behind Santiago Creek Dam. Construction necessitates 20-hour workdays during the dry season to accomplish construction within a reasonable timeframe due to the seasonal restrictions associated with work during the wet season. Extending the overall duration of Project construction by another year would significantly increase the Project cost; would extend the amount of time in which the unimproved dam, outlet tower, and spillway would present dam safety risks to IRWD and the community. Furthermore, extending the project duration would unduly prolong the length of time this critical water storage reservoir is out of service, resulting in a loss of local water supply and an increased dependence on imported water with a corresponding reduction in water supply reliability.

VIII. IRREVERSIBLE ENVIRONMENTAL CHANGES, GROWTH INDUCEMENT, AND OTHER CEQA CONSIDERATIONS

Section 6.0 of the Draft EIR describes irreversible environmental changes, growth-inducing impacts, and other CEQA considerations.

A. IRREVERSIBLE ENVIRONMENTAL CHANGES

Section 15126(c) of the CEQA Guidelines requires that an EIR describe any significant irreversible environmental changes which would occur as a result of the proposed action should it be implemented. The environmental effects related to the implementation of the proposed Project are analyzed in Sections 4.1 through 4.17 of this EIR. The proposed Project would replace the Santiago Creek Dam outlet works, make spillway facility improvements and embankment enhancements in order to address specific seismic safety concerns and meet all applicable requirements as an existing public facility. The proposed use is an improvement of the site because the site is already developed with existing structures including the dam, outlet tower in Irvine Lake, spillway channel, flashboard storage shed, control house/outlet works, energy dissipater structure, dam keeper's house, Irvine Lake pipeline, and dam access road. The Project would also modify the existing dam embankment by removing the dam face, constructing a filter drain system, and encapsulating the filter drain system with embankment shell material. The dam crest would also be widened to approximately 35 to 45 feet wide to accommodate a wider access road, and protective railings would be installed on both sides of the access road. Therefore, because the Project involves improvements to an existing facility, the proposed Project is not considered a new long-term commitment of land resources to the proposed use. Nevertheless, construction and reduction of nonrenewable and/or slowly renewable resources, including petroleum fuels, and natural gas (for vehicle emissions, construction, and lighting); and lumber, sand/gravel, steel, copper, lead, and other metals (for use in construction, piping, and roadway infrastructure) would occur. Other resources that are slow to renew and/or recover from environmental stresses would also be impacted by Project implementation, such as air quality through the combustion of fossil fuels and production of greenhouse gases. Project development is an irreversible commitment of land and energy resources.

B. GROWTH-INDUCING IMPACTS

Pursuant to Sections 15126(d) and 15126.2(e) of the CEQA Guidelines, this section examines: (1) ways in which the Project could foster economic or population growth and (2) the construction of additional development, either directly or indirectly, in the surrounding environment. Pursuant to Section 15126.2(e) of the CEQA Guidelines, growth-inducing effects are not necessarily beneficial, detrimental, or of little significance to the environment. This issue is presented to provide additional information on ways in which this Project could contribute to significant changes in the environment. To address this issue, potential growth-inducing effects, identified in CEQA Guidelines Section 15126.2(e), are examined through analysis of the following questions:

1. Would this proposed project remove obstacles to growth (e.g., through the construction or extension of major infrastructure facilities that do not presently exist in the project area or through changes in existing regulations pertaining to land development)?
2. Would this proposed project result in the need to expand one or more public services to maintain desired levels of service?
3. Would this proposed project encourage or facilitate economic effects that could result in other activities that could significantly affect the environment?
4. Would approval of this proposed project involve some precedent-setting action that could encourage and facilitate other activities that could significantly affect the environment?

Obstacles to Growth – The proposed Project would provide for replacement of the Santiago Creek Dam outlet works and spillway facility as well as dam embankment and crest improvements in order to address specific seismic safety concerns and meet all applicable requirements as an existing public facility. Implementation of the Project would not increase employment and population in the area, and as such would not result in either direct or indirect population growth. The proposed Project is consistent with existing uses on the site and would not result in growth to the area.

Expansion of Public Services – Due to the nature of the proposed Project, no new demand for public services such as fire protection, police protection, schools, parks, libraries, or other public facilities would occur. No new population would be generated and no new facilities requiring public services would be constructed. Instead, the Project would continue operations of an existing facility with modifications to improve operations. Any increase in maintenance of the proposed facilities would be the responsibility of IRWD. This Project would not have any significant growth-inducing consequences with respect to public services.

Encourage Economic Effects – Implementation of the Project would not increase employment and population in the area, and as such the Project would not result in either direct or indirect population growth. Given the nature of the Project, it would be self-sufficient and not expected to generate economic activity to the level that would necessitate an expansion of resources and supporting industry that would have significant effects on the environment. Therefore, this Project would not result in significant impacts with regards to facilitating economic effect leading to additional growth with environmental consequences.

Precedent-Setting Action – The proposed Project would provide replacement of the Santiago Creek Dam outlet works and spillway facility improvements as well as dam embankment and crest improvements in order to address specific seismic safety concerns and meet all applicable requirements as an existing public facility as well as modify the embankment to permit operation of the facilities for a long-term water resource benefit. Replacement and improvement of these structures is not unique such that its approval would set a precedent, facilitating other activities and resulting in significant impacts to the environment.

IX. PROJECT ALTERNATIVES

The Draft EIR in Section 5.0 considered two alternatives to the Project including Alternative 1 – No Project and Alternative 2 – Purchasing Water Alternative. The two alternatives analyzed in the Draft EIR are discussed below, including the basis for rejecting each alternative. In addition, other alternatives were considered and rejected as infeasible as described in Section 5.2.4 of the Draft EIR.

A. ALTERNATIVE 1 – NO PROJECT ALTERNATIVE

1. <u>Summary of Alternative</u>

Section 15126.6(e) of the CEQA Guidelines requires that an EIR evaluate a "No Project" alternative to allow decision makers to compare the impacts of approving a proposed project with the impacts of not approving that project. Section 15126.6(e)(3) of the CEQA Guidelines describes the two general types of no project alternative: (1) when the project is the revision of an existing land use, regulatory policy, or ongoing operation, the no project alternative would be the continuation of that plan and (2) when the project is other than a land use/regulatory plan (e.g., a specific development on an identifiable property), the no project alternative is the circumstance under which that project is not processed (i.e., no development).

Under the No Project Alternative, existing site conditions and the environmental setting would remain unchanged. This Alternative assumes the site would continue to remain in its existing state without demolition of existing structures and site improvements, and the continued use and operation of the existing Santiago Creek Dam facilities. This alternative would not meet current standards resulting in dam safety risks, and would reduce the useful life of the facilities, which would result in a reduction in water supply reliability in IRWD's service area.

Reason for Rejecting Alternative

A detailed comparison between impacts identified for the Project and Alternative 1 is detailed in Section 5.3.1 of the Draft EIR.

Project Objectives

By not developing the site with the proposed Dam facilities, the No Project Alternative would not attain any of the five Project objectives identified below:

- Construct new facilities and dam embankment modifications that will meet or exceed the current seismic, safety, and design requirements established by the California DWR, DSOD, which is the governing State agency associated with this Project;
- Satisfy IRWD's operational requirements in the present and the future;
- Extend the useful life of the facilities;
- Improve regional water supply reliability; and
- Minimize impacts to local environmental resources and surrounding property owners.

Conclusion

The No Project Alternative would avoid the significant and unavoidable impact related to Air Quality identified for the Project, as well as the mitigable impacts identified for the Project related to the following environmental topics: Biological Resources, Cultural Resources, Geology and Soils, Hazards and Hazardous Materials, and Tribal Cultural Resources. The No Project Alternative would also avoid impacts that were identified as less than significant for the Project related to the following environmental topics: Aesthetics, Energy, Greenhouse Gas Emissions, Hydrology and Water Quality, Land Use and Planning, Noise, Public Services, Recreation, Transportation, Utilities and Service Systems, and Wildfire.

B. ALTERNATIVE 2 – PURCHASING WATER ALTERNATIVE

1. Summary of Alternative

IRWD owns and operates the Santiago Creek Dam and the Santiago Reservoir (or Irvine Lake) impoundment to store water supplies for the benefit of the surrounding communities. Irvine Lake is the largest surface water reservoir in Orange County and is a critical facility for water supply management. IRWD utilizes Irvine Lake to capture and store native runoff in wet years and store supplemental water for enhanced supply reliability. IRWD utilizes water from Irvine Lake for two purposes: 1) as a source of water for non-drinking purposes, such as irrigation for avocado orchards, and 2) as a source of water for the Baker Water Treatment Plant which creates drinking water for an estimated 85,000 homes in Orange County.

Each year, Irvine Lake captures and impounds native runoff from the upper Santiago Creek Watershed. IRWD has appropriative rights to the flows of Santiago Creek, including rights to directly divert and divert water to storage in Irvine Lake for municipal, domestic, and agricultural uses. Based on these existing water rights, the Irvine Lake can capture and store up to 28,000 AF per year of natural inflow or native water collected to storage each year. Over the past 25 years, approximately 5,070 AF per year of native Santiago Creek flows have been diverted into storage. Capturing and storing this fresh native water in Irvine Lake helps IRWD to increase water supply reliability and to reduce the cost of water for its customers. If this low-cost water supply was not available, IRWD would need to purchase, on average, 5,070 AF of expensive imported supplies each year to meet demands currently met with the Irvine Lake native water supplies.

IRWD also utilizes Irvine Lake to store supplemental imported water supplies from MWD to provide operational flexibility and create redundancy within the water conveyance systems. The imported water delivered to Irvine Lake is used for both immediate customer use and it can also be held for short or long periods of time to be later delivered when needed to meet demands. In the event of an emergency or extended facility shutdown on Metropolitan's delivery system, storage of supplemental water supplies helps IRWD to provide supply reliability, redundancy, and diversification. Without having water in storage, during periods of catastrophic supply interruption or critical drought conditions, IRWD's service area would be more vulnerable to water supply disruptions. During such water supply disruptions, IRWD may need to impose water restrictions under its Water Shortage Contingency Plans, which includes mandatory demand reduction measures.

2. <u>Reasons for Rejecting Alternative</u>

A comparison between impacts identified for the Project and Alternative 2 is detailed in Section 5.3.2 of the Draft EIR.

Project Objectives

Alternative 2 would meet two of the five Project Objectives identified above in Section II, Project Objectives and restated here:

- Construct new facilities and dam embankment modifications that will meet or exceed the current seismic, safety, and design requirements established by the California DWR, DSOD, which is the governing State agency associated with this Project.
- Minimize impacts to local environmental resources and surrounding property owners.

Specifically, Alternative 2 would not meet the following Project objectives:

- Construct new facilities and dam embankment modifications that will meet or exceed the current seismic, safety, and design requirements established by the California DWR, DSOD, which is the governing State agency associated with this Project;
- Satisfy IRWD's operational requirements in the present and the future;
- Extend the useful life of the facilities

Conclusion

The Purchasing Water Alternative assumes IRWD would purchase, on average, 5,070 AF of expensive imported water supplies each year to meet demands currently met with the Irvine Lake native water supplies. The proposed Project would result in a significant and unavoidable impact related to Air Quality. However, it would result in potentially significant impacts associated with Biological Resources, Cultural Resources, Geology and Soils, Hazards and Hazardous Materials, and Tribal Cultural Resources that can be mitigated. Alternative 2 would maintain the site in its current condition with the existing Dam facilities. Thus, this alternative would avoid the above-mentioned mitigable impacts.

Because demolition of the existing structures and construction of the new Dam facilities would not occur under Alternative 2, the Project's less than significant impacts for the following environmental topics would be avoided: Aesthetics, Energy, Greenhouse Gas Emissions, Hydrology and Water Quality, Land Use and Planning, Public Services, Nosie Recreation, Transportation, Utilities and Service Systems, and Wildfire.

C. ENVIRONMENTALLY SUPERIOR ALTERNATIVE

CEQA requires the identification of an environmentally superior alternative. Section 15126.6(e)(2) of the CEQA Guidelines states that, if the No Project Alternative is the environmentally superior alternative, then the EIR shall also identify an environmentally superior alternative among the other alternatives. Table 5-2 in the Draft EIR provides, in summary format, a comparison of the impacts for each alternative to the Project. Table 5-2 identifies whether the respective alternatives would have similar, less, or greater impacts compared to the impacts of the Santiago Creek Dam Improvement Project.

Alternative 1 – No Project Alternative would retain existing site conditions and thus, would not result in any environmental impacts. However, the No Project Alternative would not meet any of the five Project objectives.

Alternative 2 – Purchasing Water Alternative would generally have the same impacts as the No Project Alternative; however, Alternative 2 would only meet one of the five objectives identified for the Project.

Based on the detailed analyses provided in Sections 5.3.1 (Alternative 1 – No Project Alternative) and Section 5.3.2 (Alternative 2 – Purchasing Water Alternative) of the Draft EIR, and the summaries contained in Table 5-2 of the Draft EIR, the proposed Project is the next environmentally superior alternative to the No Project Alternative. Therefore, pursuant Section 15126.6(e)(2) of the CEQA Guidelines, the proposed Project is identified as the environmentally superior alternative.

X. STATEMENT OF OVERRIDING CONSIDERATIONS

CEQA, California PRC Section 21000, *et seq.* (PRC § 21081(b) and CEQA Guidelines § 15093), requires a public agency to balance the benefits of a project against the project's significant and unavoidable adverse impacts in determining whether to approve the project. The Santiago Creek Dam Improvement Project, encompassing the approvals listed previously in Section III- Project Description and detailed in Section 3.15 of the Draft EIR, will result in environmental effects, which, although mitigated to the extent feasible by the implementation of mitigation measures required for the Project, will remain significant and unavoidable, as discussed in the Final Environmental Impact Report (Final EIR) and CEQA Findings of Fact. Significant and unavoidable, but temporary, impacts related to Air Quality are the impacts for which this Statement of Overriding Considerations is required. Details related to that significant and unavoidable impact are described above.

The IRWD Board of Directors finds and determines in approving the Santiago Creek Dam Improvement Project that the Final EIR has considered the identified means of avoiding or substantially lessening the Project's significant effects through feasible mitigation or alternatives that meet Project objectives and that to the extent any significant environmental effect remains unavoidable or not mitigated to below significant after mitigation, such impact is acceptable in light of the social, legal, economic, environmental, technological and other Project benefits discussed below, and such benefits override, outweigh, and make "acceptable" any such remaining environmental impacts of the project (CEQA Guidelines § 15092(b)).

The Project will provide the following benefits and considerations, which taken together or individually, outweigh such significant and unavoidable adverse environmental impacts. All of these benefits and considerations are based on the facts set forth in the Findings, the Final EIR (including, without limitation, the Draft EIR, including appendices, the response to comments, and the record of proceedings for the Project.) The IRWD Board of Directors determines that the evidence in the record constitutes substantial evidence to support the determinations made in this Statement of Overriding Considerations, that the facts stated in this document and in the Findings are supported by substantial evidence in the record, including public meeting presentations, staff reports and all materials in IRWD's Project files. The IRWD Board of Directors also determines that to the extent other evidence was presented that is contrary to the determinations made herein or in the Findings, such evidence was nevertheless considered, weighed and determined to be either lacking in credibility or insufficient in weight to detract from the determinations made herein or in the Findings such that the IRWD Board of Directors reached these determinations after due consideration of all evidence presented to it. Each of these benefits and considerations is a separate and independent basis that justifies approval of the Project, so that if a court were to set aside the determination that any particular benefit or consideration will occur and justifies project approval, the IRWD Board of Directors determines that it would stand by its determination that the remaining benefit(s) or consideration(s) is or are sufficient to warrant project approval.

Facts in Support of Statement of Overriding Considerations: The IRWD Board of Directors finds that the substantial benefits resulting from implementation of the Project outweigh the potential unavoidable temporary adverse effects related to air quality. The IRWD Board of Directors has reviewed the substantial evidence before this decision-making body and concludes that this significant unavoidable impact is acceptable based upon the overriding considerations set forth in these Findings. Any of these overriding considerations is sufficient to support the IRWD Board of Director's determinations herein:

1. **Provides Jobs:** The Santiago Creek Dam Improvement Project will require local workers to fill skilled labor jobs over the approximately 4-year construction timeframe. These jobs will be available to local workers and will be primarily related to construction.
2. **Sustainability and Efficiency:** The Project will improve regional water supply reliability by rehabilitating and replacing existing dam facilities to extend their useful life. A fully operational dam and reservoir will allow IRWD to continue to rely on an annual average of 5,070 acre-feet of native water supplies to meet customer demand in IRWD's service area. Without these supplies, IRWD would need to purchase expensive imported supplies to meet the same demand.

3. **Increased Safety:** The Project has been designed to address findings by IRWD in coordination with DSOD that the existing outlet tower and dam embankment are seismically unstable and the spillway does not meet current design standards. The Project will construct new facilities and dam embankment modifications that will meet or exceed the current seismic, safety, and design requirements established by the California DWR, DSOD, which is the governing State agency associated with this Project.
4. **Technological Upgrades:** The Project would implement current technology related to IRWD's Supervisory Control and Data Acquisition (SCADA) system. This system will include upgraded instrumentation and monitoring systems to allow for continuous monitoring of the reservoir levels and stability of the dam.

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Exhibit "D"

Mitigation Monitoring and Reporting Plan

Santiago Creek Dam Improvement Project

SCH No. 2023050097

Prepared for | Irvine Ranch Water District
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October 2025

SECTION 1.0 MITIGATION MONITORING AND REPORTING PLAN

1.1 INTRODUCTION

In accordance with the requirements of Section 21081.6 of the *California Public Resources Code,* and as part of its adoption of the Final Environmental Impact Report (Final EIR) for the Project, IRWD adopts this Mitigation Monitoring and Reporting Program (MMRP). IRWD adopts this MMRP in its capacity as the Lead Agency for the Final EIR in accordance with the provisions of the California Environmental Quality Act (CEQA) (*California Public Resources Code* Section 21000 et seq.) and the State CEQA Guidelines (*California Code of Regulations,* Title 14, Section 15000 et seq.).

The principal purpose of this MMRP is to ensure that the mitigation measures and regulatory requirements for the approved Project are reported and monitored to ensure compliance with their requirements. In general, IRWD is responsible for overseeing implementation and completion of the adopted measures. This includes the review of all monitoring reports, enforcement actions, and document disposition, unless otherwise noted in the attached MMRP table.

1.2 MITIGATION MONITORING AND REPORTING PROGRAM

The MMRP is provided in tabular format to facilitate effective tracking and documentation of the status of mitigation measures. The attached MMRP table provides the following monitoring information:

- **Mitigation Measures.** The text of all adopted mitigation measures (MMs) from the Draft EIR has been provided in this MMRP. Regulatory requirements (RRs) that are applicable to the Project are also included in the MMRP, which include laws, rules, regulations, and ordinances that would avoid and/or minimize environmental impacts of the Project.
- **Responsible for Implementation.** This MMRP identifies the party that is responsible for implementing each of the MMs that are specified in the EIR.
- **Timing.** This MMRP includes information related to when each MM in the EIR will be implemented.
- **Responsibility for Monitoring.** This MMRP identifies the department(s) or other public agency(ies) that are responsible for overseeing the implementation and completion of each mitigation measure.
- **Completion Date.** The completion date column of this MMRP is used to record the date that each mitigation measure is completed. This column of the MMRP table will be filled in by IRWD in the future as the Project is implemented and the MMs are completed. Upon completion, the MMRP and associated documentation will be kept on file at IRWD.

TABLE 1-1
MITIGATION MONITORING AND REPORTING PROGRAM

	Mitigation Measures	Responsible for Implementation	Timing	Responsibility for Monitoring	Completion Date (Signature Required)
Air Quality					
MM AQ-1	IRWD will require its construction contractor(s) to implement the following measures to minimize nitrogen oxide (NO_x) and volatile organic compound (VOC) emissions during construction: • All off-road diesel-powered construction equipment greater than 50 horsepower will meet U.S. Environmental Protection Agency Tier 4 Final emission standards to the extent that the equipment is available. In addition, all construction equipment will be outfitted with Best Available Control Technology devices certified by the California Air Resources Board. If Tier 4 Final equipment is not available to the best of the construction contractor's understanding, the construction contractor(s) will provide IRWD with documentation showing the reasons for non-availability. • Require the use of 2010 and newer diesel haul trucks (e.g., material delivery and soil import/export). If the construction contractor(s) determines that 2010 model year or newer diesel trucks cannot be obtained, trucks that meet USEPA 2007 model year NO_x emissions requirements will be required. If 2007 model year or newer diesel trucks are not available, the construction contractor(s) will provide IRWD with reasonable documentation showing the reasons for non-availability. • Construction equipment will be properly serviced and maintained to the manufacturer's applicable standards.	IRWD and construction contractor(s)	During construction	IRWD	
Biological Resources					
MM BIO-1A	**Special Status Plants/Pre-construction Surveys:** During the peak blooming season prior to the initiation of construction (within the same year or the spring/summer prior), IRWD will retain a qualified Botanist to conduct a focused survey for mud nama. Although not required, the pre-construction survey will also include intermediate mariposa lily, many-stemmed dudleya, and Coulter's matilija poppy to minimize impacts on these species. The pre-construction survey will focus on these species in the general locations where they were previously observed within the impact area and will including a 100-foot survey buffer. The Botanist will record special status plant locations within the impact area and within 100 feet of the impact area using GPS and will clearly mark locations with pin flags or lathe and flagging. The Botanist will meet in the field with IRWD to discuss whether avoidance of these locations would be feasible (e.g., whether they could be protected within the temporary impact areas). No compensatory mitigation will be required if the locations of intermediate mariposa lily,[1] many-stemmed dudleya, and Coulter's matilija poppy cannot be avoided. However, IRWD will notify the Natural Communities Coalition (NCC) and allow the NCC to collect seed and/or salvage special status plants that will be impacted by the Project. Seed collection/salvage will be coordinated so that it does not delay the construction schedule. Compensatory mitigation will be required if more than 10 percent of the mud nama locations mapped in 2022 will be impacted, as described below under MM BIO-1B. Following the pre-construction survey and field meeting with IRWD, the Botanist will prepare a Pre-construction Special Status Plant Survey Report to document the results of the pre-construction surveys and will document the special status plant locations that will be avoided during construction. The Botanist will calculate the percent of the mud nama population that will be impacted by comparing the amount of mud nama within the construction impact area to the mud nama locations mapped in 2022. The report will also document that the final engineering plans, coupled with construction avoidance areas, will impact less than 50 percent of the mud nama population mapped in 2022. After the field meeting with IRWD, the Botanists will work with IRWD/Contractor to clearly mark the locations that will be avoided during construction with lathe and flagging, orange snow fencing, stakes and rope, or other suitable fencing until the initiation of construction.	IRWD, IRWD-selected Qualified Botanist, and Construction contractor	During the peak blooming season prior to the initiation of construction (within the same year or the spring/summer prior)		

[1] The NCCP/HCP covers impacts on this species up to 20 individuals; if more than 20 individuals would be impacted, additional consultation with the resource agencies would be required. However, this is not anticipated to be necessary because only six individuals have been observed in the BSA during focused surveys and only one individual is located in the impact area.

TABLE 1-1
MITIGATION MONITORING AND REPORTING PROGRAM

	Mitigation Measures	Responsible for Implementation	Timing	Responsibility for Monitoring	Completion Date (Signature Required)
	During construction, the Biological Monitor will ensure that these areas are protected during construction as described below under MM BIO-1C.				
MM BIO-1B	**Mud Nama/Compensatory Mitigation:** As described under MM BIO-1A, if compensatory mitigation is required for mud nama (i.e., more than 10 percent of the mud nama locations mapped in 2022 will be impacted by the Project), IRWD will retain a qualified Restoration Biologist to prepare a detailed Mud Nama Mitigation Plan. The Plan will describe collection of seed, salvage of individuals, salvage of soils (i.e., seed bank), and establishment of a new on-site location that will replace the area of mud nama impacted at a minimum 1:1 ratio (i.e., 1 acre impacted to 1 acre replaced). The on-site mitigation areas will provide similar microhabitat, including similar soils and elevation to provide similar inundation frequency to current conditions. The Mud Nama Mitigation Plan shall include the following topics: (1) responsibilities and qualifications of the personnel to implement and supervise the plan; (2) mitigation site selection criteria; (3) site preparation and planting implementation, including pilot studies (if needed); (4) implementation schedule; (5) maintenance plan/guidelines; (6) monitoring plan; (7) performance criteria and contingency planning; and (8) long-term preservation. IRWD will implement the Plan. IRWD will retain a qualified Restoration Biologist/Seed Collector to collect seed, salvage individuals, and salvage soils (i.e., seed bank) from the mud nama during the spring/summer prior to impacts upon this plant. IRWD will ensure that the seed/salvaged individuals/soil will be stored by a qualified Seed Collector in appropriate conditions to maintain the viability of the seed to be used in implementation of the Mud Nama Mitigation Plan.	IRWD and IRWD-selected Qualified Restoration Biologist	During the spring/summer prior to construction initiation	IRWD	
MM BIO-1C	**Special Status Plants/Biological Monitoring:** Before the start of construction, IRWD will retain a qualified Biological Monitor to confirm that the special status plant locations to be avoided are clearly marked with lathe and flagging, orange snow fencing, stakes and rope, or other suitable fencing. The Biological Monitor will post signs to indicate each location as an "Environmentally Sensitive Area" and that no work activities may occur within the fencing. The Biological Monitor will conduct a WEAP training regarding the importance of Environmentally Sensitive Areas. Once Project activities begin, the Biological Monitor will check the fencing/signage weekly to ensure that it stays in place throughout construction activities and will notify IRWD and the construction contractor immediately if the fencing/signage needs to be repaired.	IRWD and IRWD-selected Qualified Biologist	Prior to construction initiation	IRWD	
MM BIO-2	**Crotch's Bumble Bee:** If the California Department of Fish and Wildlife (CDFW) determines that listing of the Crotch's bumble bee is not warranted as threatened or endangered under the California Endangered Species Act prior to or during implementation of the Project, this measure will not be required. Until CDFW makes a determination, or if CDFW determines that listing of the Crotch's bumble bee as threatened or endangered under the California Endangered Species Act is warranted, the following measures will be required.	IRWD and IRWD-selected Qualified Biologist	Prior to construction initiation	IRWD	
MM BIO-2A	**Incidental Take Permit:** IRWD will obtain an Incidental Take Permit (2081) prior to removal of suitable habitat for Crotch's bumble bee. IRWD will consult with CDFW to determine the appropriate mitigation to compensate for loss of floral resources associated with the species at a minimum 1:1 ratio of suitable habitat impacted (i.e., 1 acre impacted to 1 acre compensated). Potential compensatory mitigation options include on-site revegetation of temporarily disturbed areas using a seed mix of species preferred by Crotch's bumble bee at a minimum 1:1 ratio of temporarily impacted areas; payment of an in-lieu mitigation fee to an approved mitigation bank at a minimum 1:1 ratio of permanently impacted areas; long-term preservation of on-site or off-site habitat at a minimum 1:1 ratio of permanently impacted areas; or another strategy as approved by CDFW. Mitigation provided for under MM BIO-3 (Coastal Sage Scrub) may be used towards mitigation for Crotch's bumble bee.	IRWD	Prior to construction initiation	IRWD	

TABLE 1-1
MITIGATION MONITORING AND REPORTING PROGRAM

Mitigation Measures		Responsible for Implementation	Timing	Responsibility for Monitoring	Completion Date (Signature Required)
MM BIO-2B	**Pre-construction Survey:** Prior to vegetation clearing or other ground-disturbance during each year of Project construction, IRWD will retain a qualified Biologist to conduct pre-construction focused surveys for active nests of Crotch's bumble bee following the most current CDFW guidelines[2] within 100 feet of Project impact areas with suitable habitat for Crotch's bumble bee. According to current guidelines (CDFW 2023), the Biologist will conduct three visual surveys during the species' active period (i.e., April to August). The timing between each visual survey may be reduced to accommodate the construction schedule, as long as the first and last survey are conducted at least one week apart during the active period. If no active nests of Crotch's bumble bee are observed, vegetation clearing, grading, and ground-disturbance may proceed. If a ground nest is observed, it will be protected in place until it is no longer active as determined by the qualified Biologist retained by IRWD. IRWD will implement applicable protective measures from the Incidental Take Permit for the species (see MM BIO-2A). Potential protective measures may include protective buffers coupled with biological monitoring to avoid take of an active ground nest. The protective buffer will be determined by the Biologist conducting the pre-construction survey, or as designated in conditions in the Incidental Take Permit. IRWD shall assure that a Letter Report is prepared to document the results of the pre-construction survey and will provide the letter to CDFW within 30 days of the completion of the survey.	IRWD and IRWD-selected Qualified Biologist	Prior to construction initiation	IRWD	
MM BIO-2C	**Biological Monitoring**: Biological monitoring for Crotch's bumble bee will follow the most current CDFW guidelines at the time of construction. Per current guidelines (CDFW 2023), IRWD will retain a Biological Monitor to be present onsite during vegetation- clearing and/or ground disturbing activities that take place during the Crotch's bumble bee queen flight period (i.e., February to March), colony active period (i.e., April to August), or gyne flight period (i.e., September to October). No biological monitoring will be required for vegetation-clearing or ground-disturbance that occurs from November to January. If a ground nest of Crotch's bumble bee is observed during the monitoring, it will be protected in place until it is no longer active as determined by the qualified Biologist retained by IRWD. IRWD will also implement applicable protective measures from the Incidental Take Permit for the species (see MM BIO-2A). If establishment of a protective buffer and/or avoidance of the nest is not feasible, IRWD and its qualified Biologist will consult with CDFW regarding potential encroachment into the protective buffer that may result in take of Crotch's bumble bee pursuant to MM BIO-2A.	IRWD and IRWD-selected Qualified Biologist	During vegetation- clearing and/or ground disturbing activities	IRWD	
MM BIO-3	**Coastal Sage Scrub and Coastal California Gnatcatcher:** Potential direct and indirect impacts on coastal sage scrub and coastal California gnatcatcher are fully mitigated through IRWD's participation and contribution in the NCCP/HCP Mitigation Program. This participation not only provides mitigation for coastal sage scrub and the coastal California gnatcatcher, but also other Covered Species and Covered Habitats. IRWD will mitigate for impacts on coastal sage scrub and coastal California gnatcatcher through a combination of the following, as approved by U.S. Fish and Wildlife Service (USFWS) and California Department of Fish and Wildlife (CDFW): (1) use of IRWD's NCCP/HCP take allocation at a 1:1 ratio for impacted coastal sage scrub; (2) restoration of coastal sage scrub habitat at a minimum 1:1 ratio in areas temporarily disturbed by construction including weeding and three years of restoration monitoring; and/or (3) restoration of coastal sage scrub habitat at an on-site or off-site location at a minimum 1:1 ratio, as described in a Habitat Mitigation and Monitoring Plan (HMMP) in order to preserve IRWD's remaining NCCP/HCP take allocation (if desired by IRWD). If a coastal sage scrub habitat establishment program is selected to mitigate for all or a portion of the impacts, IRWD will prepare a Coastal Sage Scrub HMMP and submit it to the resource agencies for review and approval prior to the initiation of construction activities. The	IRWD	Prior to construction initiation	IRWD	

[2] The current guidelines for this species are CDFW 2023; guidelines may be updated as more is learned about this species' biology.

TABLE 1-1
MITIGATION MONITORING AND REPORTING PROGRAM

	Mitigation Measures	Responsible for Implementation	Timing	Responsibility for Monitoring	Completion Date (Signature Required)
	Coastal Sage Scrub HMMP will include the following items: (1) responsibilities and qualifications; (2) performance criteria and contingency planning; (3) site selection; (4) seed materials procurement; (5) wildlife surveys and protection; (6) site preparation and plant materials installation; (7) schedule; (8) maintenance program; (9) monitoring program; and (10) long-term preservation. IRWD will retain a qualified Restoration Ecologist to prepare the Coastal Sage Scrub HMMP and will retain a qualified Restoration Contractor to implement the HMMP. IRWD will be responsible for implementing the Coastal Sage Scrub HMMP and ensuring that the mitigation program achieves the approved performance criteria.				
MM BIO-4	**Riparian Vegetation and Jurisdictional Permitting:** Before the start of construction, IRWD will obtain all necessary permits for impacts to U.S Army Corps of Engineers (USACE), California Department of Fish and Wildlife (CDFW), and/or Regional Water Quality Control Board (RWQCB) jurisdictional areas and will determine the compensatory mitigation needed for the loss of jurisdictional waters and wetlands. Potential compensatory mitigation options will include one or a combination of the following, as determined through consultation with the above-listed resource agencies: (1) establishment of riparian habitat (on site or off site) at a minimum 1:1 ratio for impacted jurisdictional areas; (2) payment to a resource agency approved mitigation bank or regional riparian enhancement program (e.g., invasive species removal) at a minimum 1:1 ratio for impacted jurisdictional areas; and/or (3) preservation of off-site riparian habitat on IRWD lands at a minimum 1:1 ratio for impacted jurisdictional areas. If in-lieu mitigation fees are required, IRWD will pay the in-lieu mitigation fee before the start of construction to a mitigation bank/enhancement program for the replacement of impacted jurisdictional resources. If a riparian habitat establishment program is selected to mitigate for all or a portion of the impacts, IRWD will retain a qualified Restoration Ecologist to prepare a Riparian Habitat Mitigation and Monitoring Plan (HMMP) and will submit it to the resource agencies for review and approval prior to the initiation of construction activities. The Riparian HMMP will include the following items: (1) responsibilities and qualifications; (2) performance criteria and contingency planning; (3) site selection; (4) seed materials procurement; (5) wildlife surveys and protection; (6) site preparation and plant materials installation; (7) schedule; (8) maintenance program; (9) monitoring program; and (10) long-term preservation. IRWS will retain a qualified Restoration Contractor to implement the HMMP. IRWD will be responsible for implementing the Riparian HMMP and ensuring that the mitigation program achieves the approved performance criteria.	IRWD and IRWD-selected Qualified Restoration Ecologist	Prior to construction initiation	IRWD	
MM BIO-5	**Least Bell's Vireo:** IRWD will consult with USFWS and CDFW under Section 7 of the Federal Endangered Species Act and Section 2080.1 of the California Fish and Game Code to approve the mitigation approach and whether NCCP/HCP Conditional Coverage would be extended to least Bell's vireo based on the measures below. A. IRWD will obtain concurrence from USFWS and CDFW that the riparian mitigation described in MM BIO4 will provide appropriate compensatory mitigation for the loss of riparian habitat. B. To the extent feasible, removal of riparian habitat will be conducted during the non-breeding season (i.e., September 16 to March 14) in order to minimize direct impacts on nests of least Bell's vireo. IRWD will retain a qualified Biologist to monitor vegetation clearing of riparian habitat. C. Before starting construction each spring, IRWD will retain a qualified Biologist to survey all habitat within 500 feet of the construction limits for the presence of least Bell's vireo. The Biologist will map any active nests/territories as Environmentally Sensitive Areas on an aerial photograph. IRWD will also ensure that the Biologist prepares a Letter Report and that it is submitted to USFWS and CDFW to document the results of the pre-construction survey within 30 days of completion of the survey. D. IRWD will retain a qualified Biologist to conduct weekly focused surveys during construction to update the location of active least Bell's vireo territories. The Biologist will map new territories as Environmentally Sensitive Areas and will remove inactive	IRWD and IRWD-selected Qualified Biologist	Prior to initiation of construction and throughout construction activities	IRWD	

TABLE 1-1
MITIGATION MONITORING AND REPORTING PROGRAM

	Mitigation Measures	Responsible for Implementation	Timing	Responsibility for Monitoring	Completion Date (Signature Required)
	Environmentally Sensitive Areas from the map. Once construction is in progress, IRWD will provide Weekly Reports to USFWS and CDFW. E. IRWD will retain a qualified Biologist to establish a 500-foot protective buffer around each least Bell's vireo territory identified during pre-construction or weekly surveys. The Biologist will verify that occupied riparian habitat is protected with lathe and rope, orange snow fencing, or other suitable fencing to provide an adequate buffer from construction work. The Biologist will post signs to indicate that the area is an "Environmentally Sensitive Area" and that no work activities may occur within the fencing. The Biologist will conduct training to educate workers on the importance of Environmentally Sensitive Areas. F. If construction activities need to occur within 500 feet of an active least Bell's vireo territory, IRWD will consult with USFWS and CDFW to determine an appropriate noise reduction strategy. Appropriate noise reduction measures may include, but are not limited to, specifications for equipment type, siting of equipment, and temporary noise barriers. IRWD will retain a qualified Biologist to monitor the installation of any noise reduction measures. G. IRWD will retain a qualified Biologist to conduct daily monitoring when construction activities are conducted within 500 feet of an active least Bell's vireo territory or until the Biologist determines that the individuals are not being impacted by the noise (i.e., the noise measures are established and birds are acclimated to the activities).				
MM BIO-6	**Bald Eagle:** Initial dewatering activities shall be scheduled to avoid the bald eagle nesting season (December 1 to August 15) to the maximum extent feasible. IRWD will consult with USFWS and CDFW with regard to the bald eagle to determine whether any regulatory approval is necessary to comply with the California Endangered Species Act and the federal Bald Eagle Act. Because there would be no direct take of a nest, an informal consultation may be sufficient, but this approach will be confirmed by USFWS and CDFW. IRWD will comply with all eagle disturbance permit conditions should such a permit be required by USFWS. USFWS and CDFW will review and approve the monitoring strategy to be used during construction. IRWD will retain a qualified Biologist to visit the bald eagle nest multiple times over the course of the breeding season, which in California is Dec 1 Aug 15, to determine whether the nest is active and/or to determine the stage of nesting. The Biologist will conduct the first visit in early March to determine whether the nest is active. The Biologist will conduct the second visit in late March or early April to confirm the nesting stage (i.e., presence of eggs/young), or to confirm that the nest is still inactive. If the nest is not active during the first two visits, no additional surveys will be needed. However, if the nest is active, the Biologist will conduct weekly surveys from five weeks post-hatching continuing until the young fledge or May 15, whichever comes last. The Biologist will complete the California Bald Eagle Nesting Territory Survey Form to document the survey results each year. IRWD will ensure that the form is submitted to USFWS and CDFW by September 1 of each year.	IRWD and IRWD-selected Qualified Biologist	Prior to initiation of construction and dewatering activities	IRWD	
MM BIO-7	**Pre-Construction Bat Surveys:** IRWD will retain a qualified Biologist to conduct a pre-construction roosting bat survey (including both day and evening efforts) before construction begins. The day survey will involve inspection of the structures within the impact area to look for signs of bat roosting. The evening survey will involve monitoring each potential roost site for evening emergence, conducting exit counts, and acoustic monitoring (from a half an hour before sunset to no greater than three hours after sunset) near potential roosts within the impact area. If the Biologist determines that bats are actively roosting onsite, IRWD will retain a qualified Biologist to prepare a Project-specific Bat Roost Minimization Plan (BRMP) and will implement the plan. The BRMP will include relevant avoidance and minimization measures based on the survey results. If tree roosting bat species are found to be both foraging and potentially roosting onsite, IRWD will conduct tree removal only during the non-maternity season (September 1 through March 31). When potentially-occupied roost trees are removed, IRWD will implement a phased tree removal method (i.e., leaving the felled tree on the ground for 24-48 hours after the felling to allow any tree-roosting bats to leave). IRWD will avoid all Project-structures proposed for demolition that support an active day-	IRWD and IRWD-selected Qualified Biologist	Prior to initiation of construction	IRWD	

TABLE 1-1
MITIGATION MONITORING AND REPORTING PROGRAM

	Mitigation Measures	Responsible for Implementation	Timing	Responsibility for Monitoring	Completion Date (Signature Required)
	roost until either the roost is no longer active, as determined by a qualified Biologist, or the occupants can be humanely evicted as described in the BRMP. IRWD will retain a qualified Biologist to conduct bat eviction during the fall months outside of the bat maternity season (i.e., September 1 through November 30).				
MM BIO-8	**Tree Survey/Replacement:** Before the start of construction, IRWD will retain a qualified Biologist or Certified Arborist to conduct a tree survey to identify the location and health of western sycamore trees within 100 feet of the Project impact area. To the extent practicable, temporary impact areas will be revised to avoid and minimize effects on western sycamore trees. Standard tree protection measures to fence western sycamores will be recommended for trees within or near the work area (PDF BIO-4). Any western sycamores that are greater than four inches diameter at breast height (dbh) removed by construction will be replaced at no less than a 1:1 ratio. Trees with a dbh of 4 inches to 8 inches will replaced at a 1:1 ratio with a minimum container size of 15 gallons. Trees with a dbh of greater than 8 inches to 16 inches will be replaced at a 1:1 ratio with a minimum container size of 25 gallons (i.e., 24-inch box). Trees with a dbh of greater than 16 inches to 24 inches will be replaced at a 3:1 ratio with a minimum container size of 25 gallons (i.e., 24-inch box). Trees with a dbh of greater than 24 inches to 36 inches will be replaced at a 5:1 ratio with a minimum container size of 25 gallons (i.e., 24-inch box). Trees with a dbh of greater than 36 inches will be replaced at a 10:1 ratio with a minimum container size of 25 gallons (i.e., 24-inch box). The replacement trees will be replaced either on-site or off-site in a location with appropriate microclimate conditions. The replacement trees will be incorporated into the Coastal Sage Scrub HMMP (described above)	IRWD and IRWD-selected Qualified Biologist or Certified Arborist	Prior to beginning initial ground-disturbing activities	IRWD	
Cultural Resources					
MM CR-1	IRWD will retain a certified archaeologist, defined as an archaeologist meeting the Secretary of the Interior's Standards for professional archaeology, to observe ground-disturbing activities (including but not limited to geotechnical excavations, vegetation removal, grubbing, grading, and excavation) within previously undisturbed soils below fill soils and to salvage and catalogue archaeological resources as necessary. Monitoring will not be required for secondary movement of soils, such as backfilling. The archaeologist will be present at the pre-construction meeting, will establish procedures for archaeological resource surveillance within previously undisturbed soils in coordination with IRWD throughout construction of the proposed Project, and will establish, in cooperation with IRWD, procedures for temporarily halting or redirecting work to permit the sampling, identification, and evaluation of the artifacts as appropriate. The archaeological monitor will have the authority to temporarily halt or divert work away from any discoveries of archaeological resources in order to evaluate the resources pursuant to **MM CR-2**. The archaeologist may determine, in consultation with IRWD, to reduce monitoring to spot-checking or eliminate monitoring depending on site conditions observed, such as the presence of fill material, soil stratigraphy, encountering bedrock, or other factors. The archaeological monitor will keep daily logs detailing the types of activities and soils observed, and any discoveries. After monitoring has been completed, the certified archaeologist will prepare a monitoring report that details the results of monitoring. The report will be submitted to IRWD and any Native American groups who request a copy. The certified archaeologist will submit a copy of the final report to the California Historic Resources Information System South Central Coastal Information Center.	IRWD and IRWD-selected Certified Archaeologist	Prior to beginning initial ground-disturbing activities	IRWD	

TABLE 1-1
MITIGATION MONITORING AND REPORTING PROGRAM

	Mitigation Measures	Responsible for Implementation	Timing	Responsibility for Monitoring	Completion Date (Signature Required)
MM CR-2	If archaeological resources are inadvertently unearthed during excavation activities (within disturbed or undisturbed soils), the contractor will immediately cease all earth-disturbing activities within a 50-foot radius of the area of discovery, and the certified archaeologist and IRWD will be notified immediately. If the certified archaeologist determines the archaeological resources are potentially significant pursuant to CEQA Guidelines Section 15064.5 or California PRC Section 21083.2(g), the archaeologist, in consultation with IRWD and representatives from the tribal governments consulting under AB 52, will determine appropriate treatment, which may include avoidance of the area of the find, data recovery, documentation, testing, reburial, archival review, and/or transfer to the appropriate museum or educational institution, or other appropriate actions. After the find has been appropriately avoided or mitigated, work in the area may resume.	IRWD and IRWD-selected Certified Archaeologist	During ground-disturbing construction activities	IRWD	
RR CR-1	If human remains are found during ground-disturbing activities, no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie adjacent remains will occur, in accordance with Section 7050.5 of the California Health and Safety Code. The County Coroner will be notified of the discovery immediately. If the County Coroner determines that the remains are or believed to be Native American, s/he will notify the NAHC within 24 hours of the discovery. In accordance with Section 5097.98 of the California Public Resources Code, the NAHC must immediately notify those persons it believes to be the most likely descended from the deceased Native American (i.e., the most likely descendant). The descendants will complete their inspection within 48 hours of being granted access to the site by IRWD. IRWD will discuss and confer with the most likely descendants regarding all reasonable options regarding the descendants' preferences for treatment of the human remains prior to disturbing the site by further construction activity.	IRWD and IRWD-selected Certified Archaeologist	During ground-disturbing construction activities	IRWD	
Geology and Soils					
MM GEO-1	Before beginning initial ground-disturbing activities (including but not limited to geotechnical excavations, vegetation removal, grubbing, grading, and excavation), IRWD will retain a paleontologist that meets the 2010 Society of Vertebrate Paleontology standards for paleontology. The paleontologist will observe ground-disturbing activities within previously disturbed or undisturbed soils with high paleontological sensitivity in geological formations, such as the Williams Formation or Pleistocene age alluvium, at the Project site. In the event of discovery, paleontological findings will be salvaged and catalogued by the paleontologist. Monitoring will not be required for secondary movement of soils, such as backfilling. The paleontologist will regularly meet with the contractor to ensure adequate involvement with ground-disturbing activities and will establish procedures for paleontological resource surveillance within previously undisturbed soils in coordination with IRWD throughout construction of the proposed Project. The qualified paleontologist will also establish, in coordination with IRWD, procedures for temporarily halting or redirecting work to permit the sampling, identification, and evaluation of the fossils/unique geological units as appropriate. The paleontological monitor will have the authority to temporarily halt or divert work away from exposed fossils in order to recover the fossil specimens pursuant to MM GEO-2. The paleontologist may determine, in consultation with IRWD, to reduce monitoring to spot-checking or eliminate monitoring depending on site conditions observed, such as the presence of geologic units with low paleontological sensitivity or other factors. The paleontological monitor will prepare daily logs detailing the types of activities and soils observed and any discoveries. Upon the completion of initial ground-disturbing activities, the paleontologist will prepare a final monitoring and mitigation report to document the results of the monitoring effort.	IRWD and IRWD-selected Paleontologist that meets the 2010 Society of Vertebrate Paleontology standards for paleontology	Prior to beginning initial ground-disturbing activities	IRWD	

TABLE 1-1
MITIGATION MONITORING AND REPORTING PROGRAM

Mitigation Measures		Responsible for Implementation	Timing	Responsibility for Monitoring	Completion Date (Signature Required)
MM GEO-2	If paleontological resources are inadvertently unearthed during excavation activities, the contractor will immediately cease all earth-disturbing activities within a 50-foot radius of the area of discovery and will contact the paleontologist and IRWD immediately. If the paleontologist determines the paleontological resources are potentially significant under CEQA, the paleontologist, in consultation with IRWD, will determine appropriate actions for treatment. Any significant fossils collected during project-related excavations will be salvaged and prepared to the point of identification following the standards of the Society of Vertebrate Paleontology (2010). Any salvaged fossils will be offered for donation to an accredited repository with a scientific interest in the materials. If no accredited repository accepts the donation, then the fossils may be donated to a local museum, historical society, school, or other institution for educational purposes. After the resource has been appropriately avoided or mitigated, work in the area may resume.	IRWD and IRWD-selected Paleontologist that meets the 2010 Society of Vertebrate Paleontology standards for paleontology	During ground-disturbing construction activities	IRWD	
Hazards and Hazardous Materials					
MM HAZ-1	IRWD will require that all construction contractor(s) and their personnel receive, review, and adhere to the guidance published in *3Rs Safety Guide, Former Irvine Park-Army Camp, California, Orange County*. IRWD will require its construction contractor to provide training to all construction personnel on the implementation and application of the Safety Guide, which includes 1) Recognize that munitions are dangerous; 2) Retreat – do not approach, touch, move or disturb it, but carefully leave the area; and 3) Report immediately what you saw and where you saw it to local law enforcement.	IRWD and construction contractor(s)	During construction activities	IRWD	
Tribal Cultural Resources					
MM TCR-1	**Juaneño Band of Mission Indians, Acjachemen Nation – Belardes Tribal Monitoring.** At least one month prior to beginning earthwork activities (i.e. grading, excavation and trenching) related to the existing water line tie-in activities of the proposed project, located at the intersection of Santiago Canyon Road and Haul Road, IRWD will notify the representatives of the Juaneño Band of Mission Indians, Acjachemen Nation - Belardes ("Acjachemen Nation - Belardes") identifying the date of starting earthwork activities. The notification will invite the representative to be present at the project site, and IRWD will further coordinate with the Acjachemen Nation – Belardes for construction monitoring. Acjachemen Nation – Belardes will be provided reasonable access to the project site, at its own expense and in a manner that will not conflict construction activities or cause construction delays to the contractor, to observe these earthwork activities. If Native American artifacts and ancestral human remains related to Acjachemen Nation – Belardes are uncovered during earthwork activities, MM TCR-3 Protocols for Unanticipated Discoveries will be implemented. The Acjachemen Nation – Belardes will document and provide logs to IRWD detailing the time/date of the visit, the outcome of the site visit and detail proposed activities it intends to conduct at the next site visit. The logs will also specifically describe the relevant ground-disturbing activities, the type of construction activities performed, locations of ground-disturbing activities, soil types, cultural-related materials, and any other facts, conditions, materials, or discoveries of significance to the Acjachemen Nation - Belardes. The monitor logs will identify and describe any discovered tribal cultural resources, including but not limited to, Native American cultural and historical artifacts, remains, places of significance, etc., as well as any discovered Native American (ancestral) human remains and burial goods.	IRWD and Juaneño Band of Mission Indians, Acjachemen Nation - Belardes	At least one month prior to beginning earthwork activities and during ground-disturbing construction activities	IRWD	

TABLE 1-1
MITIGATION MONITORING AND REPORTING PROGRAM

	Mitigation Measures	Responsible for Implementation	Timing	Responsibility for Monitoring	Completion Date (Signature Required)
MM TCR-2	**Gabrieleno Band of Mission Indians - Kizh Nation Tribal Monitoring.** During the AB 52 consultation process, the Gabrieleno Band of Mission Indians - Kizh Nation (Kizh Nation) informed IRWD's staff that the Gabrieleno tribe has a strong tribal cultural presence in the region from the past, including the project site area. Therefore, there could be Kizh Nation tribal cultural resources present at the project site area and Kizh Nation has requested Native American monitoring of ground disturbing activities. The project site area spans over a vast area and the proposed project would have multiple construction phases with varied activities and schedules. At least one month prior to beginning earthwork activities, IRWD will notify in writing the Native American representatives from the Kizh Nation (tribal representative) of the date of the start of earthwork activities. The tribal representative, at their own expense, and in a manner that does not interfere with earthwork activities, will be allowed to observe subsurface ground disturbing construction activities. Monitoring may include either direct observation of the earthwork activities or the examination of excavated soils prior to disposal for evidence of cultural resources. If Native American artifacts and ancestral human remains are uncovered during earthwork activities, then MM TCR-3 Protocols for Unanticipated Discoveries will be implemented. The Kizh Nation tribal representative will complete daily monitoring logs and provide logs to IRWD detailing the time/date of the visit and the outcome of the site visit and detail proposed activities for their next site visit. The logs will also specifically describe the relevant ground-disturbing activities, the type of construction activities performed, locations of ground-disturbing activities, soil types, cultural-related materials, and any other facts, conditions, materials, or discoveries of significance to the Kizh Nation. The monitor logs will identify and describe any discovered tribal cultural resources, including but not limited to, Native American cultural and historical artifacts, remains, places of significance, etc., as well as any discovered Native American (ancestral) human remains and burial goods.	IRWD and Gabrieleno Band of Mission Indians - Kizh Nation	During ground-disturbing construction activities	IRWD	
MM TCR-3	***Protocols for Unanticipated Discoveries.*** If a cultural resource is found, all construction activities in the immediate vicinity of the discovery (i.e., not less than the surrounding 50 feet) will cease and will not resume until the discovered cultural resource(s) is assessed by IRWD's consulting Qualified Archaeologist. If the Qualified Archaeologist determines that the resources may be significant under CEQA, then the Qualified Archaeologist, in consultation with IRWD, will develop an appropriate treatment plan for the resource(s). IRWD will also consult with the Native American tribes or other appropriate Native American representatives in determining appropriate treatment for unearthed cultural resources if the resources are prehistoric or Native American in nature. Under CEQA, preservation in place is the preferred manner of mitigating impacts to archaeological sites. However, if avoidance is infeasible, other appropriate measures will be instituted, which could include, among other options, detailed documentation, or data recovery excavation. Work may proceed on other parts of the project area while mitigation for cultural resources is being carried out.	IRWD and IRWD-selected Qualified Archaeologist	During ground-disturbing construction activities	IRWD	
Wildfire					
RR WILDF-1	The Project will comply with the general provisions of the California Fire Code relating to fire safety, emergency access, and emergency egress routes.	IRWD and construction contractor(s)	During construction activities	IRWD	
RR WILDF-2	The Project will comply with PRC Sections 4427, 4428, 4431, and 4442, related to the handling of combustible fuels and equipment that can exacerbate fire risks, in addition to fire protection and prevention requirements specified by the California Code of Requirements and California Division of Occupational Safety and Health Administration. This includes various measures such as easy accessibility of firefighting equipment, proper storage of combustible liquids, no smoking in service and refueling areas, and worker training for firefighter extinguisher use.	IRWD and construction contractor(s)	During construction activities	IRWD	

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RESOLUTION NO. 2025 – 23

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE IRVINE RANCH WATER DISTRICT
CERTIFYING THE FINAL ENVIRONMENTAL IMPACT REPORT
AND APPROVING THE SANTIAGO CREEK DAM IMPROVEMENT PROJECT

The Irvine Ranch Water District ("**IRWD**") proposes to implement the Santiago Creek Dam Improvement Project (the "**Project**") to rehabilitate and replace the Santiago Creek Dam outlet tower and spillway facilities and to modify the embankment to permit operation of the facilities for a long-term water resource benefit. The Project will satisfy IRWD's operational requirements in the present and future, extend the useful life of the facilities, and improve regional water supply reliability.

Pursuant to the California Environmental Quality Act ("**CEQA**") and the State CEQA Guidelines (14 CCR § 15000 et seq.), IRWD is the lead agency for the Project.

IRWD prepared a Notice of Preparation ("**NOP**") of an Environmental Impact Report ("**EIR**") for the Project and publicly circulated that NOP for 30 days beginning on May 4, 2023. In addition, a public scoping meeting was held on May 16, 2023.

Taking into consideration the comments received during the public scoping process and other CEQA requirements relating to the contents of an EIR, IRWD prepared a Draft Environmental Impact Report ("**DEIR**") and circulated it for public review from April 28, 2025 to June 11, 2025. IRWD provided an opportunity for the public to submit written or verbal comments on the DEIR, including at a public meeting held at IRWD on May 21, 2025.

During the official public review period for the DEIR, IRWD received seven comment letters from interested persons, organizations, and agencies. IRWD responded to comments on October 31, 2025. IRWD has prepared a Final EIR ("**FEIR**") in which those comments and IRWD's responses are set forth in separate chapters, along with revisions to the DEIR text and other information required by CEQA to be included in a FEIR.

CEQA requires the agency to make a specified finding or findings supported by substantial evidence in the record with respect to each significant effect identified in the EIR, and to adopt a mitigation monitoring and reporting program ("**MMRP**") for the changes to the project it has adopted or made a condition of approval in order to mitigate or avoid significant project-related impacts on the environment.

IRWD's Board of Directors has reviewed and considered the information contained in the EIR, the proposed findings presented at this meeting and attached as Exhibit A to this Resolution ("**Findings**"), the MMRP, and all oral and written evidence constituting the administrative record presented to this Board, which is on file with the Secretary of IRWD.

The Findings and conclusions of this Board pursuant to this resolution are based upon the oral and written evidence presented to it as a whole and not solely on the information contained in this resolution.

The Board of Directors of Irvine Ranch Water District therefore resolves as follows:

Section 1. The Board of Directors of IRWD certifies that:

A. The FEIR has been completed in compliance with CEQA.

B. The FEIR has been presented to the Board of Directors of IRWD, which has reviewed and considered the environmental effects of the Project as shown in the FEIR, as well as all the other information contained in the FEIR, prior to approving the Project.

C. The FEIR reflects IRWD's independent judgment and analysis.

Section 2. IRWD has eliminated or substantially lessened significant effects of the project on the environment to the extent shown in the Findings and as provided in the MMRP.

Section 3. As described in the Findings, some of the significant effects of the Project on the environment cannot be eliminated or substantially lessened. The Board of Directors of IRWD has reviewed and considered the Project's benefits as compared to these effects and has determined that these benefits override and outweigh its unavoidable impacts. The findings of the Board of Directors of IRWD with regard to these overriding conditions are set forth in the Statement of Overriding Considerations for the Project, which are included in the Findings.

Section 4. The MMRP and the Findings with regard to potentially significant impacts set forth in Exhibit A are hereby approved.

Section 5. The Board of Directors of IRWD has reviewed and considered the environmental effects of the Project as shown in the FEIR, as well as all the other information contained in the FEIR, prior to approving the Project.

Section 6. The Project is hereby approved.

Section 7. The documents and other material that constitute the record of the proceedings upon which the approval of the project is based are located at Irvine Ranch Water District, and the custodian of those records is the Secretary to the Board of Directors.

Section 8. The General Manager or his designee is hereby authorized and directed to take all actions necessary to effectuate the intent of this resolution, and to cause a Notice of Determination reflecting the foregoing actions to be executed and filed with the Orange County Clerk and the State Clearinghouse.

ADOPTED, SIGNED AND APPROVED on November 10, 2025.

____

President
IRVINE RANCH WATER DISTRICT

____

Secretary
IRVINE RANCH WATER DISTRICT

APPROVED AS TO FORM:

Claire H Collins

By: Claire H. Collins
HANSON BRIDGETT LLP

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SANTIAGO CREEK DAM IMPROVEMENT PROJECT

Final Environmental Impact Report

November 10, 2025

DRAFT

Irvine Ranch Water District

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AGENDA

- Project Overview
  - Project Location
  - Project Objectives
  - Project Highlights
- Preparation of Environmental Impact Report (EIR)
- Commenting Entities
- Key Comments Received
- Findings and Facts in Support of Findings
- Statement of Overriding Considerations
- Recommendation

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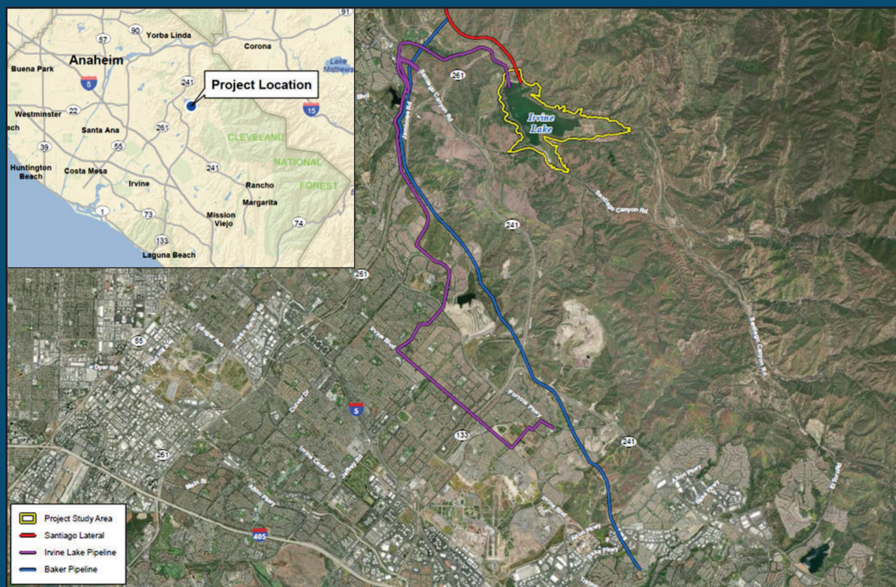
PROJECT LOCATION



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PROJECT OBJECTIVES

- Construct new facilities and dam modifications that will meet or exceed current seismic, safety, and design requirements established by the California Division of Safety of Dams (DSOD);
- Satisfy IRWD's operational requirements in the present and the future;
- Extend the useful life of the facilities;
- Improve regional water supply reliability; and
- Minimize impacts to local environmental resources and surrounding property owners.

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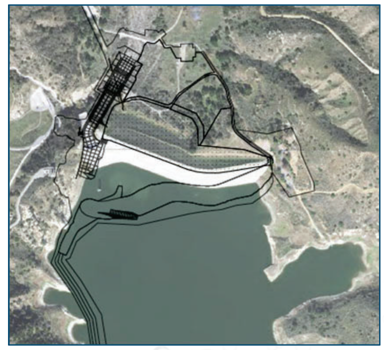
PROJECT HIGHLIGHTS

- Construction of a new inlet/outlet works, including piping and valve vaults
- Replacement of spillway structure
- Improvements to dam crest
- Installation of filter drain system and shell
- Dam control building
- New inlet/outlet access roadway
- Emergency access walkway and stairs
- Spillway bridge
- Other ancillary improvements



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PREPARATION OF THE EIR - SCHEDULE

Date	Item
May 4, 2023	Notice of Preparation circulated for 30 days
May 16, 2023	Public Scoping meeting
April 28, 2025	Draft EIR circulated for 45 days
May 21, 2025	Public meeting
June 11, 2025	Comments received
October 31, 2025	Response to comments submitted
November 10, 2025	Board to consider approval of the Final EIR

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PREPARATION OF THE EIR - CONTENT

- Final Environmental Impact Report
  - Section 1.0 – Introduction and Summary
  - Section 2.0 – Response to Comments
  - Section 3.0 – Corrections, Clarifications, and Additions to the Draft EIR
- Draft Environmental Impact Report
- Mitigation Monitoring and Reporting Program (MMRP)

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COMMENTING ENTITIES

- South Coast Air Quality Management District
- County of Orange
- City of Irvine
- California Trout South Coast Region
- Santiago Creek Watershed Preservation and Restoration Project
- U.S. Fish and Wildlife Service
- California Department of Fish and Wildlife

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KEY TOPICS OF COMMENTS RECEIVED

1. Potential impacts to adjacent County of Orange property;
2. Potential impacts to the downstream watershed;
3. Temporary impacts to flow levels and groundwater levels; and
4. Potential Impacts to nesting birds, including least Bell's vireo and bald eagles.

Written responses to comments were provided to all commenters on October 31. The responses are included in Final EIR as Section 2.0. Revisions made to text in Draft EIR are depicted in Section 3.0

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FINDINGS OF FACTS IN SUPPORT OF FINDINGS

1. Changes have been incorporated into the project which mitigate significant effects on the environment;
2. Findings show that impacts are less than significant with adherence to the mitigation measures included in the Final EIR, except for potential temporary adverse impacts to air quality; and
3. Mitigation measures are described in the Mitigation Monitoring and Reporting Program (MMRP).

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STATEMENT OF OVERRIDING CONSIDERATIONS

Substantial benefits from the Project outweigh the potential temporary adverse impacts to air quality.

Overriding Considerations	
Provides Jobs	Provides jobs to local skilled labor over the approximately 4-year construction timeframe.
Sustainability and Efficiency	Improves regional water supply reliability and avoids purchasing expensive imported supplies to meet customer demands.
Increased Safety	The existing outlet tower and dam embankment are seismically unstable and the spillway does not meet current design standards. The rehabilitated and replacement facilities will meet or exceed current seismic, safety, and design requirements established by DSOD.
Technological Upgrades	Implement current technology to allow for continuous monitoring of the reservoir levels and stability of the dam

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RECOMMENDATION

1. Consider the Final EIR, the Findings including Statement of Overriding Considerations, and MMRP;
2. Incorporate any revisions to the Findings that may be received prior to the Board's action, including any comments from the Board at this meeting;
3. Attach the Findings, including any revisions, to the Resolution; and
4. Adopt the Resolution, which includes:
    - Adopting the written Findings;
    - Adopting the MMRP;
    - Approving the Project; and
    - Authorizing staff to file a Notice of Determination.

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